

“The United States is the Main Country of Modern Capitalism:” The Representation of the American Economy in the Preparatory Books of the Hungarian State Security Between 1960s and 1980s

Máté Gergely Balogh

**Abstract:** During the Cold War, Marxist-Leninist ideology and Soviet propaganda predicted that the economy of the socialist countries was going to outgrow and overtake Western, “capitalist” countries. Today it is clear that this prognosis was never realistic. While the real figures about the condition of the socialist economies were never revealed, not even after the fall of communism (as they probably never even existed), the differences between the state of the economy in the two blocks had been obvious for most contemporary people who had seen conditions on both sides of the Iron Curtain. This included agents and officers of the Hungarian State Security who were involved in gathering intelligence in the West. This study examines the way the American economy was presented in the preparatory materials of the Hungarian State Security in a period that lasted from the early 1960s, when Hungarian foreign intelligence was reorganized after the Revolution and War of Independence of 1956, until the 1980s. While the main dogmas of communism were never questioned, this was a period of *détente*, which included a cautious diversion from the strict application of socialist ideology, as well as the appearance of a (seemingly) more independent Hungarian foreign policy. The changes also affected the economy, and throughout the period we can witness the increasing importance of the United States as an economic partner for Hungary. These developments were also reflected in the changes in the priorities of the intelligence services, which in turn influenced the preparation of the operations, as it is apparent from the training material. At the same time, the real purpose of these textbooks was definitely not to present a realistic picture of the American economy, but rather to provide ideological education, so they never strayed too far from the constraints of the communist ideology.

**Keywords:** Cold War, foreign intelligence, Iron Curtain, Hungarian State Security, Soviet Union, propaganda, economy.

Máté Gergely Balogh is an assistant lecturer at the North American Department of the Institute of English and American Studies, University of Debrecen, Hungary. He received his degree as an English major from the University of Debrecen, majored in International Relations at Corvinus University Budapest and in History from the Central European University, Budapest. He defended his doctoral dissertation on “The United States of America through the Eyes of the Hungarian State Security, 1956-1989” in 2022. His research areas include international relations of the United States after 1945 with a special focus on Hungarian-American relations. E-mail: [balogh.mate@arts.unideb.hu](mailto:balogh.mate@arts.unideb.hu)

## “The United States is the Main Country of Modern Capitalism:” The Representation of the American Economy in the Preparatory Books of the Hungarian State Security Between 1960s and 1980s

Máté Gergely Balogh

In the recent years, several studies have been published about the preparation of the Hungarian state security officers. In his 2018 publication, Gábor Andreides analyzes a report by the “Büki” couple about the operative situation in Italy, where they were stationed, written for the “Center” and intelligence officers, who were to work in the country.<sup>1</sup> Similar materials were written about various topics in order to prepare officers, focusing on the priorities of Hungarian intelligence. Today, these can be found in the Historical Archives of the Hungarian State Security (Állambiztonsági Szolgálatok Történeti Levéltára, ÁBTL) in the Collection 4.1 on the “Background materials for state security work” [Állambiztonsági munkához készült háttéranyagok].<sup>2</sup> Given that during the Cold War, the United States of America was one of the most important targets for the intelligence agencies of the Eastern bloc, including the People’s Republic of Hungary,<sup>3</sup> several textbooks were written about the country, for example the books about the Federal Bureau of Intelligence that were analyzed by István Pál.<sup>4</sup>

The focus of the documents presented in this study is not this specific; their aim is similar to what Gábor Andreides described it in case of the Italian reports, namely, preparing intelligence officers for working abroad, helping with integration and the initial stage of the work.<sup>5</sup> These materials are valuable as historical sources, as they provide insight into the way of thinking of the Hungarian state security. These documents reveal the ways in which the state organization saw the “main enemy,” or at least how they wanted to represent the enemy during the preparation of the intelligence officers, as this did not necessarily coincide with the official image in every situation.<sup>6</sup> This study examines how the Hungarian state security’s image of the economy of the United States changed or remained constant in the period ranging from the second half of the 1960s to the 1980s, primarily through four textbooks that were written by Soviet and Hungarian authors to be used during the preparation of operative intelligence officers. While the representation American economy became more nuanced as a result of the *détente* setting in between the two blocs and the improvement of the Hungarian-American relationship, in certain ways, it essentially remained the same. Later textbooks even openly acknowledged the results of the American economy in certain fields, claiming that the United States was ahead in the economic competition between the two superpowers. However, the latest material written in 1985, fails to acknowledge what was increasingly obvious even for the non-initiated contemporaries, namely that the Soviet Union was never going to overtake the United States economically.

