

IVÁN T. BEREND
GYÖRGY RÁNKI

**EAST
CENTRAL
EUROPE**

in the 19th

and 20th Centuries

AKADÉMIAI KIADÓ
BUDAPEST

I. T. BEREND—GY. RÁNKI

EAST CENTRAL EUROPE IN THE 19th AND 20th CENTURIES

Few authors are more competent to write a popular comparative history of the past two centuries of East Central Europe than Iván T. Berend and György Ránki, who have analyzed the economic, social and political development of the region in altogether about 200 studies and 15 books. Of those that have appeared in English, their *Hungary, a Century of Economic Development* was published in England by David and Charles, while their *Economic Development of East Central Europe in the 19th and 20th Centuries* (Columbia University Press) is now in its second American edition.

This book was written for the layman with the explicit aim of giving a short yet comprehensive account of the peculiar process of modernization that transformed the "genteel" societies of the area into the nations we know today. The delayed and but incomplete industrial revolution characteristic of East Central Europe, the rise here of authoritarian and Fascist governments during the interwar years are all treated in a way that will give the reader a new understanding of the complexity of history.



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PART I

THE BEGINNINGS OF CHANGE

1848-1914

INTRODUCTION

The few British travellers adventurous enough to pass through Eastern Europe in the 1840s could not help but be amazed at the entirely unfamiliar world they found just a few hundred miles from London and Paris. In 1839, John Paget accurately described a Hungary of surprisingly primitive social and economic conditions. A few years later, Mrs. Julia Pardoe presented a similar picture. She wrote of the impoverished nobility, who, proud of their privileges, lived with an extravagance that jeopardized the chances of the country's agricultural, commercial and industrial development. They owned much of the land, which was therefore free of taxation. The endurance of the feudal system meant that the peasants held their land only in fief; they had still to give a part of the harvest to the landlords, and to perform robot or forced labour on his lands.

"In some parts of the country it is common to require two days a week; in others, and more generally, three are demanded; and in some, the landlord takes as much as he possibly can extract out of the half-starved creatures who live under him. Here, too, the flogging block is in full vigour; every landlord can order any of his tenants or servants, who may displease him, twenty-five lashes on the spot, and it is generally the first resource which occurs to him in any disputes about labour or dues. But it is in the hands of the underlings, the stewards, bailiffs, inspectors — a flock of hawks which infest every Hungarian estate — that this power becomes a real scourge to the poor peasant."*

Anyone who ventured to take advantage of the increase of traffic on the Danube, and went down to the Balkans on one of the first steamers to make that journey found conditions that were yet more primitive. For though Hungary was mainly agricultural, there were already some signs of industry and trade. In the Balkan countries, such signs were totally lacking. The peasants here were mostly pastoral; they lived in villages which, in Serbia, amounted to at most 1,000 houses. Trade was very restricted, the peasants being mostly self-sufficient. The villagers handcrafted almost everything they required. Clothes were still entirely homemade. Remnants of primitive communal organization, of the tribal and clan systems could still be found in the villages.

The Balkan countries were not only economically more backward than Hungary, but their social structures were also markedly different. Thus, though neither had

*John Paget, *Hungary and Transylvania*. London, 1839. Quoted in *Contrasts in Emerging Societies*. Ed. by D. Warriner. London, 1965. pp. 54–55.

undergone the change to modern capitalism, the impediments to this transformation in Hungary, with its rigid feudal system, differed from those in the Balkans, where there was no indigenous nobility.

The structure of Balkan society was determined by the system of land tenure. For centuries, the Balkans had been dominated by the Turks, and at this time they still belonged, directly or indirectly, to the Ottoman Empire. Except in Serbia, where a semi-independence had already been won, the land was still mostly in the hands of Turkish landowners. The reforms of the agrarian structure initiated by the Turkish government, and that of abolishing the *spah* system, had hardly contributed to the modernization of the economy.

The eastern half of Europe was, thus, still partly in the Middle Ages. But there were more and more signs of change. Although its economy and society were isolated, they were not entirely closed to the outside world, and stimuli from the outside accelerated the demands for change. Structures and relations fossilized by the centuries began slowly to dissolve; systems once thought inflexible were being earmarked for reform. Oppressed peasants, fed up with the old system, handfuls of intellectuals, and even a few more far-sighted landlords, and those with some experience of the West contemplated with growing impatience the unsatisfactory situation in their own country, and sought ways and means to solve their problems, to make way for change, and to catch up to the West. What motivated them? Material welfare, national pride, feelings of social responsibility – or all three? It is difficult to tell. But the traveller who was not satisfied with superficial observations, who not only looked around the country but also tried to understand what was going on, certainly could not help noticing that something was happening. That, in spite of remnants of the Middle Ages, Galilei's words applied to this part of the world as well: "*Eppur si muove*".

REFORMS AND REVOLUTIONS

Although almost thirty different peoples called East Central Europe their homeland, geographers drawing the map of this area in the middle of the 19th century needed but three different colours to represent the three big empires which ruled it. In fact, we could well say two, for the share of the Russian Empire was rather marginal (the so-called Polish Kingdom was under Russian rule); more precisely, Russia had but an important foreign policy interest in the area. The economic, social and political development of the region had mainly to do with the Habsburg Monarchy and the Ottoman Empire. Both of them were established centuries ago, and in some way were remnants of the Middle Ages; but the discrepancies between them were significant as well. The Habsburg Empire with its western, more developed territories, and its enlightened absolutism and the reforms of the 18th century, appeared strong and capable of modernization, in spite of the fact that since the French Revolution the system had become more rigid.

On the other hand, the tottering Ottoman Empire seemed to have exhausted its resources. However underdeveloped socially and economically, and however uneducated politically and culturally the oppressed nationalities of the Balkans were, the Ottoman system was rigid enough to provoke revolts for political independence and for social changes. The uprising of the Greeks in 1821 was, as a matter of fact, the first really successful national revolt. Because of the timidity and indifference of the other nationalities, the action was less effective than the rebels had hoped it would be. Nevertheless, the seeds had been sown, although the harvest had to wait for almost half a century.

The Habsburg Empire was the first to experience reforms and revolts inspired by nationalism. The principle of nationality proved to be incompatible with the feudal dynastic principle of the Habsburgs. The cosmopolitan aristocratic upper class, and the Catholic Church with its immense influence upon the peasant masses, were the two main pillars of the Empire. However, even these conservative forces were receptive to Western (or German) influence, to modern ideas, to some changes in the administrative system, to English products and even machines, to French — though, of course, not Jacobin — culture, to German nationalism and the desire for power in a united German state. The oppressed nations, primarily the Hungarian, strove for a measure of independence, and they were strong enough to be able to fight for it. The politically minded Polish gentry, and the economically strong Czech bourgeoisie went further, and wanted either political and social or linguistic-cultural reforms. And incipient though national consciousness was among the Croats and the

Roumanians, even these people, or rather a small group of their intellectuals were already on the point of raising the nationality issue. Thus, when the Revolution of 1848 broke out in Paris, its waves very quickly reached the boundaries of the Habsburg Empire, and everywhere found fertile soil. The Viennese revolted for personal freedom, and for the abolition of serfdom, and demanded the replacement of absolutism by a constitutional bourgeois government. The very day after the Viennese, the citizens of Pest also revolted. The Hungarians also demanded a modern socio-economic and political system, including the abolition of feudalism, which had endured in Hungary in a very strong form. Probably the most important of their demands, however, was that for political autonomy within the Empire. In Prague, the Czechs did not demand the separation of Bohemia and Moravia from the Empire, but did insist on national rights and special status. From Zagreb to Cracow, from Transylvania to Slovenia social and political unrest spread among the other nationalities as well.

The revolutions were successful in that they emancipated the peasants from personal servitudes, thereby establishing the fundamental social precondition of economic and political modernization. Other important measures were also passed and served to create a modern social and political structure. These reforms, however, were either half-measures, or were later suppressed by the Habsburgs who had succeeded in defeating the revolution in part by cleverly exploiting national animosities. (For the Hungarians fighting against Habsburg oppression themselves oppressed more than 50 per cent of the inhabitants of St. Stephen's Kingdom, mostly non-Hungarian peasants; while the gallant Poles, in their turn, exploited the Ukrainian and Roumanian peasantry.) In the end, however, the Habsburgs had to yield to none of their demands, for with the help of Russian troops, they quashed the Hungarian fight for national independence and reestablished centralistic absolutism for almost another two decades.

The revolutions of 1848 had wrought no real changes in the Habsburg Empire in matters concerning national rights; but they brought about significant socio-economic changes. The relations of production were already capitalistic, and the new reforms of the '50s made the possibility of modernization increasingly likely.

The Compromise of 1867 made the Hungarians the second ruling nation, transformed the Habsburg Empire into the Austro-Hungarian Monarchy, and, for the time being, consolidated the situation in this part of East Central Europe. For half a century, the Dualistic Monarchy created a framework more conducive to economic than to social progress. Although remnants of absolutism endured in the person of the Emperor, the Austro-Hungarian Monarchy was a constitutional kingdom, and its citizens enjoyed the most important civil rights. The constitution guaranteed the usual democratic freedoms of speech, press and assembly, and established parliamentary government, though naturally with a very limited franchise. There was economic liberalism, and equality before the law for individuals, but not for nations. The contradictions inherent in this latter situation became amply evident with the passing of time.

The waves of revolution did not stop at the boundaries of the Habsburg Empire. They spread to the so-called Danubian Principalities of Moldavia and Wallachia as well. The demands for the abolition of serfdom were, on the whole, moderate. But in Moldavia, demands for the abolition of serfdom with compensation for the landlords were joined to those for a constitution, for civic rights, constitutional government and the unification of the two principalities. After some small successes, the Danubian Principalities remained under the tutelage of the Russian and Turkish Empires, both of which had been eager to intervene to suppress any agitation against the status quo.

It is a rather curious fact that the Ottoman Government managed to keep the Balkans quiet during these stormy years. To keep the Empire intact, Abdul Medzrid, the young sultan, had even proclaimed in 1839 a new regulation, the „*hatti serif* of Gulhoné”, which guaranteed personal liberty and security to Christians. Its implementation, however, remained a principle rather than practice, and if armed unrest did not occur for a few decades longer, this was due not so much to lack of discontent, as to the weakness of the oppressed peoples.

It was due also to the balance of power among the Great Powers of Europe, who watched with interest any change in the Balkan region.

The first real change that did occur was after the 1854 defeat of Russia in the Crimean War. The Treaty of Paris abolished Russian tutelage in the area, but did not allow a formal unification of the two principalities. During the following years, a common currency, and a common system of weights and measures were introduced. Equality before the law and civic rights were granted. Two legislative assemblies and two governments were established, but only one Supreme Court of Justice. Finally, the Moldavian and the Wallachian assemblies both elected Alexander Cuza as the Prince of their Principality, and, after some hesitation, the Great Powers gave their blessing. In December of 1861, the Prince was able to announce: “Union has been achieved; the Roumanian nation has been founded”.* Although national unity had been achieved and the foundation of a modern state had been laid, the work of reform was still incomplete. For a number of years, there was much discussion about the abolition of serfdom. Serious differences came about between Cuza and the more conservative ruling class, the boyars. Cuza finally managed to carry through a land reform, but with it, he signed his death warrant. The disaffected boyars conspired to get rid of him. In 1866, he was forced to resign, and the ruling class elected Karl Hohenzollern King of Roumania. Within a few years, he managed to shake off all tutelage by the Great Powers, and the formal independence of Roumania was ensured.

After the resolution of the Roumanian problem, the Great Powers' attention was drawn to the Balkans, where they were confronted by the problems of Serbia and Bulgaria.

**The Unification of the Romanian National State*, Ed. by M. Constantinescu and S. Pascu. Bucharest, 1971. p. 45.

The semi-independent Serbian state was slowly preparing to shake of all Turkish domination, and to become a leading power on the Balkan Peninsula. Mihajlo Obrenović, who became King of Serbia in 1860, had some part in all the anti-Turkish uprisings in the area, and had plans for the future unification of all South Slavs. Step by step, all symbols of former Turkish dominance were got rid of. The new Serbian Army took possession of the fortress of Belgrade. In the domestic field, the Serbian government carried through a great many administrative and legislative reforms all aiming at modernization.

In spite of various Bulgarian insurrections against Turkish domination, Bulgaria was among the last countries of the area to acquire independence. The Bulgarian revolutionary organization headed by G. Rakovski elaborated several plans redefining the relationship of Turkey and Bulgaria; later, it formed the backbone of the military units fighting for Bulgarian independence. Vasillevski was the other hero of the revolutionary movement. With time, however, it became obvious that a nationwide uprising could not succeed without foreign support. An uprising in April of 1876 was also quashed, but the Bulgarian question had become a European problem. In April of 1877 Russia declared war with the avowed purpose of winning Bulgaria's autonomy. The Russo-Turkish War of 1877–78 marked a turning point in the history of Bulgaria. Everywhere, Bulgarian troops — peasants and merchants — supported the Russian army. Turkey lost the war, and, by the treaty of San Stefano signed in March of 1878 conceded the autonomy of Bulgaria. The Berlin Congress confirmed Bulgaria's independence; however, it severely limited the frontiers of the new Bulgarian state.

THE PEOPLES AND THEIR ECONOMIES

East Central Europe was notoriously a multi-national region, one in which political frontiers and national divisions rarely coincided. Almost thirty different peoples and nationalities lived together in the Habsburg Empire, in the Balkan territories still under Ottoman rule at the middle of the 19th century, and in the Polish lands of the Russian Tzars.

By the middle of the 19th century, Austria was the home of 6 million Germans, 4 million Czechs, 3 million Poles, and 6 million Ukrainians, Slovenians, Italians, and a number of other peoples. In Hungary, beside the 5.5 million Hungarians, there lived 2.4 million Roumanians, 1.3 million Germans, 2.2 million Serbo-Croats, and about half a million Ukrainians, and about as many people belonging to smaller national groups.

In the Balkans, one could find 4 million Roumanians, 1.6 million Serbs, 1 million Bulgarians, approximately 1 million Turks, and some eight other nationalities whose numbers totalled about one and a half million.

At the beginning of the 20th century, the population of the Austro-Hungarian Monarchy was about 50 million. The two dominant nations accounted for 44.1 per cent (23.9 per cent were German, and 20.2 per cent Hungarian). Next came the Czechs with 12.6 per cent, and the Poles with 10 per cent. Smaller ethnic groups — the Roumanians (6.4 per cent), Slovaks (3.8 per cent), Serbo-Croats (9 per cent), Slovenes (2.1 per cent), Ukrainians (8 per cent) — and “others” (1 to 2 per cent) comprised the rest. Most of these nationalities lived entirely within the boundaries of the Monarchy, some in scattered groups throughout the country. Of some of these ethnic groups, however, the majority lived outside the Monarchy in their own national states. The population of those Balkan States which had become independent with the decline of the Ottoman Empire was more homogeneous, at least in so far as the dominant nationalities comprised the majority; but all these countries contained a variety of other peoples as well. In Roumania, besides Roumanians, and Jews (who were regarded here as a nationality and not as a religion), there lived Bulgarians, Hungarians, Germans, Armenians, Turks, Greeks and Tziganes (or Gypsies).

In Serbia, besides the 2 million Serbs, there was a Roumanian minority, and a few thousand Albanians and Turks. In Bulgaria, the three and a half million Bulgarians composed the majority, but half a million Turks, and 300,000 others belonging to smaller ethnic groups lived within the boundaries of the new state.

As the concomitant of economic growth, extremely important demographic changes took place in the second half of the century. The improvement of sanitation, better personal hygiene, improved housing conditions, the greater availability of medical care, to name just a few factors, all meant a sharp decline in the mortality rates; while the birth rate, although it had fallen slightly, was still high enough to produce a marked increase in population.

Population of East Central Europe
(in millions)

Country	1850	1880	1910
Bulgaria	no data	2.8	4.3
Hungary	13.8	15.8	20.9
Roumania	3.7	4.6	7.0
Serbia	no data	1.7	2.9
Austria	17.6	22.1	28.4

Data compiled from statistical sources.

The demographic upsurge gave considerable impetus to production and resulted in a permanent and significant widening of the internal market; it also meant accelerated social mobility, and a larger percentage in the population of the gainfully occupied.

However, there was a sharp discrepancy between the natural and the actual increase of the population, for most of East Central Europe was affected by the outflow of people through emigration. Between 1871 and 1910, 1.8 million inhabitants left the Austrian provinces of the Monarchy, particularly Galicia, Bukovina and Dalmatia. The number of emigrants was significant for Hungary as well. In the last decades of the 19th century, almost half a million people left the country; after the turn of the century, 1.4 million more did so. There was large-scale emigration also from the Polish territories of Russia — over a million people left between 1900 and 1913.

Because of the more backward, more static socio-economic conditions there, the Balkan peoples were much less mobile. Up to the turn of the century, there was no mass emigration at all, and the fifteen years thereafter produced not more than half a million emigrants from the entire area.

In the strongest wave of emigration, a total of about four to five million people left East Central Europe to find new homes abroad, chiefly in the United States. Of those coming to America between 1861–70, only 0.5 per cent were from this region; between 1881 and 1890, 12 per cent; after the turn of the century, approximately half of the immigrants came from Eastern Europe.

Although the main demographic tendencies in the second half of the nineteenth century were similar to those in the other parts of Europe, both the birth rate and

the death rate were higher than in the West. The former, as a consequence of the areas' more rural character; the latter, due to high infant mortality and to the ravages of diseases. The average life expectancy was also lower than in the industrialized countries. Nevertheless, the development of industrial society in the West affected East Central Europe as well, and along with population growth, there was a rapid rise in the standards of civilization and of culture. Mass education and the rapid spread of literacy, which were beginning to characterize Western Europe in that epoch, were becoming features of East Central Europe, too. However, there were great differences between the modern Austro-Hungarian educational system and that in the Balkans; and, within the Monarchy, between the Austro-Bohemian and the Hungarian systems of education.

In Austria, free and compulsory mass education from the ages 6 to 14 was introduced in 1869, and although in 1900 about 25 per cent of the population was still illiterate, mostly in Galicia and Bukovina, the level of literacy in Austria and Bohemia was not far from that of the West. Hungary, too, introduced free and obligatory elementary education in 1868. The rate of illiteracy which had been about 68 per cent in 1869, fell to 33 per cent by 1910. The Balkans lagged far behind.

Although most states, after independence, took steps to introduce a Western educational system, no less than 79 per cent of the population in Serbia, 78 per cent in Roumania and 72 per cent in Bulgaria was still illiterate at the turn of the century. Thus, while Austria, and, to a lesser extent, Hungary, were roughly in step with Western Europe both in demographic trends and in their cultural consequences, conditions in the Balkans were still, for the most part, almost mediaeval. Population increase here was a consequence not so much of development as of underdevelopment; while the low level of urbanization was not conducive to a rise in cultural standards. In this sense, the preconditions for a modern industrial economy hardly existed.

Population increase would have been impossible without increased agricultural productivity. This, in turn, had been made possible by two interrelated processes: alterations in the conditions of land ownership — the abolition of serfdom, and the establishment of private (peasant and landowner) property; and technical changes in both the forms and instruments of farming.

The process of agricultural modernization had made a slow beginning in the western part of the region already at the end of the 18th century. The real transformation, however, took place in the middle or in the second half of the 19th century, starting in the western part of the Habsburg Monarchy, and spreading eastward to Hungary, and later to the Balkans. Serfdom and other traditional institutions were abolished; feudal ownership was done away with partly through revolts and revolutions; partly through reform legislation and regulations.

In the Austrian and Bohemian lands of the Habsburgs, enactments of Maria Theresa and Joseph II had already loosened feudal ties, abolishing personal dependence, ensuring the right of free migration, and making possible the inheriting of

peasant holdings. However, the *corvée* and villein services survived, and little, if anything, was done to remedy the longstanding grievances of millions of peasants before 1848. The emancipation of the peasants was a consequence of the Revolutions of 1848. The emancipation edict, however, gave the peasants only those parts of the land which they already held as tenants. Thus, neither cotters nor agricultural labourers were allotted any land. As a consequence, there emerged in the course of the second half of the 19th century a relatively strong, but not absolutely dominant system of large estates in both Austria and Bohemia.

*Land Distribution in Austria and Bohemia
in the Late Nineteenth Century*

Size of holdings in hectares	As percentage of farms		As percentage of land area	
	Austria	Bohemia	Austria	Bohemia
0-5	58.0	71.6	5.9	14.7
5-50	39.2	27.5	40.9	49.0
50-100	1.6	0.4	7.2	3.5
over 100	1.2	0.5	46.0	32.8

Data based on: Ergebnisse der landwirtschaftlichen Betriebszählung vom 3. Juni 1902. Österreichische Statistik LXXXIII.

The survival of large estates and of remnants of feudalism was particularly marked in Hungary. Feudalism and serfdom were very strong in this country up to the middle of the 19th century; thus, the abolition of serfdom was a major change, and the significance of the 1848 revolutionary declaration of the emancipation of the serfs cannot be overestimated. However, even after 1848 the manorial estates remained the property of the former landlords; and thus about half of the land remained in their hands.

Land Distribution in Hungary, 1895

Size of holdings in cadastral holds*	As percentage of farms	As percentage of land area
0-5	53.6	5.8
5-100	45.4	46.5
100-1000	0.8	15.4
over 1000	0.2	32.3

*1 hold = 0.57 hectares

Data based on Hungarian agricultural statistics of 1895.

About 50 per cent of the agricultural population had no land at all, or a plot so small that it was not enough to provide the minimum necessary for survival. Even at

the end of the 19th century, large armies of the landless agricultural proletariat were typical of Hungarian villages and agriculture.

The situation was similar in Roumania, where the agrarian law of 1864 had abolished feudal services, and had given a part of the large estates, and of the ecclesiastical lands, to the peasantry. However, the bulk of the estates remained in the hands of the landowners, and the peasants were left to survive as best they could on their new plots of poor soil. The Roumanian property structure, as Mitrany points out, was very hard on the peasants:

“The agrarian system fell into a peculiar compound of serfdom and capitalism: from it landlords and their tenants secured all the advantages of both, while the peasants were saddled with all the burdens of both. From serfdom the landlords had all the facilities of servile labour without any of the feudal obligations towards it; while from capitalism they had the freedom to bargain with labour without the restraint of a free labour market. The peasants, however, were subjected to servile labour without its counterpart in land rights; and from capitalism they had all the trials of wage earners without being really free to trade their labours where they willed.”*

Land Distribution in Roumania, 1897

Size of holdings in hectares	As percentage of farms	As percentage of land area
0-5	77.2	25.9
5-10	18.2	14.7
10-100	4.0	11.1
over 100	0.6	48.3

From: J. Ewans, *Agrarian Revolution in Roumania*. Oxford, 1927.
p. 76.

In the Balkans, the peasants' struggle for land and private property was intimately connected with their fight for independence from Turkish domination. In all these countries, agrarian institutions were connected with Turkish rule. The land was the property of the Turkish ruling class (landlords and state); the native peasants only cultivated it, and were obliged to render feudal services. With the first regulations protecting Christian property in 1830 there began the development of an independent Serbian peasant class, but their status continued to be subject to legal restrictions until 1878.

In Bulgaria, the abolition of the Turkish land tenure system started later. Former Turkish private property had earlier become the possession of the Turkish State, but the burden of taxation, and the concentration of property bred many difficulties up

*D. Mitrany: *The Land and the Peasant in Roumania*. Oxford, 1930. p. 80.

to 1878, the year of Bulgaria's actual independence. Turkish landowners and even peasants fled the country at that time, and most of the land became Bulgarian peasant property.

Land Distribution in Bulgaria, 1897

Size of holdings in hectares	As percentage of farms	As percentage of land area
0-10	87.3	49.0
10-100	12.6	44.5
over 100	0.1	6.5

From: Z. Natan, *Stopanska istoria na Bulgaria* (The Economic History of Bulgaria). Sofia, 1957.

The transformation of agriculture was a decisive step along the road to modernization, but it did not change the agricultural character of the region. In the Habsburg Monarchy, in Roumania, as well as in the Polish part of Russia, the surviving semi-feudal estates were transformed into capitalist estates; but peasant farms continued to be small, the efforts to enlarge them being generally, if not almost always frustrated. Massive overpopulation and unequal land distribution emerged as the main societal consequences of this transformation.

In the Balkan area, on the other hand, the opportunity for the free progress of peasant farming existed theoretically, but here expansion was limited by the scarcity of arable land. Increased production thus had to come from improved methods of cultivation. The switchover from the three crop to the modern rotation system resulted in a marked decrease of fallow. In Hungary, about 20 per cent of the land had been fallow in the 1870s; after the turn of century, the proportion sank to 10 per cent. The area of cultivable land was increased also in other ways. In Hungary, for example, 3 million hectares were won by irrigation; while in Roumania, 2.5 million were added by turning pasture land into grain or corn fields. In Serbia and Bulgaria, the area of arable land was almost doubled in the prewar decades.

The expansion of tillage and the reduction of fallow land was accompanied by the progress of agrarian technology. The systematic use of manure and even the use of artificial fertilizers (26 kilograms per hectare in Austria, 8 in Hungary) became common throughout the Austro-Hungarian Monarchy. The results was that the average yield per hectare of most important products rose during this period. In Roumania, wheat rose from 5 to 6.7 quintals; in Hungary, from 6.3 to 7.4 quintals. Except in Austria and Bohemia, the increase in crop yield after the 1880s was remarkably rapid. Within approximately three decades, wheat production nearly doubled in Hungary; it increased two and a half times in Bulgaria, approximately threefold in Roumania, and almost fourfold in Serbia.

Wheat and Corn Production in East Central Europe
 1880-84 and 1903-12
 (in million quintals)

Country	1880-84		1903-12	
	Wheat	Corn	Wheat	Corn
Austria, with Bohemia	11.2	4.0	15.5	4.0
Hungary	27.3	20.0	45.5	41.0
Roumania	7.7	17.0 ^{a)}	22.3	23.0
Serbia	1.1	4.8 ^{b)}	4.0	5.9
Bulgaria	4.0	4.8 ^{c)}	10.6	6.4

a) Annual average for 1886-90

b) Figures for 1901

c) Figures for 1889

From: I. Berend and G. Ránki, *Economic Development in East Central Europe*.
 New York, 1974. p. 59.

In most countries of the region, grain production dominated the agricultural scene. 90 per cent of the tilled land in Roumania, slightly more than 60 per cent in Hungary, and more than half of the arable land in Serbia, Bulgaria, and even Bohemia was devoted to it. But in some countries, there was also considerable advance in the production of root crops and of industrial plants. Sugar beet was cultivated in Bohemia; potatoes in Austria and Hungary; tobacco and essence of roses in Bulgaria.

Modern livestock breeding spread as well. The number of animals almost doubled in Austria, and rose by 80 per cent in Hungary. However, in Roumania and in the Balkan countries, agricultural development was retarded by the lack of industrial urban development, and by poor farming techniques. Here, impoverished farmers worked a poor countryside, producing mostly for their own consumption, for a money economy was slow to take root.

The gradual disintegration of traditional institutions cleared the way for the establishment of capitalist conditions; progress, however, was relatively slow. In countries where the large estates dominated throughout the period of development, growth was faster, due to a generally more developed economy. Gradually, the landowners were able to get credit, to hire labour, and introduce machinery. But even in these countries, it was 20-30 years after the abolition of the feudal system before a sustained growth of agriculture took place. Things were even worse in the Balkan countries. Although the peasants had their own land, they were unable to accumulate capital, to get loans for modernization, or to use modern implements. While in Hungary and Roumania threshers, sowers and other agricultural machines were already in use on the big estates, in Serbia and Bulgaria over 90 per cent of the ploughs were still wooden. And the situation was almost as bad on the peasant farms of Roumania.

The expansion of the domestic markets, but even more, the progressive industrialization of the Western countries made huge demands on the agriculture of East

Central Europe. There was an almost unlimited market for cereals, meat, fruit and other kinds of food. Productivity, however, rose faster in the western part of the Habsburg Empire, where there was enough capital and a more advanced economic system. But these were not agricultural areas par excellence and they also needed to import food, mostly from Hungary.

The transformation of agriculture — faster in the Austro-Hungarian Empire, slower in the Balkans — was the first step of modernization in East Central Europe. The underdevelopment of these countries, however, is indicated by the fact that in all, except Austria, agriculture was the predominant sector of the economy. Hungary's exports were 50–60 per cent agricultural goods; in other countries, the ratio was over 80 per cent.

Thirty-nine per cent of the population was gainfully employed in agriculture in Austria, which contained both the highly developed industrial areas of Bohemia and Austria, and less developed ones such as Galicia, Bukovina, and Dalmatia. In Hungary, the figure was 63 per cent, while in the other countries 75–80 per cent. The share of agriculture in the national incomes was almost the same. Thus, while it may be said that the modernization of agriculture marked the emergence of East Central Europe from a traditional economy, it marked also the limits of its adaption to the modern world. By the close of the period, it had laid only a very restricted foundation for the development of other branches of the economy.

Agriculture prospered in East Central Europe by concentrating on producing for export; thus, its development was tied in with the solution of the problems of transport and communication. Since there was not sufficient capital in the area, railway building was impossible without both foreign and domestic credit which, in turn, depended on the establishment of a system of banking. Banks and railways played an important role in the western half of the continent, and spread almost simultaneously throughout Austria as well.

In some sense, Vienna had always been something of a financial center. However, up to the fifties, its private banks operated through traditional money lending. The new era began with the founding of the Creditanstalt in the year 1855. This was a modern investment bank on the model of the *Crédit Mobilier* in Paris, and was, in fact, founded by the House of Rothschild in competition with the Pereira brothers, the founders of the *Crédit Mobilier*.

During the following year, a number of other important credit institutions were founded in Vienna: the *Wiener Bankverein*, the *Länderbank*, the *Unionbank*, to name just a few. As intermediaries of the Western banks, and as collectors of Austrian deposits, these banks became highly important financial institutions for the entire Austro-Hungarian Empire, and for the Balkans as well. With some exaggeration, it can be said that no money went to Eastern Europe without first passing through Viennese banks.

In the first period of their activity, these banks played an extremely active part in promoting railway building, first in the Austrian part of the Monarchy, and later in Hungary as well. From the 1890s, they were involved more extensively in the

financing of industrial enterprises. Growing industrial concerns developed around the banks: mining, metallurgy, and machine production, but the textile, chemical and paper industries as well. A little later, and with less strong capital backing, the Hungarian banking system developed along the same lines. Its role in the unfolding of the Hungarian economy was outstanding. Especially significant were the banks backed by the mostly foreign capital of the General Hungarian Credit Bank — another member of the Rothschild group — and of the Hungarian Commercial Bank of Pest. These two banks were behind most Hungarian investments in both railway building and industry, and they contributed greatly to the development of agriculture as well. Mortgage loans were the most important items among their liabilities. Thus, “la haute finance” had established itself in Hungary, too. However, while the famous Viennese banking houses had decisive influence throughout the entire Monarchy, and played an important role in the Balkan countries, too, Hungary’s more traditional institutions and society, and its more limited material resources restricted the influence of Hungarian banks to within the country.

The great Viennese banking houses conducted such day to day banking activities — capital investments, government and private loans — as there were in the underdeveloped Balkans, for capital accumulation in these countries was slower than in the Austro-Hungarian Monarchy, and there was a marked delay in the evolution of a modern banking system. Even at the end of the 19th century, only initial and tentative steps had been taken in Roumania, Serbia and Bulgaria to establish a few small banking institutions.

After the turn of the century, however, the number of banks rose more rapidly. Even large banks were established, especially in Roumania, where the impetus was given by the petroleum boom. However, the level of deposit was still very low, and the capital of the banks was very moderate. The fact was that the banking system of the Balkans was built on a much weaker and more backward economic foundation. The injections of foreign capital were undoubtedly helpful in stimulating economic activity; but the banks still did not play a central role in the financing of business, nor did they stimulate saving and investment. They were unable to go beyond the typical mediaeval form of credit, which was, in fact, the next thing to usury. Thus, they failed to become important factors either in railway construction or in the financing of industry. Their principal activities were to act as the state’s financial agents with groups of foreign financiers, and to provide a limited number of mortgage loans for the slow modernization of agriculture. But in spite of their growing importance after the turn of the century, they still remained a tiny enclave of modernity in these backward socio-economic systems, where agriculture was mostly non-market or only partly market oriented, and patriarchal peasant farming predominated in agriculture. Even in railway building, their role was not comparable to that of the Austrian or Western banks, in spite of the fact that for the Balkans, which began their modernization only at the end of 19th or at the beginning of the 20th century, the construction of railways was of decisive significance, marking, for all practical purposes, the starting point of economic growth.

Railway building in the Habsburg Empire started at almost the same time as in Western Europe. Economic reasons combined with political and strategical considerations to make it, in the early days, a state affair. By 1848, Austria was one of the few countries where the revolutionization of transportation had started; almost 1,000 km of railway lines had already been laid. In the 1850s, however, the state's financial difficulties and the establishment of the new *Crédit Mobilier* type of banks led to private business taking over railway building.

The most important lines connecting the western part of Austria with the Great Hungarian Plain, and the *Südbahn*, going to Trieste, were already completed in the '60s. By the turn of the century, the entire network of over 20,000 km was practically finished. Hungary started construction a little later, but the railway connection between Vienna and Budapest was realized during the 1850s, and after 1867, the number of railway lines grew rapidly in Hungary, too. The main function of these lines – built mostly by private entrepreneurs who had secured the franchise from the state – was to ensure agricultural export. Railway lines connecting industrial areas were built only later. However, with 22,000 km of railway lines, mostly state owed, in 1913, it can be said that in Hungary, and even more in Austria, the railway system was of a European standard both in length and in density.

Within the Polish territories, 1847 saw the completion of the first railway. Warsaw was connected with Vienna by 1855. Altogether, about 4,000 km of railways ran throughout the Polish Kingdom, and about the same number through Galicia.

Roumania was the first Balkan country to get a railway. In 1869, a line of nearly 200 km was finished, connecting the agricultural regions with the harbours. The network reached a length of 3,500 km by the outbreak of World War I.

In the other Balkan countries, on the other hand, railway building was still in its initial stage. The main problem was that railway building was determined more by the political and strategic interests of the Great Powers than by economic requirements. The need to set up a railway connection to Turkey and the Middle East was a decisive factor in railway building. The idea was raised when most of the Balkans were still under Ottoman occupation, but by the time of its realization, most of the countries had become independent.

In Serbia, the first railway line was built in 1878, but even just before the war, the whole system did not extend to more than about 1,000 km. The section of the Vienna-Constantinople line passing through Bulgarian territory was constructed earlier, but even here the railway network under state management did not exceed 2,000 kilometres. Railway building became one of the most corrupt areas of business enterprise at this time; many international concerns made scandalous profits by being involved in railway building in Eastern Europe.

But, corruption and fraudulent practices notwithstanding, railway building profoundly influenced economic life as a whole in the most important territories of the Austro-Hungarian Empire, and even of the Polish Kingdom. In the Balkans, on the

other hand, though the railway systems had an economic function, they did not provide a comprehensive network linking together the domestic markets. They gave little real impetus to domestic production; their economic impact, in other words, was onesided and external. The connection they set up with the agricultural export markets had a positive effect on some of the more developed areas of the Balkan countries; but the growing importation of industrial goods which they permitted contributed to the slow development of domestic industry. In the Balkans, thus, railways served to create a sharp dichotomy between the few cities and the export-orientated, more developed sectors of the countryside, on the one hand; and the mostly self-sufficient villages, on the other.

Nothing gives a clearer indication of the variety of the stages of modernization in the area than the diverse degrees and standards of their industrialization. In this respect, the region fell into three different zones from west to east. The first of these was the western part of the Austro-Hungarian Empire, which did not differ markedly from Western Europe in its industrial development. The rapidity of its industrialization was not as impressive as that of Germany, and had created no industrial districts as widely known as the Ruhr in Germany or the English "black country"; but both Bohemia and Austria had a large number of factories, and a level of production not far short of the Western average. Manufacturing had begun early here, and there were flourishing industries already in the 18th century; machines were installed as early as 1787 (the first spinning frame) and 1801 (the first power driven factory). The spread of mechanization was especially quick in the textile industry; by 1828, about 50,000 spindles were working. In 1815, the first steam engine in Moravia was constructed by an Englishman. The first coke heated furnace was built in 1831; puddling and steam hammers were introduced during the same years. But the real upswing came after the social transformations of 1848. The textile industry, located primarily in Bohemia, flourished and the number of its spindles exceeded 1.6 million in 1880, and 4 million by 1900.

The machine industry, with the first Austrian-made engine dating from 1843, had its main base in and around Vienna. The demands of railway building and agriculture gave great impetus to iron production and machine building. Technology and productivity were entirely up to Western standards. The same was true later of the chemical and electrical industries — the first electrical power plant was set up in 1886 — which were established relatively early in Austria and whose products won great renown. Austria and Bohemia were dependent on Hungary for foods; but even so, the Austrian food industries, the Bohemian sugar factories and the Austrian breweries became very famous.

This dynamic development is borne out by statistics. Austrian industry employed over 2 million hands, and 2 million horsepower of energy before World War I, and its gross output probably reached 10 billion crowns. According to recent calculations, domestic productivity per capita was at almost the same level in the Austrian-Bohemian region as in France, the Netherlands or Sweden, and only 25 per cent lower than in Germany. (The other Austrian regions [Dalmatia, Bukovina,

Galicia] were entirely underdeveloped, and industrial development began only at the beginning of the 20th century; their whole economic structure was very close to that of the Balkan countries.)

In Hungary, modern industry developed rather late. In the years after the 1848 revolution, Hungary was entirely an agricultural country. The first wave of industrialization started after the Compromise of 1867. Two very important factors gave impetus to this process. The first was railway building, which brought with it a large inflow of foreign capital which contributed to the rise of coal and iron production, and to the development of some branches of the machine industry. The second was the fact, already noted, that economic and political conditions in the Austro-Hungarian Monarchy were very favourable for Hungarian agricultural products. The large amounts of capital which the merchants thus accumulated they invested in the flour mill industry. This sector became the dominant — indeed, the leading — branch in Hungary's industrialization, and Budapest became the second largest milling center of the world after Minneapolis. However, the competition of the more developed Austrian textile and consumption industries was an insurmountable obstacle to the growth of the other branches of industry.

The second, and more effective wave of industrialization in Hungary took place between 1890 and 1913. Both the inflow of foreign capital — which played a very important part in Hungarian economic growth in all spheres — and a more energetic domestic capital accumulation contributed to this process. The trends were favourable for every branch. There was a rise in coal production from 7 million quintals in 1867 to 102 million just before the war, and in iron production from 1.1 million to 6.2 million quintals during the same period. With modern foundry methods, steel production reached 8 million quintals. Machine industry concentrated on transport equipment and on agricultural machines; but on the eve of the First World War, cars, tractors and Diesel engines were produced as well.

However much its relative share in industrial production diminished, the food industry kept its dominant position. Besides the flour mills, which were grinding 24 million quintals annually and exporting about 8 million (the second largest flour export in the world), the sugar industry was also rapidly increasing its productive capacity.

Two new branches emerged as well: the chemical and the electrical industry. The latter rose to international importance through a series of Hungarian inventions. The textile, paper, and leather industries remained insignificant. Before the war, 70 per cent of the goods produced were made by factories, and 30 per cent by small-scale industry; yet for every 49 in workshops, there were but 51 people employed in factories. With 600,000 workers employed, about one million horse power used, and 3 billion crowns worth of goods produced, Hungary accounted for about 25–28 per cent of the Monarchy's industrial production.

These statistics reflect both the progress and the limits of progress in the area. On the whole, however, industrialization made great strides forward, although when World War I broke out, the process was still far from complete.

Industry developed at a similar pace in the Polish Kingdom which, at this time, belonged to Russia. In spite of great dissimilarities — in the Polish territories, the textile industry became the dominant sector, yielding almost half of the total production — there were also significant parallels between Hungarian and Polish industrialization. In both cases, industrialization began in the second half of the century; in both, there was a kind of breakthrough between 1890–1913, with very similar levels of industrialization attained. In both cases, the process of transformation from an agricultural country to an industrial-agricultural country had made a good start. The agricultural population of both countries had decreased to 60–65 per cent, while the industrial population had increased to 15–20 per cent.

The third zone was, of course, the Balkans, including, as indicated above, Galicia, Bukovina and Dalmatia. Its main distinguishing feature, found alike in Roumania, Bulgaria and Serbia, was an inability to shake off the inertia typical of pre-industrial economies. The economic structure of these countries still displayed the patterns characteristic of societies which had yet to experience industrial revolution. In most of them, between 80 and 90 per cent of the population was still agricultural; the number of those working in industry scarcely reached 10 per cent. Moreover, the first signs of modern industry appeared only at about the turn of the century.

The larger factories that were installed were mostly food processing plants. Except for the food industry, the only industries that showed a relative upswing were those in which foreign capital investment played a dominant part. Notable among these was the Roumanian oil industry, which ensured a considerable degree of prosperity in Roumania from the turn of the century to the war. Industrial production rose by two hundred and fifty per cent, with 100,000 units of horse power being used, and over 50,000 workers in industry. But over 60 per cent of the investment in Roumanian industry was in oil. Oil production rose from 300,000 tons to 1.8 million tons. But all oil production was controlled by the international monopolies — Dutch, German, British, and American — and over 80 per cent of all Roumanian industry was in foreign hands.

Serbia was rich in timber and ores. In spite of this, there was almost no timber or paper industry (there were a few steam sawmills) and foreign capital became interested in mining relatively late. It was only in 1880 that the first Serbian factory was set up, and, in spite of a variety of laws protecting home industry, there were very few factories around the beginning of the 20th century. The pace of industrialization then accelerated slightly, but industry remained relatively insignificant, employing only 16,000 workers, and 24,000 horse power. Not only was Serbian industrialization weak and inadequate; it was also following a special trend. Except for the food processing industry which accounted for over 50 per cent of the total production, foreign investors were often interested in the country mainly as a source of raw materials.

The situation was only slightly different in Bulgaria. The process, its trend and pace, were the same. Here, too, there was a very late start. In 1880, there were only ten small factories; at about the turn of century, about 100, mostly in the food

industry, some in textiles. Up to the outbreak of the war, large-scale industry did not gain much ground. Foreign capital, representing 25 per cent of investments, was channeled into the electric and chemical industries and mining. Heavy industry, especially engineering, was completely lacking. The output of the 15,000 industrial workers was no more than one third of that of the artisans in spite of the government's endeavors to encourage industry.

Although the second and the third zones of East Central Europe differed in some very important respects, they also possessed some common features.

First of all, the steadily expanding markets of Western Europe provided a powerful stimulus for the modernization of agriculture, and indirectly, for the creation of a railway network and a credit system. There was even enough foreign investment to start the development of industry. But industrialization was subordinated to the needs of foreign capitalists interested primarily in raw materials, and was hampered by the still basically agrarian character of the countries. Consequently, the countries of East Central Europe remained mainly suppliers of agrarian products; their economic structure changed, but no radical transformation took place. The effects of industrialization were limited. The transition to a modern economy was not accomplished, and so the social transformation which economic modernization would have set going was not achieved either.

SOCIAL STRUCTURE

Whereas in Western Europe feudal society had died out, and a new ruling class, the bourgeoisie, had taken its place, in East Central Europe the pattern was different both in configuration and in timing. As they became the strongest element of the new industrial society, the urban middle classes of the West absorbed the sinking strata of the old ruling classes, simultaneously assimilating the ambitious elements of the peasantry and of the lower classes as well. Their central role was based on economic power: money was the foundation on which the political and cultural dominance of the middle class rested. At the same time, as the role and numbers of the former serfs and the peasantry declined, the urban industrial proletariat became the second most important class of the new capitalistic society.

These fundamental processes in the formation of modern society took place in the eastern part of Europe as well, the essence of the change being in the East what it was in the West. Nevertheless, the process of social transformation in East Central Europe created and highlighted social problems peculiar to the area, ones for the most part foreign to the Western process of modernization.

What were the distinguishing features of social transformation in East Central Europe? The answer, generally speaking, is that economic modernization was — as we have seen — slow and overburdened with non-capitalistic elements, and therefore the process of social change was profoundly influenced by the persistence of earlier social structures.

Roughly speaking, the early social structures of East Central Europe followed two models. One type could be found wherever a strong feudal or aristocratic society had developed in the mediaeval period; here, the feudal remnants were very strongly felt in the course of modernization. The other type was exemplified by those societies which did not have their own feudal ruling class. These formed an incomplete society; only the serfs, and the peasantry were native. The nobility was either Hungarian — as in the case of the Slovak, Roumanian and Serbian peasantry within the Hungarian state; or Turkish conquerors — as in the Balkan countries. After the defeat of the Ottoman Empire, the Turkish ruling class disappeared in this region, and modernization took place mostly within the traditional peasant society.

The social composition of the Austrian and Bohemian areas, however — the growth and role of the bourgeoisie and the working class — made for quite a different, a more Western pattern of development. Nevertheless, there were here also elements reminiscent of the Eastern pattern: the continued importance of the aristocracy, the problems peculiar to the declining nobility, and last but not least, the significance of the peasantry as a social factor.

In those areas of Eastern Europe where all the classes of feudal society had existed, the process of bourgeois transformation was marked by the persistence of strong feudal elements. The former nobility was slow to accommodate itself to the new circumstances, and long continued to obstruct the development of a modern society.

This was true even of the Austrian half of the Habsburg Monarchy. Here, the aristocracy was guaranteed first of all by the Habsburg dynasty itself. The status of the imperial family, the vast tracts of land held by some hundred families, the incredible wealth of families like the Prince Schwarzenbergs or Lichtensteins, the influence and privileges of the aristocracy continued practically unaltered up to the breakup of the Dual Monarchy.

