

FINAL REPORT TO
NATIONAL COUNCIL FOR SOVIET AND EAST EUROPEAN RESEARCH

TITLE: POLITICAL TRANSITION IN EASTERN
EUROPE: THE FIRST POST-COMMUNIST
ELECTIONS IN HUNGARY, ROMANIA AND
BULGARIA

AUTHOR: Sarah Meiklejohn Terry

CONTRACTOR: Georgetown University

PRINCIPAL INVESTIGATOR: Charles Gati

COUNCIL CONTRACT NUMBER: 800-02

DATE: October 1990

The work leading to this report was supported by funds provided by the National Council for Soviet and East European Research. The analysis and interpretations contained in this report are those of the author.

NOTE

This report supplements that of Charles Gati (April 1990) entitled "THE BLOC THAT FAILED: Soviet-East European Relations in Transition", and the textbook bearing the same title published by Indiana University Press in May 1990. It is one of a series of lectures given during the summer of 1990, all of which, together with the textbook and a course given at Georgetown University, were funded by the Council to strengthen East European studies.

Following an introduction on the nature of the transition process in Eastern Europe, the body of the report is an interpretive account of the political transitions in Hungary, Romania and Bulgaria, with emphasis on the elections, but including an outline of the key economic challenges facing each government.

TABLE OF CONTENTS

	Page
Introduction	1
I. The Stages of Transition:	1
1. "Anxiety"	2
2. "Euphoria"	4
3. "The Morning After"	5
II. Hungary: In the Land of "Rubik's Cube"	8
1. Into the Dustbin of History?	9
2. Hungary's New Political Landscape	13
3. Antall's Anschluss: Toward a "Grand Coalition"?	17
III. Romania and Bulgaria: Where "Odd Men Out" Means "Old Boys" In	22
1. Passing up the "Euphoria Apple," or Why the Socialists Won	23
2. What Next? The Uncertain Spoils of Victory	30
Endnotes	38

TABLES

1. Results of the March 25/April 8 Elections in Hungary	16a
1a. Distribution of Leadership Positions in Parliamentary Committees in Hungary	19a
2. Results of the May 20 Elections in Romania	22a
3. Results of the June 10-17 Elections in Bulgaria	22b

"Ten years, ten months, ten weeks, ten days": That was the shorthand East Europeans used to sum up the revolutions of 1989. It was a reference to the time it took the several countries to topple their respective communist regimes--ten years for the Poles, ten months for the Hungarians, ten weeks for the East Germans, and approximately ten days each for the Czechoslovaks, Bulgarians and Romanians. Indirectly, it was also a reference to the accelerating pace of events in closing months of the year.

With the dramatic events of 1989 behind us, it is time to turn our attention to the complexities of the transition to a post-communist order now under way throughout the region. The primary purpose of this paper is to assess the results of the first multi-party elections in more than four decades in Hungary, Romania, and Bulgaria. But, first, some general reflections on the nature of the transition process are in order.

I. The Stages of Transition: Anxiety, Euphoria and the Morning-After

It is useful to think of the transition in terms of stages that all of the countries in question must pass through, although they will do so at different rates and, no doubt, with quite different outcomes. From this still early vantage point, it is possible to identify at least three such stages:

- First, the collapse or removal of the existing one-party communist regimes, accompanied by the collapse of Soviet power in Eastern Europe; this is what I would call the "anxiety" stage, reflecting uncertainty over whether, when push came to shove, Moscow would really sit back and let it happen.
- Second, the "euphoria" stage, encompassing the first round of post-communist elections--and representing the first chance for the East

European populations to take revenge at the ballot box for decades of one-party monopoly rule.

- Third, the "morning-after" (or "hangover") stage--largely still ahead of us--when new governments must come to grips with the grim economic realities of the transition, and when existing political forces (both ex-communist and non-communist) may fragment under the pressure of difficult policy choices and the threat of social turmoil.

"Anxiety": Stage I--the collapse of the existing regimes--took place in very different ways in the six East European Warsaw Pact countries.¹ It occurred more slowly and cautiously in the two pioneer countries, Poland and Hungary, where there was acute awareness of the potential for retaliation, whether by the Soviet Union or by their conservative East European neighbors. Although it may be hard to recall today in the wake of later and more dramatic events elsewhere, the air of tension surrounding developments in Poland and Hungary between June and September was palpable: the unexpected emergence in Warsaw of the first non-communist government in the region since 1948, followed by Budapest's decision to open its border with Austria for thousands of East German refugees and then by the virtual self-destruction of its ruling communist party. For observers in East and West alike, it was a bit like walking on eggshells.

Somewhat ironically, the "anxiety" stage occurred more quickly in the so-called "gang of four"--the hard-line states of East Germany, Czechoslovakia, Bulgaria and Romania. In part this was because Poland and Hungary had broken the ice. The more important factor, however, was the clear signal sent by General Secretary Gorbachev in early October, while attend-

ing the 40th anniversary of the founding of the German Democratic Republic, that the Soviet Union would not come to the defense of an unpopular communist regime even in its most strategic East European ally. At this point, the Czechoslovaks, held back by memories of 1968 and more than two decades of post-Prague Spring repression, looked around and asked "What are we waiting for?"

By the end of 1989, stage I was over, except in Romania and Bulgaria where "reform" communists were still in command, and where the opposition remained embryonic and disorganized. [The retention of formal power until the spring 1990 elections by the newly transformed Hungarian Socialist Party represented a special situation in light of that party's role in initiating the transition to a multi-party system in early 1989.]

I might add that, by yearend, the Soviet Union was economically and militarily incapable of reasserting its dominant position in Eastern Europe. For the embattled Mr. Gorbachev, any attempt to do so would surely have destroyed his hopes of receiving Western support for his reforms. Moreover, even were he to be replaced—whether next week, next month or next year—by a more conservative leadership, Moscow could not use its still formidable military power in the region without triggering an explosion of ethnic conflict in the USSR. In all probability, recognition of these dilemmas was a decisive factor in the stunning events of the second half of 1989. But a second equally important factor in Moscow's acquiescence in these events was the leadership's apparent failure to comprehend until too late the full magnitude of the revolutions taking place—that is, that the demise of unwanted Brezhnev-era regimes also meant the demise of socialism in the region.²

"Euphoria": This is where the action has been in first half 1990, as each of the East European countries held its first fully free elections in more than four decades (in several cases, more than five). The critical question to be answered in this stage was whether the elections would produce governments that are, first, strong enough in terms of their social base; second, cohesive enough in their internal composition; and, third, bold enough in vision to bite the austerity bullet and implement painful but necessary economic reforms.

That Poland was the first of the six to pass through this stage intact was due to the special circumstances it enjoyed: first, to the head start afforded by the partially free parliamentary elections in June 1989, in which a mature and well-organized opposition went head-to-head with a communist party still in power and swept every seat it was allowed to contest save one; and, second, to the surprise formation of a Solidarity-led government (in coalition with the erstwhile allies of a now disintegrating communist party), which then fooled the political odds-makers by introducing an unprecedented austerity program without setting off the widely anticipated wave of blue-collar strikes. Fully contested elections at the local level in late May 1990, followed a month later by dismissal of the remaining communist members of the central government, virtually completed the transfer of political power in that country.

Elsewhere, the post-communist political line-ups only began to emerge with the succession of elections that started in the GDR in mid-March and ended in Czechoslovakia and Bulgaria in the first two and a half weeks of June. But two distinct patterns are already discernible. On the one hand, the East German, Hungarian and Czechoslovak electorates voted clearly for a swift return to Europe; not only have their communist parties (or their

"socialist" successors) been effectively marginalized, but the voters also rejected the rightist extremes, giving a clear majority to Western-style liberal-centrist parties. By contrast, voters in Romania and Bulgaria returned their communist rulers to office (albeit in slightly disguised form and minus most of the former leaders); although these results came as no great surprise in light of the half-completed revolution in the two countries, it does make them the "odd men out" in the region and casts serious doubt on their prospects for weathering the more serious tests to come.