The above-mentioned textbooks were written specifically for the preparations intelligence officers and were published by the Personnel and Training Department of Office

---

<sup>1</sup> Gábor Andreides, “Praktikus tanácsok Olaszországba készülőknek – operatív tisztoktól operatív tiszteknek...” In *Öt kontinens, az Új-és Jelenkori Egyetemes Történeti Tanszék tudományos közleményei*, [2015] 2018/1 (Budapest: Eötvös Lóránt Tudományegyetem, Bölcsészettudományi Kar, 2018), 7–28.

<sup>2</sup> GENERAL INFORMATION,” ÁBTL, Web: <https://www.abtl.hu/english-information>. Accessed: November 13, 2021

<sup>3</sup> István Pál, “A főellenség,” 54.

<sup>4</sup> Pál, “A főellenség,” 54.

<sup>5</sup> Andreides, “Praktikus tanácsok,” 14.

<sup>6</sup> About the official America image of the People’s Republic of Hungary, see Tibor Glant, *A Szent Korona amerikai kalandja és hazatérése*, (Debrecen, Debreceni Egyetemi Kiadó, 2018).

Group III/I of the Hungarian Ministry of the Interior. The year of publication on the cover of the first book is 1965 and it was filed in 1970 by the Ministry of the Interior. Its author is not indicated, however its title is *Az Amerikai Egyesült Államok /Általános ismertetés/* [The United States of America – General Description, hereafter referred to as *General Description*].<sup>7</sup> As the title suggests, this book is an overall description of the United States and, based on the content, we can assume that this textbook, as well as the next one to be mentioned, are translations of Soviet works that were originally written in Russian. The American economy is featured in this material in detail, with 73 out of the 183 pages presenting American capitalism and its economy overall, and there are related topics discussed in the remaining chapters also. The second book is similarly written by an unnamed author and it was published in 1970 under the title of *Az Amerikai Egyesült Államok ügynöki-operatív helyzetének elemzése és az amerikaiak közötti beszerző munka néhány sajátossága* [An Analysis of the Agency-Operative Situation in the United States and Certain Characteristics of Recruitment Among the Americans, hereafter referred to as *Agency-Operative Situation and Recruitment*].<sup>8</sup> This book is also a translation of a Soviet original, and while it contains information directly related to the intelligence work itself, it also mentions economy already in the first part of the book (in two distinct texts, discussing it in detail in about 10 out of the 82 pages).

Several conclusions can be drawn from the fact that at the beginning of the aforementioned period the Hungarian translation of Soviet works was used to prepare intelligence officers in Hungary. The first reason could have been that there were no intelligence officers who would have been able to write these books in the line of the Soviet texts. One reason for this was the invoked incompetence of the staff. In *Mesés kémjászmák*, for example, Zsuzsanna Borvendég has revealed that this was only true for a portion of the Hungarian intelligence since there was a significant minority of Hungarian intelligence officers who were more experienced and quite capable and these were the “Muscovites,” the Hungarian communist *émigrés*, who were trained in the Soviet Union and spent the interwar years working actively to promote the Bolshevik cause worldwide through the Comintern (Communist International).<sup>9</sup> Another reason for the lack of Hungarian authored books in the topic was provoked by frequent organizational changes, but the most important was that a large number of intelligence officers became exposed during the Hungarian Revolution of the 1956, including intelligence officers and diplomats that defected later on in the 1960s.<sup>10</sup> In addition, this situation shows that in the given period, the leaders of Hungarian intelligence believed that the Soviet works would be sufficient to prepare Hungarian intelligence officers about the United States. This also suggests that when it came to America, the goals of the agencies of the two countries were almost interchangeable, and there was no need to prepare a different educational material on national grounds, emphasizing that political intelligence against the United States was not a main priority for the Hungarians.

From the early 1970s, the Hungarian Ministry of the Interior put a greater emphasis on increasing the quality of intelligence work, which included paying more attention to training intelligence officers. As a result, the third book in this context was written by István Pozsonyi, police lieutenant-colonel and a Hungarian intelligence officer, who used to work in Washington. *Hasznos ismeretek az Egyesült Államokról /Segédanyag a külföldi munkához való felkészítéshez/* [Useful Knowledge about the United States – Aid to Preparation for Working Abroad, hereafter

<sup>7</sup> ÁBTL-4.1.-A-3005/2 *Az Amerikai Egyesült Államok /Általános ismertetés/* (Budapest: Belügyminisztérium III/I. Csoportfőnökség Személyügyi és Kiképzési Osztálya, 1965).