Whether the transition to a bourgeois society came about through revolution or through reform, the great landowning aristocracy of a few hundred families preserved their wealth and standing. This was the case in Hungary, in the newly founded Roumanian state, as well as in the Polish territories of Russia. The aristocracy, the boyars, occupied a leading position at court, in the diplomatic corps, in parliament and in the political parties. As a class, their economic power was slowly diminishing as they became less and less able to compete with the rising bourgeoisie; but many of them transformed their estates into capitalist enterprises either by managing them personally, or by leasing them to tenants. Forty thousand proprietors held estates of 500 hectares or more, or altogether about 33 per cent of the land in Hungary. Prince Esterházy owned 300,000 hectares, Prince Schönborn 150,000, Count Károlyi 100,000, Prince Festetich 100,000 hectares. They, and others like them, exploited the export market for agrarian products, and having introduced wage labour and sometimes machines into production, they were often able to strengthen their economic position. The fact that they had gone into a kind of partnership with the new bourgeoisie around the turn of the century contributed to this; they shared in the profits from banks and industrial enterprises as well. The well-known names of the old Hungarian aristocracy figured conspicuously on the boards of directors of the most important undertakings. (In 1905, 88 counts and 66 barons had seats on these boards.)

There were rather significant differences between the Hungarian landowners and the Roumanian boyars in respect of social origin, cultural tradition, and orientation. The boyars owned 50 per cent of the land, and they had decisive political and administrative influence in their country. They probably employed less sophisticated agricultural methods than their Hungarian counterparts, and perhaps they exploited the peasantry still more rudely; but, by and large, they performed almost the same social function. Their traditional, more feudal than bourgeois approach to life, their parasitic existence, their lavish spending, their contempt for the peasantry, their isolation from the urban middle class, and their commitment to the maintenance of a rigid social structure came increasingly into conflict with the modern world.

The relationship of the old ruling classes to the emerging bourgeoisie was complicated and ambivalent. The problem was not only the relative weakness of the

emerging bourgeoisie, but its social and ethnic origins as well. More explicitly, part of the problem was that a rather large number of the bourgeoisie came from ethnically alien elements — Greek, Armenian, Jewish — who had no part in the old feudal society, and were exempt from feudal obligations. Since the boyars assimilated the Roumanian Greeks rather early, and the Greeks in Hungary retired after having been quite active during the 18th century, the Jews became the most important ethnic element in the formation of the bourgeoisie in the Hungarian, Roumanian and Polish areas alike. Starting out mostly as modest, even poor corn merchants or money lenders, within a few decades, many became wealthy businessmen, industrialists and bankers.

In Hungary, before World War I, about fifty closely linked families at the top had wealth rivalling that of the aristocracy, and probably wielded more economic power than they. Although many of them acquired titles of nobility, there was an implied discrepancy between their wealth on the one hand, and their social and political status on the other. Political leadership was not in their hands, and even their social influence extended only to the well-to-do part of Hungarian society, to the urban commercial and industrial bourgeoisie.

The same phenomena — namely, the rapid rise and strong economic influence of the Jewish bourgeoisie — were to be found in Roumania as well. There were, however, two important differences. Firstly, the Roumanian, like the Polish bourgeoisie, was economically weaker and less numerous than the Hungarian bourgeoisie, and the percentage of Jews among them was larger.

Secondly, their economic power did not extend into either the political or the intellectual sphere as a consequence of the legal restrictions placed on the Jews. In short, the ties of the bourgeoisie and the former ruling classes or nobility were not as strong and close in Roumania or Poland as they were in Hungary, where the process of assimilation was remarkably advanced. But, in general, what is characteristic of social transformation in the former noble societies is this special dualism of the surviving feudal classes and the emerging Jewish bourgeoisie: their strong common interests, on the one hand; and their disharmonious coexistence at the top of the new society, on the other.

Even in Austria there was a certain merger of the former landowning nobility and the new bourgeoisie. Here, however, a strong and independent middle class had started to emerge as early as the beginning of the 19th century. The name of Rotschild epitomized the growing economic and even political power of this new class, which, in the later climate of liberalism, grew into a strong, influential, and in some ways, classical bourgeoisie.

In the Balkan countries, the formation of a new ruling class continued almost throughout the entire period. In this almost traditional society, the loosening of the family, clan, and patriarchal systems, and the development of a money and market economy, fostered the rise of an urban merchant class of mostly peasant origin. The other components of the new ruling class were the officers of the army, who had played an important role in the battles for national independence, and the small but

rapidly developing group of civil servants. Both of these groups held key positions in the new nation states. The Bulgarian *csorbadzsi*, and the Serbian *knez* were expressions of socio-economic differentiation in villages where no latifundia existed, but where a small number of owners of 50–100 hectares of land had acquired great influence. Later, however, they had no significant influence on the course of economic and social development.

However, in some areas of this region, even this kind of class-society did not develop. In Albania the tribe system, in Montenegro the disintegrating clan system, in Bosnia and Herzegovina the strong remnants of Turkish feudalism were still predominant.

The relatively slow disintegration of the former feudal-traditional society affected the development of the middle classes as well. In the formerly noble societies, the middle class was dominated and its complexion determined by the feudal ruling classes, because the majority of the middle class was recruited from among them. In Hungary, and in the Polish territories – and even with certain differences, in Roumania – the most influential sector of the middle class was the gentry. This term covered the declining landed classes with their shrinking estates, farmers who were nevertheless of ancient noble stock, and intellectuals who were forced into the civil service, but who could boast of a good family tree.

In Hungary, about 30,000 families belonged to the so-called middle nobility in 1848, but only 10,000 at about the turn of century. The elite of the gentry was made up of landowners who were able to hold onto a considerable portion of their ancient estates. For the majority of the 20,000 families who lost their land during the last half of the 19th century, however, it was the state apparatus and the county administration that offered the chance to preserve their social status. The gentry despised commerce and industry; they shunned anyone with a business mentality, and did not want to become bourgeois. They flocked into government offices, which became a thick network of gentry kinships; one third to one half of the ministerial posts, three quarters of the county offices and a significant portion of the posts in the judiciary and officer corps were held by the gentry. The gentry became the focus of middle class ambitions, and exercised a decisive influence on its political thinking, consciousness, and style of life. Indeed, the position of the gentry reflected the characteristic contradictions of societal transformation in these countries. On the one hand, they were strongly tied to the large estates and to the state, and supported all conservative forces in the country. On the other hand, the development of capitalism had put them at a disadvantage, and they reacted against it with vehemence testified to by a variety of right-wing, anti-liberal, and anti-Semitic political trends.

The anti-Semitism of the gentry is explained not only by their envy of Jewish capitalists who were gaining increasing influence over the country's life, but also by the fact that other elements of the nascent middle class – professionals and white-collar workers – also consisted mainly of Jews, who thus competed with the gentry in these fields as well. The Jews in Hungary – whose numbers rose from 343,000 in

1850 to 830,000 in 1900 — were typically urban in character. As such, they played a significant part not only in trade and as artisans, but also as business employees, and as doctors and lawyers, accounting for over 50 per cent of those in the former profession, and almost half of those in the latter two. In Roumania, where the weight and influence of the gentry was less significant, their share in these professions was of even more consequence.

The strong anti-Semitic tendencies in Roumania, Poland and in parts of Hungary are often explained by the overwhelming role Jews played in the modern sectors of the economy, in urban political and cultural life, all of which made possible their identification with capitalism and urban bourgeois culture. Some measure of anti-Jewish feeling was common not only among the gentry, but also among artisans waging an unsuccessful battle against Jewish competition, and the peasants who encountered capitalism in the form either of Jewish money-lenders, merchants or tavern-keepers. Anti-Semitism also gained ground, though to a lesser extent, among workers coming face to face with Jewish industrialists. And on this fertile ground of the antitheses of agriculture and industry, of countryside and town, of rural and urban values, nationalism flourished. It fed on hatred of aliens, both insiders and outsiders, and was conjoined to a kind of conservative, romantic anti-capitalism.

This nationalistic, gentry spirit was stronger in Hungary and in Poland than in Roumania, where there was a greater chance for each peasant to rise into the middle class. On the whole, however, the survival of the large estate system in these countries, and the traditions of a feudal society weighed very heavily upon the peasantry, and barred both its economic and social progress.

The situation in the Balkans was completely different. Here, both the small middle class and the intellectuals came from among the peasantry, and neither the gentry nor the Jewish problem arose in the course of gradual societal modernization.

A common feature of all East Central European societies, both feudal and traditional, was the overwhelmingly high proportion of their peasant population. Around the turn of century, almost 60 per cent of the inhabitants of Hungary and about two thirds of the population of Poland belonged to the peasantry. Roumania was even more closely like the Balkans in this respect; in Roumania, peasants comprised 80 per cent of the population, while in Serbia and Bulgaria the number was 85 per cent.

Differentiation among the peasantry was more multifarious in countries where there were large estates than in those with a peasant economy. In Hungary, Roumania and the Polish territories, the system of large estates, population increase, and a higher level of capitalistic development for a great many of the peasantry meant the loss of their land. Others had not received enough land after the liberation of the serfs, and these, too, swelled the ranks of the landless agrarian proletariat. In Hungary, 40 per cent of the agricultural population — 6 million people, if we include the workers' families — belonged to the agrarian proletariat. Though

great waves of emigration decreased their number, it was still large enough to create these countries' most urgent social problem.

The impressively large group of the landless agrarian proletariat fell roughly into two main groups. The one was the servants — domestic and other — of the large estates, a group who — in spite of the misery of their existence — at least had permanent work. The other, the majority, was the host of transient agricultural workers almost constantly looking for work. Sometimes, they went outside agriculture, and worked as navvies on road and railway building; it was they who were hired for seasonal work as well. For the most part, they were happy to find work for 150–200 days in a year. Their standard way of life was a one of slow starvation. They lived in unhygienic, overcrowded slums, on an average yearly income of hardly more than a hundred dollars (1913 value). Children were underfed, and men had to do unpaid work to get employment at all. There was usury, and compulsory labour for women; 96 per cent of the farm servants lived in buildings which also housed stables. Disease was rampant; tuberculosis ravaged the countryside, and infant mortality was very high. The Farm Servants Acts forbade farm servants to leave the estates, or to receive strangers in their houses, and prescribed a penalty of sixty days imprisonment for inciting a strike. Working hours, however, were not regulated. Nor was there much difference between the agrarian proletariat and the agrarian semi-proletariat of peasants who owned less than 2 hectares of land. These smallholders — about one million families — could hardly manage on their dwarf holdings, and, for the most part, were also forced to look for work.

The peasantry comprised 99 per cent of the landowning population, but possessed only 56 per cent of the land. In fact even those peasants with holdings of 6 hectares could hardly secure themselves of decent living conditions, let alone gradually improve their land or buy tools. Only about 30 per cent of Hungarian peasant families had land enough to ensure normal living conditions without needing to look for work on other estates. These independent farmers were an important factor in the country's economic life; but the social and political position of the landlords, reinforced by administrative pressure, made it almost impossible for them to emerge as a political or social force. Things were hardly different for that very tiny stratum of rich peasants who were successful enough to buy more land (50–100 hectares) and accumulate more wealth.

The similarities between the Hungarian and Roumanian systems of land tenure led to similarities in the social stratification of the peasantry as well. However, with capitalist agriculture less developed in Roumania than in Hungary, there was also a less differentiated peasantry. The main difference was that, in spite of the existence of large estates, there were fewer landless Roumanian peasants than Hungarian. Large numbers of them were not even obliged to resort to wage labour, because the boyars mostly let their land to lessors, principally Jews, who acted as intermediaries between the landlords and peasants and sublet the land in small plots to the latter. About 40 per cent of the landless proletariat was able to get some land in this way, and to remain above — though only just above — the starvation level.

The majority of the Roumanian peasantry thus belonged to what may be termed the agricultural semi-proletariat. Three quarters of them had dwarf holdings of less than 5 hectares. The primitive standards of cultivation, the extensive cereal production, and the lack of draught animals resulted in unbelievable misery and underdevelopment in the Roumanian villages. In 1907, the despair of this large majority (about 70 per cent of the population), erupted in a spontaneous revolt. In Roumania, there were even fewer rich peasants than in Hungary. Only about 3 per cent of the peasant families possessed between 10–50 hectares of land, and even these people could hardly be regarded rich by Western European standards.

The Polish situation was hardly better. Land hunger, lack of work, poverty and misery, the main features of the Galician peasant's life, were well summed up by a Viennese Socialist leader: "The Galician peasant employed on the estates receives as his yearly income 900 pounds of bread less than would be necessary for the maintenance of his family. The people must permit their children to have rickets, or they must educate them to be thieves and scoundrels."*

If Hungary, Poland and Roumania were dominated by the aristocracy and the gentry, the Balkan countries can well be called peasant societies, and this for two reasons. First of all, because the overwhelming majority of the population, almost 90 per cent, consisted of peasants; and secondly, because the absence of an indigenous feudal ruling class meant that even the newly created ruling groups came mainly from the peasantry. In Bulgaria, there were only 250 peasant families possessing more than 250 hectares, and the territory of properties over 100 hectares amounted to only 5 per cent of the land. Economic power was still less concentrated in Serbia, where there were only 80 holdings over 100 hectares.

The great majority of the Balkan peasants made their living on tiny plots of less than 10 hectares each. Economic and geographic factors resulted in some measure of stratification, but it was not very significant. The fundamental problem was low crop yields and growing overpopulation. The number of people engaged in agriculture per unit of land was very high; there was not enough land to rent, and not enough work outside agriculture for the peasants to leave the countryside. The fact that the land was divided into small plots did not, however, create the landless proletariat that existed in Hungary. The reason was that the family continued to live on the same small plot, however greatly the number of people having to share the same income increased. Thus, there was a labour reserve, which could have been used to switch to intensive agriculture, but lack of capital prevented its exploitation.

The full difficulty of this situation did not emerge as long as the old "zadruga" system survived. The South Slav zadruga preserved the typical features of common property and settlement found in primitive societies. It had members of between 10 to 100 people. "The headman of the zadruga was called the *domakin*; he was chosen not for his age, but for his ability, and could be replaced within his lifetime. Morally, he was a kind of father to the whole family; economically, he was a kind

*Oscar Jászi, *The Dissolution of the Habsburg Monarchy*. Chicago, 1964. p. 236.

of elected director of a company holding common, undivided property, and to which all its members are obliged to contribute all they earn.”*

Generally, the male members of the zadruga were related by blood. “The distribution of duties among the men is done by the zadruga itself, but the headman had the right to give orders for the execution of these duties. He was owed respect and obedience, while he owed the people guidance and protection. To him were entrusted the property and honour of the whole family; if he failed to defend them, if he proved to be inept, negligent, or dishonest, he was given to understand that he was unworthy of his position. If he did not accept this, he was deposed, and in extreme cases, was even expelled from the zadruga.

The rights and duties of the male members can be summarized in the communist principle: from each according to his strength and to each according to his needs. And, in truth, whether a member was sound of limb or unsound, ill or well, he was bound to hand in to the zadruga all he could earn according to his strength. In turn, whether he was married or unmarried, childless or with a dozen children, the zadruga had to provide him with house, food and clothing according to his family’s needs.”**

The zadruga was, however, also an obstacle to economic development. Its gradual disintegration, like that of many other traditional institutions, was the cause of new social upheavals, and the English traveller who once concluded that the Balkan peasants were better off than the pauperized working classes of Western Europe would, by the turn of the century, have found the peasants poor and backward.

By the beginning of the 20th century, the Bulgarian and Serbian peasants were coming to terms with a market economy; they were, however, less and less able to cope with the problems it created. With the slow dissolution of the subsistence economy, their needs for manufactured goods began to be covered from outside by factory-made products. With such large families, and small plots with low yields, the result was that the peasantry rapidly fell into debt. This was particularly so because of the lack of normal credit facilities, and because the peasants’ desperate need for money was exploited by a small, relatively rich class of peasant-merchants, who lent money at a usurious – sometimes 100 per cent – rate of interest. Such exploitation was rather common in Balkan villages.

The unequal distribution of labour between agriculture and industry, state taxes, the permanent contact of the villagers with cities through the railways and the market economy, emphasized the sharp contradictions between town and countryside. Although there was much talk of the problems of the peasants, economic and policy decisions were made by a small group who, though of peasant origin, were now thoroughly urbanized. The peasants felt a wide gap between their interests and those of the city; they felt a sense of alienation, and clung the more tenaciously to

*J. Tomasevich, *Peasants, Politics and Economic Change in Yugoslavia*. Stanford, 1955.

***Ibid.*

their former loyalties: tribal, racial, religious or communal. Their social relationships remained localized and personal.

More than 30 per cent of the population was engaged in industry in the Bohemian and the Austrian territories. The working class here had developed along lines similar to those in Western Europe, its probable cradle being the textile industry. Later on, important centers of the engineering industry around Vienna and Prague laid the foundations of a strong skilled-worker stratum.

The working class numbered about one million around 1890, and 2.5 million around the First World War. The skilled workers — particularly in the iron and machine industries — were highly class conscious and organized, and relatively better paid. They had been able to wrest from the government a number of political rights (e.g. the franchise), social security, and better salaries. However, the great bulk of the working class was badly paid, and in the underdeveloped territories of the Monarchy, even skilled workers often lived in poverty and were underfed, with disease-ridden slums characteristic features of their living conditions.

Outside Austria, the industrial working class — as such — barely existed except in Hungary and in some of the Polish districts of Russia. Roumania, Serbia, and Bulgaria were still characterized more by handicrafts and artisans than by modern industry; in these countries, one might, at best, speak of the beginnings of the formation of the working class.

Hungary, with a relatively more developed industrial sector, had over one million people working in its factories and workshops before World War I. But here, too, there had been a very slow start. As late as the middle of the 19th century, not more than 80 thousand guild apprentices and journeyman, 33 thousand miners and 20 thousand manufacturing workers were to be found in the country. However, after 1867, the rapid acceleration of industrial production quickly increased the demand for workers, and the industrial proletariat became the most rapidly growing social group. In 1900, it numbered 700,000, about 45 per cent of whom were working in factories. By 1914, there were over half a million factory workers. The agrarian proletariat was the main source of the increasing number of industrial workers. There was, however, a great discrepancy between supply and demand on the labour market. Due to the peculiarities of the industrialization process, there was a great demand for skilled workers in the engineering, iron and food industries. But the agrarian proletariat was inexperienced in industrial work, and could, in truth, be used only as unskilled labour. Thus, the only possible way to meet the demand for skilled manpower was to employ foreign labour. In the last third of the 19th century, a considerable proportion of the skilled workers employed in Hungarian industry had actually drifted into the country from the Austrian and Bohemian territories of the Austro-Hungarian Monarchy. In the year 1875, 25 per cent of the factory workers in Budapest were foreigners; in the iron and machine industries, which required highly skilled workmen, the figure was 35 per cent.

There was yet another noteworthy consequence of the agrarian origins of the working classes, one with effects strongly felt throughout the 19th century. The

fact that these rural masses were employed mostly as unskilled factory hands meant that the itinerant workman, who had not yet broken away completely from the village and from farming, was long a part of the social scene. Inextricably intertwined with this was the fact that the revolutionization of communication and transportation preceded industrial transformation proper; the resultant railway building and other extensive public works drew immense masses from agriculture. Many of these men worked temporarily in industry — for instance, in the food industry during the peak season; but, for a relatively long period, they did not become permanent industrial workers. Thus, the late start to the industrial revolution, and the low level of industrialization were reflected not only in the actual numbers of the industrial proletariat and in the endurance of an essentially rural society, but also in the very structure of the industrial working classes.

Because of the peculiar character of the industrial revolution in Hungary, industrialization required a type of workman different from the Western type. The importance of the iron and machine industries for modern communication and transport created a strong demand for highly skilled labour; the technological requirements of the branch industries, on the other hand, called for the employment of large masses of unskilled hands.

The key importance of the iron and machine industries is shown by the fact that in 1900, nearly one third of all factory workers were employed in these branches, those in mining not included in the total. Though the figure includes the unskilled factory hands, the number of skilled workmen employed in the iron and machine industries was at least one fifth of the industrial work force.

This group, which formed the core of the developing Hungarian labour movement, just by its sheer numbers strongly influenced the picture presented by the working classes as a whole.

But it was the unskilled hands, including large numbers of seasonal workers, who formed the majority of the working classes. This was all the more so since the food industry, which played a leading role in Hungarian industrial progress, employed very few skilled workmen. The predominance of unskilled workers followed from the nature of Hungarian industrial development, which was dominated by the various branches of the food industry, chiefly the flour mills and sugar factories which employed seasonal labour to a large extent. The building trade also required large numbers of permanently available, entirely unskilled hands. These two branches of industry employed more than one third of the working classes. Their manpower demand was adequately met by the agrarian proletariat, who, unwilling to break away permanently from the villages, preferred work which permitted them to return to the countryside at least at the height of the farm work-season, in spring and in summer.

The semi-skilled type of labour so characteristic of the industrial revolution, particularly in Great Britain where it was employed most extensively in the textile industry, was entirely lacking among the ranks of the Hungarian working class. In Hungary, only 6 per cent of industrial workers were employed in the textile in-

dustry. Even when we add the other branches of light industry — such as the leather and clothing, which required considerable numbers of semi-skilled labourers — we still find the number of semi-skilled workmen employed in these branches to have been under one tenth of all factory workers.

Another noteworthy feature was the relatively small part played by female and child labour, unlike in the western countries, where female and child workers were found to be best suited for the semi-skilled handling of machinery in the textile industry. Here, the textile industry was insignificant, and few women and children could be used for skilled work demanding extensive training, or for unskilled labour requiring great physical strength. A rather large number of women were certainly employed in the food industries (in sugar and tobacco factories), but these branches of industry created no manpower demand similar to that of the textile industry. Consequently in 1900, the number of female workers was less than 15 per cent of the total of Hungary's industrial work force, and the number of child workers was almost insignificant. Statistics from 1885 show that out of 354,000 workers, only 12,000 were under sixteen years of age. Records from 1901 indicate that only 5.2 per cent of factory workers were younger than sixteen.

In Russian Poland, the number of industrial workers in 1864 was only 78,000, less than the number of craftsmen, which exceeded 90,000. By 1900, however, the industrial proletariat already numbered about 300,000. The concentration of the proletariat was very high; although factories employing over 50 people accounted but for half of all industrial establishments, they employed almost 70–80 per cent of the industrial workers. Wages were low, conditions primitive. Lack of social legislation, long, 11–12 hour working days, contributed to the deplorable situation of the newly rising class.

In Roumania, Serbia and Bulgaria, the situation was different. Due to the lower level of capitalist development, the proletariat had not yet emerged as a discrete class. Particularly insignificant was the number of workers employed in factories. But even among the artisans, the independent workshop was more characteristic than one employing a number of workers. In Serbia, the sixteen thousand miners and factory workers comprised less than 1 per cent of the population. Almost the same number of people were engaged in factory work in Bulgaria; while the sum total of all people gainfully employed in industry (artisans, workers, and a few entrepreneurs) reached 7 per cent of the population. Roumania, on the other hand, was a little ahead of her southern neighbours. Here, the petroleum industry was the significant factor, employing, according to the census of 1910, 10 per cent of the population. Factory workers numbered forty thousand.

In speaking of the industrial proletariat in the Balkan countries, we must bear in mind not only that their numbers were very small, and that a relatively large proportion of them were employed by small workshops, but also that many were still halfway between being a peasant and a worker. The overpopulated villages were an excellent reservoir of industrial labour, for peasants left their villages temporarily to earn that little bit more than they needed for sheer subsistence. In these coun-

tries, the food industry accounted for over 50 per cent of the industrial output, and 20–25 per cent of the workers found work there. It was partly seasonal work, and the workers returned to agriculture in the summer. Moving between these two sectors, employed by industry at times of prosperity and in a good season, then returning to the villages when times were hard in the towns, they were constantly on the move, and it is hard to regard them as real industrial proletariat in the Western European sense. Balkan society was still essentially a peasant society; or at least, it had survived so far intact, that any social phenomenon connected with urban development was exceptional rather than typical, and was, at best, a feeble beacon of the future on the murky sea of the present and the past.

EUROPE'S WORST TROUBLE SPOT

After the Treaty of Berlin (1878), all the peoples of East Central Europe but the Poles had their national homes. Serbia and Roumania were recognized as independent states, though with some formal restrictions. Bulgaria may be regarded as sovereign as well, especially after 1885 when the artificial separation of Eastern Roumelia was successfully challenged and the countries unified. The Hungarians became one of the dominant nations of the Austro-Hungarian Monarchy. Although they had grievances against the *Ausgleich* — which subordinated their army and, in part, their foreign policy to Vienna — they were masters of their country with its almost 50 per cent non-Magyar population, and had an equal voice in the foreign policy of the Dual Monarchy. Formally, the Poles were the only ones whose country was still entirely divided among their various neighbours, for at this time, no one was concerned yet about the independence of the Albanians; nor of the Slovaks, peoples who lived entirely within the frontiers of Hungary. Nor was there any important political movement for Bohemian independence.

The picture had, thus, become relatively simplified, but the problems of the future were immediately apparent. True, most of the East Central European countries were fairly busy making up for their socio-economic backwardness, consolidating their political institutions, and establishing modern political, executive and judicial systems. But the socio-economic transformations, which we have tried to sketch above, had created new forces and new aims which both contributed to their consolidation, and gave rise to new domestic tensions and new forms of international interdependence. Both the emergence of the small countries, and the survival and political and economic dominance of the big empires — Austro-Hungary, Russia, Turkey — created tensions which might lead to an explosion. This was especially true since the liberation of all oppressed peoples was far from being complete, and the politically and the culturally oppressed minorities within the empires now received permanent and growing support from their co-nationals in the independent states. For the small independent states were beginning to strive to extend their frontiers to include at least the entire ethnic group, and all these problems were complicated by the various divergent interests of the Great Powers.

After the *Ausgleich* of 1867, the newly created Austro-Hungarian Monarchy seemed to be the decisive stabilizing factor in the area. In spite of the predominance of the aristocracy in Hungary, the liberal governments in both parts of the Monarchy created a great many new institutions to promote the growth of the middle class and the modernization of the area. The Habsburg Emperor, Francis Joseph,

succeeded in preserving his predominance over all the affairs which concerned his Empire as a whole — over military and foreign policy, for example — but he was clever enough to yield in domestic affairs, and to permit the organization and working of a somewhat restricted parliamentary system. In the beginning, this parliamentary system functioned quite well in both halves of the Monarchy. The dominant political factors — in Cisleithania the liberal bourgeoisie, in Hungary the liberal aristocracy and landowners — were strong enough to be threatened neither by the conservative elements nor by the lower classes. The government was a constitutional one, responsible to a parliament elected on the basis of a relatively restricted franchise. The number of voters in Austria was probably not less than in other European countries where there was no general suffrage; but in Hungary only about 9 per cent of the population was entitled to vote.

Freedom of the press, and similar rights were given to the citizens in accordance with the prevalent liberal ideas, though in practice, they were subject to restrictions in Hungary. At the same time, the central government and the local authorities pursued policies which certainly encouraged the accumulation of wealth and the subsequent changes in the country. They actively promoted railway and roadbuilding, and the regulation of rivers, as well as the modernization of private, public and commercial law. Compulsory primary education from the ages of 6 to 14 was introduced in the Bohemian and Austrian territories, and, by about the turn of century, the illiteracy rate here was no higher than in the western parts of the continent.

Even Hungary adopted a modern educational system; as a consequence, illiteracy declined from 68 to 33 per cent. A fairly extensive secondary school system came to operate in the western part of the Empire, but in Hungary the secondary schools, though good in themselves, were available only to a very limited section of the population.

After the crash of 1873, cyclical economic recession aggravated the conflicts between the various sectors of society. But the discontent of the peasantry — especially in Hungary, with its obsolete land tenure system — was not given any organized political expression, and the first strikes, demonstrations, and organizations of the urban working class were still too weak to exert any genuine influence on political life.

The domestic problems of the Monarchy arose much more directly from the nationalities question. In both halves of the Monarchy, the dominant nation — the Germans and the Magyars, respectively — constituted but the minority of the population. Opposition to this domination became quite acute in Cisleithania.

This was not because the subject peoples in Hungary were treated better — on the contrary, they were treated worse — but because they were still relatively backward and the Magyars were able to keep control, for the moment, by a policy of repression. In the west, on the other hand, the Czechs in particular had reached a fairly advanced stage of economic and social development. Their national consciousness was fully as strong as that of the Germans, and although Vienna was far more liberal than the Hungarians in its treatment of the subject nationalities, it

was in the Austrian half of the Monarchy, particularly in Bohemia, that the clash of nationalities came to a head.

By the end of the '70s, national conflicts forced Austria to resort to more conservative government. But it was only in the '90s that nationalism became the source of genuine domestic conflicts, ones paralysing parliament, and occasionally even government. The political crises, however, would not have been so serious had these events not tied in with the deep seated conflicts of interest between Vienna and Budapest. The framework of dualism was fragile enough for domestic conflicts to endanger its structure. And the occasions of conflict, far from having to be created, were given by the very economic clauses of the *Ausgleich* which provided for a renegotiation of terms every ten years. Feeling ran high at the time of the negotiations, for there was much discontent among the Hungarians – they felt, for instance, that the Army was not their own – which any opposition party could play on. The debates on whether the Austro-Hungarian Monarchy could and should remain a common custom area was a constant reminder that the maintenance of its political unity might be challenged as well. But the survival of the Dual Monarchy was not dependent solely on domestic forces. For the strength of the domestic forces – of the various nationalities within the Monarchy – was partly a function of the balance of power among the neighbouring states; and the strength of the Monarchy itself was also tied in with the international situation, that is, with its status as a Great Power.

By the time of its establishment, the Austro-Hungarian Monarchy was already one of the five Great Powers of contemporary Europe. Although deprived of its Italian territories, and thrown out of Germany in 1866, with the close alliance between Vienna and Budapest, with its army, its extensive territory, and its large population, the Monarchy still retained its international standing. And although the leadership of Central Europe passed slowly but decisively from Vienna to Berlin, as a result, among other things, of Germany's growing economic and military superiority, the relative stability of the international situation allowed the Dual Monarchy to maintain not only its Great Power status, but also its influence over Balkan affairs. That the fate of the Monarchy tied in with the evolution of the Balkans was clear beyond question. The relationship of the two areas was, thus, an ambivalent one. A formal alliance which the Monarchy concluded with Germany in 1879 – thanks to the statemanship of the Hungarian-born Foreign Minister, Count Andrassy – guaranteed Germany's security against Russia. And security against Russia included an important, if not decisive voice in Balkan affairs. The Monarchy was interested in strengthening the newly created Balkan states so far as this would enable them to stand on their own feet and avoid coming under Russian control. Yet, Vienna had every reason also to be at least a halfhearted champion of the status quo, even of the maintenance of Turkish power, for there was always the threat that the Balkan states, once liberated from Ottoman overlordship, would be drawn into Russia's sphere of influence. Russia's becoming master of this area might, however, prove more seductive for the Slav and Roumanian peoples living

inside the frontiers of the Dual Monarchy than was compatible with the preservation of its territorial integrity. In this way the triumph of the national principle could easily constitute a menace to the Monarchy's very existence.

Compromise seemed to offer the only possibility of a solution. Austria and Russia could divide the Balkans into equal spheres of influence, and make the formally independent Balkan states into their economic and political satellites. At first, events seemed to tend to this solution. After the Russo-Turkish War (1877 – 78) the Treaty of Berlin ensured the Dual Monarchy an equal footing in the Balkans. Russia's overly ambitious plans come to naught, and a part of the collapsing Ottoman Empire – Bosnia and Herzegovina – were occupied by by Austro-Hungarian troops. The League of the Three Emperors – Bismarck's masterpiece – not only reinforced the good relations between Vienna and Berlin but also won over the Tzar to a policy of collaboration. In the rest of the Balkans, both the other interested Great Powers and the small states were sufficiently weak to permit the Monarchy to take advantage of the situation. An agreement with Serbia in 1881 bound this potentially very dangerous state to the Monarchy by giving the latter almost a monopoly of the Serbian economy and a decisive voice in Serbian foreign policy. The successful binding of Roumania in 1883 to the newly created Triple Alliance (Germany, Austria and Italy) reinforced the belief that there might be a harmonious reconciliation of conflicting interests. All this, however, proved to be more an armistice than peace. The Balkan nations were still too busy establishing and strengthening their national and territorial integrity against the declining Ottoman Empire not to give concessions in order to allay the suspicions of the Dual Monarchy. The agitation for national unity was still directed against the Turks, and it would have been disastrous to extend this agitation directly against Hungary or Austria before the process of unification was complete.

After insurrections in the late seventies in Macedonia, and in the early eighties in Herzegovina, it was Bulgaria, the youngest state in the Balkans, that became the focus of anxious attention. With its national unification far from complete, Bulgaria became the focal point of the clash of Russian and Austrian interests. After the Berlin Treaty, the new state elected Alexander of Battenberg, a nephew of the Tzar, as its Prince, and also invited two Russian generals to become members of its government. This Russification, however, proved too much for the Bulgarians. Even Prince Alexander was unable to accept the Tzar's policy of banning the unification of Eastern Roumelia with Bulgaria. Defying Russia, he sided with the forces of unification, and the union was carried through in September of 1885. But it proved to be almost the end of Alexander of Battenberg, who now came up against his former supporters, the conservative forces in the country, which refused to accept the liberal constitution which he proposed. (For during the sixties, all of the new Balkan states had adopted some kind of constitution, and the Bulgarians hastened to catch up with the others. In 1878, parliament was summoned to meet at Tirnovo, the capital of the mediaeval Bulgarian state. Although the members were nominated, not elected, it showed a liberal spirit, accepting both universal manhood

suffrage and the principle of responsible government.) They turned against Prince Alexander, and although he was victorious in the short Serbo-Bulgarian war following the unification, he was removed from his office by a Russian backed military coup. But Russia's success was short-lived. A powerful politician, Stanboulov, succeeded in having a German prince, Ferdinand of Coburg, elected as the new king, and during the next few years, Bulgaria's relations with the West, particularly with the Dual Monarchy, improved. Their economic ties became closer, and Austria's political influence became important, even though later Bulgaria came to be somewhat reconciled with the Tzar. Pro-Austrian governments alternated with pro-Russian governments as internal and international pressures, and economic needs dictated. But it was the Austrian influence which preponderated — for Russia was unable to contribute in any significant way to the economic modernization of the country — especially after Germany entered upon the scene and backed Austria, regarding it as a go-between for its own growing influence.

The Bulgarians did not regard unification with Roumelia as having completed the process of unification. Macedonia, still under Turkish rule, was the main national aim. The Peace of San Stefano had already once drawn the Bulgarian frontiers to include Macedonia, whose population was considered to be Bulgarians speaking a special dialect. However, the Bulgarians were obliged to leave, and the Great Powers at the Congress of Berlin, faced with conflicting Greek, Bulgarian and Serbian ambitions to incorporate Macedonia, simply let the Turks go on ruling it. Obviously, this had been a postponement, not a solution of the problem, and Macedonia became one of the major danger spots of southeastern Europe. No other area in the Balkans had a more confusing mixture of inhabitants: Greeks, Bulgarians, Serbs and small groups of Vlachs lived there, and all these countries tried to convince themselves, and the people of Macedonia, that they were the rightful rulers. The Greeks maintained that the population of the towns was Greek, and that the villages were pro-Greek in feeling; the Bulgarians insisted that the people of Macedonia were Slavs who, centuries ago, had belonged to the Bulgarian state, and that the Bulgarian Exarch was the religious leader of the country; while the Serbs argued that the Macedonian language was nothing but a dialect of the Serbian. However, more and more people in Macedonia came to realize that they were no more Bulgarians than Greeks or Serbs; they were simply Macedonians. Thus, in 1895, the Inner Macedonian Revolutionary Organization (I.M.R.O.) was founded to agitate for the autonomy of Macedonia, and soon came into conflict with the Sofia-supported Macedonian Committee whose object was the annexation of Macedonia to Bulgaria.

Bulgarian nationalism had launched a peaceful attack on Macedonia: schools, teachers, churches and propaganda tried to prepare the ground for later annexation. There was no real action, however, and the Macedonian question could not divert attention from the growing social conflicts within Bulgaria itself. However slow economic and social transformation was, it was giving birth to new classes and new political forces. The traditional political division of liberals and conservatives slowly became obsolete, and the most numerous class of Bulgarian society, the peasantry,

organized to establish an independent political party. The Peasant Association was founded in 1899, and became the chief party in opposition to the conservatives and the liberals. These two parties enjoyed the support of the merchants, the bureaucracy and the army, and generally united to form a coalition government against the rural influence. However, even the urban areas were no longer united. The working class was slowly emerging, and, suffering from the country's backwardness and the appalling economic and social conditions, was soon receptive to ideas coming from either the Western or the Russian labour movement. The Labour Party was founded as early as 1891, and took over, with small modifications, the program of the Social Democratic Party of Belgium. But with almost 80 per cent of the population engaged in agriculture, Bulgaria's peasant party was still the more important force of opposition. However, while in the workers' organization a spirit of internationalism was gaining ground, and even the radicals (the *tesnlaks* who were the Bulgarian Bolsheviks) were getting growing support, the peasantry still rallied more enthusiastically to a program incorporating also the traditional nationalistic aims.

The occasion for its realization came at the beginning of the 20th century, when unsuccessful insurrections broke out in Macedonia, first in 1903, and later in 1908, when the Young Turks tried to reform the Ottoman Empire. (Actually, they succeeded only in temporarily paralysing it.) Ferdinand used the occasion to announce the independence of Bulgaria, and to assume the title of King or Tzar. In fact, the declaration of independence was something of a formality, for since 1878, the Porte merely collected a small tax, and had no actual influence in Bulgarian domestic affairs. But Ferdinand's successful assertion of sovereignty, achieved first through Austrian backing, and then through Russian opposition to Turkish military intervention strengthened the nationalist aspiration of the Bulgarian ruling groups, and turned their attention still more exclusively towards Macedonia, whose liberation, however, was considered a national cause by the Greek and Serbian governments as well.

Serbia was, without doubt, the most important new factor in the political life of the Balkans. This small country, located on the Hungarian frontier, had, as early as 1804, achieved some kind of sovereignty. After the insurrections of 1815 and 1833, this sovereignty was reinforced, and the country's territory extended. Further territorial expansion took place in 1878, when Serbian independence was formally recognized. In spite of its small size and population, the country's political importance grew rapidly. For Serbia had been the first Balkan state to shake off the Turkish yoke, and could, thus, be regarded as the inaugurator of the new era in Balkan politics. But a more fundamental reason for its importance was the fact that Serbian independence was a challenge not only to the Ottoman Empire, but also to the Habsburg Monarchy. For more Serbs lived inside the Austro-Hungarian Monarchy than in Serbia itself, and the idea of uniting all the South Slav peoples was deeply embedded in Serbian consciousness. The unification of the South Slavs was less of a threat to the Ottoman Empire, than to the Dual Monarchy, to the Croats,

and to the Slovenes. Serbia's ambitions either to create a Greater Serbia (by incorporating the Novi Pasar, which had been placed under Austrian administration so that there would be no common frontiers between Serbia, the newly independent Montenegro, and Bosnia-Herzegovina) or to establish a Yugoslav State conflicted with the interests of the Dual Monarchy. Thus, almost inevitably, Serbia became a major protagonist of Russian policy in this area. The clash of interests among the Great Powers gradually focused on this small country, and Serbian independence became a source of the greatest anxiety to its twenty times larger neighbour.

All this, of course, had a long history. No sooner had Serbia become formally independent in 1878, and its territory augmented with the inclusion of the district of Pirot, than the Serbian ruler, Prince Milan, was forced to sign a secret treaty with Austria in 1881. According to this treaty, Serbia was forbidden to conclude political agreements with any another power, and Austria acquired a kind of economic monopoly. The Austrian occupation of Bosnia and Herzegovina in 1878 was also aimed partly at restricting further Serbian territorial expansion, and Andrassy insisted on Austrian control of the Novi Pasar sand-belt in order to divide Serbia from Montenegro. With Austrian control over its economic and political life, and Austrian restrictions on its territorial expansion, Serbia seemed very much to be in the hands of the Austrian government. It was, however, almost impossible to keep this up for long. Serbian national interests and nationalist feelings were far too inconsonant with the existence of the Monarchy for Serbia to keep out of Great Power politics in the Balkans, and for Pan-Slavic voices coming from Russia not to find and echo among both Serbian intellectuals and Serbian politicians.

Almost up to the Crimean War, Serbia was under Russian tutelage, and its semi-independence (the Turks still preserved the right to keep garrisons in the vital areas) had been warranted by the Russian Empire. However, after the 1856 Peace of Paris this unilateral protectorate was lifted, and a collective guarantee by the Great Powers was substituted for it. What the change really signified was the growing influence of the Dual Monarchy.

During these troublesome years, even the leaders of the Hungarian Revolution of 1848-49, now in exile, had prepared a plan to reorganize the Balkans by including Serbia in their planned Danubian Confederation. However this plan had no influential supporters, neither in Hungary, nor in Serbia. Serbia was more enthusiastic about a Yugoslav federation, and gave all the help it could to Bosnian insurgents. After the *Ausgleich* of 1867, of course, it seemed most unlikely that the idea of a Yugoslav federation would ever be realized. But even then, although Croatia was autonomous within Hungary, disputes between the Croats and the Hungarians were constant enough to keep alive the thought of a new reorganization, and the Yugoslav dream. There was a new spirit of nationalism also among the Slavs of Dalmatia, who demanded union with Croatia. It was a demand that could not be taken too seriously with Dalmatia belonging to Austria, and Croatia to Hungary. However, it raised enough dust to keep Austria aware of the problem, and gave the

Serbian state a special importance as possibly the Piedmont of a future South-Slav unification.

The years that followed were, however, very stormy ones for Serbia's neighbours. The repeated insurrections in Herzegovina, and the war between Montenegro and the Ottoman Empire slowly undermined the status quo, and led to the international recognition of Montenegro's independence. However, in 1878 the Treaty of Berlin, although it did not conclusively free the Monarchy from the threat of the Yugoslav idea, did, for the time being, confine it within certain limits. The stormy years were over, and after the series of changes of the previous 20 years, some kind of stability seemed to have been reached. Agreement among the Great Powers and the occupation of Bosnia–Herzegovina temporarily guaranteed the status quo, and excluded the possibility of further Serbian expansion. In fact, during the next 20–30 years, Serbia, too, was concerned to transform its economy and society, to take over Western liberal political institution, to seal its independence by ousting the Turkish garrisons, and to join the European community.

All this, as H. Feis noted, was no easy task for Serbia, newly independent in 1878. "When the infant state first opened its eyes its glance fell upon the creditors assembled about its cradle."* The wars of liberation were very hard on the national budget, and the military reconstructions of the following years also absorbed large amounts of money. In fact, foreign loans were needed simply to place the national economy on sound footing.

When it came to spending, priority was given to railway building – more out of strategic than economic considerations. France, Germany, the Dual Monarchy and even sometimes Russia were all willing to give loans, but such deals only involved Serbia more deeply in the rivalries among these states. Nevertheless, the country could not do without them. Through loans and trade agreements, the Great Powers thus became the economic masters of the area, and used their economic leverage to further their political interests.

Like all new states, Serbia too, felt obliged to show some significant sign of progress, and hurriedly adopted a kind of constitutional bourgeois liberalism. Within a few years, however, the constitution was suspended, and Milan Obrenović embarked on a more authoritarian régime, until domestic pressure led to the introduction of a more liberal constitution in 1889. All the members of parliament (*Skupština*) were now to be elected – previously, some of them were simply nominated by the king – and there was more civil liberty.

With an elected parliament, and a responsible government, Serbia on the surface seemed to be well on the way to political democracy. It would, however, be gross oversimplification to look upon this political system as approximating a Western democracy. Through a combination of social forces peculiar to the country, the system was very much an authoritative one, and one in which the will of the king certainly carried more weight than the desires of the people. Corruption, and the

*H. Feis, *Europe: the World's Banker*. New York, 1964. p. 263.

use of force on the one hand, ignorance and incompetence on the other, helped to ensure the dominance of a very narrow ruling stratum of bureaucrats, officers and new bourgeoisie. Even the political parties functioned differently from those in Western countries. Political power was shared by the two liberal parties supported by the upper classes. The third party called itself the Radical Party. Its program was certainly closer to representing the interests of the peasants, and it enjoyed the support of the younger intellectuals. The Radicals were critical of social inequalities, of overtaxation, and stood for a strong nationalism. In spite of the fact that the Radicals consistently had a majority in the elections, it was not until 1903 that they finally came to power.

The liberals and the Radicals differed fundamentally on foreign policy issues as well. The liberals were inclined to be Austrophile; while the Radicals, with their enthusiasm for republicanism and socialism, became ardent nationalists and were prone to be Russophile.

Prince — later King — Milan Obrenovic was pro-Austrian. His foreign policy — dictated, partly, by the logic of circumstances — and the treaties he concluded made him very unpopular. In 1889, he was compelled to abdicate in favour of his son, Alexander. Within a few years, Alexander abrogated the liberal constitution, and restored the former, less liberal one of 1869. Domestic problems, and displeasure with the King's private life — Alexander married the widow of an engineer — gave fertile ground for criticism, and contributed to the growth of discontent. A Radical majority was elected to the *Skupstina* in 1901. The King, however, refused to allow it to form a government. A new election was held in 1903, but with such intimidation and police terror that the Radicals refused to take part in it. A group of army officers conspired, and, on June 10 of 1903, assassinated the King.