"The Morning After": That brings us to stage III, in which largely inexperienced governments and legislatures will have to come to grips not only with the legacy of four decades of communist mismanagement, but also with a volatile and unforgiving economic environment. Again Poland was the first to take the plunge, with the "shock therapy" applied at the beginning of 1990, primarily because the country's dire economic plight left it no other choice. The others are only poised on the threshold--although "threshold" may be an inappropriate analogy here. A leap from the typical threshold calls for a fall of approximately one inch while this stage of the East European transition calls for the equivalent of a back flip off a five-meter diving platform into a shallow pool of ice water--a maneuver likely to result in nasty bumps and bruises (or worse).

Surviving the descent will depend first and foremost on economic performance--if not on an actual improvement in performance (well nigh impossible in the near term), then at least on a reasonable expectation that the inevitable hardships of the adjustment period will be of limited duration, that the most vulnerable segments of society will be protected, and that there will be a more just social and economic order at the other end. It is

not at all clear that the emerging governments can construct recovery programs that meet all these expectations. Moreover, most of their populations have not yet been tested in these terms. The Poles are the only ones so far to accept steep cuts in their living standards in exchange for the hope of future recovery, and a successful outcome of the Polish experiment is far from certain.

The "shock therapy" that the Poles have tentatively agreed to endure entails a kind of "reverse social contract" in contrast to the "implied social contract" that has been in force in Eastern Europe for more than four decades. Under the latter (involuntary) version, the party-state implicitly told the people: "we will guarantee your basic needs in exchange for you conceding to us a monopoly on political decision-making." Over the years, the party-state failed to uphold its end of the bargain, imposing economies of chronic shortage and deprivation, compounded by national subjugation to Moscow. Now, in exchange for being given a real voice in the political process, the people are being asked to make yet more material sacrifices for the sake of a distant and uncertain economic recovery.

The disincentives to following the example of Poland's shock therapy--with the attendant risks of soaring unemployment (close to 500,000 in the first half of 1990) and plummeting industrial output (down about 30% in the same period)--have tempted some East European leaders to promise a "kinder, gentler" transition from central planning to a market economy. On the premise that their economies are in better shape than Poland's, they advocate a more gradual approach to reform--or, to paraphrase Czechoslovak President Vaclav Havel, a "velvet reform" to follow the "velvet revolution." Yet, adherents of the gradualist school may find themselves upstaged by sudden and unpredictable changes in the economic environment.

The most serious flaw in the go-slow approach to reform is that the CMEA cocoon, which both hobbled and distorted the region's economic development and artificially sustained performance by guaranteeing supplies of Soviet energy and other vital raw materials in exchange for substandard machinery and consumer goods, is collapsing faster than the most pessimistic scenarios of only a few months ago. Already reeling from the prospect of hard-currency pricing of intra-CMEA trade starting in 1991—a shift that will bring the Soviet Union a windfall in the range of \$11-12 billion at 1989 trade levels—since mid-year the East Europeans are experiencing cuts of 30-40% in Soviet oil deliveries. The USSR's own economic crisis and a series of mishaps in key oil fields and pipelines may be partially responsible but, in all probability, Moscow is also retaliating for East European attempts to reduce mounting transferable rouble surpluses (due to the drop in the CMEA oil price since 1986) by slowing their own export deliveries.

In addition, trade among the East European states is disintegrating as the tendency of enterprises in one country to refuse goods from another has rendered long-term contracts unenforceable. The result is that markets for many giant state enterprises are evaporating before alternative sources of employment can be found. Add to this injury the insult of an external crisis such as Iraq's invasion of Kuwait—several East European countries were expecting to replace lost Soviet oil with deliveries from Iraq in repayment for arms deliveries—and we can begin to appreciate the vulnerability of Eastern Europe's transitional governments to unpredictable events.

Parts II and III of this paper examine the transitions in Hungary, and Romania and Bulgaria, respectively. The emphasis is on the elections and political aspects of the transition, but the key economic challenges facing each government will be outlined.

II. Hungary: In the Land of "Rubik's Cube"

The transition from one-party monopoly to multi-party democracy in Hungary is notable in at least four related respects:

- First, the Hungarian Socialist Workers Party (HSWP) was the only ruling communist party in Eastern Europe that took the initiative in undertaking internal reform and putting an end to its constitutionally guaranteed "leading role" in society;
- second, if one excludes the GDR where the elections were effectively hijacked by the dominant West German parties, Hungary has emerged with the most clearly defined and mature party structure in the region;
- third, despite what at first appeared to be an unnecessarily complex election law, the system worked remarkably well to encourage coalition-building and eliminate fringe groups; and
- fourth, after a bitter campaign seemed to preclude a grand coalition between the two leading non-socialist parties--the Hungarian Democratic Forum (HDF) and the Association of Free Democrats (AFD)--HDF leader and new Prime Minister Jozsef Antall struck a surprise deal with the AFD leadership that holds out hope for broad-based cooperation between governing coalition and opposition.

It remains to be seen whether this generally auspicious beginning will be translated into effective decision making on urgent issues of economic reform, or whether the new government and parliament will get bogged down in endless bickering and posturing. But, on balance, Hungary appears to have a significantly better chance than either Romania or Bulgaria of traversing the rock-strewn rapids of the post-communist transition without major political upheavals.

1. Into the Dustbin of History?

It is not easy to pinpoint the moment when the HSWP embarked on the road to its own demise. But, if I had to pick a catalytic event, it would be the September 1987 meeting of dissident intellectuals, both party and non-party, in the central Hungarian farming town of Lakitelek. By agreeing to appear as a guest speaker, then Central Committee member and chairman of the People's Patriotic Front, Imre Pozsgay, provided a protective umbrella for the group, which agreed to form a Hungarian democratic forum to develop an alternative reform program to that being proposed by the regime of aging HSWP leader, Janos Kadar. This was one of the opening salvos in an intense policy debate in preparation for the HSWP's extraordinary conference in May 1988. Although several key dissidents involved in the Lakitelek meeting were expelled from the party in the process, in the end Kadar and his closest associates were removed from power.

The new party leader, Karoly Grosz, was far from a populist or radical reformer but, in his ambition to oust Kadar, had to strike a deal with the reform wing of the party headed by Pozsgay (the most radical proponent of political reform in the leadership), Reszo Nyers (the father of the New Economic Mechanism introduced in 1968), and Miklos Nemeth (another key proponent of economic reform who succeeded Grosz as Prime Minister in November 1988). That compromise afforded the emerging non-communist opposition the vital breathing space it needed to get itself off the ground. By January/February 1989, and under growing popular pressure, the HSWP began edging toward multi-party elections to be held sometime in 1990. Meanwhile, Pozsgay set off a furor over whether the 1956 uprising should continue to be called a counter-revolution (the official view for thirty-odd years) or be redefined as a popular revolt. That led, by June 1989, to the formal

rehabilitation of the leader of the 1956 uprising, Imre Nagy, and more importantly to a collective leadership arrangement at the top of the HSWP between Grosz and the three reformist leaders--a move that effectively undercut the power of conservative forces led by Grosz.

By October 1989, a special party congress led to a split in communist ranks between a reformist Hungarian Socialist Party (HSP), led by Nyers, Pozsgay and Nemeth, and a reconstituted HSWP led by Grosz and his conservative associates--a split that triggered a sharp decline in the fortunes of both. When the promised elections were held--on March 25 and April 8, 1990--the HSP received just short of 11% of the vote in the first round, eventually winning 8.5% of the seats in parliament after the second. The new HSWP won no individual districts and fell short of the 4% of the vote required for representation under the county and national list system.

It should be emphasized that none of these developments, either singly or collectively, was a premeditated act of self-destruction. Rather, the declining fortunes of the HSP/HSWP can be chalked up to a combination of fast changing circumstances and miscalculation, plus more than a hint of hubris. At the time the reformers began pushing for a redefinition of 1956 and an opening up of the political process, they were keenly aware of their position on the cutting edge of change in the bloc--ahead even of their Polish counterparts who agreed to roundtable talks with Solidarity only after having their back pushed to the wall. The leadership was apparently motivated by its recognition, first, that urgently needed economic reforms could no longer be implemented without including the growing political opposition in the decision-making process and, second, that only by seizing the initiative to introduce some measure of competition and power-sharing, before popular pressure reached explosive levels, could the party hope to

recoup enough credibility to retain a leading (if not the leading) role in a new quasi-pluralistic structure.