<sup>8</sup> ÁBTL-4.1. A-3005/6 *Az Amerikai Egyesült Államok ügynöki-operatív helyzetének elemzése és az amerikaiak közötti beszerző munka néhány sajátossága* (Budapest: Belügyminisztérium III/I. Csoportfőnökség Személyügyi és Kiképzési Osztálya, 1970).

<sup>9</sup> Pál, “A főellenség,” 54. Also see, Zsuzsanna Borvendég, *Mesés kémjászmák. A nyugati külkereskedelmi hálózatok kiépülése 1945 után* (Budapest: Magyarországtudató Intézet, 2020), 47.

<sup>10</sup> For the organizational history of the Hungarian political intelligence, see Eszter Tóth, “A politikai hírszerzés szervezettörténeti vázlata, 1945-1990,” [An Overview of the Organizational History of Political Intelligence, 1945-1990] *Betekintő* 2011/2.

referred to as *Useful Knowledge*]<sup>11</sup> was published by the Hungarian Ministry of the Interior in 1974. In many ways, this material is similar to a basic textbook about the United States, providing a general guide about the target country. It covers many areas, ranging from the political system of the U.S. through the necessary official documentation including shopping tips, including also a short, two-page chapter (out of its 111 chapters) about the American economy. The author of the last such book, which was issued in 1985 is police lieutenant-colonel János Szecsődi. He wrote *Az Amerikai Egyesült Államok operatív helyzete* [The Operative Situation of the United States, hereafter referred to as *Operative Situation*].<sup>12</sup> As the title suggests, this is similar to the 1970 book, containing information more directly related to the actual work of the intelligence officers, but this time with a greater emphasis on the American counter-intelligence organizations and the administration, containing one chapter on the American economy (with 12 out of its total 138 pages), and a considerable part of the 20-page chapter on the political situation of the U.S. also discusses economic questions.

It is not surprising that the economy is featured prominently in the preparatory textbooks, as this area has always been one of the most important targets of intelligence activity. Economic conditions play a major role in international conflicts, and this was no different in the case of the Cold War either. Using the words of a study that was written by the Joint Economic Committee in 1955 at the request of the U.S. government (quoted in a CIA paper), As the general CIA reports claim, “in the struggle between the Communist Bloc and the Free World, the factor of relative economic strength is fundamental” and “neither morale nor political stability nor a firm military posture can long be sustained in its absence.”<sup>13</sup> Indeed, at the end of the 1980s, the fall of communism in Eastern Europe caught many off guard. To the outside observer, the Soviet Union still seemed strong, but as Philip Hanson demonstrates in *The Rise and Fall of the Soviet Economy*, the economy of the country was in a very bad state.<sup>14</sup> As the representatives of the Austrian school of economy had predicted before World War II, the eventual fall of the communist regimes was brought about not by military defeat, but primarily by the economic collapse due to the unsustainability, low efficiency, and poor results of the planned economy compared to the Western capitalist countries.<sup>15</sup>

One of the basic principles or axioms of such preparatory books was the supposed superiority of the socialist planned economy. For the Soviets, the question was not whether the economy of the Soviet Union would surpass that of the United States, but it was just of how long this would take. At the 22<sup>nd</sup> Congress of the CPSU held in November 1961, First Secretary Nikita Khrushchev boldly made the prediction that by 1981 the Soviet Union would have a stronger economy and a higher standard of living than that of the United States or any, western capitalist country, emphasizing that by that time Soviet industrial production would be twice as much as that of all non-communist countries combined in 1961.<sup>16</sup> However, the Soviets never managed to achieve these goals, and this fact became increasingly undeniable as time went on. Based on the materials of the CIA, by 1981 the date forecast by Khrushchev had shown that the Soviet Union

<sup>11</sup> ÁBTL-4.1. A-3000/40 István Pozsonyi, *Hasznos ismeretek az Egyesült Államokról /Segédanyag a külföldi munkához való felkészítéshez/* (Budapest: BM III/I. Csoportfőnökség Személyügyi és Kiképzési Osztálya, 1974).

<sup>12</sup> ÁBTL-4.1. A-3006/33 János Szecsődi, *Az Amerikai Egyesült Államok Operatív helyzete* (Budapest: BM III/I. Csoportfőnökség Személyügyi és Kiképzési Osztálya, 1985).