Peter Karageorgevic was elected the new King, and the Radical Party, led by the brilliant Nikola Pašić, formed the new government. Under Pašić, civil liberties and democratic freedoms were guaranteed. The rule of law prevailed, and relations between government and people, between the "Haves" and the "Have nots" became more healthy. In 1903, the Serbian Social Democratic Party was founded. However, the working class was too weak to support a party of its own (there were only 16,000 workers in the manufacturing industry) and the SPD turned also to the peasantry. Yet, in spite of the government's laudable achievement in laying the foundations of political democracy, it is unlikely that things would have gone smoothly even if foreign policy problems, nationalism, and the dreams of Great Serbia and Yugoslavia had not come to cast their ominous shadows over domestic affairs.

The fall of the Obrenović dynasty in Serbia was, in fact, a sign that the years of relative stability in the Balkans were over. The new era was pregnant with events. For Peter Karageorgević, after consolidating his power within the state, adopted a Great Serbian foreign policy. His program could be interpreted as one affecting Serbians only; but it could well be seen to include the more broad Yugoslav idea as

well. The second interpretation, of course, implied fatal danger for the Monarchy; but even the first was quite enough to alarm the politicians in Vienna.

For the new challenge to the Dual Monarchy came at a time when things were badly deteriorating within its frontiers. During the nineties, seven different governments had tried to bridge the ever more acrimonious national and social conflicts in Austria. The most obvious danger signal was the conflict of the Germans and Czechs in Bohemia. The problem, however, was complicated by the South Slavs, by the Italians, and by the Galician Poles. The latter, however, with their dominant aristocracy, had great influence on the shaping of Austrian domestic policy. Most of Poland was in Russian and German hands, and the Poles living in the Austrian sector (at least the aristocracy) had more rights than their co-nationals in the other countries. Their political discontent was, thus, not great enough to be a real threat. (Socio-economically, of course, Galicia belonged to the most underdeveloped areas.) Other nationalities, however, were more restive. The Italians wanted to join Italy; the Czechs wanted equal political rights (though not independence); and the South Slavs wanted changes in the system of dualism — though it was not yet clear just what changes.

Political forces were regrouping in German-speaking Austria itself. The influence of liberalism had strongly declined. Faced with the Slavonic menace, and with the growing role of the various Slavonic peoples in the Monarchy, a great many of the bourgeoisie went over to the chauvinistic German National Party. The discontent of the petite bourgeoisie strengthened also the new Christian Socialist Party. Last but not least, the working class founded its own party, the Social Democratic Party, which was of great importance from the beginning. Its program, which resembled that of the German Social Democrats, gained a great many adherents. With its demands for immediate political democracy and social change, and its future goal of socialism, it came to embody the dominant political ideas of all workers, more or less independently of their national origins. The introduction of the general franchise in 1907 was a real success for these new forces.

However, the decline in the international prestige of the Monarchy cannot be explained without considering that economic power had shifted to Germany, and that the Dual Monarchy's position as one of the Great Powers of Europe was grounded more in tradition than in fact. Economically, the Monarchy was unable to compete with the Western powers; and, with its unbalanced, partly obsolete socio-political structure, even its military strength could not be taken too seriously. One of the main reasons for the Compromise of 1867 had been to preserve the Great Power status of the Monarchy. However, the dualistic system became too fragile to serve this end, and with the decline of international prestige came questions about the very sense of dualism. Hungary became one of the weakest points of the entire structure. The controversy between the Magyars and the other national groups was the least spectacular of the national confrontations. But there was a special reason for this, namely the fact that the preponderance of the Hungarian landowning classes had managed to keep the peasantry and the nationalities in a condition of

political subservience. The discontent of the nationalities — voiced mostly by a new, very small élite group — could not be expressed as violently as it could in Austria. In the later '90s, however, political organization among the nationalities became more active, and the attempts at "Magyarization" — especially through the schools — availed little against it.

Hungary was faced with social problems as well. Its growing economy produced a large industrial proletariat, which was gradually organized into trade unions and the Social Democratic Party, established already in 1891. This party, whose primary goal at the time was universal manhood suffrage, was slowly becoming an important factor in Hungary's political life. But of the latent social conflicts, the most significant were those in the villages, where about 40 per cent of the families were without land, and where large numbers of agrarian proletariat lived under extremely bad conditions and deprived of almost all social and political rights.

Hungary's ruling classes responded to the country's social problems not with social reforms, but with an aggressive nationalism that had two principal aims. The first was to maintain Magyar predominance in the country, in spite of the fact that 50 per cent of the population was non-Magyar. The second goal was the revision of the Compromise; the demand was virtual independence for Hungary, or total predominance within the Monarchy. The first goal was shared by all the parties; the second was more a demand supported by the so-called Independent Party, the major one of those in opposition. Dualism, thus, could hardly be said to have enjoyed undivided popular support; and, needless to say, the eternal controversy between Vienna and Budapest also served to undermine the Monarchy. This was especially the case when the Hungarians, in order to give weight to their demands concerning the army, refused to approve the increased military budget. And yet, the Hungarians' attitude to Dualism was ambivalent enough. For, although there were constant Hungarian attacks against the dualistic structure of the Monarchy, the Hungarians were most anxious to prevent any change tending toward "trialism", which some political forces within the Monarchy — Francis Ferdinand the most influential among them — were proposing as a possible safeguard against the Russian danger. The Hungarians were certain that any reform would put an end to their privileged status. They found the thought of a South Slav union as intolerable in the form of the Slavic people's getting an equal share in the running of the Empire as in their breaking away from it, and forming a new state with Serbia. All the same, both alternatives were gaining support, particularly in Croatia. In 1868, Croatia had been given some kind of autonomy by the Hungarians. But their influence remained considerable, for the office of the Ban, the head of the Croatian autonomous government, was a very important one, and it was filled through imperial appointment on the suggestion of the Hungarian government. The new configuration of parties was not conducive to maintaining the Hungaro-Croatian *Ausgleich*. The Party of the Croatian Right demanded that the Monarchy be reorganized as a trialist state, with Croatia enlarged through annexing other Yugoslav parts of the Monarchy. The Party of the Croatian Right was strongly anti-Serb. However, in 1905, the Croatian

politician, Supilo, successfully concluded a compromise between the Serbs and Croats and formed the Serbo-Croat Coalition, which was already on good terms with the Serbian government. Even the third party, the Peasant Party, which placed greater weight on social problems, supported the Coalition at least in its demand for the reorganization of the dualist structure of the Monarchy.

If there ever was a time when foreign policy could be conducted on the principle of "quieta non movere", it certainly was not at the beginning of the 20th century. And yet, the Monarchy's foreign policy alternatives were extremely limited, and totally unelastic. The challenge from Serbia emerged at a time when Austria was faced with grave domestic problems. After 1903, Serbian relations with the Monarchy quickly deteriorated. Although up to 1908 Serbia did not enjoy the Russian backing it had earlier, it was able to get financial and political support from France which, anxious to establish some economic influence in the Balkans to counterbalance German aspirations there, regarded the Monarchy as an ally of Germany, and thus, with some animosity. With France's blessings, Serbia's foreign policy became aggressively anti-Austrian. South Slav agitators preached in Bosnia and in Croatia; Serbia tried to establish good relations with Bulgaria, threatened the Monarchy's —especially Hungary's — agrarian interests, and bought arms not, as it had traditionally done, from Škoda, but from Creusot. The "pig war" broke out, a customs war between the Monarchy and Serbia. Considering the large volume of Serbia's trade with the Monarchy, it was a risky adventure, and Vienna and Budapest thought that it would be easy to strangle tiny Serbia with its 3 million inhabitants. The outcome, however, disappointed their expectations. Serbia successfully cut its former economic dependence. New markets were found, a food processing industry was established, and French investment in the country was increased.

In Croatia and in Bosnia-Herzegovina, in the meanwhile, the Yugoslav idea was gaining ground. Cultural contacts crossed frontiers, and all kind of societies, publications and journals appeared with financial support from Serbia. There were people in the Monarchy's top military command — Conrad von Hoetzendorf, for one — who went so far as to suggest a preventive war against Serbia; others were for a more level-headed foreign policy. But even the Ballhausplatz — the Foreign Office in Vienna — was convinced that something had to be done to counterattack, to show strength, to humiliate Serbia. They decided to make use of the revolt of the Young Turks in Constantinople. On October 6, 1908, Francis Joseph proclaimed the annexation of Bosnia-Herzegovina. It was, without a doubt, a deliberate provocation of Serbia thus to finalize what had been a temporary status of the two regions, and the act made Serbia an implacable foe of the Monarchy. For the moment, however, the crisis was averted. Russia, weakened by defeat in the Far East and by recent revolutionary agitation, protested, but was unable to intervene. Without Russian help, Serbia was not in the position to do so either.

However, the annexation had far-reaching effects for the future. First of all, it accelerated the process of rapprochement among the Balkan nations. The slogan "The Balkans to the people of the Balkans" spread like wildfire, and Russia, which

during the last decades had been a supporter of the status quo and inclined to be on the defensive, now changed its policy. Of course, all these events unfolded fraught with contradictions. For while their common need to get rid of foreign intervention, to stabilize their economy and society compelled the Balkan states to a common policy of playing off one Great Power against the other, there was also a tremendous upsurge of nationalistic spirit in Balkan societies, and a certain competition to be the one to emerge with extended frontiers after the final reorganization of the area. Even the growing Russian pressure tied in with other foreign policy considerations, for both the *Drang nach Osten* of Germany and Anglo-French foreign policy interests influenced the avidity of its competition with the Monarchy for influence in the Balkans.

The annexation crisis ended with the political defeat of Serbia, which was forced to declare that it recognized the fact of the annexation and would limit its armed forces to the preannexation level. But although Serbia was obliged to yield, there was ever more agitation and organization behind the scenes. Under the protective wings of the Army and the so-called Radical Party, a great many secret and semi-secret organizations were founded to spread the idea of the unification of all Serbs, and even of all South Slavs. These radical organizations were extremely active in the universities, among the army officers, and among those working in the intellectual and cultural fields. In spite of disagreement in their ranks concerning the future of Croatia — one influential faction was for an independent Croatia, another for its unification only with the Slovenes — they managed to influence culture and ideology even within the Monarchy. Neither Vienna's heavy-handed policy, nor the famous trials were able to prevent the spread of Yugoslav ideas, or at least of the conviction that the old-fashioned multinational dualistic structure of the Monarchy could not be preserved indefinitely. The clash of interests was too great to be reconciled; the resolution could, however, be postponed. Particularly so, since there were still some open questions concerning Turkish influence on the peninsula. The revolts of the Young Turks had certainly aimed at the modernization and revitalization of the Ottoman Empire. For the time being, however, the domestic problems they caused served but to intensify the crisis of the sick man of Europe. The Young Turks tried to substitute for the Porte's old-fashioned nationalism a more modern and ardent one; and areas of the Balkans where Turkish influence was but nominal thus began to fear that in the future they might be regarded as organic parts of the Empire. And although it was still too early to eliminate Austrian interests, conditions were ripe for a final settling of the bill with the Turks. The opportunity for war arose in the territories still under Ottoman control, where during the last few years there had been a number of small peasant wars against Turkish tax collectors, especially on the west coast. The Albanian population had revolted in 1905, then again in 1906 and 1907. Some Albanian intellectuals had been forming committees in Bucharest and in the USA as well, in the hope that the Young Turks' revolt would lead to a kind of autonomy for their people. This, however, was not to be. The Ottoman Army was determined to repress all Albanian national movements. It

was a bitter disappointment, but one followed by decisive action. An armed insurrection for national emancipation started the spring of 1910. The intervention of the Turkish Army was not enough to defeat the revolt, and the question of Albania remained open. New Albanian committees were established in a variety of European capitals, and the Great Powers recognized in the situation a new excuse for interfering in Balkan affairs. Italy, jealously watching the Balkans for any change in the status quo, and wanting to gain influence, gave very active support to the forces demanding independence. In the summer of 1912, the revolt broke out anew.

Turkey's weakness was laid bare not only by the domestic revolts, but also by its defeat in 1911 in the war against Italy. There was no doubt that the international political situation was ripe for an attack on Turkey, particularly as such action would serve to suspend the competition among the Balkan states. Serbia took the initiative in proposing a Balkan alliance. Serbian foreign policy had two goals: the first, to create a united front against the Ottoman Empire; the second, to break the Austrian ring around the Serbian state. Bulgaria held the key position in this respect. After a long period of hesitation and prolonged talks, Bulgaria and Serbia finally pleased Russia by signing an agreement of mutual support in case of war, and made provisions for the division of Macedonia between them. Two months later, an agreement was signed between Greece and Bulgaria; and it took but another few weeks for Bulgaria and Serbia to reach an agreement with Montenegro as well.

Montenegro, a small mountain country with barely more than a subsistence economy, had been an independent state since 1878. Its unproductive soil and its patriarchal social organization made this country one of the most backward areas of the Balkans. The ruler, Prince Nikola, maintained his autocratic regime as long as 1905. But during the very last years, he wanted to play a more important part in Balkan politics. While once he had been glad to receive a pocket watch as a present from Francis Joseph, in 1910 he had himself proclaimed king. And he took the initiative in resolving the problem of the Ottoman Empire. Montenegro attacked Turkey and her allies quickly followed suit.

The main burden of the fight was borne by the Bulgarian Army, and its attacks met with rapid success. The Ottoman Army was defeated, and the victorious Bulgarians marched in the direction of Constantinople. The Serbian Army was successful, too; it invaded Skopje and continued to fight, supported by the Greek and Montenegrin troops. When the Ottoman Empire requested an armistice, the victorious Bulgarians, ready to disregard their own principle of national independence, pushed on to conquer Constantinople. However, the campaign was halted in December, and negotiations began in London. After a short break in the talks, it was agreed that the Ottoman Empire would cede all its European possessions, except the area around Constantinople. Final arrangements were also made for the establishment of an Albanian state.

The Albanian national movement appeared rather late. The national language was very slow to develop, and as late as 1912, there was no unified vocabulary. Some of

the Albanians were Mohammedans, and they did not regard belonging to Turkey particularly disadvantageous. Attempts to unite all Albanians within a national state came more from the area of the country enjoying a kind of autonomy. However, with Greece, Serbia, the Monarchy and Italy all showing a great interest in the territory, there were some misgivings that agitation would lead to their coming under the rule of some other foreign power. Nevertheless, the movement for independence gradually grew stronger, and the conflicts among the Great Powers also helped to bring about an independent state. But the tutelage of Italy, and in some sense, of the Dual Monarchy, was necessary to compel Montenegro and Serbia to withdraw from territories belonging to the new state.

Once the Balkan Alliance – founded on the members' common wish to shake off Ottoman rule – had achieved its goal, the latent competition among the allies soon surfaced. Serbia, which was forced to cede the former Macedonian territories it had been promised in a secret treaty with Bulgaria, demanded compensation and refused to hand over to Bulgaria other conquered Macedonian territories. Even Greece came into conflict with Bulgaria over the division of Macedonia. In all these countries, chauvinistic forces were demanding that the government cede not one inch to the others. Greece and Serbia now tried to take joint action against Bulgaria. But the Bulgarian government, yielding to the chauvinistic elements at home, and backed by the diplomacy of the Austro-Hungarian Monarchy – which jumped at the chance of disrupting the Balkan Alliance, and of winning an ally against Serbia – refused to cede. In fact, on the night of June 29, 1913, Bulgaria launched an attack on Serbia.

An anti-Bulgarian coalition was very quickly formed. Montenegro and Roumania supported the cause of Serbia and Greece, and even Turkish troops took the occasion to attack the Bulgarian army from the other side. The Second Balkan War was over within a few days. On 10 August, Bulgaria, severely defeated, signed the Treaty of Bucharest. Serbia and Greece received the lion's share of Macedonia, and a large part of Thrace was given to Greece. Turkey kept Adrianople; Serbia and Montenegro divided the Sanjak of Novi Pazar, thus getting a common frontier. Bulgaria's gain from the wars was only a corner of Macedonia and a part of Western Thrace. Its loss was Southern Dobruja, which was ceded to Roumania, one of the victors in the war against Bulgaria, to satisfy her demand – made after the First Balkan War – for compensation for the enlargement of the other Balkan states.

It had been some time since Roumania had actively participated in Balkan affairs. After the unification of Moldavia and Wallachia, and after acquiring de jure independence in 1878, it had been too busy with Russia and Hungary to get seriously involved in Balkan politics.

Initially, Roumania's political structure was rather clearly a function of its class structure. The boyars, the landowners, founded the Conservative Party, the one with political ideas most congenial to them; while the evolving new bourgeoisie, as everywhere, espoused liberal ideas and backed the National Liberal Party. However, this political grouping was not an immutable one. Although the King backed the Conservative Party, most of the elections were won by the Liberals, who enjoyed some

support also from the intellectuals and the petty bourgeoisie. The ruling classes were not divided along clear-cut lines, and personal rivalries became much more important than public issues. During the 1880's, the influence of Ioan Brătianu — a former revolutionary, and a man well versed in the political machinations of the spoils system — became decisive within the Liberal camp. Then, the Conservatives again came into power, and the two-party system of government prevailed, with the parties alternating in office.

Both parties neglected the majority of the population, the peasantry; and the franchise, resting upon a complicated system of electoral colleges, served to perpetuate this practice. On the whole, the political institutions of Roumania appeared very similar to those in Western countries. But this was mostly a formal resemblance. For although the legal system was almost a copy of the Napoleonic Code, with guarantees of freedom of conscience, of assembly and of the press, and free and obligatory elementary education from 1864 on, there were no effective measures to ensure the realization of these rights. (The illiteracy rate was 78 per cent in 1899, and still 61 per cent in 1912.) The other civil liberties were just as illusory. Barely a few years after the unification, the boyars had already had enough of Cuza's reforms. (After passing the agrarian laws and reforming education, he had reorganized the judicial and tax systems as well.) A military coup forced him to abdicate, and, after some hesitation, the Hohenzollern Prince Charles was chosen as his successor. The young Tzar (Charles was 27 years old) had learned his lesson well. He was not as keen as Cuza had been to introduce reform; rather, he used his political authority to balance the scales between Liberals and Conservatives. His heart was surely closer to the landowners, but he was clever enough not to lose sight of the interests of finance and commerce.

The class for which nobody cared had no choice but to speak up for itself. In 1888, peasant revolts broke out throughout the country. One of the main grievances of the extremely poor and ignorant peasants — who, in fact, had profited nothing from political liberalism — were the so-called "labour contracts" which, in return for insignificant allotments of land of their own, obliged the peasants to do servile labour on that of the landowners. The insurgent peasants mobbed the estates, houses and castles of the boyars, and made attempt to distribute the land. The two parties of the ruling classes buried all their differences and ordered the soldiers to suppress the revolt. But conditions did not improve, and in 1907, the Roumanian peasantry staged the last *jacquery* of Europe. The insurrection began in Moldavia, and, in the beginning, was directed against the Jewish tenants who held large areas of land. That the revolt was, in fact, class war became apparent later. The rebels sacked the houses of the landowners, seized land and organized rebel units. The troops were unable to suppress the revolt, and the peasants would no longer be duped by promises. In the end, almost the entire army was mobilized: 120,000 men went out against the peasants, and killed almost 10,000 of them in the course of "pacification". Entire villages were burned and destroyed; by the summer, the revolt, too, lay in ashes.

As an aftermath of the revolution, the carrot and stick method was introduced. Agricultural contracts were practically abolished, and the landless peasants were promised a chance to get land. The Liberal Party began to consider the thought of some kind of more general land reform.

The working class movement also had a very early start in Roumania. In 1893, Dobrogeanu-Gherea co-founded the social democratic party, which, probably, was backed by more intellectuals than workers. But the party was suppressed, and its rebirth came only in 1910. By the turn of the century, there were some trade unions as well. Social problems were enormous, but the working class was still small and only starting to organize; the problems of the peasantry continued to dominate the scene.

Although social question divided the country, there was always some foreign policy issue to unite it in an outburst of nationalistic feelings. The independence of the state was formally recognized by the Berlin Treaty, but in spite of the fact that Roumania had fought on the Russian side, it was compelled to cede Southern Bessarabia in return for northern Dobruja. The Berlin Treaty also dealt with a very special issue of Roumanian domestic policy. This was the juridical position of the Jews, of whom there were ever more in Roumania, and who controlled ever larger sectors of the economy, both circumstances conducive to making the question of their position an international issue. The Roumanian constitution denied Jews the rights of citizenship, of holding public office, and of owning land. Pressure exerted by the Great Powers resulted in the mitigation of these provisions, but not their suspension.

The question of the Roumanians living in Transylvania, a latent source of international conflict, was not, at this time, one that dominated political life. No direct irredentist claims were made in the 1880s. In fact, as Roumania's conflicts with Russia became dangerously explicit, the country's statesmen attempted to draw closer to the German speaking world. Roumania signed a treaty of alliance with the Monarchy in 1883, and Germany immediately joined the duo. The treaties were secret, and were renewed several times. Their immediate consequence was improved relations with Austria-Hungary in spite of the fact that the Monarchy's former monopoly of Roumanian trade and commerce was broken.

But behind this surface calm, there lurked the apple of discord: the national grievances of the Roumanians living in Transylvania. Their grievances stirred up much feeling, and although at this very early stage not even the Roumanians had thought of annexing Transylvania to Roumania, the road was slowly being paved for this demand as well. When, in the 1890s, the Hungarian Government made a variety of attempts to still the Roumanian agitation in Transylvania, its efforts backfired. The problem became a European issue; and, with the support of the Roumanian irredentists, the so-called Roumanian Cultural League redoubled its propaganda activity. The Roumanian government became cautious; relations with the Dual Monarchy became cooler and cooler, but official ties were not yet severed. And Roumania still had a non-aggression treaty with the countries of the Triple Alliance.

The government was looking for an easier prey, and the Second Balkan War presented it with one. Roumania, too, went to war against Bulgaria, on this occasion, not without success.

The two Balkan wars drove the Turks from the entire peninsula. Thus, even the logic of things obliged the Balkan states to look upon the Austro-Hungarian Monarchy as the chief enemy, as the main obstacle to their complete unification with all their fellow nationals. Serbia's self confidence was greatly boosted by its successes at war. Pašić summed up the feeling this way: "The first round is won; now we must prepare for the second, against Austria."*

Secret and semi-secret organizations, like the Black Hand, openly argued for expansion, and for union with the Serbs – and eventually with the Croats – living in Hungary and Austria. Feelings were running high against the Monarchy in Bucharest, too, not only because of Transylvania, but also because of the Monarchy's backing of Bulgaria in the last war.

The international position of the Dual Monarchy was also growing ever weaker. After the annexation of Bosnia, Russia became very active in the Balkans, organizing the Balkan League which, even as a purely defensive organization was, by its very existence, a latent danger for the Monarchy. True, the Second Balkan War had played havoc with Russia's calculation, for events had pushed its major former protégé, Bulgaria, closer and closer to the Triple Alliance. However, Serbia, along with Montenegro, obediently followed the way shown by Russian diplomacy, and even Bucharest became more and more alienated from the Central Powers, and drew closer to Russia, having taken the decision to "work with the side which turns out the stronger and offers her the greater gains".**

The Balkan was not the only area where Russia's activities were causing problems for the Monarchy. The main regrouping of forces: the Entente Cordiale (Russia, England and France), and the Central Powers (Germany and Austro-Hungary), was already given. Russia, who was now the friend of the enemy of a friend, Germany, tried to stir up difficulties in Galicia – something it had never done before. It was, of course, no easy task to convince the Poles to be friendly to the Russians, the masters of most of Poland's territory; but, among the socially and economically most backward Ruthenes, it went rather well. But even if the Poles could never be convinced to join with Russia, the "Polish problem" was great enough to cause the Monarchy new difficulties, this time on its northern flank. It was just a small part of Poland which had come under Habsburg rule after the Third Partition in 1815, following the Congress of Vienna. The main body of Poland was under Russian domination, and the western part of the country belonged to Germany. After the 1863–64 insurrection in the Russian-occupied part of Poland (60 per cent of the Poles lived in this territory), rapid industrial and economic development took place.

*C. A. Macartney and R. R. Palmer, *Independent Eastern Europe*. New York, 1966. pp. 36–37.

***Idem*.

The consequence was a great many important changes in the country, but all against a background of Russification, and with the last remnants of the country's autonomy abolished. Civilian and military power were united in the hands of a governor general. Russian was made the official language of the country, its university was closed, and all its institutions were Russified.

Although the terror and oppression had probably let up a little by the end of the century, on the whole, there was not much change. Rapid economic development, however, had had its societal consequences. A Polish bourgeoisie had come into being, which, with the help of the intellectuals, founded the Polish League. The aim was to create an independent Poland, and to introduce universal manhood suffrage and to carry through social reform. In 1893, the League founded the National Democratic Party.

It is a special feature of Polish political development that the first organs and parties of the labour movement were founded at almost the same time as the bourgeoisie finally established independent political parties. After some earlier experimentation, the first party founded along Marxist lines and based on the Marxist ideology came into being in 1882. The Proletarian Party was dedicated to the solution of social problems, and did not have much affection for the problem of national independence. The same was true of its successor, the Union of Polish Workers. A new type was the Socialist Party, founded in 1892. This party proclaimed itself a workers' party, and took its program from the German Social Democratic Party. However, it was also very much influenced by the nationalist intellectuals — the young Pilsudski was one of its members — and thus its platform was a blend of socialism and nationalism. The Social Democracy of the Kingdom Poland was founded in 1893. Its dedicated leaders, among them Rosa Luxemburg, thought that social transformation and revolution in Russia would solve all social and political problems, and that it was not necessary to make a separate issue of national independence. During the 1905–7 revolution in Russia, political life in Poland also became more active. A great many anti-Russian demonstrations took place, and there was a kind of collaboration between the Democratic Party, whose immediate demand was some form of autonomy, and the Socialist Party. (Pilsudski went to Japan, to ask for Japanese help in creating an independent Poland.) On the other hand, the workers were more interested in abolishing Tzarist autocracy, and in winning political freedom and better social conditions than in national independence. The general strike, staged throughout Poland, was the best expression of their hopes. With the defeat of the revolution, repression returned. The only concession to the Poles was the National Democratic Party's being able to send some deputies to the Tzarist Parliament, the Duma. Nevertheless, the Socialist Party managed to continue to function, and came to represent the wishes of intellectuals, the gentry, and all nationalist elements.

Socio-economically, the Prussian — later German — part of Poland was much more developed than the other territories of the country. The introduction of German laws, institutions, and education also had a salutary effect. In 1872, how-

ever, Bismarck initiated a new policy of Germanization. A lot of Polish middle and elementary schools were closed, and the use of the German language by the executive and the judicial bodies was again made compulsory. From 1875 on, this Germanization was also connected with the *Kulturkampf* against the Catholic Church. (Almost all Poles were Catholic.) Polish resistance papers and associations sprang up everywhere in the attempt to balance this policy. The Polish urban and rural bourgeoisie was mainly concerned to prevent German economic take-over, each group at least locally. With the help of the Church, resistance spread to the field of culture as well. Yet, despite all this, the attempts at Germanization but intensified. Renewed efforts were made to uproot the Polish language from the schools, and to reinforce the German elements in these territories. Among the Polish upper classes, the National Democratic Party of Warsaw exercised some influence; among the workers, however, the German Social Democratic Party was gaining support.

Galicia — which belonged to the Dual Monarchy — enjoyed some degree of autonomy. Polish was its official language, and the aristocracy here was most willing to have the area remain completely backward socially and economically. Galicia's main social problem was that the majority of the peasants had no land. Nevertheless, the National Democratic Party managed to gain some influence here as well, while the Polish peasants were more inclined to support the Polish People's Party, which won a majority at the first election held on the basis of universal suffrage in 1907. For all its backwardness, however, Galicia was a very important center of the Polish independence movement, for it was here that Pilsudski and his group settled after 1907. For foreign policy reasons, Pilsudski got a great deal of support from the Viennese government. And although the Socialist Party itself was of no significance in this very backward territory, even Lenin spent the last years of his prewar exile in Cracow.

As the country itself, Polish society, too, was very divided indeed. The idea of national independence, however, united most factions, and the main problem became to ascertain which grouping of Great Powers might be counted on to espouse the cause of Polish independence. And although the Polish question was surely not the most burning issue of these years, it contributed to the conflicts of interest leading to the war, becoming an issue of very great importance during the war years.

The bullets in the gun of the Serbian student, Gavrilo Princip, not only killed the Archduke Francis Ferdinand, but also brought to an end an entire age in the history of East Central Europe. Yet, pregnant though this area had been with a multitude of conflicts, these surely would not have led to a World War had they not been connected with the rivalries of the Great Powers. The assassin's choice of his target had not been casual — Francis Ferdinand had elaborated a desperate plan to prevent the downfall of the Monarchy, and the rise of a Yugoslav state. He wanted to change the dualistic structure of the Monarchy to a triallistic one, to ensure the Slavs the same rights as the Germans and Hungarians enjoyed. Whether, with the extreme resistance of the Hungarians, this plan had ever had any chance of being

realized is another question. But there could be no doubt that it constituted a danger for Slav nationalism, and for the Yugoslav idea as well. From East Central Europe's point of view, the war which broke out in July, 1914, had but one great sense. It was, now that they had destroyed one multinational (or anational) empire, the Ottoman, to destroy the other two — the Austro-Hungarian and the Russian — as well.

It was surely not in the Balkans that the outcome of the four years of fighting was decided, but it was this area of the world that underwent the greatest transformations. Austro-Hungary, fighting alongside Germany, got the support of only one Balkan state, Bulgaria; Serbia and Montenegro fought on the other side. Finally, in 1916, even Roumania made up her mind, and joined the Entente which had promised her the desired spoils. The battles were fought with varying success. There was a time when Serbia, Montenegro and Roumania lost even their independence. But finally, they emerged as winners. And during the last years of the war, when the social revolution in Russia set up among its principles the right of self-determination, and President Wilson, too, incorporated it among his famous Fourteen Points, the other peoples of the Austro-Hungarian Monarchy also expressed their wish for independence. Czechs, Slovaks and Slovenes all wanted to get out of the Monarchy. Finally, domestic, social, and national conflicts, and political and military pressures from the outside became too much to cope with, and the Austro-Hungarian Monarchy, too, fell victim to the war.

CULTURE AND CIVILIZATION

The traveller going by train from Vienna through the Hungarian capital to Belgrade or Bucharest at the turn of the century needed only about 24 hours to reach his destination. Yet, as he compared it and the towns through which he passed with the city he had left behind, he could not help but realize that in culture and civilization the various regions of East Central Europe were worlds apart.

Vienna was certainly at its prime, and at the zenith of its prosperity. The problems looming over the Monarchy and menacing its very existence could not keep Vienna from becoming "*die Kaiserstadt*", one of most important capitals of Europe. In the fields of culture, music, education, and ideas it vied with Paris for pre-eminence, and was certainly superior to any other contemporary western capital. It was through Vienna, the gateway to the East, that Western civilization travelled eastward, and it was here that the elements of East and Southeast European culture mingled with Western influences to form a very special cultural *mélange*. The capital of the Dual Monarchy, Vienna, was also the administrative centre of its Austrian part. Thus, though it was certainly a German town in some sense, its role and character was influenced by its attraction for the peoples of the entire Dual Monarchy, and even those outside it. Half of its population had been born outside its walls; and, as a contemporary journalist succinctly put it, "If you have not lived long in Vienna, you may still be a German of pure breed, but your wife will be a Galician or a Pole, your cook a Bohemian, your nursemaid an Istriote or a Dalmatian, your valet a Serb, your watchman a Slav, your barber a Magyar and your tutor a Frenchman."*

As the capital of a multinational empire, Vienna was a cosmopolitan city. Its wealth, the lifestyles it offered were certainly a crying contrast to the underdevelopment of many parts of the Monarchy. The conflicts to which such antitheses gave rise also found expression in Vienna in a multitude of new socio-political trends, and in the radically heterogeneous forms of art, music and literature coexisting in the city at even the high noon of Austrian culture and civilization.

The middle of the 19th century saw the beginning of remarkable development in this "city of emperors". The courtyard of the Habsburg aristocracy, Vienna – with its baroque churches and sumptuous palaces, and the *Hofburg* as its centre from the 18th century on – stood out among European cities even before 1848. Sub-

*A. May, *The Habsburg Monarchy*. New York, 1968. p. 308.

sequently, territorial expansions and rapid population growth – by 1910, its population exceeded 2 million – made Vienna a major metropolis, and, architecturally, a happy marriage of the old and the new. The *Altstadt* was surrounded with the magnificent Ringstrasse; and beautifully planned new buildings – the *Opernhaus*, the *Rathaus*, the *Burgtheater*, the university, the House of Parliament and numerous museums designed in styles ranging from the Renaissance to the Gothic – testified not only to the wealth of the city but to its high standards of architecture. There can be no doubt that in all areas ranging from music to science, and from literature to political ideas Vienna was not only the hub of southeastern Europe, but also one of the cultural foci of the world.

Vienna, with its cafés, restaurants, and music became the very symbol of gaiety. All Viennese music, whatever its source and whatever its function, was inclined to be in a lighter vein, and the aristocracy, the church and the new middle class were as enthusiastic in their patronage of music performed in churches and chapels, as in the Imperial Opera or the pubs of Grinzing.

The Vienna Philharmonic Orchestra and the Opera were considered paragons of excellence, and many of the world-famous composers of the 19th century lived and worked here – the Hungarian Ferenc Liszt, the Frenchman Louis Hector Berlioz, and the German Giacomo Meyerbeer, to name just three. Brahms, whose home the Imperial Capital was for thirty-five years, was long the doyen of Viennese musicians. It was here he composed his symphonies and sonatas, his choral works and chamber-music, including his superb *German Requiem* and *Concerto in B-flat Major*.

It is quite another vein of Viennese music that we find in Bruckner's deeply romantic works, inspired by Wagner and Catholic mysticism, and in Hugo Wolf's *Lieder*, which also reflect Wagner's influence. Gustav Mahler, the leading conductor at the Vienna Opera after 1897, reflected romanticism back onto the classical tradition in the totally modern way typified by his *Eighth Symphony*. But it was Richard Strauss more than Mahler who created a new kind of music. His works, showing both traditional and Wagnerian influences, are a kind of avant-garde, the musical expression of intense emotion. In dance music and operetta, however, the uncrowned king of the age was Johann Strauss, whose charming dance melodies and operas were indeed Viennese music *par excellence*. The operettas of Franz von Suppé, Karl Millöcker, and finally Franz Lehár, all in the same tradition, did but enhance Vienna's reputation as the city of song and spirit.

Viennese theatre and literature, significant though they were, did not reach the level of excellence of Viennese music. A significant innovation in drama, however, was Arthur Schnitzler's penetrating and intellectually stimulating analysis of human motives, which marked the beginning of the psychological school in literature.

Probably the most influential writer of prewar Vienna was the publicist Karl Kraus, who devoted his *Die Fackel* to acrid cultural critique and tireless attacks on the decadence of Viennese society. Kraus' works gave clear expression to the structural problems of the declining empire preoccupying also Hugo von Hofmannsthal, who expressed his broodings on the mystery of death in brilliant lyrics of inspired

intellectualization, whose undertone of cynicism, weariness and melancholy reflected the mixture of love and hate which he felt for his city and his age.

One cannot help but be struck by the fact that a great many of Vienna's writers and poets were of Jewish origin, men particularly sensitive to the problems of assimilation, to the decline of liberalism, and to the intensification of social and national conflicts, and thus better able than most to fathom and to express the malaise of their age. It was certainly not by chance that Vienna became the birth-place of so many new ideas, ranging from Zionism to Freudism, and of such a variety of new mass-movements, ranging from Christian Socialism to pan-German nationalism.

Zionism, the Budapest-born Theodor Herzl's dream of a Jewish national state, was, in part, a reaction to the failure of liberalism so apparent in Viennese political life from the middle of the century on to the '80s. Austrian liberalism — never truly consistent — had become unable to counterpoise the pre-liberal elements of politics and society which it had allowed to endure, and was becoming less and less able to cope with the ever growing social and national conflicts within the Dual Monarchy. As demagogic anti-Semitism came increasingly to take hold of Vienna, Herzl began to argue that the Jewish question ought to be regarded as a national question, and solved by establishing a Jewish homeland. His pamphlet, and the organization of the first Zionist Congress (in Basel, in 1897) was certainly a milestone in Jewish history, although Herzl did not live to see his dream bear fruit.

It cannot be regarded as merely accidental that the salient feature of Sigmund Freud's political orientation was the failure of liberal Austrian-German nationalism, and his inability to identify with the new trends. Freud's *Interpretation of Dreams* was published in 1900; his *Three Essays on the Theory of Sexuality* came out five years later. The theory he elaborates in these books, namely, that by far the largest part of the human mind is unconscious, was an attempt to explain a great many of the new phenomena of Viennese life. His works, which, when first published, met with both enthusiastic support and excessive hostility, have continued to be provocative of much discussion, and his theories, which rest on a materialistic conception of man and his world, seminal of much thought.

There can be no doubt that the Vienna of the turn of the century contained a multitude of new political phenomena hardly comprehensible to the rational liberal mind. Partly in response to the growing ascendancy of the Czechs among the intellectuals, the petty bourgeoisie and the peasantry, patient, liberal German nationalism was changing to a radical, chauvinistic pan-Germanism whose goal was the unification of the German speaking areas of Austria and the German Empire, and in this way, the preservation of German predominance over all the other races of the Monarchy. It was the leader of the pan-Germans, Georg Schönerer, who introduced the new element of mob appeal to Austrian politics. He was, however, less successful in winning mass support than the Christian Socialists, who appealed both to the social discontent of the small man on the street — workers, artisans, and shopkeepers — (for even in flourishing Vienna, social conditions were becoming more

and more dreadful) and to their religious intolerance and anti-Semitism. So successful was this appeal that Karl Lueger was elected Mayor of Vienna in 1897. Proclaiming the failure of liberalism, he promised more understanding and care for the poorer social elements, and did, in part, fulfil his promises during his thirteen years in office. It was, in fact, these years — the pan-Germanism of Schoenerer and the Christian Socialism of Lueger, their fight against the declining forces of liberalism and the growing forces of social democracy — which provided the then unknown painter, Adolf Hitler, with his first impressions of politics.

But Vienna was the stronghold of Austrian social democracy, too, and the theoreticians of the growing mass movement made a variety of contributions to Marxist ideology. Otto Bauer and Karl Renner tried to solve the conflicts among the nationalities along Marxist lines, and, wavering between militants and moderates in the international labour movement, elaborated the so-called Austro-Marxism.

Both pan-Germanism and social democracy had great attraction for the youths studying at the flourishing Austrian universities. Its numerous new universities, clinics, and research centers had made Vienna a major university town with an ever growing number of students. For although the universities were often the scenes of ugly quarrels and even outright battles between the German students on the one hand and the Jews, Slavs, and Italians on the other, and although the Catholic Church exercised great influence over the professors, nevertheless, their reputation especially for medical discoveries was so great that from all over the world young physicians hastened to Vienna. Austrian professors were authorities of world repute in geology, chemistry, theoretical physics and astronomy, too. Professor Menger's name was perpetuated through the Austrian school of economics, Böhm-Bawerk and others elaborated the theory of marginal utility, stressing the subjective factor in the determining of prices and value. Ernst Mach's contribution to philosophy influenced neopositivist philosophical thought throughout the world, and valuable historical research was done as the interest of Austrian historians turned to the Balkan Slavs, the menacing new enemy whose past was unknown, and whose present differed so greatly from the civilization and culture of Vienna.

In fact, the distance between Vienna and the other East European capitals would have appeared insuperable had it not been for Budapest, the rising capital of Hungary. After the Compromise, Hungary became the scene of remarkable cultural development, which, nevertheless, was not free of a great many antithetical elements. A major one was Vienna's ambiguous effect on the country. On the one hand, in their striving for equality and even dominance within the Dual Monarchy, Hungarians adopted much of Viennese civilization. Their rapidly growing capital, Budapest (with 150,000 inhabitants at the middle of the 19th century, but over a million in 1910) was an imitation of the Emperor's capital; the government buildings (the Parliament, built in the later Gothic style, the imposing Royal Palace in Buda's hills), the cultural institutions (the Opera House, the Academy of Sciences, the National Theatre), the Ring, the bridges, all in some way resembled those in Vienna, as did the tremendous social problems engendered by the growth of the

city. On the other hand, however, Hungarians waged pitched battle against German and Austrian cultural hegemony, and even influence. A rapid assimilation of the fruits of Western culture and civilization was one aspect of this struggle; an attempt to preserve the former Hungarian culture — more gentry-aristocratic and peasant than bourgeois, more rural than urban — was another. One result was the gaping difference between the progressive and prosperous city, and the traditionally underdeveloped countryside; between the modern, Western, democratic trends and feelings expressed in the modern literature and fine arts found in urban areas, and the conservative system of values which endured in the provinces.

Yet, during the half century before the war, the number of schools had almost doubled, and the rate of illiteracy had dropped from 68 to 33 per cent. The number of students in secondary schools grew very fast as well, from 35,000 to 80,000, not counting the numerous teachers' colleges and vocational schools.

Four new universities were added to the one already standing. The humanities and legal studies flourished, and medical and technical universities were founded. Many scientific societies, museums and libraries were established, and there were already over 100,000 professionals by 1910. Hungarian universities and intellectual life built, first of all, on the results of French, English, German and Austrian scholarship, but outstanding original work was done in philology, history, and law in spite of the fact that public opinion was dominated by the traditions of nationalism and conservatism. Hungarian schools of mathematics and medicine were also becoming internationally renowned, and scientists such as Loránd Eötvös, Kálmán Kandó, Donát Bánki and Ottó Bláthy contributed significantly to the development of technology. Yet, alongside these achievements there was the dangerous lag in the social sciences, in biology and in chemistry — in a word, in all the sciences needing that more progressive approach to research which Hungarian universities and the Hungarian educational system in general lacked. One group did try to adopt and apply the findings of modern philosophy, law, and sociology — the young radical intellectuals of the turn of the century. Led by Oscar Jászi, these radicals were strongly critical of the remnants of feudalism within the existing social structure, and wanted a thoroughly modern Hungary, one capable of keeping pace with the progress achieved in Western countries. Their ideal was freedom of thought; France was their model, although the works and ideas of Darwin and H. Spencer also greatly influenced them. Common ideas and shared friendships were the ties that bound these young radicals to the working class, and formed the basis of their great influence on the Hungarian workers' movement. Two of the major ideologists of the movement, Ervin Szabó — who tended more to anarchosyndicalism — and Zsigmond Kunfi — who was more influenced by Kautsky — were also the chief authors of the radicals' theoretical journal, the *Huszdik Század* (20th Century).

As in other East Central European countries, in Hungary too, theatre and literature played a very important role in raising national consciousness. Hungary, however, had never been isolated from Western literature, and Austrian and German influences certainly predominated when, during the 19th century, the educated

classes turned with growing interest to English literature and drama. Shakespeare headed the list of the most popular playwrights and all important poets — S. Petőfi (who died during the revolution of 1848—49), J. Arany, M. Vörösmarty — translated some of his plays.

To the end of the century, a special mixture of Hungarian nationalism and liberalism characterized the nation's literature. János Arany, with his lyrical ballads, and Mór Jókai, whose fertile imagination produced more than a hundred novels, are outstanding and representative writers of the age of transition. They were born in a society that was rural, and belonged — if not politically, at least socially — to the nobility which had fought for independence and freedom in 1848—49, and which, though bound by tradition, was yet able and ready to adapt to the new circumstances.

By the turn of the century, the conventional literature that they had typified was in decline. New forms and ideas, the results of modernization, were adopted in the effort to find an urban culture less bound by the national heritage, and more open to modern, Western ideas. The new literary group formed around the journal *Nyugat* (West), and the works of Mihály Babits, Dezső Kosztolányi and many others all reflected intellectual trends pervading all of modern Europe. For all the hostility of the traditionalists who reviled them as cosmopolitans and Jews, their works met with growing success. Nevertheless, the greatest poet of the period was Endre Ady, the advocate of modern democratic ideas in the spirit of the revolutionary tradition in Hungarian literature. His poems resound with radical social criticism, and, always passionate, run the full gamut of human problems and emotions, treating of love, life and death in a new, unconventional way. It is the same spirit which imbues the best novels of Zsigmond Móricz, who wrote of the life of the peasantry with a naturalness as unconstrained as full of charm.

In the field of fine arts, Hungary's contribution was less impressive. Munkácsy was probably the best known painter, his spectacular canvases reflecting a German influence. The other painters were inspired by historical romanticism, and it was only at about the turn of the century that nationalism and impressionism began to gain ground. Architecture was good, but not always original, for the most part in the style of the *Art Nouveau*.

Two men — representative of the two major trends — dominated the Hungarian musical scene during the second half of the 19th century: Ferenc Erkel, whose romantic historical operas were based mostly on old Hungarian tunes; and Franz Liszt, whose music, though more cosmopolitan, was also inspired by folk songs, but incorporated also the European romantic tradition.

Modern Hungarian music originated with Béla Bartók and Zoltán Kodály. They rediscovered the folk songs of Hungary's peasantry — Magyars, Slovaks, Roumanians — and presented them in the modern musical idiom. Bartók became one of the most influential composers of his age; the appeal of Kodály's music, however, remained limited mostly to Hungary. But popular though these men were to become, at the turn of the century it was still the Viennese-style operettas which

drew the largest audiences; while for their day-to-day musical entertainment, Hungarians still preferred gypsy music: hardly, by this time, authentic folk melodies, but particularly expressive of the life style of the Hungarian gentry middle classes, and of the Hungarian countryside.