In retrospect, the HSWP's confidence that it could fine-tune the dismantling of its political monopoly so as to ensure its own future influence was a gross miscalculation, but one for which it might be forgiven. Certainly no one in the early days of 1989 could have anticipated the rush of events that, little more than six months later, put the unthinkable within the realm of the possible—namely, non-communist governments in Eastern Europe. Nor could anyone have predicted that the opposition, still in the early stages of organization and lacking in both experience and resources, had the remotest chance of besting the HSP in the coming elections. After all, as late as July, public opinion polls gave the pre-Congress HSWP a 37% rating, nearly three times that of the nearest challenger; and the new HSP scored only two notches lower just after the Congress in early October. In brief, there was every reason to believe that the reformed party would be the core around which any future coalition would have to be organized.

The nose-dive in the HSP's ratings, from 35% in early October to 11% by the end of January 1990 (the same as its share of votes in the initial election round two months later), was due to several factors. The two most important, in my view, were (1) the regime's early 1989 promise of multi-party elections, which provided the impetus for emerging opposition groups to gear up their organizations for the real thing, and (2) the domino-like collapse of neighboring communist regimes, which convinced a skeptical population that it could cast its own aside with impunity. Thus, despite a residue of good will toward the HSP, born of popular appreciation for the reformers' role in steering the country toward a peaceful transition, the political momentum shifted rapidly in favor of the opposition.

But the new HSP was also instrumental in its own decline. Divisions within the reform leadership at the October congress--specifically between the more centrist Nyers, who was intent on preserving party unity, and the more radical reformers Pozsgay and Nemeth, who were equally intent on a clean break with the party's past in order to restore their credibility--were resolved in an ill-fated compromise. To the consternation of the reformers, Nyers won a temporary victory on two issues critical to keeping the conservatives in the fold: the continued privileged position of the party in workplaces and retention of its extensive property holdings (not only office buildings but schools, resorts and other special facilities), much of which the reformers believed should be returned to the state. In the end, the party did split and Nyers's compromise was overturned by parliament. But the damage had been done; party membership plummeted from more than 700,000 to approximately 50,000, as a majority of "captive" members (those whose jobs had previously been contingent on a party card) chose not to rejoin.

By and large, the HSP has accepted electoral defeat philosophically, but that posture conceals two quite different agendas. On the one hand, genuine reformers of the Pozsgay/Nemeth stripe appear willing to do their utmost to contribute to the success of the transition under a new coalition government. [NB - Nemeth won his seat in the first round, running as an independent; Pozsgay withdrew after coming in third in his district on the first round but was seated in parliament from the HSP's national list.] On the other hand, the centrist faction, together with their conservative ex-colleagues in the reconstituted HSWP, have adopted a more self-serving posture: The opposition-led government will inevitably fail in its reform efforts, at which point the workers will return to the "socialist" fold.³

2. Hungary's New Political Landscape

The same event that marked the beginning of the HSWP's journey into history also played a major role in the emergence of an organized opposition--namely, the September 1987 meeting at Lakitelek. The informal (and not yet legal) "democratic forum" that emerged from the meeting was not meant to be a political party as such, but an umbrella organization bringing together intellectuals of different persuasions (including dissidents within the HSWP) to push the Kadar leadership into adopting more radical reforms. Had the political environment remained restrictive, forcing the opposition to go head to head with a more or less monolithic regime, the forum might have retained this umbrella character--becoming a Hungarian variant of Poland's Solidarity.

Instead, the power struggle within the HSWP and Grosz's need to coopt the reformers in order to oust Kadar and company created an atmosphere of precarious permissiveness which, on the one hand, afforded the opposition increasing freedom of action, but also encouraged its gradual fragmentation into distinct parties. That process got a powerful boost in 1989, first from the promise of future multi-party elections, and then from the roundtable talks called in the summer to negotiate the ground rules for those elections. [The term roundtable, taken from the Polish precedent, was not quite accurate. The Hungarian version was triangular, the three sides representing: (1) the HSWP, (2) the opposition parties, and (3) several HSWP-dominated organizations, such as the People's Patriotic Front and state-sponsored trade unions. The HSWP's insistence on the participation of this "third side" was yet another indication of the party's illusions that it could fine-tune the transition and remain the dominant political force at least through the first election cycle.]

Given the number of political parties and organizations that rushed into the fray--eventually about 60 were registered--a scenario in which a relatively unified communist/socialist camp would face only a divided and fractious opposition initially seemed plausible, even probable. Even before socialist fortunes began to fade, however, a half-dozen parties emerged from the opposition pack as potential contenders. These can be divided into two groups, new parties with no pre-communist counterparts, and the "historical" parties that were pushed into oblivion or exile with the communist consolidation of power in 1947/48.

Foremost among the first was the Hungarian Democratic Forum (or HDF), a center to right-of-center party which took its name from the 1987 Laki-telek meeting, and which represents populist-national and Christian values combined with a pro-Western, moderate reform orientation. Two other groups that can also trace their roots to Lakitelek were the Association of Free Democrats (AFD) and Fidesz, the Association of Young Democrats. In contrast to the more rural, populist base of the HDF, the AFD is based in the urban intelligentsia (a fact that caused many to view it, not quite accurately, as the "Jewish party"); led by prominent ex-HSWP dissidents, it is more aggressively pro-West and favors a more rapid transition to a free market economy than the HDF. Fidesz, while closely allied with the AFD on most issues, places special emphasis on constitutional and legal issues; as its name implies, members must be 35 or under. Among the "historical" parties, three showed some promise in the early stages of the campaign--the Independent Smallholders' Party (ISP), the Hungarian Social Democratic Party (HSDP) and the Christian Democratic People's Party (CDPP).

Another factor that played a key role in shaping post-communist politics in Hungary was the electoral law governing the spring 1990 elections,

which was adopted in September 1989 following the roundtable negotiations. Under the law--which was sufficiently complicated to prompt one analyst to note that it was devised by the same country that invented "Rubik's cube"⁴--the 386 parliamentary seats were divided into three categories: 176 single-seat constituencies, with the remaining 210 to be apportioned among county and national lists of qualifying parties. In the individual districts, candidates could be nominated by one or more parties, or could run independently if endorsed by at least 750 eligible voters. Victory in the first round on March 25 required an absolute majority of votes cast. But, with more than 1,600 candidates from 27 parties running for the 176 seats, all but five contests had to be decided in the second round on April 8, where a plurality was sufficient for election. Nonetheless, the system favored those candidates of parties that had run well in the first round and could forge electoral alliances to maximize their advantage in the second.

At the next level, a maximum of 152 seats were to be allocated in proportion to votes for party lists in the 19 counties and Budapest. To be eligible to put forward a county list, a party had to run candidates in at least 25% of that county's districts; moreover, to be seated in parliament at all a party had to receive 4% of the votes for all county lists (except in cases where a minor party or independent candidate won in a single-seat district). The law further provided that, if a party did not have enough candidates on a particular county list to fill all seats won, the surplus seats would be transferred to the national list. (In the end, only 120 seats were filled from county lists.) Finally, the remaining seats (at least 58 but, in the event, 90) were filled from the national lists. These were intended to "make all votes count": That is, if a successful candidate received more votes than necessary for election, or if a candidate lost but

received some votes, these "surplus" votes were transferred to the party's national list, with seats distributed according to the number of "leftover" votes acquired by each party.

The results yielded by this three-tiered system are interesting for several reasons. First, the system worked admirably to limit fragmentation of the new parliament by winnowing out splinter groups and rewarding electoral cooperation. Of the 27 parties that fielded candidates, only six came in above the 4% minimum to qualify for seats from the county and national lists, and those parties able to forge electoral coalitions fared best. In the single-seat districts, the HDF was the big winner, taking 114 (or 65%) of the 176 seats in this category. Clearly, the Forum benefited both from the strong showing of its candidates in the first round and from its position at the center of the political spectrum, which allowed it to draw votes from candidates of other parties who stood no chance in the second round. At the same time, the county and national lists made up the most or all of the difference for the other major parties, based on their share of votes cast in the first round. Thus, as shown in Table I, the HDF ended up with 42.5% of the total seats in parliament (compared with 25% of the first round vote), while the AFD and ISP took 23.8% and 11.4% respectively (on very similar shares of the vote).