<sup>13</sup> “Trends in Economic Growth: A Comparison of the Western Powers and the Soviet Bloc.” quoted in “A Comparison of Soviet and U.S. Gross National Products, 1960-83,” 1, Central Intelligence Agency – Freedom of Information Act Reading Room. General CIA Records, Web: <https://www.cia.gov/readingroom/document/cia-rdp85t00313r000200060004-2>. Accessed May 6, 2021,

<sup>14</sup> For this context see Philip Hanson, *The Rise and Fall of the Soviet Economy: An Economic History of the USSR from 1945*, (London: Longman, 2003).

<sup>15</sup> See Ludwig von Mises, “Economic Calculation in the Socialist Commonwealth,” In *Collectivist Economic Planning*, Friedrich A. Hayek, ed. Clifton, NJ: Kelley Publishing, 1975, pp. 87-130, and Auburn, AL: Ludwig von Mises Institute, 1990, Web: <https://mises.org/library/economic-calculation-socialist-commonwealth>, Accessed November 13, 2021 and Friedrich A. Hayek, *The Road to Serfdom* (London: The Institute of Economic Affairs, 2005). These books were originally published in 1920 and 1944, accordingly.

<sup>16</sup> “A Comparison of Soviet and U.S. Gross National Products, 1960–83,” 1.

did not only fail to surpass the American economy, but in way too many respects, it was lagging behind even further than at the time when the prediction was made.<sup>17</sup>

But how clearly visible was the extent of the gap between the economies of the superpowers for the contemporaries? Eszter Tóth's study about a high-level meeting between the Soviet KGB and the leaders of the Hungarian People's Republic in December 1968 in Budapest gives us some insight into how the leaders of the two communist countries talked in a confidential environment about certain issues, including the economy.<sup>18</sup> Yuri Andropov, then the director of the KGB, was well-known to the Hungarian leaders, as he was the Soviet ambassador to Hungary in 1956 and played an important role in the decision for Soviet intervention against the revolution. During the meeting, Andropov acknowledged the presence of certain grave problems in the Soviet economy and pointed to issues with the proper allocation of resources and capital, the low level of technological innovation, and was concerned that the quality of the goods produced was beneath expectations.<sup>19</sup> In many ways, Andropov's ideas coincided with the contemporary evaluation of the CIA,<sup>20</sup> but Andropov and the other Soviet leaders attributed the wrong causes to certain problems. Apparently, they were under the impression (or at least acted as they believed) that these problems were not systemic, and seemed able to be solved by proper reforms, such as changes to the management of the economy.<sup>21</sup> At the time, the KGB wanted to make sure that the leaders of the Hungarian Socialist Worker's Party still adhered to the principle of 'catch up and overtake' not doubting that the Soviet economy would triumph over the western one, especially the American, so much so that Andropov himself attempted to demonstrate this for his audience. The Soviets did not question the presumption that in spite of a number of hindrances, the development of the Soviet Union was unbroken, and that they claimed the socialist bloc was closer to the goal of overtaking the West, and especially the United States. The belief that soon, or at least in the medium run, the system of planned economy and communism is going to be victorious over capitalism, was constantly present in the preparatory textbooks. As the presumably Soviet author of the first book wrote in 1965, the authors of these texts were convinced that "in the near future, the economic primacy of the USA is going to end forever."<sup>22</sup>

It may be surprising for the contemporary observer, but in the time of the Cold War, even many Western economists accepted this interpretation of the economic developments in the Second World, because as until the early 1970s it seem the Soviet economy was growing faster closing up to the economy of the West.<sup>23</sup> Among others, this group of Western economists included Paul Samuelson, one of the best known and most influential economists of the 20<sup>th</sup> century, whose book *Economics: An Introductory Analysis*<sup>24</sup> has seen more editions and sold more copies than any other economics textbook, and had been used to teach generations of students all over the world, including Hungary. In Samuelson's book, the date when the Soviet Union's economy would overtake the United States was pushed further back in every edition (with the

<sup>17</sup> "A Comparison of the U.S. and Soviet Economies: Evaluating the Performance of the Soviet System," 2. Central Intelligence Agency – Freedom of Information Act Reading Room. General CIA Records, accessed November 13, 2021, <https://www.cia.gov/readingroom/document/cia-rdp08s01350r000100070002-8>.