As late as the beginning of the 19th century, Poland was still one of those nations where the fruits of modern culture were enjoyed but by a small educated stratum – some members of the indigenous aristocracy and nobility, and a few professionals. But here, too, the ideas of the Enlightenment were at work, and in 1818, Warsaw took its place among the ancient university towns of Cracow and Vilna. Highschools of technology and scholarly associations were founded; literary circles and journals shaped the thinking of the – mostly noble – intellectuals. However, Poland's dismemberment and her loss of national independence had decisive consequences for both the content and the form of Polish culture: its function thenceforth was to raise national consciousness, and to lead the spiritual struggle against foreign dominance.

The middle of the 19th century was the high noon of Polish romanticism, with Adam Mickiewicz its most eminent representative. Polish romanticism discovered in the people the safeguards of Polonism against foreign influence, and was committed to liberty in every sense. Most great Polish romantics were members of secret leagues fighting for Polish freedom. It was not only romantic authors who strove to rouse the nation's spirits; the famous historian, Joachim Lelewel, extended the notion of the "Polish nation" to include not only the nobility, but the people, too, and Frédéric Chopin used popular folk motifs in his most superb music. After the unsuccessful insurrection of 1830, Polish language and Polish culture became the main bulwarks of national consciousness against forced Russification. For Polish universities were closed and scholarly associations dissolved by order of the Tzar, and Russian was made the language of public education and administration. In the other parts of Poland, the attempts at denationalization were not so thorough, although they were certainly more vigorous in the territories belonging to Prussia than in Cracow or in Galicia. The birth of modern Polish culture was, thus, inseparably tied to politics, to the ideas of freedom and democracy, and even more, of patriotism and nationalism. Every form of artistic expression – a poem, a play, an opera by Moniuszko – was not only a cultural event, but also a political demonstration, an expression of Polish nationalism.

After the insurrection of 1863, the attempts at Russification intensified, and the German Empire, too, tried to implement a more marked – though less brutal – policy of Germanization. Russian was already the compulsory language of education when the Russian Government, fearing that the Catholic Church might still serve as the stronghold of Polish patriotism, turned to religious persecution. It was at this point that national resistance acquired a religious quality, a feature that was to remain an important element of Polish culture. The *Bismarcker Kulturkampf* in the German controlled areas of Poland was another mode of the nation's oppression. Nevertheless, socio-economic changes especially in the area of the Polish Kingdom

led to the emergence of a Polish bourgeoisie, and romanticism slowly gave way to new modes of cultural and political expression. The new centers of scholarship kept up with whatever developments there were in the humanities and in the sciences throughout Europe. In chemistry and in biochemistry, to name just two branches, significant discoveries were made within the country, and there were also many Polish scholars and scientists working outside Poland, as did the later Nobel Prize winner, Maria Skłodowska-Curie.

A flourishing new branch of literature, the modern novel stepped in the place of romantic poetry. A. Świętochowski and Bolesław Prus were the most important representatives of the new trends. Historical novels, such as Prus' *The Pharaoh* and Henryk Sienkiewicz's *Trilogia* still expressed a yearning for national independence, but also contained thoroughgoing social critique, spotlighting the poverty and ignorance of the Polish peasantry. Even in the fine arts — still financed mostly by the aristocracy — the break with romanticism was obvious. J. Matejko's vast national tableaux were still of the old school; but in the paintings of Aleksander Gierymski, there was already also a tendency to realism. A salient feature of Polish art, literature and culture was its proximity to the new Western trends, a consequence of the years many Polish intellectuals had spent abroad partly for political reasons. As many of them had been educated and had lived for considerable periods in Paris, modernism and decadence soon found their way from Paris to Warsaw and Cracow. The most influential Polish modernists used symbolism, the cult of form, fusing impressionism with a new kind of nationalism, one that had decided social content. Stanisław Wyspiański was probably the initiator, Stefan Żeromski perhaps the most characteristic representative of this trend. Żeromski's novels, full of social criticism, are scathing exposés of all the fallacies of the upper classes and clarion calls for national independence. Władysław Reymont's world famous novel, *The Peasants*, is a product of this period; however, it was only later that he received the Nobel Prize.

Theatre continued to be an inspiration to patriotism, and remained the chief expression of national culture. The other art forms, with their Western modernity, were less important, for the value of culture was still measured in terms of the extent that it served Polish nationalism, which was becoming more and more virulent under the foreign yoke. Even in the labour movement new ideas were slow to gain ground, and although Poland produced world-famous Marxist theoreticians such as Rosa Luxemburg, Marxism was still far from being a popular ideology.

In the other countries of East Central Europe, there had been no indigenous class ruling over the tradition-bound peasant societies throughout the centuries of foreign occupation. The peculiar socio-political development to which this circumstance gave rise we find reflected also in the cultural and intellectual spheres. These countries had neither an educated ruling class, nor an intelligentsia up to the 1860s. However, their becoming politically independent nation states requires the generation of national consciousness, a task in which culture and literature had an outstanding role to play. Even in Hungary and Poland, intellectual life in the 20th

century had a strong national flavour; thus, we can hardly be surprised to find this the case in the Balkan countries, where the emergence of a national culture was often the first milestone on the road to nation building. Cultural and intellectual life here were late in unfolding, and played largely a political role once they had begun to flower; it is, thus, not unexpected to find these countries unable to boast of any truly important achievements in the arts and sciences, for their intellectual efforts were concentrated on areas where success might contribute directly to the strengthening of national consciousness.

Poets and writers had to be oracles to their nation, to show the way and to lead the fight by awakening the sleeping peoples to the urgency of the national tasks. Here, the romantic literary themes endured, inspired by the very real political and intellectual problems confronting these nations. National motifs predominated in the works of the Polish Mickiewicz, and of the Slovakian Kollár, who sought glorius Slavonic ancestors even in Italy; and nationalism was the leitmotiv of the Bulgarian Botew, who urged the unification of all the Slavonic peoples of the Balkan Peninsula. Almost everywhere, the first task was the shaping of a national language from the variety of languages and local dialects, and to substitute it for Turkish, which for centuries had been the language of administration, and for Greek which was used in trade. The next step was to create a national literature, one that would speak to the nation and on behalf of the nation. These men did not see writing as a personal pleasure, but as the fulfilment of a national task, as self-denial, as sacrifice for the nation. Literature, they felt, had to address itself to the most important questions of the nation's life, to the struggle for independence from foreign oppression. To the extent that other arts were not so expressive of this fight, their development lagged far behind that of literature.

History was assigned much the same role. Historians searched the past for those periods wherein their own nation might be regarded as having played an important role in European development, conjoining it to the quest for historical proofs which might justify their nation's claim to predominance in a given region.

All this, of course, was manifest in many different ways. In Roumania, where, unlike in the Balkans, there had been no native ruling class in the 18th century, and traces of aristocratic social tradition mingled with peasant culture, the boyars were able to produce an independent national culture somewhat earlier. The Orthodox religion was the first unifying element, and the rapidly developing capital, Bucharest — the Paris of the Balkans, as it has been called with no small exaggeration — with its modern buildings (Royal Palace, Parliament and University) was a clear indication that a Roumanian civilization was well on the road to progress. One strong element of this culture was the cult of antiquity, the claim that the Roumanians were the descendents of the ancient Roman legions, a claim which had already been made during the 19th century Roumanian renaissance. Nationalism created other theories, too, for instance, that of Daco-Roman continuity. Archaeology and history soon made great headway, and a number of eminent Roumanian historians —

Xenopol, during the 70s, and Iorga after the turn of the century — won international repute.

However, romantic tradition was not the only basis of Roumanian nationalism. French liberal and national doctrines were also adopted and adapted, and even national folklore was considered to provide sound enough reasons for Roumanian self-consciousness and national pride. The first eminent Roumanian poet, M. Eminescu, as renowned for his plays as his poems, fought a bitter fight against foreign influence on the nation's pristine heritage. His pessimistic romanticism, his sentimental and religious nationalism well express the spirit of the age. Ion Creangă came from a peasant family, and was the first Roumanian writer to try to give the peasants voice in works that are a mixture of democratic socialism, chauvinism, and anti-urbanism. Ioan Caragiale's satirical plays are pointed political and social criticism. If Creangă was a master at depicting rural, Caragiale was a master at painting contemporary urban Roumanian life. The works of Panait Istrati and of Petru Dimitriev also called attention to social problems, especially to the appalling situation of the peasantry. The enormity of these social problems led the majority of the intellectuals to seek radical solutions, but their radicalism was strongest in its nationalism: Cuza's traditionalism, for example, was explicitly hostile to economic liberalism.

Octavian Goga was the pre-eminent representative of Transylvanian Roumanian cultural and intellectual life. Poet, writer, and later politician, he was educated in German and Hungarian schools, and in the beginning sought to give voice to the feelings of the landless and oppressed Roumanian peasants. Later, however, like many of his contemporaries, he too, adopted a tone of self-conscious nationalism.

Dobrogeanu-Gherea is the most important one of the very few reformers who did not seek the solution to existing social problems in Roumanian nationalism. Gherea was the first Marxist theoretician in Roumania, and the founder of *Contemporanul*, a militant literary and political magazine. His work on the new serfdom *Neoiobăgia* was an attempt to apply Marxist theory to Roumanian agrarian problems.

The cultural possibilities open to the South Slav peoples varied as much as their cultural and historical heritage. The illiteracy rate was 10 per cent in Slovenia, 33 per cent in Croatia, and 50 per cent in Dalmatia, although all were part of the Austro-Hungarian Monarchy. In Serbia, about two thirds of the population could neither read nor write, and the illiteracy rate in Macedonia was far above 80 per cent. Thus, of necessity, Serbian culture was far more advanced in territories belonging to the Monarchy than in independent Serbia. It was, for instance, the Serbs in Hungary who were anxious to have a Serbian literary language and a reformed orthography, and strained for the unification of the Serbo-Croatian dialects. As of the Croatian Illyrian movement, Zagreb was the centre of this activity. Here, a small commercial bourgeoisie had joined forces with the impoverished nobility to initiate a national movement for the unification of all South Slav peoples under Croatian leadership. They demanded that Croatian become the language both of education

and administration, for they hoped to shape a nationalist movement through language and literature. Romantic nationalism characterized Croatian literature, too, and although its forms of expression were probably very different from, say, the Roumanian, their messages, their aims, and their approach were largely similar.

The first Serbian romantic was the poet Vuk Karadžić. The systematizer of modern Serbo-Croatian, he had a special interest in folklore. Branko Radičević, and the Montenegrin, Petar Njegoš, the bishop and poet of the small and remote town of Cetinje, carried on his work. In the fifties and sixties, there were others, too — Popović, Kostić — most of their work reflecting the same preoccupation with nationalism and romanticism.

However, realism and social criticism also made their appearance mostly in the works of intellectuals influenced either by Western socialist ideas, or by the Russian narodniks. Vumicis in Croatia, and Svetozar Marković in Serbia sought to find bridges between their languages and literatures and the larger literary movements of Europe and Russia. However, the modern trends in South Slav, Croatian and Serbian literature remained rooted in the life of the villages and small towns, for even Belgrade, with its population of 60,000, hardly gave rise to an intellectual milieu comparable to that of the imperial capital with his two million inhabitants.

By the beginning of the 20th century, Western intellectual and literary influences had also grown stronger, with even symbolism and expressionism making their appearance in some of the new literary journals. The Slovenian Ivan Cankar's work was a fortuitous marriage of social criticism and the modern forms of expression. Certainly, the age of historical poems, dramas, and novels was over. Folklore and historical subjects had become outmoded, having done their task of creating national languages and literatures. Nationalism had had a great part in the birth of these literatures; but, probably more importantly, these literatures had played a significant role in creating modern nations. Later, however, after the independent states were established, literature had much less to offer. Writing became vague and banal, and the onesided concentration on literature stood in sharp contrast to the lack of significant and original work in the other arts — music, painting, and sculpture.

The intelligentsia comprised but a small group. The University of Zagreb was a provincial university and it was only in 1904 that Belgrade got an independent university. The professors were trained either in Leipzig or in Vienna, probably a few of them in Paris, and relied on the results of European scholarship without any show of originality. Law, history, languages and the humanities were still more important than economics; the sciences were neglected, nor was there any attempt at an independent application of scientific findings. At a time when Vienna represented the pinnacle of European culture and civilization, a few hundred miles to the southeast, Bulgarian culture was just beginning its slow emergence. April 3 of 1860 — the day the Bulgarian Church solemnly declared its secession from Greek Orthodoxy — marked the first important step toward an independent Bulgarian civilization. For while political independence had to be won from the Ottoman Empire,

cultural independence had to be won through shaking off every kind of Greek influence, an influence perpetuated through ecclesiastic culture, the chief expression of any culture that there was. Intellectuals concerned with the nation's revival saw as their primary task the creation of a Bulgarian language and system of education free of Greek Orthodox tutelage. The first Bulgarian secondary school, opened in 1835, and the newspapers founded mostly during the early 1860s were important steps to the realization of these aims. National revival was the main topic both in the schools providing some elementary education to at least a small percentage of the population, and in the newspapers which, with illiteracy as general as it was, could speak only to the upper classes and the few intellectuals brought up mostly on Russian scholarship.

The rebirth of the nation was the subject of the first poems and novels as well. Bulgarian literature began to flourish in the 1860s, and found its first important exponent in the person of Christo Botev. His poetry was of a part with his fight for national independence, for in a country where most of the upper classes were foreigners, the ideas of improving the peoples's lives and of giving the peasants civic rights and liberties were inseparable from the thought of national independence. Consequently, Botev personally was deeply involved in revolutionary organizations.

Nationalism was a motive force in the other arts as well. The reconstruction of the world-famous cloister of Rila carried out by Pavel, Hilenko, Alekszi and Debrali-jata from 1833 to 1839 was supported by voluntary contributors who hoped that the restoration would serve to strengthen the Bulgarians' pride in their nation. Other less famous works — those of Sz. Doszpeszkiv and N. Pavlović, for example — fulfilled the same function.

Even after Bulgaria had won her independence, political motifs continued to dominate Bulgarian literature, with the fight against Turkish oppression — that entire generation's greatest experience — continuing as the major topic. So we find it to be in the works of the most representative writer of the age, Ivan Vasov. By the turn of the century, the new trend of social critique had made its appearance partly under Russian narodnik influence, the criticism being aimed at the evils of nascent capitalism. Western influence began to be evident in the more urban literature of the journal, *Miszal* (Thought), wherein social and political questions were put aside in favour of individual feelings symbolically expressed.

Theatre began only in the 1880s, with the National Theatre being founded only in 1892. Russian influence was very significant here, as, indeed, it was on the first Bulgarian operas — a special blend of heavy Orthodox church music and peasant tunes, an assortment of romantic national themes providing their libretti.

Cultural revival, however, could not quite compensate for Bulgaria's socio-economic backwardness. Although elementary education was making rather rapid progress, when World War I broke out, about two thirds of the population was still illiterate. A secondary school system was established earlier, but the first institution for higher education was opened only in 1888. It was from this core that the University of Sofia later developed with faculties of history and languages, physics

and mathematics, and law. The findings and theories of Western scientists and humanists were adopted, and Dimitŭr Blagoev even tried to introduce Marxism to Bulgaria. There were some outstanding Bulgarian scholars, particularly in the humanities, which were more compatible with the Bulgarian intellectual tradition. In the sciences, progress was much slower. There was no school of engineering in Bulgaria, the new cities and houses being built first by foreigners and later by Bulgarian architects educated abroad. Bulgaria was also very slow to take advantage of innovations in technology and in the medical sciences. When the war broke out, Bulgaria's culture reflected the rift between the city and the countryside, and still showed signs of the nation's socio-economic backwardness: fine arts and literature were still largely preoccupied with the issues of national independence, and did not speak to the modern man. On the whole, an idea took root only if it was directly connected with nationalism; thus, the sciences and many branches of the humanities continued to suffer neglect.

PART II

SUCCESSES AND FAILURES

1914-1945

WORLD WAR I AND THE FORMATION OF A NEW EAST CENTRAL EUROPE

The East Central Europe of the end of the 19th century could be called "established" neither in the socio-economic nor in the political sense of the word. Political modernization — including the formation of modern states — had left several serious problems unsolved, and Turkey's occupation of part of the Balkan peninsula continued, a reminder that the process of its reorganization was by no means complete. The peoples of the Austro-Hungarian Monarchy felt "their" country to be a prison, and longed for their own independent national state or for union with the mother country. Unfortunate Poland was still partitioned, and ruled by the three Great Powers.

World War I, however, gave considerable impetus to the completion of the process. In fact, it marked the end of the period of 19th-century development, and the opening of a new era. The war, as is well known, was the manifestation of the controversies among the Great Powers, and of their sharply conflicting interests. It was the continuation of the imperialistic struggle for colonies and spheres of interest. It was a great confrontation of newcomers and latecomers, offering smaller nations the rare possibility of satisfying a variety of "small", partial interests, through joining one or other of the combatant camps. It was for this reason that most East European countries entered the war.

The war actually started in October 1912, when the Balkan Alliance, a joint force of about 630,000 soldiers from Bulgaria, Serbia, Greece and Montenegro attacked Turkey (which had already been defeated by Italy in 1911) and achieved a great victory. After the Treaty of London in May 1913, all the territories west of the Enos-Midia line were liberated, including Albania, Macedonia and the Aegean Islands. The victorious allies, however, could not come to an agreement, and in June 1913, the Second Balkan War started between Bulgaria and the joint Serb, Greek, Roumanian, Montenegrin and Turkish forces. After a very short fight, Bulgaria was defeated and the Bucharest Treaty gave the greater part of Macedonia to Serbia, whose territory thus almost doubled. Roumania gained Dobruja, and the Greeks most of the Aegean coastline. The Turks retook Adrianople, and an independent Albania was established.

This, however, did not mark the end of the large-scale alterations of the map of the area. On July 28, 1914 the First World War began. The Austro-Hungarian Monarchy attacked Serbia, and Bulgaria joined the Quadruple Alliance in September 1915. Roumania, although she had been member of the Triple Alliance since 1883, joined the Entente, and attacked Transylvania and Dobruja in the summer of 1916.

However, Serbia and Roumania were overrun, and the latter, after a serious attack by the Monarchy in the summer of 1917 and the collapse of the Russian front, made a separate peace treaty with the Central Powers in May 1918.

The Polish territories were the arena of the most serious fighting during the war. Throughout August of 1914, the Monarchy's army waged bitter campaigns against Russia, but the latter's Eighth Army, led by General Brusilov, brilliantly repulsed these. The years that followed were ones of heavy fighting along the Eastern front. The Polish forces were divided, some of them (the nationalist faction under R. Dmowski) supporting Russia in the hope of thus achieving autonomy for their nation. Pilsudski, on the other hand, formed a Polish Legion and fought, for a while, on the German side against Russia. Thus, a great part of East Central Europe — the Polish territories, Roumania and Serbia — became a battle field: they were occupied, and partially devastated. In the final analysis, it was the balance of power and of military strength in Eastern Europe which determined the outcome of the long war. For Germany, the Austro-Hungarian Monarchy, Bulgaria and Turkey were defeated by the Allies. The first step to this was the collapse of Bulgaria under the great Allied offensive of September 1918. The Austro-Hungarian Monarchy suffered great losses, and practical military annihilation in the battle of Vittorio Veneto in October 1918. In early November, Roumania again entered the war against the Monarchy and Germany.

On November 11, the war of almost four and a half years came to an end. In the patriotic and heroic atmosphere of the bloody summer of 1914, none could foresee that after several years of bitterness, pain and misery, a profoundly different Europe and a radically transformed East Central Europe would emerge. Although the countries of East Central Europe belonged to opposing military blocks — thus, some of them among the conquerors, others among the defeated — their situation in 1917 and 1918 was uniformly critical. Their economies were disorganized and exhausted. There was a serious lack of fuel, raw materials and food. Discontent was rife as a result of rationing and the extreme poverty of the masses. In some places, this feeling rose to a revolutionary pitch; elsewhere, it culminated in mass demonstrations and local skirmishes. But only in Russia did revolution produce a permanent and radical change in the existing political, social and economic structure. Here, the proletarian revolution led by the Bolsheviks and Lenin destroyed the Tsarist régime. It also put an end to bourgeois Russian society, with all its feudal and traditional elements, and established the first socialist state. After World War I, Soviet Russia alone began building a new socio-economic system. The sharp military attacks with which the Great Powers met this effort forced Russia into complete economic and political isolation.

Of course, there were revolutions and revolutionary movements in other East Central European countries as well. The most serious revolutionary situation existed in the defeated countries, in Hungary and Bulgaria, where traditional and unsolved social problems complicated the tragic scene of warweariness and postwar confusion.

In Hungary, in the last days of October 1918, a National Council enjoying widespread mass support came into being. With the help of the Budapest garrison and the backing of workers and soldiers, a successful bourgeois democratic revolution took place on 30 October, 1918 under the leadership of Count M. Károlyi, an aristocrat and opposition politician. Károlyi was an honest democrat, with strong Entente sympathies and good connections. The new government wanted to terminate the war and the old social order, introduce fundamental democratic rights, establish a Hungarian Republic, and pass basic reforms, including a land reform. (Károlyi personally initiated this by handing over his own estate of 50,000 acres to the peasants; this, however, was practically all that he was able to achieve in this field.) The Károlyi government also hoped to reestablish good relations between the Magyar and non-Magyar nationalities.

In the critical postwar situation, however, most of these efforts failed. The government could not cope with all the accumulated difficulties, and, last but not least, could not gain the real confidence and help of the victorious Great Powers. On 20 March 1919, Colonel Vyx passed on to the government the Entente's ultimatum demanding the retreat of the Hungarian forces to the newly prescribed frontiers, frontiers which left Hungary with less than one third of her prewar territory. This was the last straw. Károlyi resigned in favour of the Hungarian proletariat.

On 21 March, the united Social Democratic and Communist Party (the latter was founded in November 1918) assumed power. The Hungarian Republic of Councils came into being without a drop of blood shed. Béla Kun and other Communist leaders who came back from Soviet Russia — where, as prisoners of war, they had taken part in the Bolshevik Revolution and Civil War along with about 100,000 other Hungarian soldiers — introduced the system of Workers', Peasants' and Soldiers' Councils. In the economic field, the Council Government immediately implemented the measures of "war communism", including the socialization of enterprises employing more than 25 workers. Important social and welfare legislation was passed and implemented, and the educational system reorganized. The land and some other political questions, however, were poorly handled. Although all the land belonging to the great estates was socialized, the government ignored the traditionally strong land hunger of the peasantry, and, instead of a radical land redistribution, initiated the establishment of cooperatives, which, in practice, operated as state farms. The peasantry, almost 60 per cent of the population, was bitterly disappointed. This was a crucial mistake, and one which weakened the Hungarian Republic of Councils in an already very difficult domestic and international situation.

For the Great Powers were, in fact, making every effort to isolate Soviet Russia and to kill revolutions all over East Central Europe. The spring of 1919 saw foreign military intervention in Hungary, intervention backed by the Great Powers. The Roumanian Army marched toward the River Tisza, while the Czechoslovak Army attacked from the North. The new Hungarian Red Army of enthusiastic workers and patriotic officers overran a large part of Slovakia. The Council Government,

however, yielded to the French demand that Hungary withdraw from Slovakia, but did not get back the territories occupied by the Roumanian Army. Moreover, a new Roumanian invasion was also successful, and at the end of July, Roumanian troops were marching toward Budapest. On 1 August, after but 133 days in power, the Hungarian Republic of Councils was defeated. The government resigned and most of its leaders left the country. The Hungarian counterrevolutionary forces, organized in Vienna and Szeged (a southern Hungarian town occupied by the French Army) started to occupy the other parts of the country. Admiral Horthy, commander of the so-called National Army, moved through the Great Hungarian Plain and crossed into Transdanubia. Thousands of workers and peasants were killed, anti-Semitic pogroms and outrages rocked the country. Between 1919 and 1921, white terror raged throughout Hungary. Real power was in the hands of Horthy and his gentry-military clique (*különítményesek*) and Horthy was elected regent of Hungary. From the very first days, all social legislations and revolutionary measures were rescinded. All the socialist and democratic forces, including the liberals, were pushed into the background, and the Communist Party became illegal. The period of consolidation started in the spring of 1921, when Count Bethlen was appointed Prime Minister. Official policy and ideology, however, continued to be characterized by strong anti-liberalism and anti-socialism. Revisionism — the determination to redress the grievances sustained from the Trianon Treaty — became official foreign policy.

In Bulgaria, in August 1919 the party of the dynamic peasant leader, Stamboliski, who had won great popularity through opposing the war against Russia and being arrested for it, received a relative majority. Stamboliski was appointed Prime Minister. During the four years of his rule, several radical reforms were passed in keeping with his equalitarian revolutionary ideals. The Communist Party, even though its relations with Stamboliski were not harmonious, became the second most powerful force. It had received 25 per cent of the votes in the 1919 elections, and enjoyed great freedom.

The years of revolutionary democracy did not suit everyone. Immediately after Stamboliski again won the April 1923 elections, a military conservative plot was organized to overthrow him. Stamboliski and his weak peasant army were defeated; thousands of peasants and Stamboliski himself were killed. The Communist Party first took the doctrinaire stand of declaring itself neutral; in September, it organized an already belated uprising, but was also defeated. Workers and peasants were killed and imprisoned by the thousands.

From bloody white terror, the “consolidated” reactionary regime of the Tsankov government and its successors was born and freedom became license, the prerogative of the Macedonian terrorists who dominated the country.

Thus, as the period of revolutions and of revolutionary-democratic governments gave way to white terror and reactionary governments, ultranationalist and revisionist regimes took over and remained in power.

In the other countries of the area, however, there was no such extreme confrontation. The wave of revolutionary enthusiasm was sublimated to serve



Francis Joseph and his consort, Elisabeth, dressed for their coronation as King and Queen of Hungary.



Count Gyula Andrassy, the first Prime Minister of Hungary after the Compromise, then the Monarchy's Minister of Foreign Affairs.



The League of Three Emperors: Francis Joseph, William I, and Czar Alexander in Berlin, in September of 1872.



The closing session of the Congress of Berlin, with Andrassy, Bismarck and Gortschakow in the foreground.



In 1859, the parliaments of Moldavia and Wallachia voted for unification.



Alexander Ion Cuza, the first elected Prince of unified Roumania.



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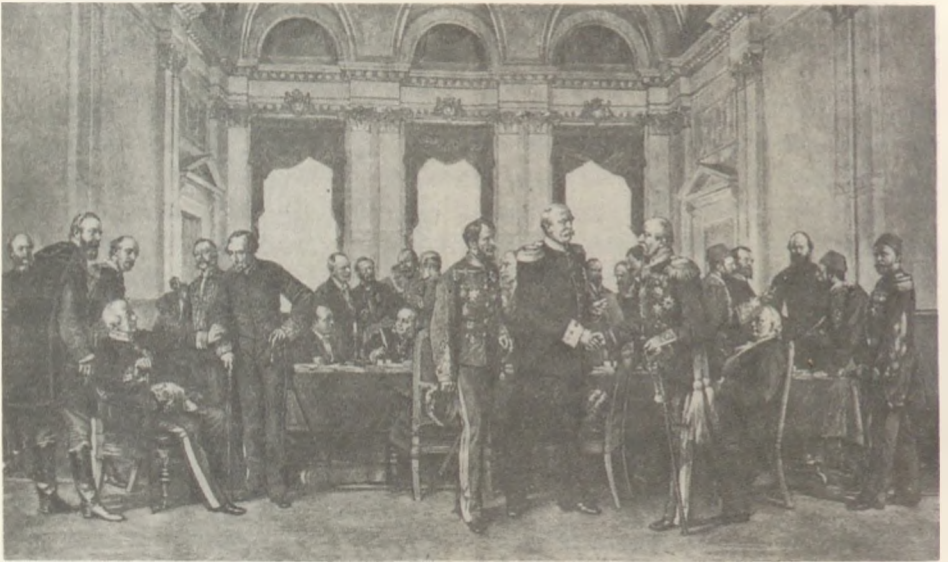
Francis Joseph and his consort, Elisabeth, dressed for their coronation as King and Queen of Hungary.



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Svetozar Marković; Serbian Socialist politician and writer, advocate of a democratic South Slav Federation.



Frano Supilo, Croatian politician and promoter of Serbo-Croatian unity.



Tomás Masaryk, professor and teacher of ethnic toleration and coexistence; in 1918, he rode into Prague as the first President of Czechoslovakia.



Sigmund Freud, the father of modern psychotherapy.



Gustav Mahler, Bohemian-born conductor and composer.



Endre Ady, Hungarian poet
and revolutionary democrat.



Bedřich Smetana, the classic of Czech
national romanticism in opera and sym-
phonic music.



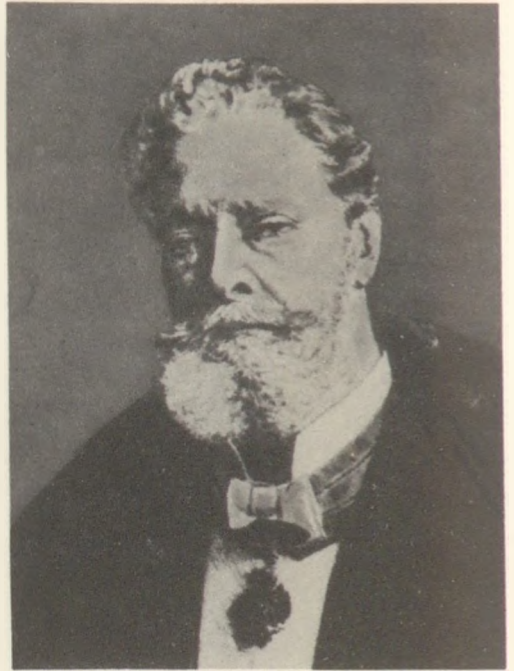
Antonin Dvořák, who immortalized folk motifs in his compositions.



Béla Bartók and Zoltán Kodály, the indefatigable collectors of Hungarian folk tunes, in 1908.



Karl Kraus, Viennese writer; editor of *Die Fackel*, a cultural and political review started in 1899.

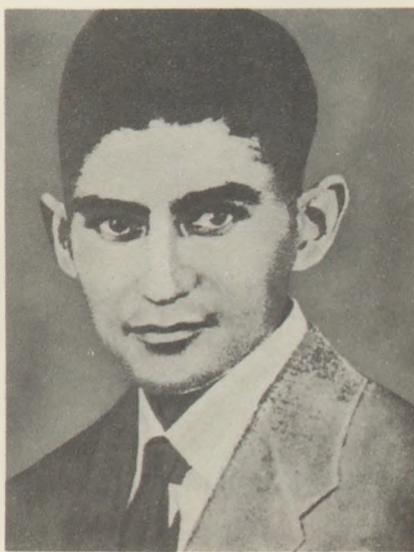


Karl Lueger, anti-Semitic demagogue; Mayor of Vienna 1897 to 1910.

Hugo von Hofmannsthal, Viennese *fin de siècle* poet and playwright.

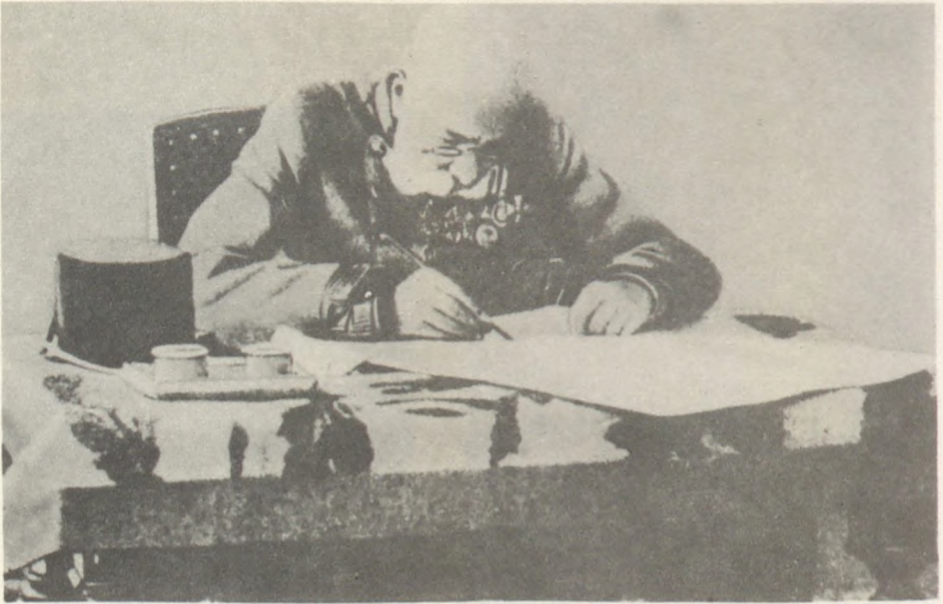


Franz Kafka, Prague-born German-language writer; one of the first to give literary expression to modern man's alienation.





Gavrilo Princip's arrest a moment after the shots rang out at Sarajevo.



Only July 28, 1914, Francis Joseph signed the declaration of war on Serbia.

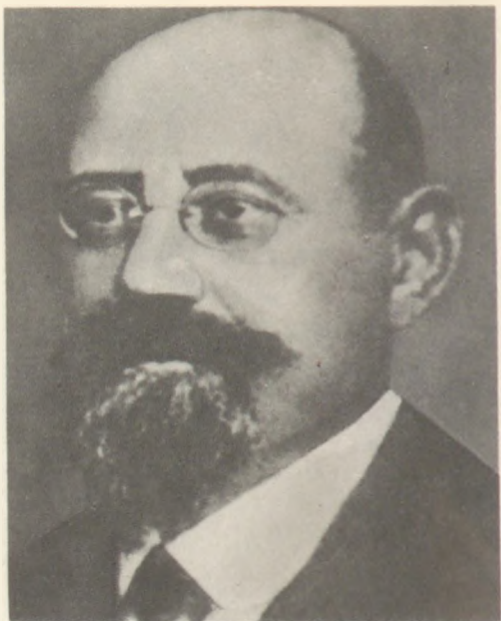


Karl Liebknecht

and Rosa Luxemburg, German Socialists; leaders of the Spartacist insurrection, murdered while being taken to prison on January 15, 1919.



Karl Renner, the first Chancellor of democratic Austria.



Count Mihály Károlyi, democrat, President of the short-lived Hungarian Republic (November 1918 – March 1919).



The "Chrysanthemum Revolution" of October, 1918, which cleared the way for the Hungarian Republic.



Béla Kun, the most powerful leader of the Hungarian Republic of Councils.



György Lukács, Hungarian Marxist philosopher and aesthete.



Pilsudski, dictator of Poland in the 1920's and early '30's.



Nicolae Titulescu, Roumanian Minister of Foreign Affairs, one of the architects of the Little Entente.



Otto Bauer, chief theoretician of the Austrian Social Democrats.



Austrian revolutionaries under arrest after the defeat of the 1934 Socialist revolt.



Dollfuss, Gömbös and Mussolini, watching Italian military exercises after the Treaty of Rome.



Nazis demonstrating in Danzig (Gdansk) on the eve of the war.



Otto Bauer, chief theoretician of the Austrian Social Democrats.



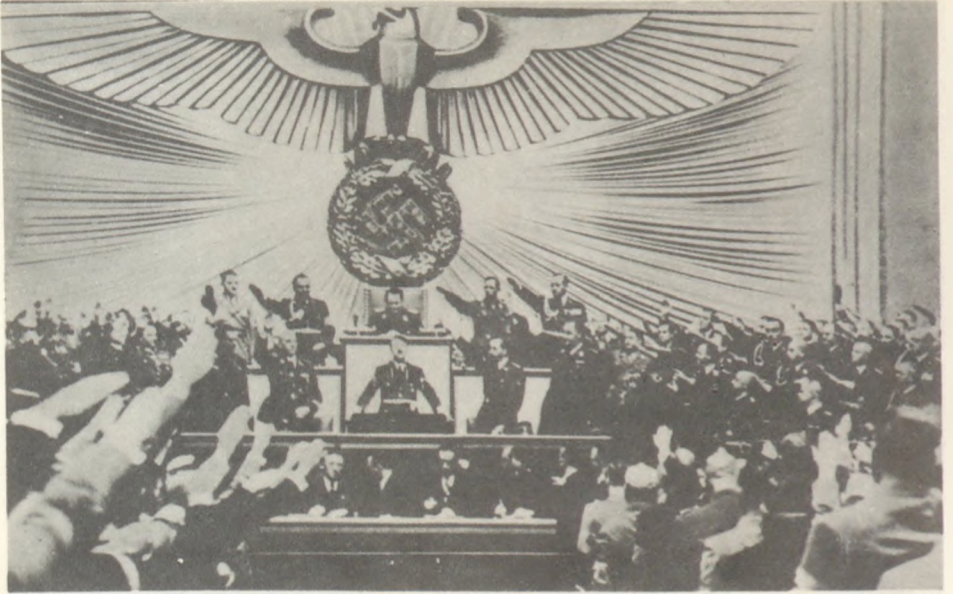
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On September 1, 1939, with the German troops already deep in Poland, Hitler announces the war in the Reichstag.



Hitler and the Slovak Prime Minister, Tiso.



Hitler and Hungary's Admiral Horthy.



Josip Broz Tito, the legendary leader of the Yugoslav resistance.



On August 1, 1944, the people of Warsaw revolted; it took the Germans two months to suppress the heroic Poles.



The people of Sofia, greeting the liberating Soviet troops.



Budapest — 1945.

nationalistic goals, or was relatively easily nipped in the bud. This was the case in Poland, Yugoslavia and Roumania.

At the end of the war, social discontent and the spirit of revolution among the workers and peasants was the fertile ground in which Polish socialism flowered. The majority of the socialists were organized in the Polish Socialist Party headed by Pilsudski. The party's main effort, however, was directed at the establishment of an independent national state. Very soon, the patriotic revolutionary character of this movement became unambiguously nationalistic, especially during and after the war of 1919–21 against Soviet Russia. The other revolutionary forces – including the left wing of the Social Democrats originally led by Rosa Luxemburg – either became isolated, because they believed the achievement of social revolution to have primacy over the attainment of national independence, or were pushed into illegality, although, as the newly formed Polish Communist Party, they did find a way to reconcile social revolutionary and national aims along the Leninist line.

In some other countries, through there were revolutionary movements and demonstrations, these forces were not strong enough to fight directly for a takeover.

In Roumania there were several local workers' and peasants' uprisings such as, for instance, those in January 1919 in Vulcan, and in four regions of Bessarabia. In June and July, a general railroad strike, and then a strike of solidarity with the Hungarian Republic of Councils both indicated the strength of the revolutionary forces. However, the general strike of October 1920 was quelled, and at the great workers' demonstration in Bucharest the same year the crowd was fired into; and thus, the country was pacified.

Several mass demonstrations and strikes swept over Yugoslavia from the end of 1918 throughout 1919 and 1920.

The revolutionary forces within the 1921 Assembly were so strong that the Communist Party was the third largest group there. This party consisted of the majority of the Serbian Social Democrats. After the assassination of the Minister of the Interior in 1921, the Communist Party was declared illegal. Practically the entire left was thus forced underground and excluded from political life.

National aims, on the other hand, enjoyed great popularity and mass support during the last years of the war and in the years just after it. In July 1917, on Korfu, the Serbs demanded an independent South Slav state incorporating also all the Southern Slav peoples of the Austro-Hungarian Monarchy. On 29 October, 1918, in Zagreb, the peoples' *vetshe* declared all the Southern Slav territories independent of the Monarchy, and proclaimed the union of Serbs, Croats and Slovenians in one united state.

On the same day, a Committee was founded in Cracow declaring the country's independence of the Monarchy, and on 18 November, 1918, Pilsudski formed the first government of Poland.

In Alba Julia (Gyulafehérvár) the Transylvanian Roumanians founded their Roumanian National Council, and declared the unification of Transylvania and Roumania on 1 December, 1918.

The Czechoslovak National Council had been founded in Paris as early as 1916 by Masaryk and Benes. On 14 October, 1918, a general strike demonstrated for an independent republic in Bohemia and Moravia, and two weeks later, the National Committee at Prague declared its independence. The Slovak National Council declared itself in favour of union with the Czechoslovak Republic on 30 October, and on 14 November, the Czechoslovak National Assembly elected its first government.

To sum up: The socio-political problems of the East Central European countries were rather similar to those of Russia. But their revolutions either failed within a short time, or facilitated the creation of a new national state rather than of a new social and political order. Although the redrawing of maps and the tracing of new frontiers had already commenced during the war, their actual realization and their legal sanctioning would hardly have happened without the active aid of mass movements. Both power politics, and the circumstances of further economic development for the peoples of the region had been fundamentally altered by the disintegration of the Austro-Hungarian Monarchy and the emergence of its successor states (an independent Austria and Hungary, and a newly created Czechoslovakia) by the annexations of important territories to several other countries (Roumania and Serbia), and by the rebirth of new, independent Poland from the parts that had been ruled by the Russian, German and Habsburg empires.

The theoretical basis of this territorial reorganization was the ethnic principle proclaimed by the leading statesmen of the victorious Great Powers. However, the treaties of St. Germain (10 September, 1919), Trianon (4 June, 1920), and Neuilly (27 November, 1919) with Austria, Hungary and Bulgaria respectively were dictated by the strategical-political aims of the victorious powers, and even, in part, by the traditional principle of *divide et impera*. Certainly, the new frontiers drawn by the peace treaties followed ethnic divisions more closely than had any previous boundaries in East Central Europe. Nevertheless, the ethnic principle was violated all too greatly, as the following few examples illustrate. Northern and Western Bohemia, inhabited mainly by Germans, was given to Czechoslovakia on historical grounds. Eastern Galicia, despite its Ukrainian population, was given to Poland for political reasons. The Kosovo region, with its Albanian population, went to Yugoslavia. The northern part of the Great Hungarian Plain with its overwhelmingly Hungarian population was given to Czechoslovakia on the basis of economic considerations. The plains west of Transylvania, and the Subotica and Baranya regions inhabited mostly by Hungarians, were given to Roumania and Yugoslavia, respectively, partly for strategic reasons.

In consequence, millions of Ukrainians, Germans, Hungarians and other nationalities remained on the "other" side of the new frontiers, huge, almost homogeneous masses living in the direct neighbourhood of the mother countries. The problem, however, was even more complex. For besides the frontier zones, there were some regions with completely mixed population, areas such as Transylvania, Macedonia, Bessarabia, Dobruja or the Banat. The ethnic principle could

not be applied in these territories. Thus, the new reorganization could not, in fact, follow the ethnic principle. And thus, with a few exceptions, not nation-states, but new multinational states took the place of the old multinational empires.

Three independent states were formed within the borders of the former Austro-Hungarian Monarchy: the Austrian Republic, consisting of the Austrian provinces alone; the Czechoslovak Republic, incorporating the former Bohemian and Moravian provinces, as well as the northern Highlands of the former Hungarian Kingdom, and inhabited mostly by Slovaks; and the Hungarian Kingdom, reduced to less than one third of its old territory and roughly to 40 per cent of its previous population. Of the former Austrian provinces, Dalmatia, Slovenia, and the annexed Bosnia—Herzegovina came under the rule of the new Serbian-Croatian-Slovenian (later Yugoslav) Kingdom. Croatia, which had previously belonged to Hungary, as well as some southern regions (the Voivodina), and later some districts of Bulgaria were also integrated into Yugoslavia. The former Roumanian Kingdom was allotted a part of Bukovina from the Austrian provinces, Transylvania and the border districts of the Partium from what was formerly Hungary, and Bessarabia from Russia. The new Polish Kingdom consisted of parts of the Austro-Hungarian Monarchy and most of Galicia and Bukovina, its nucleus being the old territory regained from Germany and Russia.

*The Countries of East Central Europe
Before and After World War I*

Countries	Area (in square kilometers)		Population (in thousands)	
	1914	1921	1914	1921
Austro-Hungarian Monarchy	676,443*		51,390*	
Austria		85,533		6,536
Hungary	(325,000)	92,000	(20,887)	7,800
Czechoslovakia		140,394		13,613
Bulgaria	111,800	103,146	4,753	4,910
Roumania	137,903	304,244	7,516	17,594
Serbia	87,300		4,548	
Yugoslavia		248,987		12,017
Poland		388,279		27,184

*with Bosnia-Herzegovina

Data based on national statistics

The radical territorial changes alone created completely new circumstances for postwar political development. We must stress here the crucial importance of the strengthening of national hatred and of the spirit of confrontation. Newly created Austria could hardly survive the first difficult years. It is worth mentioning that both the traditional Social Democrats and the proto-Nazi Austrian Deutsche Nationalsozialistische Arbeiterpartei, although they started from completely different points of view, simultaneously stressed the inevitability of the *Anschluss*. The Vorarlberg

region wanted to join Switzerland, but similar problems emerged with south Tirol, Karinthia and Burgenland, partly because of the attitudes of neighbouring Italy, Yugoslavia and Hungary. The Trianon Treaty provided Hungarian nationalism with a lot of convincing arguments for revision. Nowhere was there an honest effort to solve the problems of the minorities, and the new multinational states had also to deal with the more serious confrontations among the major component nationalities. In all the new states, from the most democratic, Czechoslovakia, to dictatorial Roumania and Yugoslavia, instead of a federative system, Czech, Roumanian or Serbian domination prevailed, while Slovaks, Croats, and the minority nationalities were energetically suppressed. The situation was a hotbed of incessant political conflicts, and provided the Great Powers with excellent possibilities for augmenting their influence.

What is more, the fundamental changes that had taken place in the countries of the region rendered impossible the continuation of their prewar economies. Independent countries replaced powerful empires; politico-economic units had disappeared, were significantly truncated or enlarged; sections of countries at various levels of economic development were annexed to form new states: the face of East Central Europe had been radically altered.