Equally significant was the poor showing of most of the "historical" parties. On balance, the electorate saw their programs and candidates as relics of the past. By contrast, the newcomers--in particular the HDF and AFD--were seen as more attuned to, and capable of dealing with, the new and urgent problems facing Hungary as it enters the post-communist world of the 1990s. The one partial exception, the ISP with just short of 12% of the vote, appears to have benefited in part from the fact that it was the core

TABLE 1

Results of the March 25/April 8 Elections in Hungary

<u>Party</u>	Seats Allocated by:			Total Seats	% of Seats	% of Vote (3/25)
	Individual Districts	County Lists	National List			
Hungarian Democratic Forum	114	40	10	164	42.49%	24.73%
Assoc. of Free Democrats	35	34	23	92	23.83	21.93
Indep. Smallholders Party	11	16	17	44	11.40	11.73
Hungarian Socialist Party	1	14	18	33	8.55	10.89
Fidesz (Young Democrats)	1	8	12	21	5.44	8.95
Christ.-Democ. Peoples Party	3	8	10	21	5.44	6.46
Hungarian Socialist Workers Party	0	0	0	0	0	3.68
Hung. Social Democratic Party	0	0	0	0	0	3.55
Other/Independents	11	0	0	11	2.85	8.08
TOTALS	176	120	90	386 ^a	100.00	100.00

Source: Magyar Nemzet, March 30, 1990, and Magyar Hirlap, April 10, 1990; as reported in an unpublished analysis by Zoltan Barany, Senior Researcher at Radio Free Europe, Munich.

(a) This total does not include an additional 8 seats, created by constitutional amendment on March 1, 1990, to be allocated among small national minorities not otherwise represented in the election campaign, including Germans, Romanians, Gypsies, and several small Slavic communities.

party in the pre-communist coalition, but more importantly by its popular if unrealistic call for returning land to owners of record prior to 1948. [Much of ISP's potential constituency, however, went to the Democratic Forum whose leader, Jozsef Antall, is the son of one of the last ISP leaders from the 1940s]. Of the other "historical" parties, only the CDPP made it into parliament as a bit-part player to the right of the HDF and ISP. The Social Democrats, who at one point scored as high as 10% in pre-election opinion polls, stumbled badly and ended up below the 4% minimum--the victim both of internal factionalism and the aversion of the electorate to anything with the word "socialist" in its title.

3. Antall's Anschluss: Toward a "Grand Coalition"?

Early in the election campaign when the prospect of forming a government with no communist participation was still a distant mirage, the almost certain outcome of the elections appeared to be a coalition led by the HSP and HDF. As the Socialists' popularity sagged--and as events elsewhere in the bloc rendered them increasingly expendable--smart money shifted to the formation of a coalition led by the major newcomers on the political scene, the Democratic Forum and the Free Democrats. Although the former was the consistent front-runner among opposition parties, the latter (which in mid-1989 drew only 5% of the potential vote) had pulled within striking range of the HDF in opinion polls (18% versus 21%) by early 1990. The benefits of an HDF-AFD coalition would have been two-fold: it would have moved the center of gravity within the Democratic Forum decisively toward its liberal pro-reform center, and away from some of its more conservative nationalist fringes; it would also have taken advantage of the acknowledged economic expertise and experience on the side of the Free Democrats.

Unfortunately, a bitterly fought election campaign put such a combination out of reach, at least on a formal basis. The AFD accused the HDF of everything from collusion with the communists (a holdover from Lakitelek and the roundtable talks) to xenophobia and anti-semitism (the latter supported by unauthorized fringe elements that attached themselves to the HDF banner). In retaliation, HDF campaign literature detailed the communist backgrounds of AFD leaders. Understandably, in the second round of voting the HDF chose to ally itself with the two potential partners on its right, the ISP and CDPP; together, they won 229 seats, or 59% of the total.

However, the apparent victory left the Democratic Forum in something of a quandry. First, the liberal-centrist leadership around Antall was less than comfortable with the parochial and nationalistic bent of its coalition partners (not to mention the Forum's own right-wing fringes); they were also unhappy to find themselves at odds with the second most important party which, despite the nastiness of the campaign, included many respected colleagues and long-time friends. Second, and even more important, was the constitutional bind in which the new government found itself. Under the ground rules laid down by the 1989 Roundtable Agreement, any legislative act of national significance would require a two-thirds majority. At the time of the talks, the provision had been demanded by the opposition side as insurance that a still dominant communist party would not be able to retain its law-making monopoly. Now the two-thirds rule threatened the new coalition's ability to govern the country.

Antall's answer to his double dilemma--or, to borrow a phrase from the Eastern Europe Newsletter, "Antall's Anschluss"⁵--was a stunning show of political skill in the form of a power-sharing agreement struck with the leadership of the Free Democrats just three weeks after the final election

round. Negotiated in secret even from most leaders of the Forum, the pact has the effect of nullifying key aspects of the Roundtable Agreement and, informally if not formally, moving Hungary toward the "Grand Coalition" that eluded it in the elections. Under the pact, the position of President with enhanced powers has gone to AFD member, former anti-Nazi resistance fighter for the Smallholders and long-time Antall friend, Arpad Goencz. The AFD was also given the status of the "official opposition" and received assurances that the media will be independent of the government. In return, Antall won AFD approval for a series of constitutional amendments that will restrict the two-thirds requirement to 20 specific legislative areas.⁶ Beyond the surprise deal with the Free Democrats--which caused consternation in the HDF's coalition partners and in some quarters of the HDF itself--Antall managed to bump two members of the Forum's ultra-nationalist faction from his prospective cabinet. In addition, rather than allocating leadership positions in parliamentary committees solely among the coalition partners, they have been distributed according to a party's share of seats in parliament; thus (as Table Ia shows), the three coalition partners hold 58% of these positions, while the ADF is second only to the HDF, and even the Socialists hold more of these key positions than the smallest coalition member, the CDPP.

Thus, in one quick move, the HDF has broadened its political base of support; moreover, if the AFD can be pulled into the fold, Fidesz is likely to follow suit. In effect, Antall has shifted the center of gravity of decision-making power from center-right to center-left, and has eased the constitutional constraints on his ability to govern the country. None of this means that the HDF-led coalition can reach an easy or early compromise on critical economic issues with the Free Democrats. The latter favor an

TABLE 1a

Distribution of Leadership Positions in Parliamentary Committees
(10 Standing and 4 Special Committees)

<u>Party</u>	<u>Committee Chairs</u>	<u>Deputy Chairs/Secretaries</u>	<u>Total Positions</u>
Hungarian Democratic Forum	5	15	20
Indep. Smallholders Party	2	5	7
Christ.-Democ. Peoples Party	1	2	3
[Governing Coalition	8	22	30]
Assoc. of Free Democrats	3	10	13
Hungarian Socialist Party	2	3	5
Fidesz (Young Democrats)	1	2	3
Independent		1	1
[Opposition Members	6	16	22]

accelerated transition to a free market economy, while the HDF has argued for gradual reform. But it seems more than likely that economic realities will push Antall in the direction of a more radical reform course.

In addition to the economic ills inherited from the communists--which include the highest per capita hard-currency debt in the bloc⁷--the Hungarian economy is being buffeted by everything from the collapse of intra-CMEA trade to bad weather and the Persian Gulf crisis. For the first half of 1990, ruble exports were down almost one-third--a result both of Hungarian efforts to cut its huge TR surplus with the Soviet Union and of the abrupt cancellation of contracts with the GDR as East German firms shifted to West German suppliers for everything from wheat to buses.⁸ With Moscow cutting oil deliveries by some 30% since July 1, ruble trade could decline even more sharply in the second half of the year. The effect on domestic industrial production has been to accelerate the recession that began in 1989, when production fell about 1%. For the first six months of 1990, overall industrial output fell 9.6%, with key sectors suffering steeper declines (metallurgy off 22.7%, engineering 14.6%, and mining 11.6%). In addition, Hungary is in the midst of its worst drought in seven years; agricultural production is already down 7.8% for the first half, and declines in the second half may be greater. Losses could reach 40 billion forint (\$615 million), seriously cutting into export potential and possibly forcing the country to import 500,000 tons of corn for livestock feed. Inflation is running at about 30% per year and is likely to move higher as reforms take hold and state subsidies are reduced further.