<sup>18</sup> Eszter Tóth, "'A harc mindenesetre folyik; vigyázni kell, mert a világreakció rájött, hogy túljártunk az eszén.' A KGB vezetőinek Budapesten tartott helyzetértékelése 1968 decemberében" ["By all means, the fight continues; we have to be careful, because the world of reaction has realized that we have outsmarted them." Evaluation provided by the leaders of the KGB in Budapest in December 1968], *Betekintő*, no.2 (2012), accessed October 11, 2020, [http://www.betekinto.hu/sites/default/files/betekinto-szamok/2012\\_2\\_toth.pdf](http://www.betekinto.hu/sites/default/files/betekinto-szamok/2012_2_toth.pdf).

<sup>19</sup> Tóth, "'A harc mindenesetre folyik," 5.

<sup>20</sup> See, "U.S and USSR: Comparisons of Size and Use of Gross National Product, 1955-64," *Central Intelligence Agency – Freedom of Information Act Reading Room*. General CIA Records, accessed October 13, 2020, <https://www.cia.gov/readingroom/document/cia-rdp07-00617r000100120001-8>.

<sup>21</sup> Tóth, "'A harc mindenesetre folyik," 5.

<sup>22</sup> *General Description*, 74.

<sup>23</sup> Hanson, *The Rise and Fall*, 1.

<sup>24</sup> Paul Samuelson, *Economics: An Introductory Analysis* (New York: McGraw-Hill, 1948), passim.

book having nineteen editions altogether).<sup>25</sup> Another example of optimistic stance for the Soviet economy was, besides Samuelson's, Alec Nove's book *The Economics of Feasible Socialism*, which argued for the possibility of a well-functioning socialist economy even in the 1980s<sup>26</sup> when there were obvious signs of the downfall of Soviet economy.

In line with the ideology of Marxism-Leninism and the goals set by Khrushchev at the 22<sup>nd</sup> Congress of the CPSU, the materials that were used to prepare the Hungarian intelligence officers by describing the picture of a Western economy in the U.S. in decline, and one that would soon be caught up and overtaken by the Eastern bloc. When it comes to the presentation of the history of the American economy, the state security textbooks point out that at the turn of the 19<sup>th</sup> and 20<sup>th</sup> centuries, the economy of the United States achieved a rate of growth that was unprecedented in world history. During the span of only few decades, by the turn of the century the United States had been transformed from a mainly rural, agricultural, economically second-rate country into the number one industrial power in the world. Besides, it was also acknowledged that this the rapid development could have been at least partially attributed to the productive forces of free market capitalism,<sup>27</sup> which the textbooks underlined.

The 1965 book of *General Description*, begins the discussion of the American economy by stating that the "production in the United States has reached the highest level possible under a capitalist economy"<sup>28</sup> and continues with presenting the conditions that made the rapid economic development of the country possible, with the claims that these conditions no longer exist. Referring to the 22<sup>nd</sup> Congress of the CPSU, *General Description* declares that the United States has reached the final stage of the development of capitalism and imperialism, where the rate of economic development has to slow down, and foresees a period characterized by constant economic crises and stagnation. The 1970 textbook comes to the same conclusion and also addresses the apparent contradiction with the reality regarding the growth of the American economy. Referring to V.I. Lenin, the unknown author claims that even in the final stage of capitalism, it is possible that "certain branches of the economy, certain layers of the bourgeoisie" are thriving, but this growth is unequal, and ultimately this "is shown by the rot of even the strongest capitalist countries."<sup>29</sup> This theory was especially convenient, as it could provide an explanation for the growth in certain sectors, while tendencies in other industries could be presented as signs of crisis, of the "rot."

While the later textbooks also unanimously predict the decline of the economy of the United States, they are more refined and their language is less belligerent, with the ideology playing a less obvious role. These texts no longer refer to the main communist ideologists as V. I. Lenin or to the various documents of the CPSU when they are looking for the causes of the relative decline of the America economic power, but rather talk about various events in the world economy. The 1985 *Operative Situation* emphasizes the creation of the Eastern European economic zone,<sup>30</sup> but it also refers to the growing importance of the unifying Europe in the world economy,<sup>31</sup> talk about the oil crisis of the 1970s, and even some of the actions of the American Federal Reserve.<sup>32</sup> These lines of ideas suggest that János Szecsődi, the author of the book and his authorities no longer view American economy solely through ideological lens, but have gained additional background knowledge about its operation, processes, and the major players. Still, Szecsődi's argument never goes beyond the level that could be expected from a relatively well-informed newspaper reader.

<sup>25</sup> David M. Levy and Sandra J. Peart, "Soviet Growth and American Textbooks: An Endogenous Past," *Journal of Economic Behavior & Organization* 2011/78, 1–2: 110–125.

<sup>26</sup> For this see Alec Nove, *The Economics of Feasible Socialism* (London: Routledge, 1983).