Nevertheless, from the appalling economic chaos and sense of hopelessness of the postwar years there gradually emerged the recognizable outlines of the new situation. One of the most important features was the sudden importance of foreign trade. As we have seen in Part I, foreign trade had played a relatively subordinate role in the multilateral economy that had existed within the bounds of the big empires. The disintegration of the old economic unit left the successor states and the new countries with one-sided productive capacities. With the contraction of the national market, industrial exports in Czechoslovakia and Austria, and agricultural exports in Hungary became preconditions of the functioning of the economy. Conversely, Czechoslovakia and Austria had now to import agricultural products and much of their industrial raw material, while Hungary had to import most industrial raw materials and investment goods. The new Poland was just as dependent on foreign trade. In the less developed Balkan countries, foreign trade was not of such vital importance. The preponderance of agriculture, and the endurance of traditional economic conditions had hardly allowed the countries of this region to rise above agricultural self-sufficiency. Nevertheless, when the significance of foreign trade in the Balkans is viewed in a dynamic, rather than in a static sense, we must conclude that although it might not have been of primary importance for the traditional functioning of the economy, it was all the more vitally so for progress and development. In Roumania, Yugoslavia and Bulgaria, increased concentration on exports actually followed from the very backwardness of the economy, for exports offered the most certain way to the domestic accumulation of capital. With the particularly narrow home markets, it was, in fact, foreign markets which made capital accumulation possible, and were, thus, the principal source of the domestic investments promoting development.

In reality, therefore, foreign trade was a prerequisite of economic progress in all the countries of this region.

Another new and major problem was internal capital accumulation, and the role foreign capital was to be permitted to play in an independent national economy. Most of the countries of the region had traditionally poor financial resources, and were highly dependent on foreign capital. Within the old framework of the huge political units of the prewar decades, a great part of the investment needs of the East European countries was provided by foreign sources, "foreign" often meaning the more developed part (country) of the same empire. The economic basis of national sovereignty, however, was financial self-sufficiency, which required an end to the determining role of foreign capital. The efforts to terminate it, however, conflicted with the given economic possibilities of these countries and with their real interest, which was to get as much foreign credit and investment as possible in order to achieve a faster rate of growth and a stronger national economy.

Adjusting to the new circumstances — including solving the problems of foreign trade and of capital accumulation — and becoming homogeneous economic entities were tasks which, in themselves, would seem to require a very long time, virtually an historical era. Their achievement, moreover, was a necessary step to development and to a steady economic growth. Before all this, however, the new states had first to solve their urgent postwar troubles, and to consolidate their economies.

ECONOMIC DEVELOPMENT

To adjust to the new circumstances, East Central European countries had first to cope with the postwar economic chaos, and to solve the difficult task of economic consolidation. Some immediate postwar economic measures followed directly from their politico-economic aims. One of the most important of the inevitable changes was land reform. This step of redistributing the estates of the foreign landowners was as necessary to the strengthening of the national character of the new states as it was to the correcting of the often glaring inequalities in land distribution.

The need to resolve the contradictions within society – which the war had placed into even sharper relief – and the impact of the Russian revolution on the neighbouring countries both inclined the governments of East Central Europe to reform. The growing importance of the peasant parties, which occasionally won a majority of the electoral votes, and last but not least, the need to satisfy the minorities were also incentives to reform. Thus, land reform constituted an integral part of the policy pursued by the government of the new states, and was often the first step in their program.

In Yugoslavia, the regent proclaimed agrarian reform and the distribution of land in a manifesto issued as early as the end of 1918. Consequently, all property of above 50 hectares was distributed; 2.48 million hectares of land were repartitioned among 650,000 peasant families during the interwar years. Before World War II, farms of over 50 hectares amounted to only 9.7 per cent of the total land area. In Croatia and the Voivodina this radical reform abolished the Hungarian type of large estates; it also did away with the feudal system of landed property in Montenegro and in Bosnia-Herzegovina, and established a uniform agrarian structure, with a peasant economy dominating throughout the country.

In Roumania, the agrarian reform law was passed on December 15, 1918. There were no great discrepancies in the agrarian structures of the various parts of the new Roumania, since big estates had predominated in the old Roumania as well as in the newly annexed Bessarabia and Transylvania. The land reform law fixed the upper limit of landed property at 100 to 500 hectares, depending on the area in question, the most radical reform being carried out in Bessarabia and Transylvania. Altogether 6.3 million hectares were expropriated, of which 3.8 million were allotted to nearly 1.4 million peasant families. By the reform, the proportion of farms of 100 hectares was reduced to 27 per cent of all landed property. Peasant economy thus became preponderant.

Compared with the radical redistribution of land in Yugoslavia and Roumania, land reform was more moderate in Poland and Czechoslovakia. In Poland, where the land reform law was passed on July 10, 1919, 2.65 million hectares were parcelled out between 1919 and 1938. However, the measure affected little more than 10 per cent of the 25 million hectares of arable land, though roughly one third of it when the effects of other measures (the so-called "consolidation" of already existing peasant farms with additional parcels of land) are taken into consideration. While 734,100 new peasant farms were created from the 2.65 million hectares, and the size of 859,000 farms was increased when 5.4 million hectares were parcelled out, only one quarter of the land belonging to large estates was expropriated, and thus about 20 per cent of the arable land was left in the hands of the big landowners. The land problem, therefore, was far from being solved, especially since the number of landless peasants increased at a more rapid rate than their numbers could be reduced by the long drawn-out process of the division of the land into lots. During the interwar period, no more than a yearly average of 133,000 hectares was parcelled out, while, on the average, the agrarian population grew by 250,000 souls each year.

In Czechoslovakia, the land reforms of 1919 and 1920 promised to be quite radical. Properties of over 150 hectares of arable land and those of 250 hectares in all were declared subject to expropriation. However, until 1931, no more than 300,000 hectares were appropriated from estates of over 100 hectares. By 1937, about 1.3 million hectares of arable land had been parcelled out, approximately two thirds of this going to establish, and one third to round out dwarf peasant holdings. At all events, large estates accounted for no more than one sixth of the total area of the arable land. If we consider large estates as a fraction of all the land, we can see that Czechoslovakia remained a country of big estates: almost 40 per cent of the total land area belonged to farms of over 500 hectares. However, because of the much higher level of industrialization, and the differing structure of the gainfully employed population, the consequences of this system of land tenure for Czechoslovakia were rather unlike the effect of big estates on her neighbours.

In view of the land reforms in the neighbouring countries, the fact of the domination of big estates could not be ignored in Hungary either, not even by the strongly conservative political system which followed the suppression of the revolution. In fact, the victorious counterrevolution itself had tried to turn the peasantry against the Republic of Councils — which had failed to distribute the land — by including among its slogans the promise of land reform. However, political life was so strongly dominated by the big landowners that the land reform law passed in 1920 approximated not even the most moderate of its counterparts in the neighbouring countries. The law specified no general maximum upper limit for the size of estates. It was, in fact, the most moderate land reform of the area, affecting only 6 per cent of the arable land. From the 700,000 hectares made available for the implementation of the reform, exactly 250,000 landless peasants were allotted not quite one hectare of land per capita. Statistics from 1935 show that 43.1 per cent of the land remained in the possession of the big landowners.

The most minimal change in economic structure took place in Bulgaria, a traditional peasant country. Stamboliski, inspired by egalitarian ideas, had, in fact, issued two laws in 1921 and 1922 which fixed the upper limit for privately owned land at 30 hectares in general, and at 50 hectares in the mountainous districts. This decree affected 6 per cent of the land in Bulgaria, allotting 133,000 hectares of new plots to 173,000 peasants. The measure, thus, helped to strengthen the smallholder peasant character of the country. Estates of over 50 hectares accounted for but 1.6 per cent of the arable land in 1934.

In general land distribution constituted an important element in the profound and extensive changes which followed the end of World War I.

The need for change was obvious in other areas as well. To achieve economic consolidation, the countries of the region had to solve their problems of finance and foreign trade.

Postwar inflation was the inevitable concomitant of economic exhaustion, of poor accumulation, and of the urgent need for consolidation. Even in Austria, the volume of banknotes in circulation rose from the prewar 3 billion crowns to 42.6 billion crowns by 1918, and reached 4,405 billion crowns by 1922. In the meantime, the Austrian crown, which had been on a par with the Swiss franc in value and rate of exchange before the war, fell to about half this value by October 1918. By 1922, however, 100 Swiss francs were worth 13,289 crowns. This rapid depreciation of the crown depleted a considerable part of the accumulated capital. In 1919–1921, the budget showed a deficit of roughly 60 per cent. By the summer of 1925, the sum total of deposits was still only 11 per cent of the prewar level. Inflation assumed yet more frightening proportions in Hungary. By the end of the war, money had lost about 60 per cent in value. Inflation culminated in May of 1924. The value of the Hungarian crown sank to virtually zero. The Swiss franc was on a par with the crown before the war; 100 Swiss francs were worth 227 crowns by October 1918, and 1.8 million crowns by May 1924. In 1921, the capital stock of the banks was only 8 per cent of what it had been before the war. Of the successor states of the Austro-Hungarian Monarchy, Czechoslovakia alone contrived to avoid the harmful consequences of grave and prolonged inflation. The separate Czechoslovak crown was established in 1919 and in conjunction with this change-over, the value of the crown was restored to its prewar level. After a few years of fluctuation, the crown was successfully stabilized at the beginning of 1922. Czechoslovakia's position derived from the strength of her economy. A country with hardly more than one quarter of the total population of the Monarchy, it possessed about 70 per cent of the industrial capacity of Cisleithania.

Roumania tackled her problems less successfully. In 1924, when inflation culminated, the value of the leu declined to 2 per cent of the prewar level. But even so, inflation was far from being as severe as in Austria or Hungary. Inflation in Bulgaria was even a little less severe than that in Roumania. The most protracted and most paralyzing process of depreciation, however, took place in Poland. The currency in circulation was 150,000 million Polish marks in November 1918, but this

had already risen to 570,698 million marks by April 1924. By the spring of 1924, the Polish mark was practically worthless (9.3 million marks being equivalent to 1 dollar). The government's attempt at stabilization in April 1924 (with the introduction of a new currency, the zloty) failed. From the summer of 1925, a new depreciation of the zloty set in.

The victorious Great Powers attached great importance to the economic stabilization of the countries of East Central Europe in the interest of realizing their own political aims, especially after the victory and consolidation of the Soviet system. They turned their attention to the countries in the neighbourhood of the Soviet Union, countries already shaken by revolutionary movements, and carrying, in their instability, the permanent danger of potential revolution. As J. M. Keynes had noted as early as 1921 in his *The Economic Consequences of the Peace*: "The only safeguard against Revolution in Central Europe is indeed the fact that even to the minds of men who are desperate, revolution offers no prospect of improvement whatever". It was in this connection that he stressed the importance of international loans which were to be granted to former allies as well as to former adversaries.

One of the first links in the chain of events which brought about stabilization in East Central Europe was the rehabilitation of Austrian finances. In 1921, the Great Powers in the League of Nations finally intervened, and a financial delegation was dispatched to Austria. As a result, the Geneva Protocol was signed on October 4, 1922. Its second part guaranteed a loan of 650 million gold crowns for the purpose of ending the budget deficit within two years. The government undertook to introduce radical reforms. In September, it stopped the issuance of unbacked banknotes. On January 1, 1925, the new gold shilling was put into circulation. This was to be the general pattern of Eastern European financial stabilization. After the diplomatic preliminaries, the League of Nations sent a delegation to Hungary in November 1923, with the idea of giving a loan of 250 million gold crowns for financial reorganization. In July 1924, stabilization began. The National Bank of Hungary was set up, and after the successful stabilization a new currency, the pengő, was introduced in 1926. Bulgaria raised two loans in 1926 and 1928 to stabilize her currency. Roumania and Poland also received foreign loans in the twenties to strengthen their currencies, 100 million and 72 million dollars, respectively.

Stabilization with foreign cooperation became an important link in the chain of events which brought economic reconstruction to East Central Europe. It was hoped that the reorganization of the budget and of financial affairs would not only put an end to the postwar economic chaos and to inflation, but would also reestablish normal conditions for the possibility — and growth — of savings and investments.

However, the solution of the problem of foreign trade was also a prerequisite of economic consolidation and development. Formerly, some very extensive areas of East Central Europe had been connected by close economic ties. This was true, in the first place, of the countries within the same empire; they formed a peculiar kind of economic unit, all contradictions inherent in the system notwithstanding. Similar relationships existed between the large empires and their smaller neighbours.

Naturally, an important factor here was imperialist pressure and the economic superiority of the Great Powers, factors which not only made harmonious economic relations impossible but often led to sharp disagreements and tariff wars. Yet, however stormy, these relations had rested on natural economic interdependence, and on the complementary roles of neighbouring countries. The League of Nations, and especially the Geneva Conference of the spring of 1922, had adopted the principle that the territorial changes brought about by the war should not be allowed significantly to alter these normal commercial conditions.

Historical reality, however, was heedless of the principles agreed upon at the conferences, and wrought far-reaching changes. The countries of the region did not cooperate in commercial policy after the war, but withdrew into isolation, most of them passing measures prohibitive of trade in the hope that this would promote economic unity and independence. The prohibitions of the early 1920s were, thus, preludes to new, independent customs duties. The new Austrian customs duties came into force on January 1, 1925, and so did the new Hungarian tariffs. In Yugoslavia, tariffs were introduced in March 1925, in Czechoslovakia in 1926, in Roumania in June 1924 (and then were considerably raised in 1927). In Bulgaria, the new tariffs drawn up in 1922 were revised and given their final form in 1924.

The new tariffs put into effect in Eastern Europe in the mid-twenties differed strikingly from those of the prewar period in two main respects: a great increase in the number of items taxed, thus better, more differentiated protection; and much higher customs duties. In Roumania, instead of the earlier, already high, 30 per cent, the protective tariff was approximately 40 per cent. In Hungary, the 20 per cent level formerly prevailing in the Monarchy was replaced by a general tariff of 30 per cent, and one as high as 50 per cent on finished industrial products imported in greater quantities. In Yugoslavia, tariffs were raised from 10 to 25 per cent, but for industrial consumer goods they moved up to between 70 and 170 per cent. Bulgarian tariffs increased by 100 to 300 per cent over the prewar level.

The numerous trade agreements concluded between 1924 and 1927 normalized economic relations, but did not bring about cooperation, nor did they halt the tendency towards isolation. The mid-twenties brought a new wave of tariff increase in the more industrialized countries such as Germany, Austria and Czechoslovakia, partly to discourage the import of agricultural products. Similarly, the agrarian countries of the Danube Valley embarked on a program of import-substitutional industrialization, and introduced increasingly radical protective measures. Protective measures were most determined and strict against the neighbouring countries and less so against those more remote. Since both agriculture and industry were technologically less advanced and produced at higher costs in this region of Europe than in the more advanced countries, they were less able to compete on the world market. Thus protection invoked in the name of self-sufficiency inevitably pushed the countries of East Central Europe much further away from one another than the countries of the area as a whole from those of Western Europe. Notwithstanding the circumstances of proximity, natural opportunities and historical traditions, the volume of trade among the

countries of the region shrank considerably. In the prewar years, one third to three quarters of the trade of the Danubian countries was with one another, both within and among empires. By 1929, exports fell to 36 per cent, and imports to 31 per cent, barely a third of the prewar level. Economic orientation was ever more decisively in the direction of Western Europe.

The growing trend to self-sufficiency and the weakening economic ties among East European countries was one kind of answer to the problem of foreign trade. However, the main tendency, that to nationalist economic policies, had a strong and negative influence on economic growth during the period following World War I.

After the difficult, transitional years of the early 1920s — years of solving the problems of land reform, of financial stabilization, and of establishing a new system of foreign trade — the countries of East Central Europe finally reached their prewar production level around 1925–1926. A new period of economic development had started.

However, neither world economic conditions nor those peculiar to East Central Europe during the interwar decades were conducive to a rate of growth as dynamic as that which the region had experienced before World War I. The prewar yearly increase in national incomes of approximately 3 to 4 per cent declined to 1 to 2 per cent. The growth rate was about 10 to 15 per cent everywhere until the outbreak of the crisis. The 1938 level, on the other hand, exceeded the 1929 level by about 15 to 20 per cent everywhere except in Czechoslovakia.

Thus, apart from Bulgaria, where it was around 3 per cent, the growth rate did not exceed 1.5 per cent in any country, while the per capita rise in national income remained under 1 per cent in the countries with high birth rates — Poland, Yugoslavia, and Roumania. In many respects, the modernization of industry begun in the nineteenth century came to a standstill and never reached the desired stage of development. Instead of the dynamism so characteristic of all economic sectors before World War I, in several important sectors there was complete stagnation. In others, growth was weak and partial, appearing in certain branches but unable to provide a basis for general socio-economic advancement. Compared with the prewar level of development, progress was so slow that it could produce only minor structural modifications, but no radical changes.

As mentioned before, the generally slow economic growth went hand in hand with an almost complete lack of dynamism in important areas of the economy. Both the vigorous railway building which had been one of the central factors of rapid growth from the middle of the nineteenth century on, and the general development of the infrastructure were now practically at a standstill. Unlike in the West, this stagnation set in at a stage when the density of the railway network was still far below Western European standards. It was only in the most advanced countries of the region, in the Austro-Hungarian Monarchy, that the railway system approached the density found in Western Europe, with 5 to 6 km of line per 100 sq. km at the beginning of the century. In the other countries, the 1 to 3 km of track per 100 sq. km represented a lag of several decades.

Between 1918 and 1938, only 2,500 km of track were constructed in Poland, increasing the total length of the Polish railways to only 18,300 km. At this stage, the railway network averaged 58 km per 1,000 inhabitants, that is to say, about half of what there was in Western Europe. In Yugoslavia, nearly 1,400 km of railway lines were built in the interwar period. In Hungary, practically no new lines were constructed. Roumanian and Bulgarian railways were also undeveloped: in the 1930s, there were approximately 12,000 and 2,700 km of railway lines, respectively, or 48 and 42 km per 100,000 inhabitants.

Before World War II, the Balkan countries had 3 to 4 km of railway tracks per 100 sq. km, or less than half of what there had been in the countries of Western Europe at the turn of the century. Then, stagnation set in at this low point as more modern branches of transport and communication came to the fore.

The backwardness of modern transport all over Europe during the interwar period is illustrated most graphically by the motorization indicator, which gives the number of motor vehicles in relation to the area and the population of the country. In 1938, the average motorization indicator was 5.7 in fourteen countries of Europe; whereas in Czechoslovakia, it was only 1.8; in Hungary 0.5; in Poland, Yugoslavia and Roumania 0.3.

The stage modern telecommunications had reached is shown by the total index of telephone, radio, and other telecommunication instruments, along with the density of the railway network. These figures reveal that of all the Danubian countries, Austria was the only one on the Western European level; the figures for Czechoslovakia and Hungary were between 50 and 75 per cent of those for Western Europe, while the Balkan states were under 50 per cent.

The per capita "consumption" of cement, as a direct and comprehensive index of house building and of the construction of roads, throws light on the general level of infrastructure development. In Bulgaria, Roumania, Yugoslavia, and Czechoslovakia cement consumption in the thirties increased slightly over what it had been in the twenties; in Hungary and Austria, however, it diminished. Even so, average consumption ranged between 15 and 25 kg per head, (except for Czechoslovakia and Austria, where it reached 60 to 70 kg) a quantity far short of the 100 kg per head in the Western countries. Nevertheless, the gap between the two areas was, perhaps, not as great as these indexes indicate, for in the East, a more traditional construction technology using more brick than cement, still predominated.

A pattern similar to that of the development of communications may be observed in agriculture. If the rapid building up of the infrastructure was one factor in the progress which began at the close of the last century, the other principal element was undoubtedly the rapid development of agriculture on a capitalist basis. The postwar situation, and the radically altered market conditions meant a severe setback for agriculture, one which was hardly overcome when the world economic crisis dealt it another blow. The second half of the thirties again brought some improvement, and all the countries of the region surpassed the prewar level of production in varying degrees. It was in the countries of East Central Europe — particularly in the typically agrarian countries — that stagnation was more pronounced, and any rise in the agrarian index of the area as a whole may be

ascribed to the agricultural growth of Austria and Czechoslovakia, both of them industrial countries. Livestock breeding presented a slightly, though not essentially, more favourable picture.

*Index of East Central European Production
of Principal Agrarian Products,
1924-1929 and 1934-1938
(1909-1913 = 100)*

Countries	1924-29	1934-38
Group 1 (Austria, Czechoslovakia, Hungary, Poland)	98	117
Group 2 (Roumania, Bulgaria Yugoslavia, Greece)	87	116

From: J. Sventnilson, *Growth and Stagnation in the European Economy*. Geneva, 1954. p. 248.

*Index of East Central European Stock
of Cattle and Pigs,
1928 and 1934-1938
(1913 = 100)*

Countries	1928	1934-38
Group 1		
cattle	115	115
pigs	93	125
Group 2		
cattle	124	125
pigs	137	151

From: J. Sventnilson, *op. cit.* pp. 248-249.

All this was inextricably intertwined with the stagnation of agrarian productivity during the interwar period. There was hardly any progress in agrotechnology, or in the mechanization of agriculture during these years. What is more, the grave setbacks of the thirties practically nullified the accomplishments of the more favourable late twenties. For instance, in Hungary, the number of tractors failed to reach the pre-depression peak of 7,000. In the thirties, there was one tractor per 829 hectares in Hungary, one per 840 hectares in Poland, and the situation in the Balkans was even worse. In Roumania, there were 2,000 tractors, or one per 4,600 hectares; in Yugoslavia, there was the same number of tractors to give one per over 3,400 hectares. In Bulgaria, 2,800 tractors were in operation, one per roughly 1,500 hectares. By contrast, in England and Sweden the figure was one per 135 hectares,

in Italy one per less than 400 hectares. The extremely slow progress of mechanization also in other spheres is indicated by the fact that in Hungary the prewar mechanization of threshing was followed but by the most minimal mechanization of other kinds of work. In the thirties, there was one harvester per 1,000 hectares. Considering the areas sown with cereals, this provided reaping machines for use in only 15 per cent of the grainfields.

There was still hardly any mechanized agriculture in Bulgaria. In 1936, in addition to 254,000 iron ploughs, 450,000 wooden ones were also in use — an example of the persistence of mediaeval techniques. There were altogether 100 sowing machines in the country, while the less than 4,000 threshing machines could do only half of the threshing. Reaping was done mostly in the traditional manner, with sickles. In Yugoslavia, though there were twice as many iron ploughs as wooden ones, 300,000 old wooden ploughs continued to be in use.

The use of fertilizers remained on such a primitive level that progress in this regard may be said to have been negligible. Nevertheless, the quantity of fertilizer used increased considerably — fourfold in Hungary during the postwar decade, for example. However, in the next decade, the use of fertilizers declined by two thirds. In Yugoslavia, it trebled by 1929, but declined by half in the thirties.

*Fertilizer Use in European Agriculture,
1936-1938*

Country	Kilograms of pure nutritive material per hectare
Holland	311
Belgium	125
Germany	100
Hungary	2
Yugoslavia	1
Bulgaria	1.8
Roumania	0.2

Data based on *International Yearbook of Agricultural Statistics*.

In the interwar years, crop averages were still around the levels attained at the beginning of the century.

Productivity figures per agricultural worker in the early 1930s show the countries of the region to have been among the most backward of the continent. If we take the European average as 100, we find that only Austria (134) and Czechoslovakia (105) exceeded it; the index was 78 for Hungary, 48 for Roumania, 47 for Bulgaria, and only 38 for Yugoslavia.

*Crop Production in East Central Europe,
1903-1912 and 1934-1938*
(in quintals per hectare)

Country	Wheat		Rye		Corn		Potatoes		Sugar-beets	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Austria	14	17	14	15	15	26	83	137	242	260
Czechoslovakia	15	17	15	16	5	21	91	135	260	290
Hungary	13	14	12	11	18	20	80	73	254	210
Bulgaria	11	13	8	10	13	12	38	61	129	160
Yugoslavia	9	11	8	8	13	18	41	62	195	190
Roumania	11	10	9	9	13	10	75	77	205	150
Poland	12	15	11	13	11	14	103	138	243	270

(1) = yearly average for 1903-12

(2) = yearly average for 1934-38

Data based on: J. Svennilson, *op. cit.* p. 251; S. Zagoroff, J. Végh and A. Blimorich, *The Agricultural Economy of the Danubian Countries, 1935-1945*, Stanford, 1955. p. 127; N. Spulber, *The State and Economic Development in Eastern Europe*, New York, 1966. p. 84.

The mass of the rural population could not find employment; agricultural labourers were out of work the greater part of the year. According to certain statistics, of the total agrarian population of East Central Europe (Czechoslovakia, Hungary, Poland, Yugoslavia, Roumania, Bulgaria) approximately 60 million people, about 25 per cent were unemployed.

Lack of capital, low productivity, and agrarian overpopulation formed a vicious circle which only a radical change in the market conditions could have broken. However, in the interwar period Europe gave no sign of such radical change.

In fact, even in the thirties, the agricultural export of most East Central European countries (at least in the most valuable cereals) remained 20 to 25 per cent below the pre-World War I level.

The capital required to effect the radical transformation which might have put an end to the stagnation of agriculture was unavailable. There was neither an adequate domestic market, nor an increase in consumption; nor was there any significant shift to secondary and tertiary branches, nor any consequent growth in the rate of accumulation. This complex of problems so far determined the position of agriculture in all these countries, that it was the weakest socio-economic link in all East Central European national economies.

In the absence of overall economic dynamism, industry became the chief factor of growth. Industry came to dominate once these countries had become independent, especially after they adopted a policy of import substitution, and came to be the chief economic means to the nationalistic political aspirations of all the Danubian countries.

Nationalism and isolationism, however, also set certain limits to the progress of industrialization. For while industry stood out as the most dynamic branch, within a stagnant economic environment and with limited markets, there was only so far that it could advance. Protective tariffs, while they gave an impetus to industrialization by restricting the import of finished goods, meant also that the previous international financial relations had been broken off. The capital required for modern technological development could be obtained only during a brief period of roughly five years, from 1924 to 1929, and even then, only a fraction of what was needed. Industrial growth thus took place under conditions which, in many respects, were less favourable than before, and the rate of development failed to come up to that of the years before World War I.

*Index of Industrial Output
in Hungary, 1921-1938
(1913 = 100*)*

Year	Index
1921	51
1929	112
1932	84
1938	128

*Within the territorial boundaries of 1920. From: I. T. Berend and Gy. Ránki, *The Development of Manufacturing Industry in Hungary, 1900-1944*. Budapest, 1960. p. 86.

*Index of Industrial Output in Poland,
1921-1938
(1913 = 100*)*

Year	Index
1921	47
1929	86
1932	52
1938	105

*Within the territorial boundaries of 1920. Data based on: J. Svennilson, *op. cit.* p. 305; *Concise Statistical Yearbook of Poland, 1939-1941*. p. 67.

*Index of Growth in the Manufacturing Industry,
1929-1938
(1913 = 100*)*

Year	Roumania	Yugoslavia	Bulgaria
1929	137	140	179
1932	113	116	195
1938	180	190	245

*Within the territorial boundaries of 1920.

Calculations based on: V. Axencinuc, *La place occupée par la Roumanie dans la division mondiale capitaliste à la veille de la seconde guerre mondiale*, *Revue Roumaine d'Histoire*, 1966, no. 4; M. Kukoleca, *Industrija Jugoslavije 1918-1933*, Belgrade, 1940; M. Mirković, *Ekonomaska Struktura Jugoslavije*, Belgrade, 1952; A. Gerschenkron, *Economic Backwardness in Historical Perspective*, Cambridge, 1962.

In the interwar period, the generally moderate rate of advance in industrial output in the countries of East Central Europe was tied in with a regrouping of the essential branches. Some branches showed considerable decline, while others multiplied their output, the results being either overall stagnation or growth. For instance, the slow growth of Hungarian industrial production was due in part to the extreme fluctuations which occurred when the output of the formerly dominant food industry sank to three fourths of the prewar level, while that of the weakest sector, the textile industry, rose fourfold. The reversal of the growth rates of the food and textile industries, with development slowed down in the former and accelerated in the latter, was in general characteristic also of the Balkan countries.

Figures reflecting the structural changes in the manufacturing industry reveal that in the countries of East Central Europe textile and other branches of light industry grew considerably during the interwar period, and accounted for as much as one fifth to one quarter of the total production. Food industries generally suffered considerably, while the processing branches of heavy industry stagnated or experienced but very moderate growth.

In evaluating the major trends we must, of course, keep in mind that these developments were an attempt to compensate for the earlier blatant disproportions. Even so, the transformation of the industrial structure of East Central Europe produced trends inconsistent with modern technological development, at least as this was taking place in Western Europe. In the West, the interwar period was the continuation of the processes begun around the turn of the century: there was an ample flow of capital into heavy industry, with this sector growing increasingly strong in relation to other branches of industry. Investment in the textile and other light industries was considerably less than before.

During the period under review, Eastern Europe fell ever farther behind in the development of its heavy industry. The immaturity of the machine industry deserves special attention. While in Western countries the machine industry produced 20 per cent of the total industrial output, in Hungary it was 10 per cent of the total production, and in Yugoslavia, less than 1 per cent. In the Balkans — industrially the most undeveloped region of Europe — heavy industry was limited to various kinds of mining and primary processing; there was no machine industry at all.

The above picture could be supplemented by one showing the value of industrial production in the countries of Eastern and Western Europe. The East Central European countries lagged most strikingly behind in per capita industrial production. The figures for Austria and Czechoslovakia were two thirds the average of the figures for fifteen Western countries. Hungarian industrial production per head was only 43 per cent of the Western average, or slightly below that of 1913 (43.8 per cent). The Polish was about one third; the Roumanian, one sixth. By contrast, average per capita production in several less developed European countries — Italy and Finland, for example — increased considerably.

The moderate rate and low level of industrial development were inadequate to transform the underdeveloped economic structures of the countries of East Central Europe. In the interwar period, the area's industrial, i.e. non-agrarian, population increased markedly. While between 1920 and 1940 the non-agrarian population of Europe grew, on average, by 33 per cent, growth during the same period was over 100 per cent in Roumania, Bulgaria, and Yugoslavia; nearly 100 per cent in Poland, and more than 50 per cent in Hungary. The occupational distribution of the population, however, changed but slightly. In 1910 and 1939 alike, 80 per cent of the active population of Roumania worked in agriculture. There was an insignificant — less than 2 per cent — decline in the agrarian population of Bulgaria between 1910 and 1940, from 80 to 78 per cent. In Yugoslavia, the 1920 figure of 79 per cent fell only to 76 per cent. Polish and Hungarian records indicate a slightly more marked change, and a more modern distribution in the occupational ratio of the active population. Between 1920 and 1940, the agrarian population declined from 72 to 65 per cent in Poland, and from 56 to 51 per cent in Hungary.

There was, thus, no major change in the socio-economic structures of the countries of the area, nor had industrial development wrought any essential changes either in their level of development, or their socio-economic position.

The picture is a little more complete when we consider the distribution of the various national incomes by economic sectors. These indices are all the more important in that — unlike the figures for the per capita distribution — they throw light on the differences in technology and productivity among the various branches.

As a matter of fact, in 1938, industry contributed 60–70 per cent of the national income in the highly industrialized countries of Europe (Great Britain, Sweden, Germany, Switzerland, Belgium); in other strongly industrialized countries (France, Holland, Denmark, Norway, Austria, Czechoslovakia, Italy) it reached or exceeded 50 per cent. Hungary, Poland, and Finland, on the other hand, showed

*Percentage Distribution of National Incomes
by Economic Sectors, 1920 and 1938*

Country	Agriculture		Industry		Other Branches	
	(1)	(2)	(1)	(2)	(1)	(2)
Austria	24.8	35.0	47.0	43.0	28.2	22.0
Czechoslovakia	33.0	23.2	50.8	53.2	16.2	23.6
Hungary	41.8	36.5	29.8	35.7	28.4	27.8
Poland	—	39.0	—	32.2	—	28.8
Roumania	60.2	53.2	24.2	28.4	15.6	18.4
Yugoslavia	58.0	53.6	20.9	22.1	21.1	24.3
Bulgaria	71.4	63.3	5.6	18.3	13.0	18.4

(1) = 1920. For Austria, Czechoslovakia (Bohemia only), and Hungary, 1913 data calculated with territorial boundaries of 1920.

(2) = 1938.

Data based on national statistics

moderate development, with 30 to 40 per cent of their national incomes coming from industry. The picture was still less favourable in the Balkan countries, where industry contributed only around 20 to 25 per cent.

These figures also reveal that East Central Europe's history of relative underdevelopment continued quite unaltered during the interwar years.

How far this was so is well illustrated by the fact that before World War II, in every country of East Central Europe, the annual per capita national income was lower than the \$200 per head average of the twenty-four European countries.

*Per Capita National Income for
Europe in 1937*

Country	\$
Great Britain	440
Sweden	400
Germany	340
Belgium	330
Holland	306
France	265
Austria	190
Czechoslovakia	170
Hungary	120
Poland	100
Roumania	81
Yugoslavia	80
Bulgaria	75

Data based on: *Economic Survey of Europe, 1948*. Geneva, 1949.

Before World War I, foreign capital had played a decisive role in the economies of these countries. The transformations following the war created a situation wherein domestic capital gained ground. Capital import in the form of loans grew very rapidly during the mid-twenties; but direct foreign capital investment and foreign industrial enterprises remained within modest limits.

Foreign capital, however, continued to play a significant role even in the most advanced countries of the region. Czechoslovakia was herself an exporter of capital, her capital turnover showing a credit balance between 1925 and 1937, except for the years of the crisis. Czechoslovakia had considerable foreign investments — about 12 per cent of all the foreign investments in Yugoslavia, and 5 per cent of all in Bulgaria — and also had interests in Hungary and Roumania.

Although there was a growing number of native shareholders during the interwar period, in 1935 foreign capital still held industrial shares to the value of 1,500 million crowns, short- and long-term loans of approximately 2,500 million crowns, and government bonds of 8,000 million crowns in East Central Europe. In Czechoslovakia, one fifth of all capital stock was in foreign control. Most of these shares, particularly in metallurgy and heavy industry, were held by French financier groups, but there were also considerable British and German interests.

In the moderately advanced countries of East Central Europe, the role of foreign capital was much more significant. For instance, although the foreign groups dominating the Hungarian economy before World War I lost much of their strength during the interwar period, and the Hungarian financier groups came into their own, there was a new influx of foreign capital in the form of loans. Thus, the trend to domestic control notwithstanding, there were still important economic positions in foreign hands on the eve of World War II. Of the four big banks, the leading Hungarian General Credit Bank deserves special mention as having been 40 per cent foreign controlled: French and Austrian financial groups each held 20 per cent of the shares. Of the less prominent banks, the Hungaro-Italian Bank and the Anglo-Hungarian Bank were the most dominated by foreign investment. The takeover of industrial firms by Hungarian capital in the twenties, and the purchase of considerable packets of shares from Austrian owners continued into the thirties, and even gained new impetus after the failure of the Creditanstalt-Bankverein. Yet in 1938, 24 per cent of Hungarian industrial shares were still held by foreigners, half of them German capitalists.

The Polish economy was still more strongly pervaded by foreign influence. In the late thirties, slightly more than 40 per cent of the total capital stock of joint-stock companies was in the hands of foreign financiers. They held several key positions. In mining and metallurgy, 26 firms working with foreign capital held 71 per cent of the total capital; in the oil industry, 17 firms held nearly 87 per cent; in the electrical industry, 18 firms 55 per cent; and in the chemical industry, 59 firms 60 per cent. Approximately 30 per cent of the capital invested in communications, and 46 per cent of the capital used for electric power plants, gas production, and hydroelectric power plants came from foreign investments.

The largest proportion of foreign capital (27 per cent) invested in Polish joint-stock companies before World War II belonged to French financiers. Groups of U. S. financiers held second place (19 per cent); the next in order of magnitude were the Germans with their 14 per cent (in 1931 it was already 25 per cent), and the Belgians, with 13 per cent.

In the economies of the Balkan countries, foreign capital still played a decisive role. For although there was considerable increase in the number of shares controlled by Roumanian businessmen in the Roumanian oil industry — which, before World War I, had been almost completely in foreign hands — nevertheless, 77 per cent of the capital invested in the oil industry, which accounted for 40 to 50 per cent of the total capital investment in industry, came from foreign sources.

Of the 7,444 million dinars worth of capital stock in all Yugoslav joint-stock companies in 1937, about 3,280 million dinars, i.e., 44 per cent, was owned by foreign financiers. In sectors of vital importance, the ratio was even higher: 69 per cent in mining; 83 per cent in the generation of electric power; and 70 per cent in the chemical industry. About 40 per cent of the capital invested in communications, and 33 per cent of that in insurance companies came from foreign financier groups.

In Bulgaria, industrial underdevelopment and a dearth of raw materials had prevented foreign capital from acquiring positions of importance. Only 26 per cent of the industrial capital stock was in foreign hands in 1921, and by 1938, this had fallen to 18 per cent. However, certain groups of foreign financiers had considerable interests in Bulgarian banks.

During the interwar period, then, entrenched foreign capital still strongly influenced the processes of modern capitalistic development in East Central Europe. For although the control of foreign capital tended to be less than it had been, and fell below the pre-World War I level, with one fifth to three quarters of industry, mining, and communications in foreign hands, its influence on the economic structures of these countries on the eve of World War II was still momentous.

To sum up: The sluggish economic growth of the interwar decades was unable to produce any decisive change in the economic structure of the countries of East Central Europe. Although there was — at best — a slight shift, a partial progress toward a better agrarian-industrial ratio, a more modernized industry, greater domestic accumulation and less dependence on foreign capital, a more favourable foreign trade balance and a higher national income, there was no fundamental change in the structure of the economy. The noteworthy dynamism of the first years of the century had slowed down, and no essential social transformation accompanied whatever economic change there was.

POPULATION AND SOCIETY

The sweeping political and territorial changes which took place in East Central Europe, no less than the economic changes of the interwar period influenced also the societal development of the countries of the area.

Populations statistics for the countries of Eastern and Southeastern Europe showed significant changes within the period between the wars, and reflected a demographic development that was peculiar in a number of respects.

The most obvious of these was a rate of population growth more rapid than that in the rest of Europe. While the average real population growth for the rest of Europe between 1920 and 1940 was not quite 20 per cent, in Albania it was 50 per cent, in Yugoslavia 35 per cent, in Bulgaria 32 per cent, in Roumania 30 and in Poland 27 per cent. Hungary was the only country of the area where population growth was near the European average between the two wars, while the Balkan countries had the most rapid population growth in all of Europe.

A number of factors combined to produce this effect. The first of these, a direct result of the spread of civilization to the area, was a significant decrease in the death rate, generally from 20 to 15 per thousand — though only to 18 per thousand in Albania by 1938. The second, concomitant factor was the endurance of a rural form of life, one conducive to the maintenance of a much higher birth rate — generally 30, and nearly 35 per thousand in Albania — than in industrialized countries.

The safety valve that had moderated the effects of this above average birth rate had, however, been closed. While before World War I it was precisely the countries of Eastern Europe which had headed the lists of emigration statistics, postwar American restrictions on immigration put an end to mass migration. No more than 400,00 people left the Balkan countries for America during these two decades. The number leaving Hungary was practically insignificant, and it was only from Poland and Yugoslavia that considerable numbers left for overseas: 60,000 and 200–250,000 souls, respectively, not counting those who had left, but then returned.

The most conspicuous feature of the structural distribution of the growing population was — as will be obvious from what has gone before — its multi-national composition. Even before the war, the nationality question had been a central social problem of the area. With the new, radical redrawing of the national frontiers, however, the nationality problem, too, appeared in a different form. The large empires had disintegrated, or had had their territories restricted; more peoples than ever had won their independence in this part of Europe. However, the peacemakers

neither could, nor would support the consistent realization of the nation-state principle. Thus the redrawing of the map meant but a reformulation of the old problem, and by no means its solution. The Treaty of Versailles had made certain that some form of the minority question would become a serious social problem for all the countries of Eastern Europe. In Czechoslovakia and Yugoslavia there were, by definition, two majority nationalities: Czechs and Slovaks, and Serbs and Croats, respectively. In the new Poland, 69 per cent of the population was Polish, and nearly a third composed of a variety of six or eight other nationalities. In Roumania, 72 per cent of the population was Roumanian, while in Yugoslavia, 25 per cent of the population belonged to nationalities other than the Serb and Croat.

In the other countries of the area, the national minorities comprised less than 10 per cent of the population. In these countries, the nationality problem was of another sort: extraordinarily large numbers of Hungarians — more than 3 million — and Albanians had been left outside their nations' boundaries, and lived as minorities in the neighbouring countries. In the case of Hungary and Albania, a group equal to a third of the country's population lived in neighbouring states; in that of Bulgaria, where the government looked upon the Macedonians as Bulgarians, a full 10 per cent. Of the 110 million people living in the area in 1939, 22 million people, or every fifth person, belonged to some minority group.

Between the two wars, this multinational composition became the source of fundamental social conflicts in Central and Eastern Europe. New injustices were committed in an effort to compensate for the earlier historical injustices, as reprisals and counterreprisals were inflicted on the minorities. The nature of the oppression had not changed: oppressors and oppressed had merely changed roles.

A great variety of reactionary political and social goals took root and fed on these nationalist and irredentist passions.

We must mention in this connection another aspect of the population's composition — its religious distribution. This was a factor that was to have important consequences, coinciding with, and reinforcing the differences and conflicts among the nationalities. There were several very pronounced instances of this: the conflicts between the Roman Catholic Croats and the Eastern Orthodox Serbs; between the Roman Catholic Poles and the Protestant Germans; between the Eastern Orthodox Bulgarians and Serbs and Mohammedan Turks (or Slavs who had adopted Turkish ways). The situation of the Jewish population was unique: in some countries, for example, in Poland, their segregation was explicitly national; in others, among them Hungary and Czechoslovakia, it was explicitly religious in nature. A homogeneous population in respect of religion was an exception in the area, and was found in Austria, where 91 per cent of the population was Roman Catholic and in Czechoslovakia, where 78 per cent of the people were Catholics, the various other denominations each having but a small number of adherents.

The situation was different in Poland and Bulgaria, where although there were clearly dominant religions (the Catholic, with 75 per cent, and the Greek Orthodox with 84 per cent, respectively), there were also a number of larger religious

minorities. In Poland, 13 per cent of the population was Greek Orthodox, and almost 10 per cent Jewish; while close to 14 per cent of Bulgaria's inhabitants were Mohammedans. However, diverging traditions and points of view were the fount of discrimination and conflict even where religious differences did not coincide with national ones; for example, in the case of Hungary's 65 per cent Catholic and 21 per cent Protestant population.

The relatively large number of Jews living in some of these countries gave rise to a social problem peculiar to the interwar period. The Jews of Poland, comprising nearly 10 per cent of the population, were the most significant group both proportionately and in terms of their absolute numbers. There was also a relatively large group of Jews in Roumania and Hungary (7 and 5 per cent of the population, respectively). In Austria and Czechoslovakia, they comprised but 2.5 per cent, in Yugoslavia and Bulgaria, not even 1 per cent of the population.

Both the history of the interwar decades, and the events of the Second World War tie in, in some form, with the above described situation. That national and religious issues, nationalism and anti-Semitism should come so much to the fore was due in no small part to the conscious efforts of the various governments and political parties. Through fanning national animosities, through the incitements of official propaganda, through constant reminders of territorial grievances, and through periodic Jew-baiting campaigns, they tried to draw the people's attention away from the fundamental internal contradictions, from the social and economic problems which they were unable to solve.

In fact, however, the real causes of social inequality were not national and denominational divisions. They were much more the imperfections of the modern processes of "embourgeoisement": the endurance of the ossified cast structure of the old aristocratic social systems, or of the brutal authoritarianism of the bureaucratic administrators of power; and the legalized exploitation and very exclusion from society of the broadest masses of society — the peasants and the evolving working class.

In respect of their social structure, the countries of the area fell into three, in many respects diverging, types.

We need hardly give a detailed characterization of the first type, that represented by Austrian and Czech society, for their social structure and development were largely the well-known ones found in Western Europe. In both countries, the two main classes typical of modern capitalism confronted each other: the big-capital ruling class, with its monopoly of all power; and a well-organized proletariat. There were also the classes typical of the social structure of that particular period: the rather numerous bourgeois middle stratum which had emerged during the development of capitalism; the modern intellectual stratum; and the landed peasantry, whose number, though it had previously declined, was now slightly on the increase as a result of the land distribution (in Czechoslovakia) consequent upon the war.

Within the interwar period, there were relatively few changes in this area, and these particularly in Czechoslovakia.

In both countries, the economic and political hegemony of the bourgeoisie became more complete after the disintegration of the Austro-Hungarian Monarchy wherein the landowning aristocrats had had great influence. The economy was run by the few big capitalist families heading the large banks and large industries, families which had extraordinarily extensive international connections, and exercised great social and political influence at home. It is an indication of the remarkable growth in strength of the Czech bourgeoisie that, during the interwar years, they were able to repurchase most of the bonds and shares which had been sold abroad. Austrian and Hungarian capital investments were soon in the hands of Czech financiers. The branches of the Wiener Bankverein were taken over by Vseobecna Česká Banková Jednota; the daughter firms of Merkur by Česká Komerční Banka; and the complex set up by the Österreichische Länderbank by the Banko pro Obchod a Prumysl.

Most of the great industries were monopolies controlled by a few men. For instance, 90 per cent of the iron and 80 per cent of the raw steel produced was in the hands of the three firms merged in United Czechoslovakian Iron Works. Živnostenská Banka had immediate control over 45–50 per cent of the capital available for credit within the country. The Czech haute bourgeoisie was also significant as an exporter of capital, controlling 12 per cent of all the foreign investment in Yugoslavia, and 5 per cent of that in Bulgaria.