The Gulf crisis is adding to Hungary's woes, and not only by driving up the price of oil. Iraq owes some \$145 million which the Hungarians had hoped to recoup in oil to replace the shortfall from the Soviet Union; they

were also hoping to expand exports to Iraq (which had declined from \$300 million per year in the early 1980s to \$29 million in 1989). Moreover, once promising prospects for Kuwaiti investments in Hungary must now be seen as questionable at best, and certainly not likely to take place in the near term.

As serious as these problem are, it would be a mistake to fall into the congenital pessimism that seems to be part of the Hungarian national character. Compared with the situation in neighboring countries, Hungary's economy has a number of relative advantages. For one , apart from this year's drought, the agrarian sector is strong and internationally competitive. Second, Hungary is less dependent on heavy industrial exports to the Soviet Union--a market segment that is undergoing a drastic contraction--than most of its East European neighbors. Third, the country's 20-year experience with economic reform, however inconclusive, puts the Hungarians in a better position to push through the necessary changes expeditiously. And, finally, early adoption of joint venture legislation made Hungary the most attractive East European venue for Western investment over the last two-to-three years; those investments are now beginning to provide competitive exports that Hungary can both sell on world markets and exchange for Soviet energy in new dollar-clearing trade agreements that are due to begin as of January 1991. What the Antall government needs now is not a go-slow policy on reform, but a more rapid shift to competitive production facilities. In a pointed reminder that future cooperation should not be taken for granted, the Free Democrats have recently turned up the heat on Antall, criticizing the governing coalition for failing to address basic economic issues and announcing their intention to set up a shadow government.

III. Romania and Bulgaria: Where "Odd Men Out" Means "Old Boys" In

At a time when most East Europeans reveled in the opportunity to humiliate their former jailers, the Romanians and Bulgarians share the dubious distinction of having reelected their "transformed" communist parties, albeit under quite different circumstances and by markedly disparate margins. As Table 2 shows, the National Salvation Front in Romania--whose leadership is dominated by prominent members of the now disbanded Communist Party--won an overwhelming victory in the May 20th elections, sweeping just over two-thirds of the 387 seats in the Assembly of Deputies, or lower house of Parliament, and three-fourths of 119 Senate seats. (Nine additional seats in the Assembly were to be allotted to national minorities that failed to win representation, for a total of 396; but it is not clear whether this has or will be done.) In addition, NSL candidate Ion Iliescu took 85% of the votes for President. The two leading opposition parties fell far short of expectations as the National Liberal Party won only 7.5% of the seats in each house and 10% of the presidential vote, while the Christian-Democratic National Peasants Party took a mere 3% in the Assembly, 1% in the Senate, and 4% of the presidential vote.

In Bulgaria, the communists--who renamed themselves the Bulgarian Socialist Party following an extraordinary congress in January--won a much more narrow victory in two-stage elections June 10th and 17th. As shown in Table 3, the BSP took 211 of the 400 seats in the Grand National Assembly for a 53% majority on slightly more than 47% of the vote; the main opposition grouping--the Union of Democratic Forces, itself a coalition of 16 parties and movements--won 144 seats (36%) on just under 38% of the vote. In addition, the Bulgarian Agrarian National Union, the communists' long-time coalition partner which is trying to project a more independent image,

TABLE 2

Results of May 20th Elections in Romania

Party	<u>Assembly of Deputies</u>			# of seats	<u>Senate</u>		<u>Presidency</u>
	# of seats	% of seats	% of vote		% of seats	% of vote	
National Salvation Front	263	67.9%	66.3%	92	77.3%	67.0	85.1
Hungarian Democratic Federation of Romania	29	7.5	7.2	12	10.1	7.2	--
National Liberal Party	29	7.5	6.4	9	7.6	7.1	10.2
Romanian Ecological Movement	12	3.1	2.6	1	0.8	2.5	--
National Peasants Party	12	3.1	2.6	1	0.8	2.5	4.3
Romania Unity Alliance	9	2.3	2.1	2	1.7	2.2	--
Agrarian Democratic Party	9	2.3	1.8	0	--	1.6	--
Romanian Ecologist Party	8	2.1	1.7	1	0.8	1.4	--
Others	16			1			
Totals	387 (a)			119			

Source: Foreign Broadcast Information Service, East Europe Daily Report, May 29, 1990, pp. 39-40.
 (a) The Assembly consists of 396 seats; the remaining nine seats were set aside for national minorities that failed to win representation--reportedly including 1 seat each to the Armenians, Bulgarians, Czechs and Slovaks, Greeks, Poles, Serbs, Tatars, Turks, and Ukrainians. It is not clear by what means these seats were to be filled or whether it has been done.

TABLE 3

Results of June 10-17 Elections in Bulgaria

<u>Party</u>	<u>Seats Allocated By:</u>			<u>Percentage of:</u>	
	<u>Majority Vote^a</u>	<u>Party Lists^b</u>	<u>Total</u>	<u>Party Vote</u>	<u>Total seats</u>
Bulgarian Socialist Party	114	97	211	47.2%	52.75%
Union of Democratic Forces	69	75	144	37.8	36.0
Movement for Rights and Freedoms	11	12	23	6.0	5.75
Bulgarian Agrarian National Union	--	16	16	8.0	4.0
Others	6	--	6	1.0	1.5
Totals	200	200	400		

Source: Foreign Broadcast Information Service, East Europe Daily Report, June 20, 1990, pp. 2-3.

(a) 119 of the 200 seats in single-member districts were decided in the first round of voting on June 10; the remaining 81 were decided in the June 17 run-off round.

(b) The 200 seats distributed by proportional representation were allocated according to voting for party lists on June 10. According to the official announcement of election results, "only parties and coalitions which received at least four per cent of the valid votes in all multi-member constituencies were granted the right to participate in the distribution of seats in parliament." Thus, several minor parties and independent candidates won races in single-member districts but did not qualify for any of the proportional representation seats, while BANU qualified for 16 proportional representation seats but failed to win any single-member races.

took 16 seats (4% on 8% of the vote), while the predominantly Turkish Movement for Rights and Freedoms won 23 (6% on about the same share of the vote. (The two-tier electoral system, which included 200 seats contested in single-constituency districts and 200 assigned by proportional representation, and which partially accounts for the discrepancies between shares of the vote and percentage of seats won, is explained further in a note to Table 3.)

In attempting to understand these results, two questions need to be addressed. The first is, of course, why? Why did the ex-communists (plus more than a few not-so-ex ones) do so well in these two countries, while their counterparts elsewhere garnered at best 15% of the vote? The second question is what next? What are the implications of "socialist" victories for future political stability as well as economic recovery and reform? And what kinds of political realignments might be in store both for the new governments and opposition forces.

1. Passing Up the "Euphoria Apple," or Why the Socialists Won

Broadly speaking, it is possible to identify four groups of factors--some positive, some negative--that could have contributed to the respective victories of the National Salvation Front and the Bulgarian Socialists:

- First, there are the advantages of incumbency, including not only the more or less legal and inevitable ones such as the power of patronage as well as greater access to (and control over) the media, but also control over the police and military and the ability to engage in various forms of electoral manipulation.
- Second, one must consider the ability of the new leaderships to distance themselves from the deposed Ceausescu and Zhivkov regimes, and to establish themselves in the eyes of their populations as

genuinely committed to political and economic reforms.

- The third possibility is essentially the flip side of the second, namely a fear of reforms, with their attendant loss of security, and a general preference for the "devil one knows" as opposed to the one he doesn't know.
- Finally, the fourth set of factors concerns the nature of the opposition--its unity or lack thereof, as well as its ability to articulate a program relevant and appealing to the electorate.

All four factors contributed to the election outcomes in both Romania and Bulgaria, although they did so in different combinations.