<sup>27</sup> *General Description*, 12.

<sup>28</sup> *General Description*, 10.

<sup>29</sup> *Agency-Operative Situation*, 6.

<sup>30</sup> *Operative Situation*, 19.

<sup>31</sup> *Operative Situation*, 20.

<sup>32</sup> *Operative Situation*. 27.

The above-mentioned preparatory materials also emphasize the role that big corporations, often referred to as “monopolies” in the text, play in the American economy. The large degree of concentration of capital in the United States is seen as one of the reasons of the efficiency of capitalism.<sup>33</sup> The authors of these texts do not neglect to mention the influence of big corporations on politics, which, for them, is one of the reasons they consider these companies to be potentially valuable targets for intelligence officers, and even list some of the most important corporations.<sup>34</sup> While the image of the American political system in the textbooks would be outside of the scope of this study, it is important to note that the ideologically coded authors put a great emphasis on presenting the lobbying activity of the corporations emphasizing the way they influence American politics. The authors of these textbooks see this lobbying activity as an indication that the United States is only a *façade* but in reality, the country is controlled by a number of economic interest groups. *Operative Situation* from 1985, for example, elaborates on the foreign policy interests of the big American monopolies, and how they influence political decision makers in order to achieve their goals.<sup>35</sup>

The authors of the earlier, as well as the later books, all acknowledge the economic power of the United States, but they often emphasize that this must be understood within the capitalist world and not really on the global level. In the discussing of the American economy, these authors even mention the real or imagined signs of crisis and stagnation. In reading the descriptions of the economy, one can get the impression that capitalists and socialist economies exist in two different worlds with no neutral economic indicators that would make the comparison of these two dimensions possible. When they talk about America’s role in the world economy, the authors of the textbooks emphasize that the United States is the most developed capitalist state and the leading power of the capitalist world. This formulation is obviously not by accident, since this is the way the authors can avoid openly stating that the United States remained by far the most powerful economy in the period, and, as such, they did not have to discuss the two superpowers together, as comparing the various economic indicators would have presented the Soviet Union in an unfavorable light.

When comparing the leading powers of the two blocs, even the 1985 *Operative Situation* adheres to the previously presented dogma of ‘catch up and overtake.’ Szecsődi writes that the “American Cold War policy, economic warfare, has failed” and the “Soviet Union has gradually closed the historic gap in comparison with the United States in all fields of the economy.”<sup>36</sup> There is a certain element of truth to his claims when it comes to the economic growth of the Soviet Union in certain periods of the Cold War, at least on paper, but only to a very small extent. According to an American study written based on the estimates of the CIA (the official GNP from the communist countries was not available, or was generally considered to be unreliable), while in 1960, the Soviet GNP was only 59% of the American, by 1984, it was 52%.<sup>37</sup> This means that while it is indeed true that the Soviet Union managed to somewhat close up to the United States economy, the textbook omits to mention how far they were still lagging behind. According to the estimates of the CIA, in 1985 the Soviet GNP was still barely half of that of the United States.

The ‘cruelty’ of the capitalist system is also evoked in the preparatory textbooks. One of the tools that is used to illustrate this is the description of poverty, the situation of people living on the fringes of society, and the issues that the African Americans face in the U.S. The social differences between the rich and the poor are contrasted with the equality that supposedly existed in the communist countries, at least in theory. This is how the author of *Useful Knowledge* writes: “Almost every big American city has their own little Harlem. Here there is not much to see except for the heartbreaking poverty, the always hungry children wandering amongst waste,

---

<sup>33</sup> *Useful Knowledge*, 9.

<sup>34</sup> *Useful Knowledge*, 10.

<sup>35</sup> *Operative Situation*, 18.

<sup>36</sup> *Operative Situation*, 22.

<sup>37</sup> “A Comparison of the U.S. and Soviet Economies: Evaluating the Performance of the Soviet System,” 2.

and the adults who are in utter despair.”<sup>38</sup> Here Pozsonyi implies that in the capitalist system, the price of the rapid economic development is the exploitation of certain social classes leading to blatant poverty. The authors of the textbooks overall want to suggest that while the living standards of the average American is seemingly higher than what is common for an individual in the communist countries, there are still far too many who live in the United States under conditions that would be unimaginable in a communist country. *General Description* from 1965 even provides an explanation for the “supposed” difference between the living standards of the average American and Soviet citizens when writing that “if we leave out of the comparison (*luxury* [added later in longhand]) the data about the goods that only serve the idleness and debauchery of the bourgeoisie, then with regards to the everyday household items of the working population, we have reached no less than 50% of the American numbers.”<sup>39</sup>