One factor in the growing influence of big capital was the enfeeblement that the traditional big landowner aristocracy had suffered after the First World War. The land reforms that were carried out not only did away with the big Hungarian estates in Slovakia, but also weakened the Czech big landowners. Between 1920 and 1937, 1.3 million hectares of agricultural land were distributed, a move which restricted the big estates to one-sixth of the cultivated land.

Not even the considerable loss of influence suffered by the Austrian haute bourgeoisie — the diminution of its influence throughout the area of the former Monarchy, and even within the Austrian economy, where foreign capital had acquired a significant hold; and the strong shock suffered by the banking system, heretofore the citadel of Austrian big capital — not even these losses could undermine the predominant position of the haute bourgeoisie. Both Austria and Czechoslovakia, therefore, came to resemble the societies of Western Europe: the great financiers, the monopoly capitalists, the upper middle classes acquired hegemony.

At the same time, the most significant and numerically largest class in these societies was the industrial proletariat. Between the two wars, they came to number more than a third of the population. They resembled the working class of Western Europe not only in their numbers, but also in the high level of their skills, their traditional class associations and class consciousness, and the remarkable strength of their organizations. Austria's capital, where 30 per cent of the population was concentrated, "Red Vienna", was totally ruled by the Social Democrats. Sixty per cent of the more than 700,00 Social Democratic activists — 10 per cent of the

country's population — were in Vienna, and between 1920 and 1934, the city's socialist government implemented a social program unique in all of Europe. Tax reform, strict rent control, a public health program and a totally original housing program were all introduced. (Between 1924 and 1928 alone, 25,000 homes were built, among them the famous Karl Marx Hof.)

True, the agricultural, conservative, strongly religious provinces presented a picture radically unlike Vienna. Noteworthy, however, was the comprehensive social legislation that was passed already during the first years of Austria's independence, one in keeping with the ongoing social modernization, but one that was matched by few developed countries. The direction of societal transformation was given as early as 1918 with legislative regulation of child and domestic labour, a move soon followed by a law regulating the night employment of women and minors in May of 1919. In December of 1919, working hour legislation was passed; in 1920, the "*Arbeiterkammern*" were established, and unemployment insurance was instituted.

In Czechoslovakia, the second and third generation working classes were also strongly organized. Unlike in Austria, where the Communist Party had but scant influence until 1934 (and even at the 1932 elections, got less than 22,000, or 1.9 per cent of the votes), in Czechoslovakia the great masses of the working classes supported, not the Social Democratic reform program, but the radical Communist Program in their fight against the capitalist system. The great influence which the legal Czechoslovak Communist Party exercised over the masses unambiguously expressed the class antagonisms within Czechoslovak society.

In these countries, the middle classes were preponderantly bourgeois in character. Trade and transportation gave employment to great numbers of the petite bourgeoisie.

Fourteen per cent of the population in Czechoslovakia, and 18 per cent in Austria was employed in these branches. Within the economically active population of Austria, the self-employed and their assistant relatives numbered nearly one and a quarter million in 1934, or 37 per cent of the active population. The high percentage — 4–5 per cent — of independent intellectuals is also reminiscent of Western European proportions. The peasants, on the other hand, comprised but a quarter to a third of the population.

Yet, for all their Western European social structure, the societies of both countries possessed numerous unique features. In spite of its modern *erhbourgeoisement* and developed proletariat, Austria remained peculiarly conservative: within the heart of "Red Vienna", there endured, as an isolated island, the aristocracy of the former Monarchy, their private balls echoing the mood of the 19th century, their medals and decorations symbolizing their functionless world. And while this alone but contributed a peculiar atmosphere and flavour to Austrian society, all the more burdensome for it was the employment and maintenance of the thousands of civil and military bureaucrats who had been trained to administer the Monarchy, but were now unemployed and redundant. Great crowds of them swelled the ranks of

the pensioners, whose numbers approached 800,000, 46 per cent more in 1934 than in 1910. (During the same period, the growth rate among industrial employees was 5 per cent; among those in public service and in the independent occupations also 5 per cent; while the numbers of those employed in agriculture, in trade, and in transportation each declined by 10 per cent.)

In Czechoslovakia, the level of economic development in both Bohemia and Moravia was considerably higher than that in the Slovak part of the newly unified state, and these differences were reflected in the great discrepancies in their social structures. Regional variations in level of development and social organization were, of course, characteristic of all these countries, but in Czechoslovakia, with its peculiar bi-national composition, these differences appeared in a unique form. In Slovakia, the employment distribution presented a picture typical of Eastern European agrarian societies. While in the Czech areas the industrial population was 41 per cent of the total, in Slovakia, it was but 18 per cent; 24 and 18 per cent of the population, respectively, was employed in the so-called "third sector". But while 24 per cent of the Czech population was employed in agriculture, the figure in Slovakia was 57 per cent. Thus, the two large units of one and the same country embodied two divergent societal models, a fact that was the root of one of the key social and political problems of the new Czechoslovak state.

All this, however, does not alter the fact that both Austria and Czechoslovakia, taken as a whole, were western in their social structures.

It is a radically different societal model that we find in Poland, Hungary, and Roumania. Here, sectionalism brought about a development fundamentally different from that of Western Europe, though the modernization of the interwar years served to strengthen its bourgeois societal elements. The major trend in these countries was unquestionably toward the increasing influence of the bourgeoisie and the growth of the proletariat; or, more precisely, toward the sharpening of the conflict between these two fundamental classes. Nevertheless, these states still had class and social elements peculiar to the former genteel societies, most manifestly in their ruling classes, and especially in Poland and Hungary.

Here, the landed aristocracy typical of genteel societies and the haute bourgeoisie evolved in the course of capitalistic development coexisted as the ruling class; yet the upper middle classes, for all their economic predominance, could not challenge the political preeminence and social prestige of the former, traditional ruling groups.

Naturally, the postwar land reforms mentioned earlier affected the big estates in these countries, too. Their moderate implementation, however, was by no means conducive to the undoing of the big landowners, who continued at the top of the ruling elite, successfully frustrating the attempts at the bourgeois modernization of society.

In Poland, the upper limit set for the estates of the foreign landowners in the former German and Austro-Hungarian areas was a low 60–180 hectares; and the upper limit even in the area of the former Polish Kingdom (300 hectares) would

have been low enough to radically restrict the big estates. But the implementation of the reforms was so fragmented and so much delayed that only a quarter of the lands of the big estates were taken over, leaving 20 per cent of the workable land to the great magnates.

The counterrevolution which was victorious in Hungary in the autumn of 1919 had used principally the slogan of land reform to turn the peasants against the dictatorship of the proletariat, which had failed them in that respect. The land reform law passed in 1920, however, strove maximally to protect the interests of the classes which had returned to power, among them, the big landowners. In fact, Hungary ended up with one of the most moderate land reforms of the entire area. There was no upper limit set to the size of an estate, and only 300–400 hectares of the big estates were appropriated, or 6 per cent of the cultivable land. The economic position of the landowning class was in no way weakened. In 1935, there were one and a half thousand estates of over 600 hectares; in other words, 1 per cent of the estates took up 24 per cent of the total land area. Another 20 per cent of the land was held in estates of over 100 hectares. No significant destruction of the foundations of the former genteel society here!

Historical tradition and their actual power continued to make the big landowning aristocrats one of the major political forces of Hungary. It was from their ranks that the leading core of the government party was recruited; and, with the restoration of the Upper House in 1926, their influence was both consolidated and institutionalized.

All this, however, was in no way incompatible with a considerable enhancement of the position of the upper middle classes.

Although this was so, the latest calculations put the number of the upper and middle bourgeoisie — and their families — at only 20–30,000; the big capitalists dominating those who controlled significant portions of the industrial and banking capital are estimated to have been merely 100 families. This relatively small group, however, was divided into a number of very diverse, and even opposed factions.

The traditional bourgeoisie in the areas that formerly belonged to Germany, primarily Upper Silesia, was, for the most part, the group of German entrepreneurs. In the Polish areas, formerly a part of the Russian Empire, the traditional bourgeoisie was composed of Polish, but also of quite a number of Jewish capitalists. The significance of this latter group is illustrated by the fact that almost half of the big industries — principally light industries — in Poland, and more than half of the business firms, were owned by Jewish capitalists. Side by side with them we find the traditional Polish capitalist group, capitalists of partly noble origin, whose capital was mostly made on their industrialized great estates; consequently, they dominated mostly the mining and smelting industries. These ethnically extraordinarily heterogeneous, diversified, and isolated national and religious groups of the upper middle classes could not, however, unite to become a leading force of independent Poland.

With the establishment of independent Poland, the state's leading bureaucratic-military elite joined the traditional bourgeoisie in the ranks of the ruling classes. This was all the more significant – and all the more typically Eastern European – in that the Polish state energetically intervened in order to boost its stagnating economy during the interwar period. A unique and strong state sector in banking and industry developed in Poland, and soon gave decisive economic power to the groups of officials responsible for their direction.

In Hungary, it was much more the traditional haute bourgeoisie which predominated. Of all the countries of the area it was perhaps here that there had been the least change in this respect. The position of predominance which the Hungarian haute bourgeoisie had won by the turn of the century remained unaltered after the war, or more precisely, after the dictatorship of the proletariat which had appropriated their property had been defeated. About fifty families headed the country's banks and manufacturing industries, a narrow group of finance aristocrats wielding enormous economic power. Half of Hungarian banking and industry was controlled by the Credit Bank–Hungarian General Coalmining Company group, and by the Commercial Bank–Salgótarján Coalmining Company–Manfred Weiss Works group.

In Hungary, too, there was a great number of Jewish big capitalists during the interwar years. Nevertheless, although the aggressive nationalism and anti-Semitism dominating the ideology of the Horthy régime called for the radical suppression of Jewish influence, these capitalists remained untouched for a considerable length of time. In spite of the bloody pogroms of the early 1920s, with the consolidation of the counterrevolution in the second half of the decade, the economic power and even political influence of the bankers and industrialists reached their zenith. When the Upper House was restored, big entrepreneurs were appointed to sit beside the ruling aristocrats and prelates. The state's leading economic officials, the ministers of trade, economy and finance, the directors of the state's economic policy, the leaders of the National Bank were all members of groups closely linked with the big capitalist groups.

From the thirties, however, not only the political influence of the Jewish capitalists was curbed, but their economic positions began to be assailed as well. In part, this tied in with the growth of state intervention consequent upon the economic crisis. The state supported a policy aimed at the strengthening of the economic position of the so-called "Christian middle class". During the second half of the decade, this group came to control several monopolies, principally the foreign trade monopolies, and the state-supported cooperatives. By the end of the thirties, this "changing of the guard" policy became a veritable government program, giving lucrative sinecures to the men of the new trend, but also aiding the emergence of new bourgeois elements in industry and banking.

While in Poland and Hungary there endured, as we have seen, the typically East European dual predominance of the great landowning aristocracy and the big capitalists for all the growing strength of the bourgeoisie, in Roumania, there were significant changes in the formerly similar ruling-class structure. This was primarily

the result of the land reforms consequent upon the war, which, not least in order to dispossess the non-Roumanian (Hungarian and Russian) landowners, played havoc with the old genteel social structure. The great estates were decimated; only 17 per cent of the land remained in estates of over 500 hectares, and 27 per cent in holdings of over 100 hectares. A significant part even of this was forestry. Of the arable land, 86 per cent was held in plots of less than 100 hectares, and thus peasant farming came to dominate Roumanian agriculture and society. With the postwar reform, the magnate ruling class lost its economic hegemony, and lost also its position of social and political leadership, though, on the whole, its members were absorbed into the ranks of the newly emerging ruling élite. But the dominant role among this new élite was played by the bureaucratic gentry elements, the administrators of the new state, and the new Roumanian national bourgeoisie. The new Roumanian ruling class was, thus, largely free of the features typical of the earlier noble society.

Concurrently, however, the influence of the Roumanian upper middle classes was significantly augmented, partially through the continuing growth of the importance of the traditional groups. As in Poland and Hungary, so in Roumania, too – unlike in Czechoslovakia and the Balkans – there were considerable numbers of Jewish big capitalists and bankers within the ranks of the traditional, prewar haute bourgeoisie. The Marmorosch Banc, the Banca Comerciala Romana, and other old firms associated with the great foreign banks, as well as 48 per cent of the privately owned big industries were in the hands of Jewish capitalists; and a third of the directors of the joint stock companies were also from among their numbers. Thus, it was the position of the unassimilated Jewish haute bourgeoisie – who were debarred from participation in civic affairs, and, for all their great indirect influence, were in many respects excluded also from Roumanian society – which was enhanced by development of industry and banking.

Of more social significance, however, for the development of the Roumanian upper middle classes was the headway made by the national bourgeoisie. Already in 1910, the political group around the Liberal Party had started giving state support to the Roumanian bourgeoisie. The first steps were tax concessions, and the proviso of parity of leadership positions for Roumanians in whatever foreign enterprises would be established. With the emergence of the new Roumania in the postwar period, the government explicitly adopted the program of supporting the national bourgeoisie.

Enemy property and enterprises were appropriated and Roumanianized, and the Roumanian upper middle classes got hold of the bulk of the former Austro-Hungarian concerns. The mines legislation passed in the middle of the decade made a Roumanian majority compulsory on the board of directors of every new company, and there were gradual efforts to make similar changes within the already existing companies.

A new capitalist group grew up around the Liberal Party. Consisting of the Banca Romanesca and four other banks, they soon had their own sphere of interest, like

the older banks. In the course of the 1930s, foreign trade and currency regulations created new state monopolies which were also used to strengthen the position of the Roumanian bourgeoisie. The number of Roumanian commercial and financial groupings grew, as did their influence, to the detriment not only of the foreign enterprises, but also of the domestic Jewish concerns.

Roumania was the only traditional society where there was a radical shift in the balance of power from the big landowning aristocrats to the upper middle classes. Nevertheless, although the increasingly sinewy bourgeoisie could not yet wrest predominance from the great landowners in Poland and Hungary, the position of the magnate class was by no means unchallenged. In Poland, there were unmistakable signs of the decline of the great landowners. Although the aristocracy preserved its traditional exclusiveness and superiority and retained its decisive voice in local socio-economic and political matters, it was, nevertheless, constrained to power-sharing in the sphere of central government. Many aristocrats entered the intellectual professions, and were assimilated by the newly emerging power élite of which they became but one, and not even the pivotal, element.

The situation was much the same in Hungary. The aristocracy was far from being able to preserve its prewar status, not least of all because of the growing ascendancy of the bourgeoisie. The counterrevolution that followed the revolution brought the lower categories of the landowning classes, the gentry-officer strata, into prominence, and it was this group which tried to secure for itself maximal political power at the beginning of the '20s. And although the influence of the great landowners was later preserved, political considerations (most aristocrats were Habsburg legitimists), economic factors (they were pushed into the background by the growing economic influence of the bourgeoisie), and the sheer expediencies of social life all compelled them to make radical compromises. Thus, in the sphere of both local and national government, they were obliged to give more and more scope for action to the more vigorous gentry, and to the upper strata of the officer and administrator corps.

Thus, the groups which had even formerly held the key position in Hungarian society, and which liked to call themselves the historical middle class, came to play an ever more important role during the interwar period.

It was precisely this group of gentry officer-administrators who profited the most from the decline of the big landowning aristocrats' political role. They had shown particular zeal in carrying out the counterrevolution and in establishing the new system of political power. Their ranks were swelled by groups of well-to-do peasants and petite bourgeoisie, who made the gentry ideology and way of life their own. These groups wished to use the key positions of state power to consolidate their deteriorating economic fortunes.

Proclaiming populist and new, Fascist slogans, they attacked the bourgeoisie, and especially "Jewish capital"; at the same time, they urged the economic and political suppression of the big landowners in the name of a more equitable distribution of land. Naturally, less from a sense of social justice, than in the hope of profiting from

a redistribution of property, income and positions of power. The opportunity for the realization of these programs of the 1920s came a decade later, not least of all in response to German pressure, when these traditionally "genteel" and heretofore anti-business classes became more and more interested in trade and industry. Their first step was to obtain government concessions; the next was their becoming the directors of state industrial concerns. And after 1938, with the passing of the "Jewish laws" they had so long advocated, the gentry-officer groups could finally press for, and achieve a more comprehensive "changing of the guard". The growth of the societal role of the gentry middle class was, however, facilitated not only by the declining political and social role of the big landowners, but also by the fact that the gentry had managed to put an end to the — until the First World War growing — social and political influence of the bourgeoisie which, though partly of Jewish origin, was uniquely well assimilated in Hungary. Another contributing factor was the modernization of the genteel middle class itself in the course of the 1930s, when it assimilated the new technocrat intellectuals and other professional groups.

In Poland, it was the power of the new, independent nation state which helped to strengthen the originally genteel middle class. The descendants of the Polish *szlachta* bankrupt in the course of the 19th century now found the officer corps and the new state apparatus the framework within which they could merge with the enervated big landowning group to form the new ruling class. The position of state power which they held also permitted them to play a significantly greater role than previously in industry and commerce, in spite of the fact that their mentality was still much more typically genteel-noble than bourgeois. The growing numbers and growing influence of the intellectuals and of the urban population — both consequences of socio-economic modernization — doubtless also contributed to the evolution of the Polish middle class.

An indication of the rapid numerical growth of the intelligentsia was the census of 1931, which gave close to 1 million people — minors included — as belonging to intellectual families. Between 1921 and 1939, the proportion of the intellectuals rose from 4 to 5 per cent of the quickly growing population. Although the new intelligentsia emerged primarily to fill the administrative needs of the newly independent state, there had been an "overproduction" of intellectuals, and significant numbers of them failed to find employment during the 1930s.

Thus, while a fraction of the intellectuals joined the ranks of the state élite, in 1931 already more than 80,000 unemployed intellectuals and their families lived in poverty.

The urban population, on the other hand, prospered. In 1921, 24 per cent of the population lived in towns; in 1931, 27 per cent; while by 1938, the ratio was 30 per cent.

A significant factor in the growth of the urban population was the increase in the numbers of those employed in trade, industry and the service sectors consequent on capitalist transformation. Some estimates put the number of Poles not making their living from small-scale farming at 3.2–3.5 million. Of these, less than

50,000 people (minors included) were supported by breadwinners working in factories employing 4–15 people. But there were also poorer categories: the self-employed small artisans who frequently earned not even the wages of an average factory worker, and the door-to-door traders, who lived on the verge of a proletarian existence.

At all events, the numbers and proportions of the bourgeois middle layers grew during the interwar period.

Roumania, too, presented an unqualified example of this process. The suppression of the big landowning classes, and the administrative and governmental needs of the new, territorially trebled state provided the middle classes with opportunities for growth. In spite of certain gentry influences, even before 1918 the Roumanian middle class had been much more bourgeois in character than that in Poland or Hungary. After 1918, it was precisely this ethnically Roumanian bureaucrat and intellectual middle class which became the country's most significant political factor. The system of government established by the Liberal Party particularly served to reinforce their influence (it was they who benefited from the state takeover of most foreign concessions, and in Transylvania, for instance, from the appropriation of Hungarian property), and to raise from among their ranks not only bureaucrats and political leaders, but also an industrial and banker upper middle class.

There can be no doubt that this strengthening of the gentry middle classes, their gradual taking over of government and state power from the big landowners, and their sudden interest in the economically advantageous but theretofore despised commercial and industrial occupations led to the reformulation of the so-called "Jewish question" — the question of the relationship of these classes to the bourgeoisie of Jewish origin, and to the bourgeois middle class of which the Jews formed the core. This problem, which had preoccupied the middle stratum and had influenced their socio-economic mobility even before the war, had received no practical formulation in that generally liberal era. During the postwar years, however, it ceased to be an ideological question. It became, rather, a part of the day-to-day domestic power struggles, and found expression in the gentry's autocratic, Fascist political program, and in the states' repressive economic policies. (The situation was slightly different in Roumania, where the belated Jewish emancipation specified in the peace treaty was indeed carried out. This, however, did not hinder the "national" middle class from using its power in government and administration to try to force Jews out of commerce and out of the professions.)

This institutionalized anti-Semitism of the "gentry middle classes" was related to a development which had already started in the 19th century, but which accelerated after the World War: namely, that the middle strata promoting capitalist-bourgeois transformation were becoming stronger and stronger. In Hungary, Poland and Roumania, however, these strata were composed in no small part of Jews.

An indication of the prosperity of the middle strata was the growth of commerce and industry and of the middle and small private sectors of the economy, and the

concomitant increase in the number of private — as opposed to public — officials, leading businessmen among them. Industrialists employing from 10 to 100 men, merchants employing from 3 to 20, the directors, managers, and leading officials of banks, industrial and commercial firms, constituted the urban upper middle class whose number in Hungary reached 12,000 families, roughly the equivalent of the number of middle landowners and higher public officials. And although these former groups were largely excluded from public life, economically they were much better off than the latter.

Although the economic gap between the urban upper middle classes and the strata below them was immense, a remarkable number of ties and transitional ways of life linked their day-to-day existence with those of the urban petite bourgeoisie and intellectuals. Frequently, representatives of both strata were to be found within the same family, and the similarities between them make a most complex task any clear drawing of the boundaries that nevertheless did separate them.

In Hungary, between 300–350,000 breadwinners were small entrepreneurs working in commerce, industry and transport. The small circle at the top of this group could hardly be distinguished from the upper middle classes; but among those at its bottom, there were tens of thousands of semi-proletarian rank and file.

The number of private officials also grew rapidly, those employed in industry by fifty per cent during the decade after the war. One of the most significant trends of the period, was the particularly rapid rise in the number of highly qualified technicians and engineers — the technocrat intelligentsia.

The discrepancies and antagonisms between the two groups of the middle strata were particularly strong within the ranks of the intelligentsia. With Hungary's economic development as backward as it was, and with the conservative system of government prohibitive of the social mobility of the peasant and working masses, the middle strata were recruited from among the impoverished nobility, and from foreign elements who had become integrated in Hungarian society. The intelligentsia evolving from about the middle of the 19th century on also came from one of these two main sources: either from among the gentry who had lost their lands; or from among the urban bourgeoisie of principally foreign origin. These two strata differed not only socially, but also in respect of the professions they chose. The "gentry intelligentsia" opted for state administration; the urban-bourgeois, many of them Jewish, intellectuals were, in essence, debarred from government, and streamed into the independent professions. In 1930, for instance, only 2 per cent of all Jewish lawyers were judges, public prosecutors and other legal officials, although Jews accounted for 49 per cent of all lawyers. Of public administrators they comprised less than two, of public school educators, only 3–6 per cent. On the other hand, half of all those in commerce; a third of all doctors, journalists, and industrial and bank officials; and a quarter of all actors in Hungary were Jewish.

During the interwar years, therefore, the thoroughly bourgeois social makeup of the Hungarian Jews was radically antithetical to that of Hungarian society as a whole, which, with its multitude of feudal elements, was only then undergoing the

slow process of bourgeois transformation. How far the Jews were an urban group is indicated by the fact that while 67 per cent of the entire population was rural, 56 per cent of Hungary's Jews lived in the country's ten largest cities. Only 3 per cent of them were employed in agriculture, while 76 per cent of them worked in the industrial, commercial and communications sectors. One third of Hungary's Jewish population were independent small entrepreneurs, 28 per cent of them were intellectuals or officials. In other words, 60 per cent of them belonged to the middle stratum. Only a quarter of them lived as workers and domestic help.

It was these peculiar distortions in Hungary's socio-economic development which gave scope for anti-Semitism to appear as a general, pivotal social issue. To present it as such was primarily in the interest of those aiming at the preservation of these distortions, and at the conservation of the gentry social structure. But it could seem as such also to the broader masses of the peasants and the workers, to whom it could be made to appear that it was the positions occupied by the Jews, rather than the remnants of a feudal society preserved by the conservative gentry government, which restricted their chances for happiness, advancement, and a better way of life.

The development of the middle class in Poland and Roumania was similar in a great many respects to that in Hungary. Here, too, the central issue was, on the one hand, the rapid growth of the middle class, of the modern intellectual official stratum; on the other, it was the relatively great weight of the Jewish population within this group, and the deliberate emphasizing of this preponderance, or rather, of the conflicts resulting from it.

In Poland, the growth of the urban population, the development of an energetic state economic sector (with its own bureaucratic needs), the development of private farming, as well as the expansion of the infrastructure, the establishment of educational and public health institutions all contributed to growing numbers both of the employed and of the petite bourgeoisie. In the health services and education alone, the number of employed rose from 150,000 in 1921 to 300,000 in 1938. As many as 100,000 new employees were needed in transportation and communications. Altogether, the proportion of employees rose from 4.1 to 5.2 per cent, which meant nearly 800,000 more employees and their families. Although the proportion of the petite bourgeoisie did not change but remained around 11 per cent, this constant ratio concealed an actual increase of 900,000 people.

In Roumania, too, the growth rate of the urban population and of the intelligentsia was remarkably rapid. By the end of the 1930s, the urban population was estimated to be around 3.5 million souls. Within this group, the proportion of administrators and intellectuals had increased significantly, with more than 25,000 state functionaries, and more than 50,000 administrators registered. The number of teachers was almost 20,000, that of doctors, 8,000, while there were more than 30,000 university students.

In Poland and Roumania, too, the bourgeois societal development concomitant with modern economy brought with it the aggravation of the so-called "Jewish question". For although the Jewish population in Poland and Roumania alike was

far behind that in Hungary in respect both of integration and of cultural development (in Roumania, for instance, 10 per cent of the Jews were illiterate), and many more of them belonged to the proletariat or to the semi-proletarian small artisan classes than in Hungary, nevertheless here, too, the evolution of the middle class and of the intelligentsia appeared in terms of the Jewish question.

The social stratification of the Polish Jews also contrasted sharply with the divisions within Polish society as a whole. Only 4 per cent of the Jewish population was employed in agriculture; 42 per cent worked in industry, and 37 per cent in commerce. While only 11 per cent of the Polish population was of the non-peasant petit bourgeois class, 60 per cent of the Jews — accounting for 40 per cent of all the small artisans in Poland — were petit bourgeois. Thirty-seven per cent of the Jewish population belonged to the working class, a number roughly in keeping with the proportion for all of Poland, but Jewish employees predominated in the commercial sector. However, they were even less likely to be public administrators or educators than Hungarian Jews, though in respect of the independent professions the situation in the two countries was roughly similar.

In Roumania, the situation was much the same. The major difference was that it was only later that the Jewish population turned from industry and commerce to the independent (intellectual) professions. By 1938, however, 40 per cent of the lawyers in Bucharest were Jewish, as were 75 per cent of the Roumanian bank officials, and two thirds of those employed in commerce. Their role in the other professions was also considerable, for at least 50 per cent of the students enrolled at the universities at the beginning of the '20s were Jewish. They were particularly eager to attend the medical, pharmaceutical and arts faculties. In 1941, 25 per cent of the doctors were Jewish. And while the proportion of highschool graduates for the population as a whole averaged 1.6 per cent, that for the Jewish population was 6 per cent.

Thus, although they brought no radical transformation of the traditional class structure, the interwar decades did mean significant changes for the ruling classes and the middle strata alike. They put a new complexion on the leading rôle of the gentry middle classes, and presented the "Jewish question" as the chief political problem. Within the context of the extreme contradictions existing in Polish, Hungarian and Roumanian societies, this institutionalized anti-Semitism became a major means of misguiding the masses, and of diverting their attention from the real social problems.

For one of the fundamental, and at any rate, most typical sources of social conflict in these "gentry" societies during the two wars continued to be the peasant question. The course of economic development in these countries had yielded a uniquely large peasant population. The 1930 censuses show 51 per cent of the breadwinners in Hungary, 65 per cent of those in Poland, and 78 per cent of those in Roumania to have been employed in agriculture. Yet, because of the endurance of the caste-like exclusiveness of these genteel societies, the peasants, who, in fact, formed the majority of the population, were virtually debarred from society. Great

poverty, mediaeval ignorance and ways of life, utter civil disability, and the extraordinary strength, practical insuperability of the class barriers all served to ossify this extra-societal status of the masses of the peasantry.

The appalling poverty of the peasants was scarcely ameliorated by the postwar land reforms, for, except for Roumania, it was precisely in these gentry societies that land distribution was the most moderate. Great masses of the peasantry thus continued to remain landless, or could barely subsist on their tiny plots. Even in Roumania, it was only a quarter of the peasantry which had land more or less enough for an independent living, if we count estates of from 5 to 50 hectares as such. Fifty-two per cent of the peasants, however, lived a semi-proletarian existence, on fragments of land smaller than 2 hectares. Even in the relatively better-off areas, only every second or third farm had draft animals; in the poorer districts, only every fourth or sixth farm had them. On an average, only every second farm had as much as a plough.

The most that radical land reform could, thus, achieve, was to augment the number of the backward, Balkan-style poverty-plots. The predominantly illiterate Roumanian peasants living on them in adobe hovels, their nourishment extraordinarily primitive (mostly maize and milk products), their minimal need for manufactured products satisfied principally through cottage industries, could hardly hope to exert any influence on society, much less aspire to positions of socio-political leadership. Nevertheless, the changes that did take place certainly played a part in the fact that, in spite of the enormous social tensions, the intelligentsia and the more prosperous peasant strata succeeded not only in forming an independent peasant party, but also in hoisting Maniu's party into the saddle of government.

In Poland, too, the land reform strengthened the propertied peasantry: 734,000 landless families received plots, and the plots of 859,000 families were augmented with additional land. About 43 per cent of the land was in farms of from 5 to 100 hectares.

Yet, for all the growing strength of the propertied peasant class, the basic problem of landlessness was not solved, and the masses of the peasantry remained in the ranks of the agrarian proletariat. One reason for this, besides that of the earlier polarization, was that the amount of land given the peasants did not keep pace with the rapid increase of the agrarian population. While 133,000 hectares of land were distributed yearly during the interwar decades, the average annual increase of the agrarian population was 250,000 souls. In the end, 20 per cent of the peasant population was landless.

In Hungary, the conditions of the peasantry had hardly changed. The viable propertied peasantry formed but a small stratum, the farms of from 2 to 50 hectares accounting for but a quarter of all the estates, and occupying 42 per cent of the land. Above this group were the few well-to-do peasants. But, typically, the numbers of those living a semi-proletarian existence on inadequate fractions of land was remarkably large. Although the farms of 2-3 hectares occupied but one tenth of the land, they accounted for more than 70 per cent of all the estates. In other

words, the majority of the propertied peasants had had holdings of this size. This surprisingly great proportion of tiny holdings was the consequence not merely of the fragmentation of the old plots — with the concomitant swelling of the numbers of impoverished and lapsed peasants — but also of the postwar land distribution, when 250,000 landless families were given an average of not quite 1 hectare of land. The number of those holding unviable plots was, thus, almost doubled. For the most part, however, these new owners lost their land in the course of the great depression.

The big estates, on the other hand, endured, to keep ever greater masses from owning land.

As before World War I, 40 per cent of Hungary's peasants were landless. It was this group which worked as servants on the great latifundia, and comprised the bulk of the agricultural labourers who, with the particularly uncertain economic conditions of the interwar years, could, on an average, barely find work for 100 days of the year.

The landless peasants and their families numbered altogether 3 million souls in Hungary, or more than one third of the country's population.

The peasantry was strongly differentiated, and in fact formed two conflicting classes: the agrarian proletariat, and the rich peasants who — in keeping with the spread of capitalism to Eastern Europe — employed wage labour. Yet, in spite of this, the world of the peasantry as a whole was a closed, and in some degree homogeneous world. For one thing, the well-off peasants — although they already controlled one fifth of the land in Hungary — were unable to take their place within the ranks of the ruling classes. They were considered inferior, and felt themselves to be so. The urban bourgeoisie, whose standards of living a well-off peasant could well match, still had him at great disadvantage merely because he was a peasant, and even a gentry official of moderate means, whose economic position was much inferior to his, looked on him as an inferior. The gentleman — peasant dichotomy had, in fact, become fossilized. True, there was some progress in interwar East Central Europe towards the disgregation of the peasantry. More closely approximating their true class essence, the well-to-do peasants divested themselves of the moral, cultural and societal trappings of their peasant past, and became more and more unambiguously petit bourgeois. In the same way, the agricultural labourers, too, acquired more and more a straightforward working-class complexion. Nevertheless, and at the same time — for all the discrepant economic positions of its various strata — the peasantry as a whole were linked by the backwardness of village life, by their similar culture and conditions of life, by their common opposition to the big landowners, and their shared exclusion from the genteel body politic.

The most important source of social conflict in Poland and Hungary during the interwar years, the one requiring the most rapid solution, remained the problem of the peasantry's oppression by the big estates, their landlessness or but pauper's plots, their extraordinary cultural backwardness and their position as society's outcasts.

Yet, not even the centrality of the "peasant question" alters the fact that the development of modern capitalism in East European societies predestined capitalists and workers to be the most violently conflicting classes. Even the rural proletarian stratum was beginning to acquire a working-class complexion, and the proletarian masses who had broken away from the villages all the more so. For, typically for capitalist development, the numbers and role of the urban proletarian elements was ever increasing.

During the two wars, the urban proletariat became a decisive social factor. It was not only its great numbers — which exceeded one million and represented one quarter to one third of the population — that rendered it such, but also the fact that the working class had become an integral part of Hungarian society.

The most important stratum of the urban proletariat was the approximately 600,000 industrial workers, nearly half of whom worked in small-scale industry. The number of those who worked in factories was, thus, not large; it accounted for not even one-tenth of all breadwinners. For all that, the factory workers were already a stratum with strong traditions. More and more of them were second-generation workers; a third of the factory workers came from working-class families. There was a remarkably well-trained, highly qualified, and well organized skilled work force in the iron and machine industries, in printing, and generally in the skilled trades.

Between the two wars, however, there were significant changes in the composition of the working class. With the shift to and concentration on light industry, one sixth to one quarter of the work force was now unskilled and semi-skilled workers, and there was a concomitant growth in the — theretofore characteristically small — number of female workers. While previously only every fifth factory worker was a woman, by the end of the thirties, every third one was. Thus, while before it was the male skilled workers in heavy industry who made up the majority of the industrial work force, now it was the unskilled or semi-skilled — often female — workers who did so.

The interwar period wrought other changes, too, in the situation of the industrial working class: permanent unemployment became part of the Hungarian social scene. During these years, every tenth industrial worker was unemployed even in boom periods; while in the worst years of the crisis, every third worker lost his job. Working opportunities deteriorated on the whole, and even at the peak of prosperity, they fell 10–20 per cent short of what they had been before World War I. True, there was now a social insurance scheme, and an eight-hour working day passed in the mid-'30s as part of the deliberate war preparations. Family health insurance and paid holidays were also introduced, and one third of all those employed were covered by social insurance.

East Central Europe, too, now had an established, second and third-generation working class, a highly skilled, well-organized group with a class-consciousness equal to that of Western European workers. These groups were to be found mostly in the Silesian heavy industries and in the textile area around Łódź; in the Slovene industrial areas of Yugoslavia and those around Zagreb; and in industrial pockets in

other countries. This type of worker, however, was a most rare occurrence on the East Central European social scene. In Poland, the urban proletariat made up but a tenth of the population. There were 1.1 million industrial workers and miners, a smaller group than the agrarian proletariat; and, within industry itself, the number of artisans was roughly equal to the number of factory workers. (Only 400,000 workers worked in factories employing more than 200 people.)

Yet the transformations that took place in Hungary during the interwar years transpired here, too, though on a smaller scale. The typical Polish industrial worker before the war had been the relatively better paid, highly qualified and organized male skilled worker; the long period of disorganization and crippled production that followed the war, however, destroyed this old working class core, and what later developed was, typically, of a diluted quality. The Polish industrial worker of the 1930s was, for the most part, poorly paid, unskilled, unorganized, and barely free of his peasant past.

This dilution in quality, however, mirrored the quantitative gains of the working class. Between the two wars, the number of workers in the Polish economy as a whole — including agriculture — grew faster than the population, and rose from 26 to 31 per cent. (In Roumania, we find only a nascent, though numerically rapidly growing proletariat. We must not forget, however, that while in Hungary 23 per cent of the breadwinners worked in industry, and in Poland 17 per cent, in Roumania, it was only 7 per cent. Thus, Roumanian society, which in most respects represented an unique transition between the Hungarian and Polish and the Balkan developmental models, in this regard mirrored the characteristics of the Balkan countries.)

The influence of the relatively small, mostly first-generation working classes of the countries of East Central Europe was incomparably greater than their numbers would indicate. Concentrated in the few industrial areas, the working class was well organized. Trade unions, the Socialist parties, the extraordinary dynamism and activism of the Communist movement all gave it immense political energy, and magnified both the strength of the young working class, and its impact on society.

In spite of numerous fundamental similarities, the Balkan countries represented a different type of societal development. Here, where, as we have seen, there had been no independent ruling class, a unique kind of governing class had begun to evolve in the decades before the war. It was this same process that continued in the interwar period. Previously, the Serbian and Bulgarian ruling classes were composed of successful merchants, capitalist industrialists, the leading officials of banks and industries, property owners, the stratum of the peasantry grown rich from trade and money-lending, and the élite from among the state officials and administrators. The peculiarities of this Balkan ruling class remained unaltered within the new Yugoslavia, all the more so since the extraordinarily radical land reform in the Croatian and Slovene areas as well as in Bosnia-Herzegovina mercilessly did away with the landowning élite typical of genteel societies. After the war, the ranks of the ruling class were swelled by the bourgeoisie to whom the development of

capitalism — and the reallocation of the foreign companies that had been appropriated by the state — had brought prosperity. For, in keeping with principles laid down in the peace treaty, Yugoslavia took over the former Hungarian and Austrian concerns in the Croatian and Slovene areas, and in the Voivodina.

Of no less significance, however, was the remarkable growth of the independent state's new power élite. The bureaucrats of the more extensive state apparatus joined the ruling classes, which thus became more and more capitalistic-bureaucratic in character. Where the state was multinational, the position of leadership of these latter elements was reinforced by their belonging to the ruling nation. Thus it was that the leading Serbian officials were dominant everywhere in Yugoslavia; while in Roumania, it was the Roumanian élite from Regat who enjoyed positions of privilege in the areas inhabited by other nationalities just in virtue of representing the ruling nationality.

The ruling classes and the closely allied upper middle class openly used their state positions to acquire wealth and material advantage. Corruption became an institution and public office meant certain enrichment. This circumstance linked the various strata of the ruling élite even more closely, welding them into a peculiarly Balkan bourgeoisie. In Yugoslavia, 5–10 per cent of the population was in this leading stratum.

The peculiarities of the Balkan development naturally determined the evolution also of the middle strata. In Bulgaria and Yugoslavia, the formation of the middle classes was organically linked to the slow transformation and economic modernization of the two countries. The educated children of the rich peasants and merchants now entered the state apparatus in greater numbers, and more and more of the growing number of independent professionals, teachers (in Yugoslavia, their numbers rose from 11,000 to 31,000), and priests came from their ranks. There thus developed, along with the traditional bureaucratic and officer strata, a new middle class, growing alike in numbers and influence: a class which, at the top, practically merged with the ruling classes, but which was also in close touch with the petit bourgeois strata below. In these countries, there was neither a gentry nor a Jewish question; nor were the middle class occupations classified as either "bourgeois" (economic), or "genteel" (administrative). Nevertheless, the leaders of the middle classes were not the bourgeoisie, but rather the state's functionaries.

The growing number of young intellectuals with university degrees found a state office the most certain means of getting ahead both socially and financially. As a consequence, in both these — essentially still peasant — societies, a disproportionately large official group developed. (In Bulgaria, there were 17 officials per 1,000 inhabitants.)

A middle class in the Western European sense of the term was but nascent in the Balkans. The bourgeois middle classes that did rise in the course of capitalistic transformation were very weak, and dominated by the bureaucratic officialdom of the state apparatus, a group whose social position was uniquely Balkan. Much more than in other European countries, the officialdom had broken away from the lower

levels of society, from the peasant majority. How far this was so was expressed even by their geographic location: it was the middle, official strata which composed most of the modest urban population. Yet, it was they who represented the state's power at a variety of levels, merging to become organic — and important — elements of the ruling class.

The majority — 80 per cent — of the population, the peasantry, had little in common with this ruling élite. For after World War I, the features which made the Balkans typically peasant societies were, in some respects, administratively re-inforced. The levelling Bulgarian land reform, and the Yugoslavian reform which made the Serbian type of property structure general not only destroyed the big estates where they had previously existed, but also set a low upper limit to the size of the peasant farms. In Yugoslavia, there were fewer than 7,000 estates of over 50 hectares on less than 10 per cent of the land, most of it forest land. In Bulgaria, there were about 500 estates of over 50 hectares on 1.6 per cent of the land.

The old Serbian type of property structure became so widespread throughout Yugoslavia, that there remained relatively few smallholders. Only one third of the landowners had holdings of 2 to 3 hectares; two thirds of them had estates ranging from 3 to 50 hectares. However, a third of all the estates, occupying 62 per cent of the land area, were between 5 and 10 hectares in size, a reflection of the absolute predominance in Yugoslavia of the propertied peasantry.

Throughout Yugoslavia, therefore, the new areas had to adjust to Serbian peasant social traditions. This move, however — though it swept away the Croat and other big landowning classes — also made the backwardness and unviability of the Balkan peasant societies ubiquitous. For although 90 per cent of the peasants owned land, most of them were unable to survive on it. One third of the peasant families fell heavily into debt. Practically speaking, much of the rapidly growing agrarian population was superfluous but stayed on in the villages. The mode of agriculture was primitive — one third of the ploughs in use were mediaeval wooden ploughs — and the Yugoslav villages were overpopulated, backward, and impoverished.

A similar situation endured in Bulgaria, where peasant economy had already dominated, and where the postwar land reforms — affecting but 6 per cent of the land — were meant mostly as corrective measures.

In the Balkans, then, peasant "poverty-plots" remained typical. Contemporary calculations put the land needed to support a family — under average conditions — at between 5 and 15 hectares. Nevertheless, three quarters of the families in both Yugoslavia and Roumania, and two thirds of them in Bulgaria had holdings of less than 5 hectares. It is indicative of the extent of the overpopulation that, though farming was labour-intensive, almost half of the agrarian population in Yugoslavia, about a third of it in Bulgaria (and somewhere between the two in Roumania) was superfluous.

The Balkan peasantry's standards of culture, health and sanitation, their feeding and housing conditions indicated a level of backwardness and poverty found nowhere else in Europe. For instance, 77 per cent of the 3,000 calories consumed

daily by Yugoslavian peasants came from cereal crops, while in some districts, 85–90 per cent of the peasantry's calory intake was provided by corn. Not surprisingly, Yugoslavia had the greatest percentage of deaths from TB in 1937: 20 deaths per 10,000 people. (A 1934 survey indicated that, even in Belgrade, 43 per cent of the patients suffering from contagious TB slept in one bed with other members of their families – a telling indication also of Yugoslavian housing conditions; while 86 per cent of them lived in the same room as the family's still healthy members.)

A clear indication of how minimally better food, housing and sanitary conditions were in the other countries of the area is the fact that Roumania was second after Yugoslavia in the list of deaths from TB (with 18 deaths per 10,000 people), and Hungary (with 15 deaths per 10,000) followed close behind. Health services in the Balkans were extraordinarily primitive. In Roumania, for instance, there were 4.6 doctors per 10,000 people; in rural areas, there were but 1.1 doctors per 10,000, a proportion equal to that found throughout India.

Measures taken to improve the standards of education and culture in some of these countries were more effective. Between 1919 and 1940, for example, the number of primary schools in Yugoslavia rose from 5,600 to 9,169. The number of students grew from 650,000 to 1,493,000, while that of the teachers tripled. The illiteracy rate, which in 1921 averaged 52 per cent (there were extraordinarily great regional variations: 84 per cent for Macedonia, but only 9 per cent for Slovenia), decreased by 1940 to 40 per cent. In Roumania, 50 per cent of the population was illiterate; in Bulgaria, 32 per cent.

The Balkan peasantry, then – the majority of the Balkan population – was largely illiterate, and led a destitute, vegetative, mediaeval way of life. It was a situation that was the source of much intense social conflict, and the "peasant question" remained the major social problem in all the countries of the area until the middle of the 20th century.

Although interwar industrial development had brought a relatively rapid growth in the urban and industrial populations of the Balkan countries, the proletariat, in absolute numbers, was still very small, and its self-consciousness but emerging. In Yugoslavia, industrial workers accounted for one tenth of the population; only 300,000 of them, however, were factory workers, comprising, with their families, 4–5 per cent of the population. In Bulgaria, the total industrial population was 8 per cent. Although the number of factory workers had doubled, there were only 100,000 of them during the 1930s, no more than 2 per cent of the population. Of all these countries, Roumania had made the greatest progress. With the formation of the new state, the working-class population had multiplied: by the beginning of the 1920s, there were 60,000 men employed in mining, and 140–150,000 in industry. From being in the majority, food-industry workers now came third after those employed in the lumber, and the metallurgical and machine industries. Most of those employed in the machine industry and in metallurgy were the skilled and organized workers of the giant factories of Resita. Those in the lumber industry,

however, were mostly unskilled, unorganized, only periodically employed semi-peasant workers, and it was they who comprised one third of all Roumanian industrial workers. Statistics listed 45 per cent of the workers as skilled, and 55 per cent as unskilled. Nevertheless, since some semiskilled workers were also classified as skilled, the proportion was presumably less favourable.

Industrial development during the interwar period took place primarily in the textile and machine industries which thus accounted for the 59 per cent rise in the numbers of the working class: 26 per cent in the textile, 18 in the iron and machine, and 15 per cent in the lumbering industries. A natural concomitant of this was that a growing number of women were to be found among the more than 300,000 factory workers who formed the core of the nearly 500,000 strong industrial working class.