Incumbency afforded both the NSF and BSP significant advantages over their respective oppositions. These included the ability to control the timing and set the ground rules for the elections, as well as to dominate the media. Opposition groups in both countries complained about the lack of time and resources to establish nation-wide campaign organizations and get their message to the voters. In Bulgaria, the UDF also protested what it saw as the gerrymandering of electoral districts; instead of being more or less equal, with approximately 34,500 voters each, sparsely populated rural districts where the BSP had a clear edge were often smaller, while urban districts where the UDF's base among intellectuals and students is concentrated were sometimes much larger (up to 80,000-100,000 in some constituencies in Sofia).

Incumbency also afforded opportunities for all manner of electoral abuses and harrassment; this was particularly true outside major urban centers, where entrenched party and security apparats were virtually untouched by revolution at the top, and where independent media and foreign observers were largely absent. Except in the case of the Hungarian minority in Tran-

sylvania, few details are known about the extent of electoral fraud and intimidation in Romania, although the Liberal and Peasant parties bitterly complained that their campaign rallies in the provinces were routinely broken up by police and NSF-organized rowdies. (Initial skepticism concerning the veracity of such complaints was soon overcome by the brutal suppression of post-election demonstrations in Bucharest by miners called in by Iliescu to defend the state against an alleged coup.)

Abuses appear to have been more subtle in Bulgaria, but the greater availability of information about them suggests the extent of the potential irregularities in both countries. Despite post-election assurances by West European poll watchers that the vote had been free and fair by accepted Western standards, the official Bulgarian Central Election Commission reported a wide range of alleged violations. The most serious included: improper preparation of voter lists (excluding eligible voters, or allowing double voting or voting outside one's district); failure to include representatives of all major political groups in local election commissions, or failure to ensure leave time to perform their duties; refusal to register candidates; failure to supply the required opaque envelopes for the color-coded ballots (allowing officials in some districts to see which party a voter supported); violations of voting rights of soldiers (required to vote in their barracks); and improper influencing of illiterate or uninformed voters. In addition, there were numerous anecdotal reports of intimidation of UDF supporters by local BSP officials.

Although manipulation of electoral processes for partisan gain is a universal phenomenon, it does appear that the cumulative impact of "the advantages of incumbency" were more than enough to give the BSP its narrow margin of victory. According to a post-election report by the U.S. Commis-

sion on Security and Cooperation in Europe, "there is little doubt that intimidation, both overt and subtle, contributed to an atmosphere of fear in the Bulgarian countryside"; and while "most [of the irregularities] were believed to have been perpetrated by local officials, . . . central government authorities did little to prevent intimidation." A similar report on the Romanian elections noted that the "violence of the electoral campaign, including physical attacks on candidates, . . . prevented the opposition from effectively delivering its message to the people" but concluded that, while such abuses may have affected the overwhelming margins by which the NSF won, they did not alter the overall outcome. "Absent these irregularities, the election results might well not have differed much; President Ion Iliescu and the ruling National Salvation Front appear to enjoy fervent support among the Romanian people."⁹

Thus it would be a mistake to focus solely, or even primarily, on negative factors. In both cases, there were valid reasons in the minds of many voters to stick with "the devil they knew" rather than take their chances with an untested and poorly-defined opposition. The discrepancy between the advantages accruing to the incumbents and the liabilities burdening the challengers was far greater in Romania than in Bulgaria. In the five months between the fall of Ceausescu and the May elections, the NSF was fairly successful in distancing itself from the hated dictator. This was due in part to the fact that its most visible leaders (especially President Iliescu), though once high-ranking members of the Ceausescu entourage, had been out of favor in recent years. But it was also due to the provisional government's easing of draconian economic policies imposed by the ousted regime--in particular, by improving food and fuel supplies and increasing wages.

In addition, and somewhat ironically, the NSF was the beneficiary (at least temporarily) of Ceausescu's harsh legacy, which left Romanian society ill-prepared to mount effective opposition movements, such as the Hungarian Democratic Forum or the Solidarity trade union in Poland. Unlike the Poles, for instance, who have a long history of organized resistance to oppressive or alien rule, the Romanians have no such tradition; and the Ceausescu years further decimated whatever nuclei of civil society existed. Thus it should not be surprising that opposition activity centered around two "historical" parties—the National Liberal and National Peasants parties—each led by a recently returned political emigré, a fact that appears to have adversely affected their fortunes at the polls.

Liberal party leader and presidential candidate, Radu Campeanu, spent 15 years in exile in France; his Peasant party counterpart, Ion Radiu, left Romania more than 40 years ago to become a shipping and real estate magnate in Great Britain. Their parties were best remembered as representing respectively big business and landowners with scant experience in dealing with the contemporary needs of the majority of ordinary Romanians. Worse yet, Campeanu and Radiu, competitors for leadership of the emigré Romanian community, brought their personal rivalry home with them. Despite an agreement in principle to present a common front against the NSF, the best they could muster was a "non-aggression pact" for the duration of the campaign. As a result, although there can be little doubt that both parties faced significant harassment from entrenched bureaucracies in mounting nation-wide campaigns, the critical wounds were self-inflicted. They expended too much energy fighting each other instead of the NSF, and neither succeeded in articulating a coherent vision of Romania's future.

Moreover, the poor showing by the historical parties compares unfavor-

ably with relative success of two new political forces, the Hungarian Democratic Federation of Romania [HDFR] (which finished second ahead of the Liberals in the vote for both houses of parliament), and the Romanian Ecological Movement (which just edged out the Peasants for fourth place). The performance of the former was particularly impressive. Organized shortly after the December revolution, the HDFR initially pledged its support to the NSF in the expectation that the provisional government would make good on its promises to protect minority rights. After bloody anti-Magyar riots in March proved that hope unfounded, and under a groundswell of pressure from below, the HDFR belatedly mounted its own campaign. Despite a concerted effort to limit its impact—both by disqualifying some of the best known Hungarian candidates and by invalidating thousands of votes in key districts, the HDFR received 7.2% of the vote, closely mirroring its natural constituency.

What this suggests is, that the most important determinant of a party's electoral fortunes in Romania was its ability to appeal to the hopes and/or fears of the electorate rather than overt manipulation. While the Liberals and Peasants fell short on both counts, the NSF scored on both by promising to protect the workers from the insecurities of radical economic reforms, by initiating a program of land distribution in the countryside, and in general by projecting an image of itself as the guarantor of stability to an abused and apprehensive population.

The campaign in Bulgaria was more nuanced and, as the election results show, more balanced. Although the new BSP leadership under President Petar Mladenov and Prime Minister Andrei Lukanov could take credit for engineering Zhivkov's removal without the bloodshed that marred the Romanian revolution, the ex-communists-turned-socialists proved relatively weaker than

the NSF in Bucharest. For one thing, they could not fully separate themselves from the ancien regime as most had continued to hold top-level posts up to the time of the coup. Nonetheless, the BSP reaped substantial benefits of incumbency on two counts. First, the process of party renewal begun at the extraordinary congress in late January was deliberately not extended to the provinces, in part to prevent a pre-election split in party ranks; this left the largely conservative nomenklatura in command in the countryside, where most of the campaign abuses are said to have occurred. Second, a cautious electorate reacted to deepening economic crisis by opting on balance for "security" and gradualism over a leap into the unknown.¹⁰

For its part, the UDF did remarkably well. Despite the inexperience of most of its constituent parties and the lack of time to prepare its campaign, a last-minute surge helped it score humiliating victories over the BSP in major urban centers. UDF candidates won 24 of 26 single-seat districts in Sofia, all eight districts in Plodiv, Bulgaria's second largest city, and solid majorities in Varna and other cities. The UDF also outpolled the BSP among voters under 40. At the same time, the coalition suffered from some internal divisiveness among its 16 members which, while not serious (at least for the duration of the campaign), hindered its efforts to project a clear image to the voters. Even more costly were two aspects of the UDF's economic platform. First, early in the campaign, it called for a "shock therapy" approach to economic reform, similar to that being implemented in Poland; later statements dropped the language but kept the substance of radical and rapid reform. Second, the UDF inexplicably repeated the mistake of the Independent Smallholders Party in Hungary by advocating the return of land to owners of record prior to 1948. This opened the door for the BSP to appeal to the most vulnerable segments of

the population, blue-collar workers and peasants--to the former by promising to protect their jobs, to the latter by proposing sale of up to thirty hectares of land to those currently working it.