There is a shift in the attitude of the textbooks when it comes to the transformation of the American economical structure in the mentioned period. In the second half of the 20<sup>th</sup> century, the structure of production started to change in the Western countries and instead of industry, it was the services, the tertiary sector became the main branch of the economy.<sup>40</sup> At the same time, communist ideology saw the industry, especially heavy industry, as the main branch of the economy, and there is why initially, they were puzzled by the development of the tertiary sector of the economy in the West. *General Description* from 1965 contains a detailed discussion of the branches of the American economy especially related to the industry and agriculture, but services are barely mentioned.<sup>41</sup> *Agency-Operative Situation* from 1970 goes even further when it does not just ignore this sector, but suggests that the “growth of the non-productive sectors,” meaning services, is “a parasitic sign of the crisis of capitalism.”<sup>42</sup>

The evaluation changes by the 1980s. In the *Operative Situation* (1985), the importance of the tertiary sector is taken as an established fact. Szecsődi points out that all over the world, including the United States, the oil crisis of the 1970s heavily affected traditional industries, especially the steel industry, automobile production, and construction and in contrast, the service sector continued to grow. He emphasizes that computer technology, the telecommunications industry, robotics, informatics, computer services, and similar fields continued to develop significantly even during the crisis.<sup>43</sup> Finally, Szecsődi draws the conclusion that the economy of the U.S. is going to continue this transformation that already started before the crisis, with the emphasis that it will shift further towards the services, and points out that according to certain economists, “the new model is going to be that of the information-services society.”<sup>44</sup> Interestingly, this textbook ends the discussion of the American economy by stating that the U.S. has maintained its leading position among the capitalist countries. At the same time, it is revealing, that the evaluation the structure of economy has changed. Szecsődi no longer sees this as the sign of decline, but as at least one of potential ways of development. Nevertheless, this shift in perception is obviously related to the tightening trade and economic relationship between the People’s Republic of Hungary and the United States in the eighties.<sup>45</sup> When it came to quality and technology, the gap between the Eastern bloc and the Western bloc was the widest here, especially regarding the information technology and telecommunications. Thus, by the end of the Cold War, one of the main goals of the intelligence

---

<sup>38</sup> *Useful Knowledge*, 113.

<sup>39</sup> *General Description*, 72.

<sup>40</sup> Ulrich Witt and Christian Gross, “The rise of the ‘service economy’ in the second half of the twentieth century and its energetic contingencies,” *Journal of Evolutionary Economy* 30, 231–246 (2020). <https://doi.org/10.1007/s00191-019-00649-4>.

<sup>41</sup> *General Description*, 52-81.

<sup>42</sup> *Agency-Operative Situation*, 6.

<sup>43</sup> *Operative Situation*, 29.

<sup>44</sup> *Ibid.*, 30.

<sup>45</sup> Borvendég, *Az impexek kora*, 161.



agencies of the Eastern bloc, including Hungary, was to conduct industrial espionage, obtain various tools, blueprints, technical descriptions, or technologies.<sup>46</sup>

As could be expected, parallel to the opening towards the Western bloc in the discussed period, the evaluation of the American economy underwent certain changes. In the earlier materials written by the Soviets and adapted by Hungarians, there is a raw interpretation of the global situation and the American economy, all based on firm Marxist ideology, with frequent references to the works of Lenin and the CPSU. The later textbooks, written by Hungarian intelligence officers, represent a somewhat more nuanced approach. As Hungary became more integrated into the global economy, the priorities of the Hungarian state security also underwent certain changes. The economic ties between the United States and the People's Republic of Hungary became stronger, and beside the propaganda, the Hungarian state security also started to put emphasis on the proper and more pragmatic presentation and understanding of the American economy. At the same time, the main purpose of this textbook training was ideological education. While the books did mention some of the results of free market economy, they also point out its negative side. In a communist country, during the preparation of intelligence officers who were trained to protect the regime, the changes in the presentation of the capitalist system could not go so far as to acknowledge that the free market economy is inevitably better, and more effective than the planned economy. This is especially apparent during the comparison of the economy of the two superpowers. Even four or five years before the eventual collapse of the communist economies and political regimes in Eastern Europe, the used textbooks refused to acknowledge that the economy of the United States was not only more powerful than that of the Soviet Union, but also the fact that the Soviets were never going to 'catch up and overtake' it.