The small Balkan working class had but started on the road to genuine class organization. Many industrial workers were still tied to their villages, returning there after spells of seasonal factory work. Even those who came to work exclusively in industry had but recently left agriculture. It was a first-generation working class, one which preserved many of its rural peasant habits. Most workers were loosely organized, or not at all, and thus remarkably exploited. Because of the plentiful supply of labour, this most rapidly developing social class of the slowly evolving Balkans lived — in the mid-20th century — without the benefit of social legislation, and amid conditions in many respects reminiscent of those of over a century earlier. Nevertheless, even this new and small class was sufficiently concentrated, and — at least in respect of its leading core — sufficiently organized to have a conclusive influence on the history of these countries when the Communist parties made their appearance on the eve of the Second World War.

THE CHIEF POLITICAL CURRENTS OF THE INTERWAR YEARS

Grave and bitter events took place on the political stage of East Central Europe during the decades between the two World Wars, when extreme rightist and dictatorial forces overwhelmed the countries of the area. The postwar social systems, heavy with the legacy of the past, proved fertile ground for their success, but even more decisive was the influence of factors directly related to the postwar settlement: the new set of minority problems, which fanned nationalist passions to a fever pitch; the consequent irredentism; and the acute economic difficulties already discussed. Also significant for their victory were Mussolini's Fascist régime, and particularly Nazi Germany's policy of expansion which provided these rightist forces with not only indirect, but also very energetic direct support.

In most countries of the area, attempts were made to create mass parties on the Italian and German Fascist models, and these were most successful in Poland, Hungary and Roumania. In these countries, there was a relatively more significant Jewish population, and it was easy enough to appeal to the pogrom-hunger and plundering instincts of the lumpenproletariat with a racist anti-Semitic ideology. Anti-Semitism could be just as attractive to the petite bourgeoisie, the intellectuals, and the weak national bourgeoisie who hoped to profit, each in their own way, from the promised "changing of the guard". In Poland, a faction of the National Democratic Party broke away in 1934 to form the independent Fascist National Radical Camp which was soon reinforced by other groups. It was especially among the urban middle strata that the party found loud and aggressive support for its extremist anti-Semitic program.

In Hungary, it was Ferenc Szálasi's Arrow-Cross Party, the fusion of a variety of extreme-rightist groups, whose demagogy won broad support among the lumpenproletarian and petit bourgeois strata for its confused and mystical social ideology. They outdid even the various Hungarian governments in their irredentism and their loyalty to Hitler, made plans for the creation of a great Hungarian Empire, and within the framework of the "Turulist movement", organized "Jew-bashings" at the universities. Their blood-thirsty agitation against "Jewish capitalism" and "plutocratic Jewish Bolshevism" both at home and abroad, their black party uniform, their green shirt, their leader cult, and their Nazi form of greeting were all taken from the trappings of Hitler's movement. At its zenith, the movement won close to one million votes at the 1939 elections, and was able to organize a nation-wide miners' strike in 1940.

The Roumanian Iron Guard, with similar trappings and program, also organized Jewish pogroms and similar waves of terror. The Iron Guard won support even among the peasants, for it exploited the land problem as well, using the slogan "one man, one acre" to create its mass party. Like means and similar goals characterized the Slovak and Croatian Fascist movements.

East Central European societies, however, were too polarized and their composition was too explosive for the ruling classes to go too far in their flirtation with social demagogy, or to tolerate any kind of mass movement. The Nazi mass parties, thus — to the extent that they materialized — were much more merely the right-wing opposition of the various régimes, and had not much chance of taking over power. Yet, there came historical moments which gave scope even for this: the Iron Guard briefly came into power; the Hungarian Arrow-Cross Party took over the government on October 15, 1944; and Ante Pavelić had transient power in an "independent" Croatia. Nevertheless, it was not the Fascist mass parties which determined the complexion of East Central Europe's interwar régimes. For all that, these countries were not free of profoundly Fascist elements, and — except for Czechoslovakia — there came about in all of them either an Italian or German style, or their own unique type of authoritarian dictatorship. In most of the countries of the area, government throughout all or part of the interwar period was by extremely nationalistic, anti-Semitic, corrupt régimes, which for the most part did away with parliamentary democracy and preserved only its forms. They institutionalized anti-Communist oppression, and forced the leftist opposition partially or totally underground. For all their superficial differences — some countries had a royal dictatorship, while others were more explicitly ruled by the military-bureaucratic élite; in some they wore Nazi style uniforms, while in others it was the role of the "historical" ruling class which was emphasized — these régimes were all fundamentally alike: all — with the exception of Czechoslovakia — were peculiar East European versions of a dictatorial semi-Fascist system.

Czechoslovakia was the only country where democracy was on stable footing during this period. A developed economy and a strongly bourgeois social structure inherited from the disintegrated Monarchy proved secure foundation for a consistently institutionalized parliamentary democracy. Professor Masaryk, former head of the Czechoslovak Legion, was chosen President; Beneš returned from Paris to be Minister of Foreign Affairs; and Kramár, the national hero condemned to death in 1915 by the Austrian Government, became Prime Minister of the new Republic. With each election, new coalition governments were formed by the Agrarian Party, the Social Democratic Party, the National Socialist Party (Beneš'), and other smaller groups, but the class-composition of the various governments was largely similar, as was their political orientation on the points of fundamental importance. The shortcoming of this bourgeois republic was not only that it was based strictly on class rule, but also that it failed to grant the Slovaks the autonomy promised them at the time of the founding of the Republic, and that its unqualified centralism led, at times, to explicitly repressive measures. National antagonisms were not the only

sources of serious danger to this democratic system: Henlein's Sudeten-German Party, founded with Hitler's support in 1934, was also a major threat; but neither led to the fall of the Republic. Hitler's attack alone could do that; and after, a Fascist-style régime was organized in the "independent" Slovak area of the country.

Although in a very different way, Austria, too, was exceptional among the countries of the area. Its socio-economic development had been similar to that of Czechoslovakia, but it fell upon extraordinarily hard days after the dissolution of the Monarchy, and was long considered non-viable, and unable to cope with its radically new situation. The socio-economic and political crises which it suffered brought about a political situation radically different from that in Czechoslovakia. True enough, here, too, the new republic was a parliamentary democracy in which the Social Democratic Party's extraordinarily significant role was supported by that of the Christian Socialist Party and other smaller bourgeois parties. During the 1920s, the provincial votes put the reins of government into the hands of these latter parties. Already in these years, the Social Democrats had great influence, especially in Vienna, winning 1.5 million votes in the 1927 elections — only 200,000 less than the number won by the victorious bourgeois party coalition. However, Seipel and his government turned their supporters on the working-class movements. For instance, in January of 1927, the terror-units of the *Heimwehr* attacked workers during an anti-government demonstration in Schattendorf, an atrocity which claimed a number of dead. The Viennese workers responded to the acquittal of the terrorists with a general strike; in the course of it, 85 persons fell victim to police brutality.

As the class conflict intensified, so did the activism of the extreme right, which considered the introduction of the Fascist system the panacea for mass social discontent. It was particularly with the deepening of the economic crisis that the *Heimwehr*, which had ties to the Italian Fascists, and the Austrian Nazis, who supported Hitler, became increasingly active. Terror became nation-wide, and there was a state akin to a state of civil war. In February of 1934, there were regular battles between the Fascist storm-units and the workers' armed defense units, the *Schutzbund*, in Linz and later in Vienna.

In Graz and Salzburg, there was fighting on the barricades. The government troops interfered on the side of the *Heimwehr*, and beat down the workers' resistance.

It was these battles which became the excuse for the introduction of overt dictatorship by the Dollfuss government. The new constitution introduced in May embodied the Fascist corporative principle. All government employees were compelled to join the rightist state organizations.

It was at that point that the Austrian Nazis, who in February had been "neutral" showed their true colours. They organized SA and SS units, and openly prepared for a putsch which Hitler promised to support with the "Austrian Battalions" collected in Germany. The Nazi coup which erupted on July 25 was also — perhaps primarily — an explicit *Anschluss* attempt.

Nevertheless, although Chancellor Dollfuss was killed and a number of public buildings were occupied, Mussolini's intervention, his drawing up his troops at the Brenner Pass, discouraged Hitler from interfering, and the putsch was defeated. The Fascist elements, however, became an institutionalized part of the new government formed by Chancellor Schuschnigg, for Prince Stahremberg, the leader of the *Heimwehr*, became the Vice-Chancellor. Even when the power struggle of the two rival politicians ended in Schuschnigg's victory the spring of 1936, and the *Heimwehr* was dissolved, it was, in fact, merely incorporated into the regular army through the introduction of compulsory military service.

During these years, therefore, Austria was caught in the vice of both the threat from domestic Fascist forces, and Hitler's overt attempts to bring about the *Anschluss*. Its strong working-class movement, and its developed parliamentary democracy were ever more rapidly and ever more inevitably sliding towards Fascism. However, it was not so much domestic class relations which were decisive in this, as the immediate proximity of Fascist Italy and Nazi Germany, and the role played by the Hitlerite fifth-column. After Austria was annexed to the Reich in March of 1938, a Nazi régime was set up with considerable local support.

Having mentioned these more unique historical developments, let us now consider at greater length the two kinds of dictatorships more typical of East Central Europe: ones which — for all local variations — could be called the Polish-Hungarian, and the Roumanian-Yugoslavian-Bulgarian varieties.

In all five of these countries, class rule was maintained through dictatorship. But while in Poland and Hungary the immediate influence of the military, the gentry and the old nobility were characteristic, in the latter three nations the common and distinguishing features were the rule of bureaucratic cliques, and later, the introduction of royal dictatorships.

The major feature had in common by all the dominant political parties of the new Poland was an energetic nationalism. The conservative-Catholic anti-Semitic political line of the mainly middle-class National Democratic Party (*Endek*) hardly differed in substance from that of Pilsudski's party, a break-away faction of the socialists, although the two camps — partly because of the strong rivalry between Dmowski and Pilsudski, the two leaders, and partly because of earlier ideological and political clashes — regarded each other with extraordinary hostility. It was the *Endek* which was the strongest party in the 1919 Sejm; the 1921 constitution was thus mostly in the French tradition, and provided for strong legislative and restricted presidential powers. However, Pilsudski, who had initially retired to his country home, conducted his own "marcia su Warszawa" in May of 1926, and — although parliamentarism was still formally tolerated — he, and the former "legion" of the army, did in fact do away with it. At first, the conservative *Endek* and the peasants' party opposed Pilsudski, while almost the entire left supported him. However, Pilsudski, who kept the Ministry of Defence for himself (and was periodically Prime Minister) came increasingly to represent the interests of the traditional ruling classes and the military élite during his nine years in office. The Communists were forced

underground. The "Extraparty Block", in fact the Pilsudski party, which managed to appeal to the most varied interests, won a relative majority at the 1928 elections. Soon, however, elections and parliamentarism became an empty formality, as the 1930 election campaigns clearly showed.

Ruthless police terrorization of the opposition, the persecution and imprisonment of its leaders – former Prime Minister Witos, and the leader of the opposition to Pilsudski fled to Czechoslovakia – all were unmistakable signs of the absolute dictatorship whose reality the constitution of 1935 so well expressed. With due respect for form and for the rules of the parliamentary game, Pilsudski had the Sejm adopt a constitutional reform which strengthened the executive power, substantially extended the president's powers, and implemented a strong centralization through giving to the Minister of the Interior the right to appoint the voivodes.

Pilsudski's death in May of 1935 wrought no change at all in the régime. The marshal's military entourage, the "colonels", wielded unlimited power. Slawek, Beck, and Koc – particularly the last – were the leaders of the army's totalitarian faction. The frequently acute political squabbles among the various power-groups during the next four years were not inspired by their championing of diverging political alternatives, but were merely internecine struggles for power. The election games, for instance in 1935, took place with 46 per cent of the enfranchised participating. In the meanwhile, the socio-economic crisis was increasingly radicalizing the worker and peasant masses. The industrial districts of Kraków, Łódz and Upper-Silesia were crippled by strikes organized by the million strong unions; in August of 1937, there was even a peasants' strike supported by solidarity strikes in the large industrial towns. Powerful social ferment was manifest in the political regroupings, in the organization of a national front, in the questioning of the self-serving historical role of the *szlachta* and the colonels. Local elections in December of 1938 in 52 towns resulted in sweeping Socialist victories, and in 639 opposition mandates as opposed to the 383 for the government.

The mass movements and efforts at democracy provoked a rightist reaction: the police were sent out against the strikers, and there were many dead; anti-Semitic demagogy reached a fever pitch; and Colonel Koc organized a new, totalitarian government party, *Ozon*, the Camp of National Unity. Along with this swing to the right, there were certain pretences of "liberalization". By the eve of the Nazi invasion, authoritarianism had hounded Poland into a crisis of disorganization, and practically to the brink of civil war.

In Hungary, Admiral Horthy and his military clique came to power through his counterrevolutionary activities against the Republic of Councils: after foreign intervention had defeated the revolution, it was he, and his units, who did the work of reprisal. In March of 1920, the parliament was surrounded by troops, and elected Miklós Horthy regent. Such he remained until the end of the Second World War, the chief trustee and embodiment of the counterrevolutionary régime he had created. Among other things, it was his person which gave a fundamental continuity to Hungarian interwar politics which were, in fact, characterized also by significant

internal change. Between 1919 and 1921, the country was the scene of unconcealed and brutal white terror: the Communists and Socialists were persecuted without the slightest pretext of legality, and there were Jewish pogroms. The régime indulged in utter lawlessness. Its most active representatives were from among the gentry-military groups; but they enjoyed the support of the aristocracy and the great financiers, although these latter two classes treated those who did the "dirty work" with not little aloofness and contempt. The new régime excluded the workers and the peasant masses from the body politic, and was extraordinarily isolationist. In April of 1921, Admiral Horthy expressed his faith in the régime's consolidation by naming Count István Bethlen prime minister. With this move, he also placed the aristocratic old guard of the former Monarchy into the immediate foreground of power. The rule of law was restored, the formerly omnipotent military units were dissolved and integrated into the military-police apparatus. Here, too, parliamentary forms were preserved. But the post-revolutionary parties were practically integrated to form a unified government party; and a remarkably limited franchise, and — except in some cities — a system of open voting was introduced.

The Communist Party was outlawed. With the moderate leadership of the Social Democratic Party, however, Bethlen made a secret pact, offering them — in return for agreeing not to organize rural workers, peasants and state employees, and for supporting the system on international forums — the right to function legally, and even to have limited parliamentary representation through the retention of the secret ballot in some larger cities. All this, however, did not alter the fundamental character of the régime: oppression was still institutionalized, as was social discrimination (a *numerus clausus* was used to limit the number of Jewish youths at the universities); and democratic rights were extremely limited, or, only formally guaranteed.

A decade of Bethlen's policy of consolidation nevertheless brought a relative liberalization to this régime which had begun in white terror. But the mass discontent of the years of world economic crisis, the hunger-march to Budapest of the Salgótarján miners, and the immense demonstration of the Budapest workers in September of 1930 again impelled the right-wing of the Horthy régime to adopt a more authoritarian line. After Hitler came to power, this trend grew extremely strong, for Hitler had been secretly in contact with Horthy and his circle since the '20s. Count Bethlen resigned his post as prime minister the summer of 1931, and, after a short period of transition, Gyula Gömbös — strong-man and energetic exponent of the military-gentry group, and one of Horthy's closest comrades-in-arms — was entrusted with the task of forming a government. From this time on, the advocates of totalitarian Fascism became increasingly vocal in government. Hitler was the first head of state that Gömbös visited, and, in 1935, in the course of his talks with Göring, committed himself to the introduction of a Nazi-style system to Hungary, and to the abolition of parliamentarism and the trade unions.

Elections after this became even more but empty shows. The opposition had not the slightest chance, and the government party won sweeping victories every time.

Yet for all the institutionalized guarantees of their outcome, elections were always times of terror and intimidation. The summary jurisdiction introduced for a short period at the beginning of the '30s gave greater "legal" scope for lawless action, and made possible the execution of the captured leaders of the illegal Communist Party.

Nevertheless, the efforts to introduce totalitarianism were unsuccessful, for the Hungarian ruling classes, once their fear of social unrest had abated with the end of the Depression, strove to maintain the traditional conservative forms of power, and mistrusted the Nazi's demagoguery and their mobilization of the masses. The years after Gömbös' death in 1936 were, thus, years of political manoeuvring, years of concessions made to German pressure and totalitarian Fascism and then withdrawn, but years during which, on the whole, the alternating governments of Prime Ministers Darányi, Imrédy, and then Count Teleki incorporated more and more extreme rightist demands into their programs, and proceeded ever further down the road to alliance with Hitler. The Arrow-Cross Party, formed through the union in 1937 of a variety of extreme rightist groups, became a political factor to be reckoned with. The antithetical moves of the Anglo-oriented group of the ruling élite could but temporarily slow down the shift to the right. The culmination of this policy was Hungary's joining the anti-Comintern Pact, and its becoming in 1938 the first — after Germany — to legislate to protect "racial purity" through the first of a series of "Jewish Laws".

The more liberal spirit of the years of consolidation grew faint during the thirties: features peculiar to Fascism came more and more to dominate the political scene. Recurring attempts to establish an explicitly Fascist system on the German or Italian model were, however, all doomed to failure.

The Fascism that developed in the Balkans had stages which greatly resembled the pseudo-parliamentary dictatorships in Poland and Hungary. In Roumania, a strongly centralized, semi-liberal régime run by nationalist merchants, industrialists and bankers was set up during the postwar decades by King Ferdinand and the politician, Ionel Brătianu. The opposition also came into being as early as 1919, a remarkably heterogeneous group composed of the Transylvanian National Party led by Maniu; the Peasant Party of Regat, led by Michalache; and numerous right-wing groups led by Goga, Jorga, and T. Ionescu. These groups united to form the National Peasant Party in 1926. When Brătianu and King Ferdinand died in 1928, the regent asked Maniu to form a government. At the elections which followed, the previously opposition National Peasant Party won a 75 per cent majority.

The new majority turned against the regent. In June of 1930, King Ferdinand's son, Charles, who had been living in France since 1926, unexpectedly flew home to demand his throne. His minor son, Michael, abdicated, and Charles became king. Charles II, a great admirer and imitator of Mussolini, introduced a peculiar form of royal dictatorship during the next ten years. The first while, prime ministers came and went one after the other. Maniu soon came into conflict with the King, and resigned in favour of Mironescu. In 1931, Professor Jorga became prime minister; a year later, Vaida; to be followed by Duca in 1933. Duca was assassinated shortly thereafter, and until 1937 Tatarescu was the man to finally faithfully carry out

Charles' plans. From 1930 on, the King supported the Iron Guard, first through Vaida, then through Tatarescu, hoping to incorporate them into the system, and thus to undermine the leading political parties. The paramilitary Iron Guard ruled the country through brutal terrorization. After the 1937 elections, when Maniu, now in opposition, won 62 per cent of the votes through his surprising alliance with the Iron Guard, the King appointed the veteran extreme-rightist, anti-Semitic Goga prime minister. Terror reigned throughout the next few weeks, and a wave of pogroms swept the country.

The Gordian knot of this extraordinarily critical domestic situation was cut when Charles II proclaimed himself dictator. A new constitution was instituted. He got rid both of the now dangerous Iron Guard — Codreanu, and 13 other leaders were arrested, and shot "while attempting to escape" — and of the traditional political parties. Charles II appointed the Patriarch prime minister, and the next year, organized the Front of National Rebirth, a Fascist mass-party, complete with party uniforms. Demagogic pseudo-socialist plans were put into action. University and high school graduates spent a year doing "social service", physical labour in the villages, and "health trains" were started in an attempt to popularize bathing. Yet, in spite of all the extreme, demagogic speeches and propaganda, no genuine reform was undertaken.

By the eve of the Second World War, Charles had gone even further in adopting a German-style Fascism: he made the Front for National Rebirth into a National Party, and declared himself its leader.

After the Vienna Agreement was signed in 1940, in response to the general discontent and especially to the strong pressure of the extreme right, Charles II entrusted the government to General Antonescu, abdicated in favour of his son, and left the country.

The first decade in the life of the new Yugoslavia was similarly a time when pseudo-liberal, strongly nationalistic parties competed for, and took turns in holding the reins of government. The 1921 elections proved the Serbian Radical Party to be the one with the broadest support. The party led by Pašić, the nation's great democratic politician at the beginning of the century, gradually abandoned its evolutionary, democratic-egalitarian, peasants' rights program, and became a traditional conservative bourgeois party. Nevertheless, it continued to keep its massive peasant electoral support. The Democratic Party — which came second in the elections — and the Agrarian Party — the least significant of the three — both had a mixed peasant and bourgeois electoral base, and were largely similar in character. In Croatia, however, it was Radić's Croatian Peasant Party which was the most significant.

The Communist Party, which had come third in the elections, was forced underground the very year of the election after the assassination of Minister of the Interior Drasković.

The key domestic issue of the first decade was the nationalities question behind Pašić's and Radić's political rivalry. Pašić's Serb nationalist forces instituted a Serb-

dominated centralization; while Radić and his followers went into opposition, and demanded a federal solution. In 1928, Radić was shot dead at a parliamentary session; during the crisis which followed, the Croatian leaders demanded a federation first of two, then of five political units, each with an independent army.

It was a dilemma that proved incapable of solution. King Alexander tried to solve it by proclaiming a royal dictatorship on January 6, 1929, a step he believed to be the only safeguard against Bolshevism and anarchy. He appointed General Zinkow, who already headed the armed forces, to be prime minister. Serbian officers and politicians then surrounded the King, and established an arbitrary rule of terror. The antagonism between Serbs and Croats grew ever more acute with the Serb nationalist military and political leaders treating Croats as second class citizens. The assassination of King Alexander in Marseille in October of 1934 provoked a united Yugoslav reaction, for the threat of foreign intervention implied in the killing made for a rapprochement between the warring factions.

The nationalities problem remained unsolved, and provided the excuse for the continued existence of the dictatorship. Prince Paul, the regent, disappointed all those who had hoped for change. Although the Croatian leader, Macek, was released from prison, it was Stojadinović, a banker with English business connections, whom he finally settled on as prime minister in 1935. The new minister was responsive to the regent's foreign affairs objectives, and from then on, the country turned increasingly towards the Fascist powers. A new government party, the "Yugoslav Radical Union" was created through the merger of Stojadinović's wing of the traditional Radical Party with the Bosnian Moslem and the Slovenian Clerical Parties. On the domestic front, and in the techniques of government nothing that was of substance changed. Nevertheless, just before the war, there did come about an alliance of the opposition faction of the Serb Radical Party, the Democratic Party, the Agrarian Party, and the Croatian Peasant Party. In the autumn of 1937, they had agreed to cooperate in seeking a solution to the Croatian problem, and in finding a way to restore democracy. And, in the elections of December 1938, for all the intimidation, the opposition managed to win 44 per cent of the votes, a clear indication of the weakness of the government party.

In February of 1938, Prince Paul was obliged to let Stojadinović go, and to name in his place Cvetković, the organizer of the Italian-style government-controlled trade unions, the *Jugoras*. Fascist and dictatorial elements continued to exploit national tensions; this, together with the vituperative anti-Communism prevailing in the country, was a fundamental impediment to the revival of democracy, and to the implementation even of the most necessary social reforms. Assassinations and attempted assassinations were the order of the day, and it was the most extremist elements which came to dominate in this fruitless, two decade long tug-of-war.

After Stamboliski's revolutionary-democratic government was ousted in a putsch in 1923, Bulgaria, too, fell victim to terror, to military-bureaucratic cliques, and finally, to royal dictatorship. After Colonel Vechev's men took Sofia, Professor Cankov, the leader of the conspiracy against Stamboliski, formed a government.

Supreme power, however, was in the hands of a Fascist-terrorist-chauvinist group, the "Inner Macedonian Revolutionary Organization". The government — in fact, a series of governments, for Liapchev replaced Cankov in 1925 — was powerless. The country lay prey to unbridled terror. The Macedonian terrorists shot the peasant member of parliament, Petkov, in the street, and "liquidated" anyone who advocated peaceful coexistence or a democratic order. The streets of Sofia were the scenes of daily gun-battles, not infrequently among the various terrorist factions. (In 1924, even the leader of the Organization, Alexandrov, was killed; in 1927, General Protogerov, a veteran leader of the terrorist group, met a similar fate. For years after this, Mihailov's and Protogerov's followers continued to murder one another.) Terrorism, however, was by no means practised only by the Macedonian Organization. The government, too, used severe repressive measures, and, when in 1925 an unsuccessful attempt was made in Sofia Cathedral on the life of Tzar Boris — more than one hundred people were, however, killed — the authorities used it as an excuse to conduct a veritable witch-hunt against the Agrarian Party and the Communists. Mass arrests, more than 300 death sentences, and the torture and murder of many hundreds of leftists followed.

Against this background of unrestrained terror and lawlessness, the severity of the world economic crisis provoked mass political antagonisms that were particularly acute. Thus, in spite of the most varied attempts to intimidate and manipulate the voters, it was the coalition of bourgeois opposition parties which won a majority in the 1931 elections. Malinov, the tried and tested democrat, became prime minister.

However, the Macedonian terrorist organization had so far infiltrated the bureaucracy and the army, that the government was powerless against them, and Malinov soon resigned. The old government party returned to continue its tacit cooperation with the terrorists. There were also several signs of the growing influence of Italian Fascism: Tzar Boris' marriage to Princess Giovanna of Savoy; and the appointment of ex-Minister of Defence Volkov as Bulgaria's representative to Rome. A faction of the old Agrarian Party led by Gichev was also strongly attracted to Italian Fascism.

As the unresolved socio-economic and political problems intensified, the Communist Bulgarian Workers' Party also grew in strength: a number of its candidates won seats in the 1931 elections; and in 1932, it won an absolute majority in the local elections in Sofia. Naturally, the election results were immediately nullified; the Communist Traikov, who demanded the introduction of the 8-hour working day, was murdered. By this time, even some of the régime's former supporters, those who had participated in the putch against Stamboliski, turned violently against the government. The politicians around the journal *Zveno*, and the young officers congregated around Colonel Velchev — the military organizer of the 1923 putsch — pressed Tzar Boris to take steps against the Macedonian terrorists. In May of 1934, Velchev's group organized a coup d'état, and formed a new government with the *Zveno* political circle. A military dictatorship was introduced: political parties were abolished, and law and order began to be restored. The tax burden of

the peasantry was eased; the credit system was reorganized; and plans worked out for educational reform. The Unions, too, were replaced by non-political unions on the Italian corporative model. The group's major accomplishment, however, was the liquidation of the Macedonian terrorists. The army destroyed the Organization's centers, and arrested many of its leaders; Mihailov fled to Turkey. This quick, energetic, and widely popular action on the domestic front was complemented by a new foreign policy: the government proclaimed its intention of becoming reconciled with Yugoslavia, and established contact with the Soviet Union.

This policy, which in fact expressed the wishes of the mass of the population, could not, however, long endure. Exploiting the conflicts that arose between Velchev and his military entourage, the Tzar appointed a new government in January of 1935. Toskev now headed a government which was again Fascist-oriented, and proved to be a docile tool of the Tzar's policies. In February, Velchev was condemned to death for high treason; however, his sentence was commuted to life imprisonment.

Although he disposed of Velchev and his liberalizing circle, Tzar Boris did not restore the parliamentary forms which had existed before their military putsch. The government continued to be a dictatorship; but a peculiar royal dictatorship. To guarantee its endurance, the Tzar continued to repress the Macedonian terrorists, and continued also the policy of reconciliation with Yugoslavia.

In an effort to consolidate the system, the Tzar held elections in 1938 for the first time in seven years. There were still no parties; the voting was for individuals. The elections took place in an atmosphere of terror; still, one third of those elected were of the opposition. The Communists and other left-wing delegates were immediately stripped of their seats, and the royal dictatorship continued to function undisturbed.

These dictatorships, so different from the German and Italian models, were initiated and supported in most of these countries by the bourgeoisie, in some by the aristocracy and the gentry, and the "upper ten thousand" of the state bureaucracy and military. But they enjoyed the support also of the middle strata — of the intelligentsia and the petit bourgeois elements — who had been terrified by the wave of revolutions which followed upon the First World War. These people continued to fear the realization of the alternative expressed in the existence of the Soviet Union, and dreaded the domestic "Bolshevik menace" which they thought to see around them. Instead of mass parties and unbridled social demagogy, Fascist dictators in these countries relied mostly on the army, on oppression through the police apparatus, and on the paramilitary, terrorist organizations which supplemented their work. The above guarantees of their endurance were coupled with the establishment of an extraordinarily strongly bureaucratic state apparatus. In Poland, Hungary, and Roumania, institutionalized anti-Semitism, and a general extremist chauvinism were fundamental to the ideological and political *raison d'être* of these systems, as were their territorial claims, their oppression and humiliation of ethnic minorities, and their inordinate nationalist demagogy.

Neither their periodic, formal declarations of civil rights, nor their toleration of parliament and of some opposition parties, nor the occasional, restricted and terrorized elections that they held mitigated the fundamentally aggressive nature of these systems. Not only did these not alter it; they did not even endanger it. For the genuine and truly dangerous opposition, the Communist parties, were given no scope for action. And yet the Communist parties, which came into being when the Socialist movements of these countries split after the First World War, were very quick to win popularity with their radical solutions for society's backwardness, and for the national divisions and conflicts. Except for Austria, where they could make no real headway, and, in spite of being a legal party, were dwarfed by the Socialists — at the 1927 elections, for instance, they won only 16,000 votes to the 1.5 million of the Social Democrats — the Communists were able to move masses. In the more industrialized countries of the area, and in the industrial belts of the agrarian-industrial centers of Silesia, Łódź, Warsaw and Budapest — the Communist parties built on the traditions of the Socialist workers' movements. For after the war — in some cases, sooner — the Social Democratic parties here, as in Russia and throughout the rest of Europe — experienced a strong internal polarization, split into majority and minority wings, and generally broke up into two parties. In Czechoslovakia, this took place in 1920. Most of the old Socialists joined the Communist Party which had the support not only of the masses of the workers, but also of a significant number of the Slovakian and Ruthenian poor peasants. Throughout the interwar years, the Czechoslovak Communists continued to function as a legal party, and exercised considerable political power through a significant number of parliamentary representatives.

In Hungary, the independent Communist Party came into being already in November of 1918 and, together with the Social Democratic Party, assumed power in the spring of 1919. After the defeat of the Hungarian Republic of Councils, the two parties again separated. The Communist Party had been severely decimated, and was immediately declared illegal. But by the 1920s, it had again built up its underground organization.

The independent Polish Communist Party was founded in 1918, and, in spite of the oppression it suffered, exercised considerable political influence. The Roumanian Communist Party was founded in 1921, and was composed of the old Socialist majority. From 1924, it worked underground, winning most of its leaders and supporters from among the national minorities.

The class structure of the Balkan countries was such that it was only during the interwar years that the working class became more numerous. The working-class movement here was thus generally not a mass movement — unlike in the previously mentioned countries, which had strong Socialist traditions — but was, rather, the burgeoning of the smaller revolutionary groups. Nevertheless — and partially because of this very absence of the traditional Socialist competition — it soon became an independent political force, and practically the sole representative of the working-class movement. The same was true of the Yugoslav Communist Party formed in

1919 through the union of the small Marxist groups of the various areas. By the 1921 elections, it had already become the third strongest party in the country. In spite of the hard years underground, the Communist Party was again stronger by 1935. After 1937, it became an immensely popular, small, but remarkably well organized party under the leadership of First Secretary Josip Broz (Tito).

However, the most brutal terror was used in these countries to annihilate the Communist parties in the strictest sense of the word. The Communists were driven underground for decades, and from time to time, manhunts were organized against them. Mass executions, waves of arrests, terrifying sentences and police tortures of the most select cruelty were suffered by the Communists of the area from Horthy's Hungary to Bulgaria.

The difficulty of their situation was aggravated also by internal divisions. Many parties split into opposing factions, some groups seeking a way out through concessions or through renouncing their revolutionary goals, others insisting on total isolationism, on the rejection of all pragmatic considerations, and on an immediate and unqualified revolution.

In spite of this, however, the frequently decimated, illegal Communist parties maintained their organizations in all these countries. Periodically, but always temporarily, they were able to participate in legal political activity through using another party name: for instance, the Bulgarian Workers' Party of the 1930s; and the Hungarian Socialist Workers' Party of the '20s.

During these years, Communism came to be associated in the minds of broad masses of the population in many of these countries with the hopes they still had of liberty and human dignity. In part, this was because the anti-Communism of the official propaganda seemed to be of one piece with its vituperative anti-democracy; but mostly, it was because the Communists were the most consistent and most heroic opponents of these Fascist dictatorships. It was particularly from the second half of the 1930s that the Communist parties exerted more direct influence, when, following the initiative of the Communist International, they abandoned their former call for immediate revolution, and strove to create a broad anti-Fascist popular front. They closed ranks with other leftist, democratic and anti-Fascist forces, alliances from which the former, more dogmatic line had until then debarred them.

The other great thorn in the side of the dictatorships was the revolutionary-democratic peasant movements. In most countries of the area, revolutionary-democratic peasant parties had been formed partly at the time of the postwar wave of revolutions, partly in response to the political ferment that had started at the turn of the century. We find this phenomenon from Czechoslovakia and Poland, to Yugoslavia and Bulgaria. Hungary was perhaps the only country where, in spite of the original successes of the organization at the beginning of the century, there was no such party during the interwar years. But here, too, it was the rich peasant directed Smallholders' Party — which yet had moderate land distribution as a part of its program — which won the majority of the votes at the first election in 1919.

In a few of these countries, however, the agrarian parties supported by the peasant masses were simply destroyed through terror, persecution, murder and political manipulation. It was in Bulgaria that this was done the most overtly after the coup which caused Stamboliski's fall; and it was a method which was resorted to practically constantly throughout the next two decades. For historic reasons, the Polish peasant movement was organized into two parties: the more moderate Piast Party led by Witos, most of whose support came from overpopulated Galicia; and the more radical Wyzwolenie Party, which built on the Russian peasant movements in the areas formerly belonging to the Russian Empire. However, these parties were brutally oppressed, and could barely function after Pilsudski's coming into power, especially after the 1930 elections when many peasant leaders were imprisoned and Witos was forced into exile.

In many other countries, the ruling classes sought to destroy the threatening rural and radical democratic nature of the peasant parties not so much through overt oppression, as through organized undermining from within.

This was true even of Czechoslovakia. The Czech Agrarian Party, which had merged with its Slovakian equivalent, was a member of the government coalition throughout this period. Nevertheless, the party very early lost its peasant character, and came under urban bourgeois leadership; during the '30s, it came to have very close ties with the Zivnostenská Banka. Here, then, the peasant party was transformed into a democratic bourgeois party.

In Hungary, the rich peasant led Smallholders' Party lost even its formal independence when Count Bethlen and the genteel-aristocratic political leadership "joined" the Party in 1922, appointed its leader, István Nagyatádi Szabó, to the honorary post of Party President, and incorporated it into the Unified Party. By the next elections, the ruling Unified Party did not even trouble to respect formalities: hardly any of the old Smallholders were named as parliamentary candidates. It was only in the 1930s that the Smallholders' Party again became an independent organization, but even then not under peasant leadership. A new, truly Peasant Party came into being only during the war. Thus, although the majority of Hungary's population was peasant, there was no genuine peasant party during the interwar years.

In Yugoslavia, it was the Serbian Radical Party which enjoyed the support of the peasant masses and had a democratic, radically egalitarian party platform. However, although it kept its mass peasant support throughout the period, and its leaders did maintain a peculiar personal contact with the villages, it completely lost its democratic rural character, and, after the creation of the Yugoslav state, became a conservative bourgeois party. The new Agrarian Party led by Iovan Ivanović was from the start dominated by urban businessmen and intellectuals. The Croatian Peasant Party was originally a revolutionary and radical organization; at the turn of the century, when the Radić brothers were its leaders, it represented the class interests of the peasantry. However, it soon came to represent Croatian national interests, and the bourgeois middle strata came increasingly to regard it as their own

party. After Radić's murder, when Maček became the party's leader, the bourgeoisie came totally to dominate the Peasant Party.

The Roumanian Peasant Party met a similar fate. In 1926, it merged with Maniu's Transylvanian National Party to form the National Peasant Party, and came into power in 1928. Once in power, however, it no longer represented the peasant's interests. Here, too, it was the bourgeois, capitalist elements which came to predominate, and the party's major achievement was opening Roumania up to foreign investment.

Thus, the democratic, revolutionary radical peasant parties of the turn of the century which had truly represented rural interests were, like the Communist parties, driven from the political arena, if not with the same methods, yet no less decisively.

The other opposition groups — the various bourgeois, liberal, democratic, or generally weak Social Democratic parties — could exercise no real political influence on interwar East Central Europe. Social democracy was a significant factor only in the more developed, more bourgeois areas of the old Austro-Hungarian Monarchy, in Austria, Czechoslovakia, and partly in Hungary. The masses of the working classes were concentrated and organized within the Social Democratic parties; in Hungary, it was their sole legally functioning body.

Throughout a quarter century, it was Social Democracy and the trade unions which kept the workers organized and nourished their class consciousness, and fought for democracy, for human rights, and for better social conditions, not infrequently in spite of the fact that the upper echelons of the party leadership at times made far-reaching compromises with the parties in power.

Although it was unable to bring about changes in the political systems of East Central Europe during the interwar years, the hunted, underground leftist opposition, frequently decimated though it was, became tempered and toughened into the force which would shape the future of these countries. This process, mostly hidden during the two decades between the wars, started to emerge into political daylight already during the years of World War II.

A major factor in the shaping of the area's political scene during these years — of the régimes, of the parties' freedom of action — were the national antagonisms inherited from the past, antagonisms which the imperialist peace settlement imposed after World War I but intensified. The authoritarian features of the Horthy régime were undoubtedly due as much to the irredentism prevailing in the country, to its general commitment to territorial revision, as to its being born of the white terror of the counterrevolution. For it was these former which fed Hungary's vituperative hatred of her neighbours, and attracted her so strongly to the Fascist powers committed to destroying the system established at Versailles.

In like manner, the unbridled terror of the Macedonian Organization which so strongly determined the character of the Bulgarian Fascist dictatorship was as much a function of the Macedonian problem — of the exacerbated minority and border disputes, and of the bitter hostility toward Yugoslavia — as of the counterrevolu-

tion's victory over the revolutionary-democratic Stamboliski régime of just after the war. National hostilities within each state also served to reinforce the terroristic and dictatorial nature of these systems, and to strengthen their inclination toward Fascism. In Yugoslavia, the institution of royal dictatorship was openly justified in terms of the Croat problem; and in Roumania, the will to oppress the Transylvanian Hungarian minority was similarly exploited. These nationality conflicts most strongly influenced the foreign policy decisions taken by the various governments, and facilitated the growth of international Fascism, and Italian and German expansion alike.

Those countries which had an interest in maintaining the new, postwar status quo — primarily Czechoslovakia, Roumania and Yugoslavia, but Poland, too — sought the alliance of the victorious western powers, primarily of France, which seemed to be the strongest power on the continent. At the same time, they also drew closer to each other. Already at the Paris Peace Conference, Benes, Ionescu and Pašić began to pave the way for this political and military cooperation. A mere list of the ensuing political events gives a clear picture of this common foreign policy. In August of 1920, Czechoslovakia and Yugoslavia signed an agreement in Belgrade, promising mutual aid in case of a Hungarian attack, and undertaking to coordinate their foreign policies. The same provisions are found in the Czechoslovak-Roumanian agreement signed in Bucharest in April, 1921; and in the Roumanian-Yugoslav agreement signed in Belgrade in June of the same year. The latter agreement, however, made provisions also for cooperation against Bulgaria. Between 1924 and 1927, all three interested countries signed a treaty with France; and, in February of 1928, in Genf, the system of agreements grew into the "Little Entente". Its aim was to guarantee the status quo of the area in face of the Hungarian and Bulgarian territorial claims, and represented also France's political interests. Not least importantly, it was a significant component of the cordon sanitaire the victorious Great Powers were determined to build around the Soviet Union.

The Hungarian and Bulgarian governments, on the other hand, with their hopes of territorial revision, soon became the natural allies of the Fascist powers. The end of Hungary's political isolation was marked by its signing a treaty of friendship in 1927 with Mussolini's Italy; Hungary was also the first to seek Hitler's alliance. Italian pressure was very strong also in the Balkans. Roumania added to its Little Entente commitments by making overtures to Italy as early as the '20s. It was this which was partly responsible for the weakening of the Little Entente, for Yugoslavia's and Roumania's joining the Balkan Alliance. And, in the 1930s, Nazi Germany began to infiltrate the area, not least of all through exploiting the grave economic crises experienced by the agrarian countries of the area. Market for their products seemed guaranteed when Germany renewed and expanded its trade agreements in 1934 first with Hungary in February, then with Yugoslavia in May, then with Bulgaria; and in March of 1935, with Roumania. By 1937, one fifth of Roumanian and Yugoslavian exports, one quarter of Hungarian, and almost one half

of Bulgarian exports went to Germany, while Germany's share in the import of these countries was even greater.

A number of the Balkan dictators imagined themselves mini-Mussolinis: they adopted most of the methods and institutions of Fascism, and aped its trappings. The Fascist powers, emboldened by the concessions made them, and drunk with their power, openly proclaimed their revisionist intentions: and the race for Hitler's and Mussolini's good graces was on. Both those who desired, and those who feared territorial revision sought Hitler's and Mussolini's support for their aims. It was thus that the strong French influence of the years immediately after World War I was replaced by the late '30s by that of the Fascist powers: it was thus that Roumania became their satellite; that Stojadinović and the Bulgarian Borist switched alliances, not to mention the Hungarian Horthy and his prime ministers. And, after the Austrian fifth column pushed the country to the brink of civil war, and Nazi influence there, too, became predominant, it was only in Czechoslovakia and Poland that there endured an unambiguous French and English orientation. In the latter, however, the very nature of the system was such that there was significant domestic pressure for the country to join the Fascist camp.

Thus it was that the political systems of the countries of East Central Europe, their international situation, and the tide of foreign affairs all conspired to hurry them along to their tragic end.

THE SECOND WORLD WAR

The second world cataclysm began here, too. For half a decade, Hitler's Third Reich had been systematically building and expanding its *Lebensraum*. Already during the 1930s, the countries of Eastern and Southeastern Europe, suffering from the world-wide economic crisis, from lack of markets and of foreign currency, became more and more tightly bound to a Germany only too willing to trade with them. Between 1929 and 1937, Germany imported 37 per cent of her grain from this area, as opposed to the previous 2 per cent. German imports of meat from these countries jumped from 7 to 35 per cent; of lard, from 0 to 31 per cent; of bauxite, from 37 to 62 per cent; of metals, from 3 to 30 per cent. Trade with Germany accounted for about a quarter of Hungary's, Roumania's, and Yugoslavia's foreign trade; and for about half of Bulgaria's exports.

Austria, Czechoslovakia and Poland presented a different picture. Germany's trade with these countries declined, for Hitler's plans for them were essentially different. The Nazi's aggressive policy of expansion called for the direct annexation of these countries. With the execution of the Anschluss on March 12–13, 1938, the war, though as yet bloodless, had, in fact, started in Central and Eastern Europe. A few months later, on September 29, the Munich Agreement provided for the dismemberment of Czechoslovakia; on October 1, the Germans occupied the Sudetenland to initiate this process. On November 2, the so-called "First Vienna Compromise" gave Slovakia's southern, predominantly Magyar populated area to Hungary. The independent Slovak puppet-state came into being in March of 1939, and Hitler annexed what remained of Czechoslovakia. Hungary annexed Ruthenia. Although there was no World War yet, the next month, another state of the area lost its independence: on April 7, Fascist Italy invaded Albania.

One consequence of all the above was that, by 1939, the countries of the Danube basin were veritably shackled to Germany through the absolute dominance of its economic influence. Hungary, Roumania and Yugoslavia generally conducted half, and Bulgaria 70 per cent of their foreign trade with Germany. It was, however, by far no longer a matter merely of regular foreign trade, but of the Nazis' economic dictation. It was thus that the leader of the Hungarian delegation at the German-Hungarian trade conference of February 1939 summed up the situation: "There is evidently a general tendency to wish to see Hungary reduced to the level of a producer of raw materials."* The German memorandum submitted to the Hungarian

*Hungarian National Archives, Ministry of Foreign Affairs. Economic Policy Division. 1939 Res. 30.

Government demanded that "Hungarian agriculture be suited more closely to the demands of the German market", and opposed the general development of Hungarian industry, Germany requiring only the products of Hungary's food industries. Similar considerations motivated the German demand that Hungary abolish the duties on imports, and cease giving tax and credit preferences to domestic industry. The agreement signed with Roumania the spring of 1939 gave Germany a virtual monopoly over Roumanian foreign trade; joint companies were set up for the exploitation of Roumania's mineral wealth.

Simultaneously, German capital came to acquire decisive influence in Hungary, too: it controlled 13–14 per cent of all industrial shares, and thus half of the country's foreign investments; in Yugoslavia, it controlled 10 per cent, in Bulgaria 13 per cent of the same.

The process of Germany's subjugation of all of East Central Europe came to a tragic turning point on September 1, 1939, when, at the break of dawn, 51 German divisions crossed the Polish frontier. For this move marked the outbreak of the Second World War.