Nonetheless, the opposition proved better organized and more mature than most observers would have expected at the end of 1989. At a time when the prospect of partisan gain might have tempted it to exploit widespread anti-Turkish sentiments (and the BCP/BSP's inconsistency on this volatile issue), the UDF defended the rights of the Turkish minority and resolutely refused entry into the coalition to parties based on ethnic or religious exclusiveness. That principled stand brought benefits in the runoff round when the Movement for Rights and Freedoms instructed its supporters to vote for the UDF in districts where it had no candidates of its own.

2. What Next? The Uncertain Spoils of Victory

At this writing (mid-August 1990), the new Romanian government has only recently been appointed and the Bulgarian one has yet to be announced. Thus, the most one can do at this juncture is to outline the problems and pitfalls that await the "victors" whose shared dilemma is that, having won an absolute majority in their respective parliaments, they must now bear primary responsibility for reviving their tattered economies without reneging on campaign promises that, short of a miracle, are unrealizable. Their attempts to resolve that dilemma, however, are likely to evolve along quite different lines.

Within a month of the elections in Romania, the NSF found itself in a state of quasi-siege, largely of its own making. In a response reminiscent of the language and tactics of the Ceausescu era, President Iliescu's denounced student protesters as "hooligans," allegedly financed by hostile

external forces, and appealed to "the people" to defend the state from the threat of a "fascist coup d'etat." The ensuing melee on June 14th and 15th --in which truckloads of pick-wielding miners indiscriminately beat demonstrators and bystanders alike, and trashed opposition party offices as well as the homes of their leaders--cast serious doubt on the sincerity of the NSF's commitment to democratic processes. As a result, relations within the NSF have become strained, prospects for establishing a modus vivendi with the opposition forces are more complicated than ever, and Romania's hopes of receiving desperately needed Western economic assistance have been dashed at least for the near term.

Policy differences within the NSF leadership were evident even before the elections, with President Iliescu favoring a cautious approach to reform while Prime Minister Petre Roman was known to favor radical change--or a Romanian version of shock therapy. Iliescu's embarrassment following the mid-June violence appears to have played into Roman's hands. The new government announced at the end of June is comprised almost entirely of "young turks"--well educated professionals and technocrats, average age 47, with strong pro-reform credentials and untarnished by direct association with the old regime. Roman himself unveiled a radical reform program to carry out "the historic transition from a super-centralized economy to a market economy." These moves will reassure doubters at home and abroad who have criticized the NSF's footdragging on economic change. But they will do little or nothing to help the new government resolve the contradictions between the economic imperatives of marketization and the socio-political imperatives of popular expectations.

At the rank and file level, the potential for fragmentation within the NSF is even greater. On the conservative end of the spectrum, Vatra Roman-

neasca ("Romanian Hearth") and other ultra-nationalist organizations are beginning to draw away support of the still powerful communist nomenklatura. On the pro-reform side, one-time dissidents who were coopted into the NSF in the wake of the December revolution (sometimes without their knowledge) are opting out, disillusioned by the leadership's inability to kick the habit of Ceausescu-era tactics, and undermining its control over its own parliamentary delegation. These fault lines within the NSF could offer the opposition an opportunity to recoup some election losses by organizing a common front. So far, however, the other parties seem ill-prepared to capitalize on the NSF's missteps. Both the Liberal and Peasant parties are preoccupied with their own internal squabbles, dividing mostly along generational lines. Even the most cohesive of the opposition groups, the HDFR, is searching for an identity that would emphasize a common commitment to democratic values over fractious ethnic issues.

However these political realignments sort themselves out in the near to medium term, the greatest challenge for the Roman government will be the economic mess left by Ceausescu. His parting achievement was to pay off Romania's hard-currency debt, but his peace-time equivalent of a scorched-earth policy also left the country's economy with little else. GNP dropped by an estimated 7-8% in 1989, with the most drastic declines in construction (off 21%), industry (off 11%) and agriculture (off 9%). Performance during the first six months of 1990 suggests something of a free fall, with a further decline in GNP of 15-20% and industrial production off as much as 25%. Exports in the first half this year were down 43% (pretty evenly balanced between ruble and hard-currency trade), while imports were up 46%. Along with other East European countries, Romania faces significant cuts in energy imports from the USSR in the second half of the year; these will ex-

acerbate sharp drops in domestic energy production which, combined with the virtual collapse of hard-currency exports, will effectively preclude any near-term recovery of industrial production.

In its effort to appease the population following the December coup, the NSF has only compounded its own difficulties, by depleting inventories of food and consumer goods, and by doubling the wages and slashing production quotas for coal miners on whom the regime has staked so much. With plummeting industrial production, a prospective current account deficit of \$2 billion and few prospects for new commercial loans, the Roman government has been left with negligible resources for maintaining political stability as it seeks to devise and implement reforms.¹¹

The immediate post-election situation in Bulgaria could only be described as quintessentially Balkan, with the victors shunning the winners' circle and the losers basking in defeat. By most accounts, many BSP members found the spoils of victory not only uncertain but even unwelcome. The moderate reform leadership around Prime Minister Andrei Lukanov, along with several more radical reform factions, had hoped for a plurality in the Grand National Assembly rather than an outright majority—enough, that is, for the BSP to retain its dominant position (as opposed to the guaranteed "leading role" that was written out of the constitution at the end of last year), but not enough to allow it to govern without a broad "coalition of national unity" with the UDF and BANU.

Such an outcome would have yielded a three-fold advantage: It would have strengthened the reform wing of the BSP, at the expense of unreconstructed conservatives still entrenched in rural areas; it would have facilitated the drafting of a new constitution, the most important task facing

the GNA during its short 18-month term and requiring a two-thirds majority; and, perhaps of most immediate interest to Lukanov and new BSP Chairman Alexandar Lilov, it would have meant shared responsibility for unpopular austerity measures that any new government will have to adopt. The BSP's miserable showing in Sofia and other cities only added to the urgency its leadership attached to forming a coalition.

But the opposition has been slow to bite. Indeed, despite complaints about elections abuses, the UDF did not seem displeased with the overall outcome. Within days of the final round of voting, Union leader Zhelyu Zhelev stated with apparent satisfaction his expectation that the Socialists would form a weak one-party government, while the UDF would become the core of a strong parliamentary opposition bloc. BANU also rejected a two-party coalition with the BSP, agreeing to participate only jointly with the UDF. An alternative solution in the form of a non-partisan "government of experts," proposed even before the elections by Zhelev, initially generated little enthusiasm. Thus, when parliament convened on July 10th, it promptly adjourned after one day of opening formalities to allow time for consensus building before trying to form a government.

In the meantime, the BSP's credibility and leverage were further eroded by revelation at the end of the campaign of an old videotape showing interim President Mladenov calling for use of tanks to quash anti-regime demonstrations last December. Mladenov resigned in early July--a move that in light of his lackluster personality and cautious approach to reform, may not have been unwelcome to Lukanov. But the controversy increased both factional infighting within the party and popular pressure for the removal of other officials closely linked to the discredited Zhivkov regime. For now, the one near certainty is that the BSP will split into three or possi-

bly four parties. At one extreme, two small hardline groups have already retaken the "communist" label. At the reformist end of the spectrum, two others--the "Road to Europe" faction and the "Alternative Socialist Association"--are flirting with defection, a development that could deal a devastating blow to the BSP's already shaky urban base.

The month-long constitutional crisis over replacing Mladenov has further delayed formation of a government, but it also forced both the Socialists and the UDF to recognize the danger of the continuing stalemate. Initially, the BSP tried to use the lure of an opposition president to force the issue of a coalition. The UDF was quick to accept the idea of an opposition president--but only as a litmus test of the BSP's commitment to genuine democratic government. Finally, on August 1st, after six rounds of parliamentary voting failed to give any candidate the required two-thirds majority, UDF leader Zhelev was elected to succeed Mladenov. The fact that the BSP leadership tacitly supported his candidacy caused consternation in the party's conservative ranks. But Lukanov's subsequent statement--that the party made its decision "in the interest of national unity" and "to avoid a new national tragedy"--suggests that the BSP, in something of a replay of "Antall's Anschluss" in Hungary, sought to extricate itself from its self-made trap by drawing the UDF into a power-sharing arrangement short of the rejected coalition. For its part, the UDF accepted because the arrangement highlighted its demand for a separation of powers.