At this time there was not yet a real Western front. The German Army, led by Colonel-Generals von Bock and von Rundstedt, attacked Poland from two sides in a great encircling manoeuvre, and with full force. The Polish Army, though numerically not much smaller than the attacking units, was unsuited to modern warfare. Instead of motorized armoured units, the infantry had 11 cavalry brigades to support it; and the tactics that had been prepared were not defensive, but offensive. The outcome of the battles was decided within a week; most of the heroic Polish troops were trapped and decimated. On September 8, the Germans took Łódź, and were 60 km from Warsaw. They had encircled the capital, and had pushed on to the Bug and San rivers when the Polish Government fled the country. On September 17, the Soviet Government was, in fact, recognizing the disintegration of the Polish State when it declared that it would liberate Western Ukraine and Western Belorussia — dissevered in the course of interventionist battles after the establishment of the Soviet State — and that its troops would cross the previous Polish-Soviet border. In a few days, the Soviet troops reached the Morem-Vistula-San line which, from that time on, served as the official German-Soviet border in accordance with the German-Soviet agreement.

The remnants of the gallant Polish Army capitulated on September 27 in Warsaw. General Sikorski set up a government in exile in London, and many hundreds of thousands of soldiers fled to Hungary, whence most of them went farther west. The Polish State had ceased to exist; its population of 21 million came under German suzerainty. On October 8, Hitler simply incorporated the 9 million inhabitants of Western Poland into the Reich, and started their drastic "Germanization". In the areas that were not incorporated, the "Polish Protectorate" — treated as a veritable colonial area — was established. Hans Frank, the Governor-General, became the lord of life and death in this area of 12 million people. He initiated a reign of terror: of merciless looting, unbridled use of force, murder and political oppression.

Hitler's war machine then turned, as is well known, toward the west. But Southeastern Europe continued to be vitally significant in the Nazi plans for world domination. After the annexation of Austria and Czechoslovakia, and the conquest of Poland, Germany's chances seemed better than ever. Since 1933, but particularly after 1935, Hungary, led by Admiral Horthy and his succession of governments, pinned her hopes of territorial revision ever more unambiguously on the strengthening of her alliance with Hitler's Germany. After Munich, even the hesitant were less anxious, and the revision of frontiers and of the Trianon Treaty initiated by the First Vienna Compromise — aims which had been proclaimed as of the utmost importance throughout two decades — now brought about a shift even farther to the right. For all this, while Teleki was Prime Minister, Hungary tried to balance between the two groups of belligerents, and to preserve her energies for the day that the war should end. Her revisionist claims, however, made it impossible for her to give serious thought to joining any neutral Balkan block.

After the German successes in Western Europe, there was a general scramble by the governments of Southeastern Europe to ingratiate themselves with Hitler. With newer and greater political and economic concessions, in which both interests and threats had played their part, they strove to enhance their positions. As early as June of 1940, the Roumanian government announced its willingness to renounce the British and French guarantees of her integrity. During the same months, Roumania, in keeping with the Soviet ultimatum, renounced the areas taken from the Soviet State in 1918, and ceded Bessarabia and Northern Bukovina. Germany recognized this Soviet demand in the 1939 Pact between the two countries.

Hungary's attitude to Roumania was, however, increasingly menacing, and Bulgaria, too, was on the threshold of armed conflict — a state which, under the circumstances, did not serve Hitler's interests. Germany thus exerted pressure to bring about the problems' resolution through a settlement, and became, in fact, the arbitrating judge in the matter. On August 30, 1940, at the Belvedere in Vienna, the "Second Vienna Compromise" gave Hungary Northern Transylvania, an area of about 43,000 km², with a population of 2.5 million people — mostly Magyars. (However, a minority of 1 million Roumanians thus also found themselves living in Hungary, while half a million Magyars remained in the Roumanian area of Transylvania.) A week later, the Treaty of Craiova gave Southern Dobruja to Bulgaria.

It was not only Hungary and Bulgaria which thus became more staunch allies of Germany. From July 1940, in Roumania, too, it was the extreme right, the supporters of Hitler's plans for Europe and the advocates of a German alliance, which emerged victorious from the domestic crisis which followed the Vienna decision. King Charles II handed over the reins of government to General Antonescu, and abdicated in favour of his son, Michael I, who was still a minor. Antonescu thus became head of state (Conducator), dissolved parliament, and introduced an authoritarian Fascist system of government. He also renewed his earlier request that German military advisors be sent to Roumania. Thus, in October of 1940, two German divisions — formally there to help train the Roumanian troops — took over

the Roumanian oil fields and other strategic points. And in the spring of 1940, the King of Bulgaria asked the Naziphile Prof. Filow to form a government. Soon, Hungary and Roumania joined the newly concluded Tripartite Pact, to be followed by Bulgaria in January. Nazi influence became extraordinarily strong in the area, with Roumania and Slovakia introducing anti-Semitic legislation to please the Germans.

In 1940, Hitler preferred "peaceful" solutions in Southeastern Europe, and opposed the military ambitions of his Italian and Hungarian allies. By 1941, however, after his victories in the west, he was preparing to attack the Soviet Union, and found that the time had come for the further extension of his sphere of influence.

The "Marita-plan", Hitler's No. 20 operational instruction issued on December 13, 1940, again urged a military solution: he wanted to rush to the aid of his Italian ally, and force Greece to capitulate. And on March 1, the units of the *Wehrmacht* set out across the new ally, Bulgaria, toward the Greek border.

On the course of the preparations for the attack, Hitler frankly called upon the Yugoslav Prime Minister, Cwetković, whom he had ordered to Berchtesgaden, to join the Axis alliance. By then, the British Government had started negotiations in Athens, Turkey and Yugoslavia about the establishment of a solid, anti-German Balkan front; however, the modest English expeditionary forces sent to Greece in March could give but little weight to Churchill's initiatives. On March 25, the Yugoslav government finally signed the Axis agreement. Events, however, prevented Yugoslavia from becoming another Nazi satellite. For, on March 27, General Simović's military putsch ousted the government, compelled the royal regent, Paul, to abdicate, and placed King Peter II on the throne. Hitler, on hearing of the events, immediately chose the military solution: he signed operation instruction No. 25, and conjoined the Marita Plan to that for the occupation of Yugoslavia. The German High Command worked throughout the night, and the plan for a comprehensive manoeuvre in the Balkans took shape. On April 6, 1941, Colonel-General List's troops from Bulgaria and Colonel-General Weich's troops marching through Hungary, assisted by Colonel-General Löhr's thousand strong *Luftwaffe*-unit, launched their merciless attack against the altogether 20 divisions of the Yugoslav army.

On April 10, when Zagreb fell, the Croatian Sabor proclaimed the independence of Croatia. While the Italian troops pushed ahead along the Dalmatian coast, Horthy, whom Hitler pressed to enter the war with promises of territorial concessions – using Yugoslavia's disintegration as the excuse, declared null and void the recently signed treaty of friendship and nonaggression, and, after the suicide of the weakly protesting Hungarian Prime Minister, Pál Teleki, set his troops marching toward Bácska. What had been thought to be the strongest Balkan army was defeated in 11 days. On April 17, Yugoslavia surrendered unconditionally.

The Greek offensive had also started, and the German units in Yugoslavia turned southward. The Greek Army was surrounded, and on April 24, Greece, too, capitulated. It was too late to save any of the 60,000 man British expeditionary force. Land warfare in the Balkans had come to an end.

Thus, by the spring of 1941, the *Südostraum* had come totally under German military control. As in Czechoslovakia and Poland, in Yugoslavia, too, the political unity of the state was dissolved, and the country was partitioned. It was the Fascist satellite, Croatia, and Italy which carved significant areas for themselves, the latter annexing Slavonia and Istria, as well as a part of the Dalmatian coast. Northern Slovenia was incorporated into the Third Reich, while Hungary got Bácska. Macedonia was divided between Bulgaria and Albania, and the latter was placed under Italian suzerainty. The rest, a dwarf Serbian state, came under German suzerainty without the slightest chance, or even pretext, of sovereignty.

Even while the drama of the Balkans was being played, Hitler's attention, and that of the German military command, had already turned to "Operation Barbarossa" the preparations for the invasion of the Soviet Union. Along with, and as a part of the military preparations, discussions were also started about the participation of the satellite countries. And since the 34 German divisions stationed in the east near the Soviet border had been augmented to 103 divisions by April of 1941, Antonescu quickly agreed to Roumanian participation in the campaign. By June 11, Hitler outlined his military strategy, and promised Bessarabia and Northern Bukovina as the rewards of cooperation. In turn, the Roumanian government agreed to participate actively in the military operations from the first day of the war.

When in accordance with the Barbarossa plan the Germans attacked the Soviet Union at dawn on June 22, 1941, Roumania was the only one of Hitler's East-European satellites taking part. And she did so with a significant military force: 13 divisions and 9 brigades at the beginning of the offensive, 24 divisions by the fall.

In August, the area between the Bug and the Dniester, now renamed Transnistria, was placed under Roumanian administration with Hitler's consent and in partial fulfilment of Antonescu's vision of a Greater Roumanian Empire. The Hungarian government had not been asked for military assistance, but Horthy and Prime Minister László Bárdossy did not want to lose out on Hitler's good graces to Roumania and Slovakia, which had volunteered to join the campaign. So Hungary eagerly volunteered to intervene against the Soviet Union, and did so, without consulting parliament, on June 27, 1941, using the bombing of Košice as excuse. Throughout 1941, however, Hungary's participation in the war — with but the 50,000 man Carpathian Corps — remained more or less symbolic. In January, 1942, Ribbentrop came to Budapest to convey Hitler's demand for the involvement of all of Hungary's armed force of 28 divisions during the year to come. After some bargaining, 15 Hungarian divisions set out for the Eastern Front shortly thereafter.

Thus, during the three years between the spring of 1938 and the summer of 1941, all of the countries of East Central Europe had either lost their independence, and — defeated, occupied, partitioned and assimilated into the territories of Germany or its allies — had become totally defenceless and subjugated; or had unreservedly joined Nazi Germany. These latter states entered the German alliance system, came under tight economic, political, and not infrequently, military supervision; and, led by satellite governments, became a part of the German

Lebensraum. True, they got no small part of the booty, and were frequently enough rewarded with the annexation of larger territories; but they suffered extraordinarily heavy losses in participating in the campaigns against the Soviet Union.

From 1938, then, and particularly during the first stage of the Second World War, East Central Europe became a part of the Nazi *Lebensraum*, and remained throughout the war years a supplement of the German war economy. Although in the decisive respects there was little difference among the countries from Austria to Bulgaria and from Poland to Yugoslavia, discrepancies in the level of their military and political development had significant effect on their economies and on the nature of their link with Germany. In this respect, the countries of the area fell into one of three categories. Austria, and the part of Czechoslovakia incorporated into the German Empire, fell into the first. The satellite countries, Hungary, Roumania and Bulgaria, fell into the second; and the countries which had been militarily subjugated — Poland and Yugoslavia — into the third.

The adaptation of the countries of the first group to the German war economy had a considerable number of common features. Both Austria and Czechoslovakia were annexed peacefully even before the outbreak of the war; both were considered organic parts of the Empire, though perhaps not quite equally so. Both were developed industrial economies, and therefore were not relegated to the role of raw material producers as were most of the countries of Southeastern Europe. German economic policy here was the complete and organic incorporation of these countries. Industry was to become but a part of the German war economy, not only in respect of its production and financial backing, but also in respect of its ownership.

The expropriation of Jewish property which took place after the *Anschluss*, the appropriation of national and public interests, the systematic influx of the large German concerns and the rapid expansion of their previous enterprises soon put a significant part of the Austrian economy into German hands. The Credit-Anstalt-Bankverein, which had incorporated also a number of smaller banks, came under the control of the Deutsche Bank; and the Länderbank under that of the Dresdner Bank. By the end of the war, 200 Austrian enterprises were under direct German control; thus, almost the entire oil industry, and a significant part of the electric, chemical, iron and metal industries as well.

In Czechoslovakia, the manner of appropriation was much more direct. Jewish properties worth close to 6 billion crowns were confiscated. Through a great variety of methods, leading Czech firms were compelled to sign so-called "Treuhanda-greements" through which they were "leased out" for an unspecified period of time to German concerns. The successes of the Göring concern are particularly striking. They even had control of eighty large Czech firms with a total of 150,000 workers. Göring's company had the Witkowitz Iron Works, the Skoda Works, the Poldona Foundry and other giant industrial concerns. The Tatra Car Factory came under the control of the Dresdner Bank, as did the Czech Discount Bank. The Mannesmann concern got hold of the Prague Railway Company, and of numerous industries in Ostrava. At least half of the industrial shares of the protectorate was

taken over by the Germans, including 90–100 per cent of coal mining, of the cement, paper and oil industries, and at least a quarter to a third of all the other branches of industry.

Once German control over the Austrian and Czech economy had been achieved, it was made into an organic part of the German war machinery.

Through strong German centralization and extensive government interference – complete control over financial resources, the placing of orders and the allocation of raw materials – the Austrian and Czech economies served only the Nazi war economy and developed along lines typical of war economies.

Immediately after 1938, Austria, which until then had been unable to stand on its own feet, experienced a spectacular war boom. There were 320,000 registered unemployed in 1937; within two years, 250,000 of them had found jobs. The building of huge industrial units was begun, partly in the hope of achieving an organic economic union with the German areas. It was this, along with strategic and military considerations, which led to the energetic development of Upper Austria's war industries. A large port was constructed in Linz, and three heavy industrial plants were located in town to take advantage of the improved transportation facilities: a coking plant, a steel plant, and a nitrogen factory. It gives some idea of the size of the Linz metal works to note that it was originally planned to produce 2 million tons of pig iron, and had a steel plant and a rolling mill attached. The plant that was built during the war years was but 50–70 per cent of the planned capacity; it produced 5 million tons of iron and 120,000 tons of steel. Linz was also the location of the chemical plant completed in 1942, capable of producing 60–70 thousand tons of plastic materials. In Ranshofen, a huge aluminium plant was built. It was planned to be able to produce 60,000 tons of aluminium – 10 per cent of the world's production at that time. By 1943, the factory was producing 40,000 tons of aluminium. With a number of other new establishments – among them the newly established oil industry – and with the development of the existing factories, there was rapid growth of the strategically significant branches of Austrian industry. The production of iron ore and of pig iron between 1937 and 1943 jumped by 67 and 149 per cent, respectively. Oil production rose from the 33,000 tons before the war to 1.2 million tons.

Although there are no comprehensive statistics, we can get a very good picture of the changes that the war years brought from an analysis of data collected from 1678 large plants. With the number of people employed in 1934 taken as 100, the source puts the number of those employed in March of 1945 at an average of 239. In the case of the iron, steel and machine industries, the latter number was 482; in that of mining, 234. In textiles, however, it was only 85; in the paper industry, 102; in the foods industry, 107.

Czech industrial development showed similar trends. Between 1939 and 1943, coal production increased by more than a third – 31 per cent for black coal, 43 per cent for brown coal; steel production was up by 11 per cent; electricity production by 44 per cent. It gives some indication of the expansion of war industries to note

that the number of people employed in the largest war industry, in metallurgy, jumped to two to three times what it had been before the war.

Along with the typically one-sided wartime concentration on raw material and heavy industrial production, there was also a gradual decline in the production of consumer goods. Even the deficient Austrian data give a clear picture of the trend: the paper industry, where production until 1941 somewhat exceeded the 1937 level, sank, after 1941, below what it had been before the war. The production of wool, however, had fallen to half of the prewar level already by 1941. The number of those employed in the textile industry in 1944 was only 40 per cent of that before the war; in the leather goods industry, but 80 per cent.

The production of even the most important foodstuffs also declined: 15 per cent in the case of the beer, 5 per cent in the sugar industry.

As a consequence of all this, the rise in the level of industrial production during the war was relatively moderate. Calculating with prices held constant, we find that the industry of the Czech-Moravian Protectorate produced at the peak of the war boom but 18 per cent more than before the war. Its agriculture also suffered considerable decline, with milk production falling to half of what it was, and all animal produce showing a general and significant downward trend.

Germany's Southeast European allies experienced the development of another kind of war economy. Hungary, Roumania, Bulgaria, and in part the puppet-state, Slovakia, created by the Germans in 1939, are examples of this type. The German attitude to the satellite states was expounded the spring of 1941 in a series of articles in the semi-official *Berliner Börsenzeitung*. This was, that the countries of Southeastern Europe "must adapt themselves to their natural conditions", and that "industrialization was incompatible with the agricultural character of these countries". "Concurrently with territorial revision, the countries of Southeastern Europe must also make economic adjustments to the demands of a continent-wide economic order. Their agricultural production will be directed to satisfy the needs of the other areas of the continent. Let their major produce be grain and oil-seeds, complemented by the growing of other industrial plants, in connection with which an agricultural industry may develop. The production of raw material will be supplemented by their local processing into semi-finished goods through the exploitation of local water power (oil, metals, light metals)."

The German plans for the industries of Southeastern Europe were threefold — as the Hungarian agent in Berlin outlined in his confidential report to the Hungarian Ministry for External Affairs. They wanted the agricultural industries to develop through "directed cooperation", that is, exclusively and totally to serve the needs of the German market. The other existing industries were to be transformed into German concerns. And finally, all means were to be used to prevent the development of any industry inconvenient to German aims.*

*Hungarian National Archives. Ministry of Foreign Affairs. Economic Policy Division. 1941. Res. 466.

Although consistent attempts to realize the first two points of the program — the maximal orientation of agriculture and raw material production to serve the interests of the German war economy — continued to the end of the war, these met with but partial success.

At first, the record production in Hungary in 1938, and the similarly outstanding one in Roumania in 1939 concealed the true state of affairs. During the first years of the war, there was still a significant increase in the volume of agricultural produce sent from all these countries to Germany, and it appeared as if the manpower deflected to industry and to the army would be compensated for by the massive imports of agricultural machinery from Germany. Within a few years, for example, many thousands of tractors, combines, and many tens of thousands of other agricultural machinery arrived in Roumania. This, however, was only partial replacement for the manpower lost, and did not raise the level of production. Even the desperately small quantity of artificial fertilizer used during the '30s was no longer available during the war, while the decline in the number of animals meant that there was less natural manure. The expanding of the area of land under cultivation was out of the question, and, in fact there was a slight shrinking in the area of cultivated land. Under these circumstances, except for one or two outstanding years, production was well below the prewar level. During the war, there was, in fact, a decline of 20–30 per cent in the average yearly agricultural production of the Southeastern European countries compared to the averages of the second half of the 1930s, a decline resulting mostly from that in grain production.

This unambiguously negative total picture was, in fact, brightened by increased production in a few special branches, principally in the production of oil seeds so much insisted on by Germans. But even here, increases both in the area of land under cultivation and in production took place more in the late '30s and during the first years of the war than in its later phases. In Bulgaria, where response to German demand was the strongest during the '30s, sunflower-seed production reached its peak in 1937; the yield in 1942–43 was but 50 per cent of this.

In Roumania, the area of land devoted to industrial and other plants grew from 7.4 per cent to 11.6 per cent between 1940 and 1943. There was considerable increase in the production of beans and peas, but that of oil seeds and industrial plants for the most part did not reach the 1939 level.

With the almost 25 per cent decrease in production, and with the great increase in domestic consumption, none of these countries could satisfy the demands made upon them by Germany. In Bulgaria and Roumania, the supply of livestock declined by 15–25 per cent between 1941 and 1944. Thus, the export of livestock to Germany had to be terminated during the second phase of the war, and the amount of animal and milk products exported fell far below the prewar levels.

The German policy of making its allies suppliers not only of food but also of raw materials was, in many respects, more successful. Hungary's bauxite and Roumania's oil were of most significance in this respect, but wood and non-ferrous metals from Roumania, and oil and manganese from Hungary were also essential

elements of the German war economy. The Germans, therefore, did everything within their power to increase production in these branches, frequently making considerable investments so as to have a greater productive capacity to serve their purposes.

During the war, Hungary's bauxite production approximately doubled (it was 1 million tons in 1943), 90 per cent of it (900,000 tons) going straight to Germany.

Hungarian manganese-ore production also roughly doubled; the amount exported to Germany here was 60 per cent.

As for petroleum and grain, the Germans' 1939 trade agreement with Roumania already guaranteed them plentiful supplies.

German firms established a series of companies with the aim of increasing the volume exported of these products. The oil contract of the spring of 1940 stipulated that Roumanian oil had to be sold at prewar prices. The December 4, 1940 contracts guaranteed the increased export of agricultural and forestry products. In 1940-41, more than 60 per cent of the oil produced in Roumania went to Germany, and the Germans demanded yet additional increases in production. Between 1940 and August of 1944, 10.3 million tons of oil were exported to Germany, while the amount of petroleum consumed by the German Army in Roumania was estimated to be around 1 million tons.

Roumanian agriculture was so far exploited — 1.4 million tons of grain were sent to Germany between 1940 and 1944 — that, like in Hungary, bread was rationed, and at times, unavailable.

Some agreements actually stipulated that the Roumanian population was to receive only the food that remained after German needs had been satisfied.

After the attack on the Soviet Union, the German war machine had need even of the relatively modest industrial capacity of its satellites. In 1941, Hungary contracted to establish new war industries, and to place 70 per cent of their capacity at Germany's disposal. Some sources put at 60 per cent the amount produced to German order by Hungary's rapidly expanding war industries. From 1941 on, the German Army placed more and more orders in Hungary. Particularly large-scale was the airplane manufacture going on within the framework of the Messerschmitt program. Six hundred fighter planes, 100 all-purpose planes, and 1,000 airplane engines were mass produced in Hungary starting at the end of 1943. German investments developed Hungary's aluminium oxide and aluminium industries. The two largest plants established during the war years, the Danube Airplane Factory and the Danube Valley Aluminium Plant, were built with German cooperation.

The industrial capacities of the other satellite countries were more modest, and played a modest role in German plans. The development of the war economy in these countries was, thus, sharply one-sided, and, with the decline of consumer industries, industrial production as a whole was but 38 per cent above the prewar level in Hungary and 18 per cent in Bulgaria, and this in the peak year of 1943.

Concurrently with this one-sided, moderate war boom, the satellite countries were beginning increasingly to experience the dire economic consequences of the

unconcealed despoilation wrought by subordination to the German war machinery. For they were shipping more and more of the ever growing volume of food, raw materials and industrial goods to Germany without any recompense. In fact, the Germans were making no particular effort to conceal — as they had the clearing liabilities of the '30s — the debts they accumulated during the war years. From their new position, they openly declared their new policy, exemplified by a statement by Litter, a senior civil servant in the German Ministry of Finance, regarding Hungary: "The mass of the goods shipped by Hungary must, in fact, be considered contributions to the common war effort, contributions whose value will be booked."*

The value of these unpaid goods, especially after 1941, grew by leaps and bounds. For instance, Germany's debt to Hungary in 1941 was only 140 million marks. By 1942, it was 50 million; by 1943, 1 billion marks, while by 1944, an additional 1.5 billion marks worth of debts — including the cost of the German occupation — had been accumulated.

Germany's debts to Bulgaria show a similar trend. In 1941, Germany owed Bulgaria 210 million marks; in 1942, 380 million, while by the end of 1943, her debt was 680 million. The provisioning of the German troops stationed in Bulgaria throughout the entire war cost another 250 million marks. Germany's debt to Slovakia between 1939 and 1944 — including the value of railway transport, and the cost of provisioning the German troops — rose to 1 billion marks.

It is an indication of the magnitude of Germany's debts that the amount owed Hungary — which, as we have seen, was proportionate to amounts owed the other satellites — accounted for one quarter of Hungary's entire war expenditure, and was a burden which greatly contributed to the development of an inflation economy. For the unpaid German orders had to be paid for by the governments of the producing countries, and for this they had no other means but the issuing of great quantities of unbacked paper currency. In Hungary, it was precisely the German debts which necessitated the issuing of 40 per cent of the unbacked money. A decisive factor in the wartime inflation suffered by the satellite countries was, thus, their uninhibited exploitation by Germany.

How far these countries were integrated into the German war economy is indicated by the fact that Hungary's, Roumania's and Bulgaria's trade during the war years was practically exclusively — 75–80 per cent — with Germany.

It is almost impossible to give a comprehensive picture of the wartime economic conditions of Poland and Yugoslavia — the countries which comprised the third group — for the simple reason that there was no unified economy in either Poland or Yugoslavia during the years of occupation.

Immediately after occupying the Polish and Yugoslav areas, the German troops aimed at the total destruction and annihilation of their economies. For example, in

*Hungarian National Archives. Ministry of Foreign Affairs. Economic Policy Division. Material from the Hungarian-German economic discussions of 1942.

October of 1939, Göring instructed the military authorities in Poland to dismantle every factory of some importance, to transport every machine and, as far as possible, every power-station and line of communication, since an independent Polish economy was superfluous. They even made plans to tear up telephone and telegraph cables, and, except for a few one-track railways, all railway lines as well.

A little later, however, the Nazi program changed. Although they continued to regard the occupied country as booty, and did not want it to have an independent economy, instead of liquidating the existing economic sources they decided to exploit them to the utmost for the benefit of the German Empire. Accordingly, they extended Göring's four-year war-preparations plan to include also the occupied Polish territories. Hans Frank, the Nazi governor, published as goals the increasing of agricultural production and the maximal exploitation of the country's mineral wealth, all of which was to be sent to Germany.

Thus, in order to better process the strategic raw materials, there were even considerable investments made in some areas, particularly in Polish coal mining, in Croatian oil production, and in Yugoslav non-ferrous metal mining, particularly around Bor.

However, it was not so much from increased production that German needs were supplied in most areas, but through the reduction of the population's consumption to a bare subsistence level, and through the stoppage of plants not directly serving the German war effort. It is a picture of uninhibited plundering that the data for the yearly grain export required of Poland give us: in 1940, 370,000 tons of grain were collected and sent to Germany; in 1941, 700,000 tons; in 1942, 1.2 million tons; and by 1943, 1.5 million tons. Data for the export of meat, lard, potatoes and other foods show similar increases.

We have no precise and comprehensive data on the export of raw materials and manufactured goods, but there is every indication that the situation here, too, was one of unbridled robbery. Polish mines and industries concentrated only on the production and processing of raw materials. Between 1938 and 1943, coal production rose from 38 million tons to 57 million tons. Except for a few other raw materials, however, it was not a rise in production which characterized the Polish economy, but rather the dismantling and shipping out of plants, and the consequent recession. Many industries produced but 20–30 per cent of their prewar level, and, according to some calculations, Polish mining and industry as a whole produced, at best, 60 per cent of what they had before the war.

The German policy of plunder and subjugation was not, however, content to leave it at that. Not only was food taken from the mouths of the hungry population, and the country stripped of its raw materials: masses of Polish and Yugoslavian workers were driven to do forced labour in the war industries of the Reich. By the summer of 1944, 2.8 million Poles had been taken to Germany to do forced labour. Only a small minority of them were prisoners of war; most of them were civil deportees.

Had the Nazis had time to realize their long-term plans, they would have had a total of 4 million Polish forced labourers working in the Reich's war economy.

The wartime economies of these subjugated, dismembered and plundered countries showed a picture of utter devastation.

In Yugoslavia, where constant partisan wars compounded the effect of dismemberment to make an organized war economy practically impossible, the Germans were most interested in the export of food and raw materials. Some sources estimate the amount of food taken away during the four years of occupation to be as many as 10 million tons. Of raw materials, they took primarily the wood of the Croat areas (some sources say they cut down 40 per cent of the woodland), and took steps to make the newly discovered oil-fields more productive. In the occupied Serb areas, they were, of course, most anxious to increase the production of non-ferrous metals, to which end they even made some investments.

All this — the economic exploitation, the unconcealed plundering and subjection, and the mass deportations — was carried through with unprecedented brutality. The Nazi secret police and military government set up a reign of terror aimed at establishing the unqualified supremacy of the German *Herrenvolk* through the most ruthless of means. "Aryan-type" children were selected and taken to Germany as the first step to the systematic "Germanization" of some regions. At the same time, the German minorities of the satellite countries flocked to join *Volksdeutsch* organizations, which became the recruiting grounds of the SS, and the vanguard of a future Nazi conquest. To establish the "new European order", the Nazi *Einsatzgruppe* began the systematic extermination of the Jews living in the conquered territories, and demanded that the satellite governments adopt similar measures. More than 3 million Polish Jews fell victim to the unprecedented ruthlessness of the systematic mass murder carried on at the death-factories. In Hungary, close to half a million people were murdered, in Roumania, about 300,000. The great majority of the Jewish population of the Central and Eastern European countries — about four million men, women, and children — were killed.

There was a veritable manhunt for all Communists, all democrats, all anti-Fascists and all anti-Germans, and mass extermination became a rule. In flagrant violation of international law, the taking of hostages was instituted. In retaliation for an attempt on the life of a German soldier, they would execute as many as 50–100 hostages. The entire population of the Czechoslovak community of Lidice was murdered or dragged away to prison camps and the village was destroyed in retaliation for the attempt made on Heydrich's life. In Yugoslavia, 1 million civilians fell victim to the mass terror.

The terror and lawlessness, the cynical Nazi expansion in the occupied and satellite countries very soon led to the development of energetic resistance. Self-defense against the coercive war measures, passive resistance on the part of most of the population, refusal to do forced labour, and the sabotage of compulsory deliveries were all commonly practised, as were the most varied forms of active resistance. Aiding the hunted, sabotage, impeding the production and delivery of

war products, and armed action signified the peoples' heroic resistance. At some points and in some countries, widespread armed revolts erupted.

In Yugoslavia, resistance grew into veritable partisan warfare. Partisan activity was started practically on the morrow of the German occupation by the remnants of the Yugoslav Army collected by Colonel Mihajlović. After July, 1941, when the Communists proclaimed and organized the nation's resistance, it acquired also a class content. The Nazis, in ruthless retaliation, executed 20,000 people and murdered 10,000 partisans by February of 1942. But their terror was fruitless, and, in fact, counterproductive. The name of the partisans' initially unknown leader, Josip Broz Tito, became the symbol of resistance the world over, and, from the second half of 1942, there was a formal war going on against the German army of occupation. By the end of 1943, 300,000 combatants organized into 26 divisions, 10 independent brigades and 108 partisan units engaged more than a million and a half Nazi soldiers and their allies. And in the summer of 1944, in spite of their phenomenal losses — 300,000 dead and 400,000 injured — the partisan army of 400,000 men played a decisive role in the liberation of Yugoslavia.

In Poland, the partisans attacked 1,300 German transports, and destroyed or incapacitated 7,000 engines and 20,000 railway cars between 1941 and 1944. Until 1943, however, the partisans could not gain control of larger, adjoining areas. It was mostly side by side with the Allies that the various Polish units fought on the various fronts. The heroic insurrection of the Warsaw ghetto in 1943, and the Warsaw insurrection of August 1944, when 200,000 people died tragic and valiant deaths, were among the supreme moments of Polish resistance.

Wide-spread sabotage, the Slovak insurrection of the summer of 1944 in which 100,000 partisans took part, and the Prague revolution of the end of the war testified to the heroism of the Czechoslovak resistance.

The enthusiasm with which the satellite governments had cooperated with the Nazis had also cooled in the course of the war, especially after Stalingrad. The Roumanian Army had been one of the targets of the Soviets' Stalingrad offensive. The 4th Roumanian Army suffered terrible losses. More than 100,000 soldiers had died, were wounded or became prisoners of war. The 2nd Hungarian Army, after a few weeks, came to almost the same end. The new Soviet attack at Voronezh crashed the lines on the 12th of January. The Soviet tanks, the snow and the frost caused the deaths of thousands upon thousands. Although no exact numbers for the casualties are available, not more than half the army can have survived. Almost 30,000 lost their lives in battle; about 10,000 froze to death during the retreat, and 50–60,000 men, many of them wounded, fell prisoner to the Russians.

The loss of their armies was a catastrophe for both Hungary and Roumania, who had wanted eventually to use them against each other. After Stalingrad, the quarrels and the race for Germany's favour was slowly pushed into the background by a new race: the race to make contact through peace-feelers with the Western Allies, and to seek ways to escape Soviet occupation, and the consequent radical social change.

The Hungarian government was shrewd enough in September of 1943 to conclude a preliminary agreement stipulating that in case it was Anglo-American troops that reached the Hungarian frontier, Hungary would make a volte-face. But due to the slow advance of the Anglo-American troops in Italy, and the enormous achievements of the Red Army, the military situation changed. The Hungarians and Roumanians clung to their previous conceptions, and even the Hungarians — who had prepared for this in 1943 — failed to decide on a volte-face. From September onward, Hitler carefully watched what was going on in his empire. Afraid of an Italian-style volte-face, he prepared for the occupation of Hungary, even considering getting help from Roumanian troops. Antonescu was certainly willing to contribute his men, but he set North Transylvania as the price. Hitler, afraid of strengthening the Hungarian resistance, refused to pay it. The country was occupied by the Germans on March 19, 1944, with no resistance offered.

The Gestapo came into the country with the German troops, and, with the help of the Arrow-Cross Party and other agents of the extreme right, began at once to arrest the supporters of the left. They not only persecuted the Communists, but also arrested most of the leaders of the Smallholders' and the Social Democratic Parties. The leaders of the pro-British groups of the ruling classes suffered a similar fate. Members of parliament, members of the Upper House, journalists and leading businessmen of Jewish descent were arrested.

Horthy, who arrived home from his audience with Hitler a few hours after the entry of the German divisions, appointed the former Berlin envoy, Döme Sztójay, as successor to Prime Minister Kállay; an official statement issued a few days after the country's occupation attempted to give it a legal basis by claiming that "the German troops had been requested by the Hungarian Government" to enter the country.

Döme Sztójay, a one-time army officer of limited ability and narrow views, had been Hungarian minister to Nazi Germany for nearly a decade, and represented the interests of the German government in Hungary far better than he had the interests of the Hungarian government in Germany. His person and his government, which consisted of extreme right-wing and Fascist elements, were an adequate assurance that he would serve the new German envoy, the "Führer's authorized representative with full powers", Edmund Veesenmayer, to the end.

The new government spread Fascism throughout the political life of the whole country. It restricted the activities of the press by banning hundreds of weekly and daily papers and by allowing the publication only of explicit Fascist and German-financed papers. It ensured the absolute rule of the right-wing elements in the municipal administration of the capital and in the countryside by a radical replacement of personnel. It organized the deportation of 450,000 people, the entire Jewish population of the Hungarian provinces, most of whom were sent to Auschwitz. About 75–80 per cent of the deportees perished in gas chambers or under the inhuman conditions of the various concentration camps. The news of the mass-murder of Jews spread abroad, and caused tremendous international indignation. The Hungarian government was warned that not only the Germans, but the Hungarian authorities,

too, were responsible for the deportations, and would answer for their crimes after the war. This induced Horthy, who had given the government a free hand until June, to call a halt to further deportations; but except for the capital, they had already been completed all over the country.

Hungary's contacts with the West were severed with the occupation of the country; Roumania's, however, grew more and more frequent. In Cairo, Roumanian agents led negotiations with the representatives of the anti-Fascist coalition, and domestic forces, too, began to prepare for a *volte-face*.

When, therefore, the Soviet troops began their attack on Roumania on August 23, 1944, the king had Antonescu arrested, and the nation rose in arms. All this contributed not only to Roumania's speedy liberation, but also to the war-effort against the Germans. The Roumanian upheaval altered the entire political and military scene in southeastern Europe. Bulgaria, which had not fought against the Soviet Union, also started preparing for an armistice.

A new, pro-Allied government was appointed, but it, too, hesitated in making a complete *volte-face*. By that time, the Soviet troops had reached the Bulgarian frontier, and, seeing the general tenor of Bulgarian politics and the German bases on Bulgarian territory, declared war. On September 9, the Bulgarian nation rose; the people were victorious, and the country joined the anti-Fascist camp.

No such turning point came in Hungary. Horthy's last-ditch attempt to get rid of the Germans and — finally — to come to an agreement with the advancing Red Army, failed. The Germans arrested him on October 16, and a new puppet government was set up. Szálasi, the leader of the Arrow Cross Party, became the Prime Minister. Actual power was in the hands of the Germans; and the liberal, Socialist, and anti-Fascist forces were not strong enough to contribute significantly to the nation's liberation.

In most countries of the area, however, the resistance had no small part in the anti-German struggle. Although the motives, political goals and social backgrounds of those in resistance were heterogeneous, and the movement pooled the most varied national and democratic forces, in most East Central European countries the Communists played a major, often leading role. This was true principally of the Yugoslav partisan war, but was true also of a faction of the very divided Polish resistance, and of the leadership of the Slovakian insurrection. The Communist parties had considerable influence even in the Roumanian, Bulgarian and Hungarian resistance movements.

Thus, the wartime struggles contributed also to the postwar political transformations. However, the peoples of East Central Europe still had many trials to endure until political stability was achieved. Liberation from Nazi rule, and from the governments of the satellite régimes — for all the significant contribution of the domestic forces in some countries — was primarily achieved through the devoted struggles of the Allied forces, and especially of the Soviet Army which had turned the tide of the war at the beginning of 1943 at Stalingrad.

In June of 1944 — after a year and a half of its extraordinarily powerful offensives had inflicted great losses on the German invaders, and had driven them out of vast areas of the Soviet Union — the Soviet Army started its summer

offensive. One hundred and sixty-six divisions, 300,000 tons of supplies and half a million tons of food had been amassed; and, within five days, four Soviet fronts broke through the German lines in six places. By the end of July, 28 German divisions had been annihilated, and 350,000 men killed. This Soviet break-through marked the beginning of the liberation of the countries of East Central Europe. Marshall Rakossovskij's First Belorussian Front troops reached the Polish border on July 18, 1944, and a few days later, the first Polish town, Lublin, was liberated. The offensive was then augmented with Marshall Konyev's troops, who broke through the German lines around Lvov. The Soviet troops reached the Vistula at a number of points, and it was only in August that the Germans managed to halt this unprecedentedly successful offensive.

The Eastern Front had been pushed 600 kilometers to the west through this summer offensive, and the area of Poland between the Bug and the Vistula had been liberated. Poland's western part, however, remained under German occupation up to February of 1945.

In August of 1944, the offensive was halted on the central Soviet front, and all forces were concentrated on the liberation of Southeastern Europe.

By the time the Allied forces landed in Normandy, and the German defences collapsed in August, the Soviet troops were already drawn up to attack the Germans in Southeast Europe, thus to detach Germany's satellites. Colonel-General Malinovskij's Second Ukrainian Front, and General Tolbuchin's Third Ukrainian Front started their massive offensive along the Prut on August 20 against the million strong joint German and Roumanian "South-Ukraine Army". By August 23, the German-Roumanian defence line collapsed, and the road to Bucharest lay open. After Antonescu's arrest and following the victory of the national insurrection, the new Roumanian government declared war on Germany on August 25. The Soviet troops raced through Roumania in two weeks. The Third Ukrainian Front turned toward Bulgaria, and reached its border on September 3. It was only then that the Russian government made its declaration of war, and, on September 8, the Soviet troops crossed the Bulgarian border. There were hardly any German troops in Bulgaria, and the Soviet front advanced toward Sofia practically unresisted. On September 9, the anti-Fascist revolution was victorious, and on September 15, it was a liberated Sofia which greeted the units of the Soviet Army which marched through. Tolbuchin's troops then turned west. In the meanwhile, Malinovskij's Second Ukrainian Front had pressed into Transylvania, had also turned west south of the Carpathians, and made contact with Tito's partisan army. On September 21, a Yugoslav-Soviet agreement was signed in Moscow, on the basis of which the Soviet troops then moved into Yugoslavia. Tolbuchin's troops cut the German Army stationed in Serbia in half, and together with Yugoslav partisan units, liberated Belgrade on October 15. They then turned toward Hungary, whose liberation Malinovskij's troops, coming from Transylvania, had already started in September. At that point, Hungary became the focus of military operations. It took half a year of extraordinarily hard fighting to break the German troops — who saw the holding

of this area as a means of defending Germany itself — and their Hungarian allies. Horthy's unprepared attempt to withdraw from the war, announced on October 15, was frustrated by the Germans and their Hungarian Arrow-Cross supporters. Szálasi took over the reins of power, forcing the country to endure a bloody Fascist dictatorship and a mindless fight to the finish. The 100,000 strong German and Arrow-Cross Army encircled in Budapest at Christmas resisted for six weeks, reducing the city to ruins. It was only after months of heavy battles in Transdanubia at the beginning of 1945 that the last Nazi troops were finally driven out of Hungary on April 4.

Military operations in East Central Europe came to an end practically at the time of the end of the Second World War in Western Europe. It was then that Tito's units liberated Zagreb, and the parts of Croatia under German, or rather ustashi rule. It was then that the Czech operations came to an end with the liberation of the Prague basin; Vienna fell on the 13th of April to the Red Army.

The peoples of East Central Europe had, thus, suffered especially much during the years of the Second World War, and the countries of the area had undergone extraordinary devastation.

Poland, Yugoslavia and Hungary had been the most seriously afflicted. The former two, through the events of the entire war already discussed; Hungary, principally through that half year of heavy frontal fighting, and partly through bombing.

Yugoslavia lost more than 10 per cent of its 1941 population — 1.7 million people. An indication of the destruction suffered by the national economy was the annihilation of half of Yugoslavia's railway network, more than 6,000 kilometers of track. Half of the engines the country had in 1940, and more than half of its railway cars and wagons were destroyed, as was half of its repairs capacity. Almost all motor vehicles, and 40 per cent even of the peasant carts; half the ocean liners; two thirds of the river and coastal transport and 45 per cent of the telephone and telegraph cable system were annihilated, making Yugoslavia a scene of unparalleled losses in the sphere of transport and communications. Along with the destruction of the infrastructure, a sixth of the country's buildings were annihilated or seriously injured. The war brought losses of similar magnitude to agriculture as well. Between forty and fifty per cent of the agricultural machinery, 60 per cent of the stock of horses, 53 per cent of the cattle, and half of the sheep, goats and chickens were destroyed.

With the disassembling of the machinery, and the devastation of factories and supplies, industrial production, too, suffered serious decline. The destruction of the vitally important equipment of the two steel plants in Slovenia and Bosnia meant that the steel industry was completely paralyzed; while the textile industry, which had made the greatest gains during the interwar years, lost 40 per cent of its cotton processing capacity, and 20 per cent of its wool-working machinery — spindles and looms. Iron ore production fell to 30 per cent of what it had been before the war, and, while there were differences among the various branches, industrial production as a whole fell to 30–35 per cent of the 1939 level.

Poland's losses were of like severity. Forty per cent of the railway lines, 70 per cent of the railway buildings and equipment, and 70 per cent of the larger railway bridges were annihilated. Of the postal and telegraph lines, 64 per cent was destroyed. Eighty-five per cent of the buildings in Warsaw fell victim to the war; almost the entire Polish capital was destroyed. Fifteen per cent of the agricultural buildings suffered a similar fate. The most acute loss to agriculture was the destruction of 60 per cent of the stock of beef, 75 per cent of the horses, and 80 per cent of the stock of pigs. Of the forest areas, 25 per cent was lost to ruthless German plundering.

Industry also suffered particularly heavy losses. Some sources estimate industrial loss between 1939 and 1945 to have been as high as 11.5 billion dollars, more than a tenth of the total national assets.

Like those of Poland and Yugoslavia, Hungary's losses were also the heaviest in the sphere of transportation. Forty per cent of the railway network, and half of the engines were destroyed, while another quarter were injured and lay useless. Of the nearly 70,000 railway cars, 49,000 were taken by the retreating German and Hungarian troops, and half of what remained was destroyed. The entire river-boat fleet was also lost. Particularly acute was the loss of the river bridges, of which all the large ones, and 36 per cent (on the basis of length) of the smaller ones had been blown up. Half of the nation's investments in communications had been destroyed.

In agriculture, here, too, it was the loss of livestock — 44 per cent of the cattle, 56 per cent of the horses, 79 per cent of the pigs and 80 per cent of the sheep — which was the most serious.

Industry, too, suffered heavy losses: 50 per cent of the buildings and equipment, a third of the engines and 75 per cent of the machinery were lost. Industrial production after the war — with the scarcity also of materials and stocks — fell to 25–30 per cent of the prewar level.

In Budapest, 4 per cent of the buildings were annihilated, and a further 23 per cent seriously injured, losses which put additional burdens on the national economy.

Although Austria's losses were relatively on a smaller scale than those of the countries mentioned above, their total effect was still very serious. Economic losses due to bombings, and especially to the battles raging in the country's eastern section were estimated at around 38 billion schillings. Much of this was the losses in housing (37,000 homes were totally destroyed in Vienna alone), and in the transport system. But industry, too, reported a loss of 46,000 machines, while the building industry alone lost 40 per cent of its prewar capacity.

The immediate war losses were smaller in Czechoslovakia (especially in the Czech areas), and even less in Roumania and Bulgaria. Besides the bombing of the oil fields, Roumania's greatest losses were in the transportation system and in its livestock, and the situation was much the same in Bulgaria.

Many of the countries of East Central Europe thus suffered extraordinarily severe losses during the war. Losses in Yugoslavia, Poland and Hungary — and Austria's

situation was quite similar — amounted to between two and four times the entire national revenue of their last prewar year. These enormous losses — even allowing for all the discrepancies and inaccuracies in the available estimates — meant the destruction of about a third of the national wealth of these countries. Although the other group or countries suffered more modest losses — in Czechoslovakia, losses amounted to about a year's national revenue, while in Roumania and Bulgaria but a third of a year's — the exhaustion of the economy, of the stockpiles, of the means of production, and the very physical exhaustion of the population all made the postwar economic situation in all these countries critical.

While the victory of the Allied Powers and the total defeat of Hitler's Germany in the Second World War left the countries of East Central Europe in an extraordinarily difficult economic position, it had also liberated them of the oppressive expansion of the German Reich, and in most cases, of the conservative or Fascist régimes and Quisling governments which had laid them open to Hitler's exploitation. All this — with the help of the armistice, and then peace agreements — cleared the way for the rise of new social forces, and opened up radically new possibilities also for the economies of the countries of the area.

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