Yet, a full month later, Bulgaria still does not have a functioning government. The new president--who, it should be recalled, had earlier been unconcerned over the prospect of a weak government--now called for a "strong government" and "well-functioning parliament" as prerequisites for implementing essential reforms. He also revived his proposal for a non-

partisan government of experts, an idea that Lukanov has hinted he might be willing to support. Nonetheless, as of late August, Zhelev was still talking about the need for "intensive consultations." The stumbling bloc seems to be the continued reluctance of key members of the UDF--from whose constituent parties many of the "experts" would presumably be drawn--to assume responsibility for repairing four decades of communist rule. In the meantime, popular frustrations are mounting. Already in late July, the independent trade union Podkrepa (a member of UDF), began staging industrial strikes to call attention to the miserable conditions of the workers and their fears of unemployment. Then, at the end of August, after more than two months of peaceful demonstrations against the elections in Sofia, several hundred protesters stormed and burned the BSP's headquarters, demanding the removal both of communist symbols from the building and hard-line communists from office.

Whether these warnings of looming social turmoil will be enough to impel moderates on both sides to get their acts together remains to be seen. When a new government does emerge, however, it will be faced with several immediate and contentious issues. Among the first will be the question of local elections, as the mandate of incumbent municipal authorities runs out at the end of August. The BSP, calling "the present lack of authority . . . dangerous," wants elections at the earliest possible date. The opposition, clearly fearful that the old nomenklatura's hold on local government will put it at a severe disadvantage (especially in rural areas where it is less well organized), has proposed transitional councils composed of representatives of all major political forces to administer municipalities until elections toward the end of the year. The status of the Turkish minority, which already comprises more than 10% of the population and is growing

faster than the Bulgarian majority, is another divisive issue. Already ultra-nationalist groups have protested the presence of Turkish representatives in parliament, and ethnic tensions are certain to increase as reforms bring dislocations and austerity.

But, as elsewhere in the region, the most urgent problems facing the new government will be in the economy. Although early estimates showed 1990 national income declining by only 3-4% from 1989 levels and inflation up by a relatively modest 10-12%, the Bulgarian economy is much more fragile than these figures suggest, and the twin shocks of Soviet oil cutbacks and the Persian Gulf crisis could push it into a free fall similar to that in Romania. Already in the first half, supplies of foodstuffs and consumer goods were the worst in decades; and cuts in subsidies to state enterprises, which in 1989 ate up nearly 25% of national income, would only exacerbate the situation by forcing many into bankruptcy. In March Bulgaria suspended principle payments on its \$10 billion hard-currency debt, and in June asked for a three-month halt in interest payments to allow time to reach a re-scheduling agreement with its major creditors. Now the Gulf crisis has complicated plans to make up much of the shortfall in Soviet oil deliveries by importing Iraqi oil as repayment for the \$1.2 billion Iraq owes Bulgaria. In brief, the economic outlook awaiting the government is bleak indeed.

ENDNOTES

1. For purposes of this paper, Eastern Europe consists of the six non-Soviet Warsaw Pact countries--Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania--each of which experienced a change in leadership or outright removal of its communist regime in the second half of 1989. Primary sources include coverage through mid-August 1990 in: East Europe Daily Report of the Foreign Broadcast Information Service, Radio Free Europe's weekly Report on Eastern Europe, the New York Times, the Wall Street Journal, the Financial Times, and the Economist. Because the same developments have been covered in several or all of these sources, specific citations will be limited to single-source data or quotations.

2. Analysis of the evolution of Soviet policy toward Eastern Europe is beyond the scope of this paper. Nonetheless, many unanswered questions remain, among the most intriguing of which is what Gorbachev and his advisers expected to follow the fall of old-line communist leaderships in Moscow's EE/WTO allies. We may have to wait years for a definitive answer; but the available, if still partial, evidence suggests that the Kremlin was ill-prepared for the precipitous collapse of the socialist regimes in the region. Indeed, Gorbachev himself appears to have held out hope until the last moment for the emergence of reform communist leaderships in his own image. It is true that in early 1989, after some hesitation and contradictory signals, Moscow nudged the Polish party into holding roundtable talks with the Solidarity-led opposition and cautiously approved the Hungarian party's decision to move toward multi-party elections. But discussions with several well-placed Soviet observers in recent months have confirmed my view that, as the dramatic events of the second half of the year unfolded, the Soviet leadership was caught off-guard at every turn by the pace and scope of the revolutionary wave. When I asked one prominent analyst at what point he realized that the communist-cum-socialist parties were likely to be swept aside, he answered "about mid-November" [!?!], but added that he thought even then Gorbachev was hoping for the survival reform-oriented socialist-led regimes.

3. In December 1989, I had the dubious privilege of hearing first-hand a close adviser to Nyers describe the "Socialist" agenda of the centrist faction. In his view, the HSP would not (and should not) be part of a new ruling coalition. At the same time, in his view, the opposition parties were incapable of running the economy; when they failed, the electorate would turn back to the HSP [!?!].

4. This remark was made by Zoltan D. Barany, Senior Researcher for Radio Free Europe, in an as yet unpublished analysis of the Hungarian elections. Much of the information presented here concerning the electoral system and election results are summarized from this article.

5. The phrase "Antall's Anschluss" was used by Eastern Europe Newsletter [EEN] in its April 30, 1990, edition. At this point, EEN's reference was to the HDF's electoral victory. But the phrase more accurately reflects the subsequent deal with the Free Democrats.

6. Under the agreement with the Free Democrats, legislative measures such as the budget bill and tax legislation are no longer subject to the

two-thirds majority. Bills still requiring a two-thirds majority are generally those involving changes in the constitution or in the political institutional structure, as well as laws affecting the armed forces, police and national security, the media and certain civil rights. See EEN, Vol. 4, No. 10 (May 14, 1990). Together the HDF and AFD control 65% of the seats in parliament, almost enough to deliver a two-thirds majority even without their respective partners.

7. In the fall of 1989, Prime Minister Nemeth revealed that Hungary's hard-currency debt had reached \$20 billion, several billion dollars higher than had previously been acknowledged. (Net debt is \$5-6 billion lower due to loans owed Hungary largely by Soviet Third World clients, but no one expects these to be repaid any time soon, if ever.) Based on the \$20 billion figure, Hungary's per capita debt is close to \$2,000. By way of comparison, Poland's gross debt is approximately \$40 billion, but its population is almost four times that of Hungary; thus, the per capita debt works out to just over \$1,000.

8. No estimate of losses from the decline in trade with the USSR are available. However, losses from cancelled contracts with the GDR are estimated at 1 billion Deutsch Marks for the current year. In June, Deutsche Bank arranged a government guaranteed loan for half that amount, but the Antall government now intends to seek compensation for the other DM500 mln. Whatever the outcome of that effort, prospects for future Hungarian exports to the eastern part of a reunified Germany are grim in light of EEC quotas and agricultural surpluses. See Financial Times, August 15, 1990.

9. See "Report on the Parliamentary and Presidential Elections in Romania" and "Report on the Parliamentary Elections in Bulgaria," prepared by the Staff of the U.S. Commission on Security and Cooperation in Europe, Washington, D.C., May 30 and July 6, 1990, respectively.

10. A sociological survey taken shortly before the first round of the Bulgarian elections showed that "60% of respondents . . . consider that in the present political situation Bulgaria's security and stability are in real danger." Some 70% were afraid of uncontrollable inflation; a like percentage feared political repressions and unemployment; 65% feared food shortages; and nearly 50% foresaw conflicts among the workers, intellectuals and the peasants. FBIS, East Europe Daily Report, June 7, 1990, p. 13.

11. "Romanian Economic Performance in 1989 and During the First Four Months of 1990," PlanEcon Report, vol. VI, no. 25 (June 22, 1990).