## Works Cited

### Primary Sources

Állambiztonsági Szolgálatok Történeti Levéltára (ÁBTL) [Historical Archives of the Hungarian State Security], Budapest, Hungary.

Central Intelligence Agency Freedom of Information Act Reading Room: Historical Collections Archive. Web: <https://www.cia.gov/readingroom/>, Accessed: November 15, 2021.

### Secondary Sources

Andreides, Gábor. 2018. "Praktikus tanácsok Olaszországba készülőknek – operatív tisztektől operatív tiszteknek..." [Practical Advice for People Going to Italy: From Intelligence Officers to Intelligence Officers] *Öt kontinens*, 2018/1: 7-28. Web: <https://edit.elte.hu/xmlui/handle/10831/38426?key=>. Accessed: November 15, 2021.

Borvendég, Zsuzsanna. 2020. *Mesés kémjátszmák. A nyugati külkereskedelmi hálózatok kiépülése 1945 után*. [Fabulous Spy Games: The Building of the Western International Trade Networks after 1945], Budapest: Magyarágkutató Intézet.

Borvendég, Zsuzsanna. 2017. *Az impexek kora – Külkereskedelmi fedéssel folytatott pénzkivonás a „népgazdaságból” a Kádár-rendszer idején az állambiztonsági iratok tükrében*. [The Era of 'Impexes' – The Withdrawal of Money from the "People's Economy" Under the Cover of Foreign Trade During the Kádár Regime, as Reflected by Documents of the State Security] Budapest: Nemzeti Emlékezet Bizottsága. Web: <https://neb.hu/asset/phpLk2jUS.pdf>, Accessed: November 18, 2021.

Glant, Tibor. 2018. *A Szent Korona amerikai kalandja és hazatérése* [The American Adventure and the Return of the Holy Crown] Debrecen: Debreceni Egyetemi Kiadó.

---

<sup>46</sup> Borvendég, *Az impexek kora*, 14.

- Hanson, Philip. 2003. *The Rise and Fall of the Soviet Economy: An Economic History of the USSR* from 1945. London: Longman.
- Friedrich A. Hayek, [1944] 2005. *The Road to Serfdom*. London: The Institute of Economic Affairs.
- Levy, David M. and Sandra J. Peart. 2011. "Soviet Growth and American Textbooks: An Endogenous Past." *Journal of Economic Behavior & Organization*, 2011/78 (1–2): 110–125. Web: <https://www.sciencedirect.com/science/article/pii/S0167268111000114>, Accessed: November 18, 2021.
- Mises, Von Ludwig. 1990. "Economic Calculation in the Socialist Commonwealth." In *Collectivist Economic Planning*. Eds. Friedrich A. Hayek. Clifton, NJ: Kelley Publishing, 1975, 87-130; and Auburn, AL: Ludwig von Mises Institute, 1990, Web: <https://mises.org/library/economic-calculation-socialist-commonwealth>, Accessed: November 18, 2021.
- Nove, Alec. 1983. *The Economics of Feasible Socialism*. London: Routledge.
- Pál, István. 2014. "A főellenség' – Az FBI ábrázolása a Belügyminisztérium első operatív tankönyvében." [The Main Enemy – The Representation of the FBI in the First Operative Textbook of the Ministry of Interior]. In V. Gyurácz, A. Jóós and G. Zágoni-Bogsch, Eds. *Fókuszban a konfliktusok – Tanulmányok a diplomáciatörténet és regionális konfliktusok témájában*. Budapest, Eötvös Loránd Tudományegyetem, Bölcsészettudományi Kar, Új- és Jelenkori Egyetemes Történeti Tanszék, 51-68.
- Samuelson, Paul. 1948. *Economics: An Introductory Analysis*. New York: McGraw-Hill.
- Tóth, Eszter. 2012. "A harc mindenesetre folyik; vigyázni kell, mert a világreakció rájött, hogy túljártunk az eszén.' A KGB vezetőinek Budapesten tartott helyzetértékelése 1968 decemberében" ["By All Means, the Fight Continues: We Have to Be Careful Because the World of Reaction has Realized We Have Outsmarted Them." Evaluation provided by the leaders of the KGB in Budapest in December 1968], *Betekintő*, 2012/2. Web: [http://www.betekinto.hu/sites/default/files/betekinto-szamok/2012\\_2\\_toth.pdf](http://www.betekinto.hu/sites/default/files/betekinto-szamok/2012_2_toth.pdf). Accessed: November 11, 2020.
- Tóth, Eszter. 2011. "A politikai hírszerzés szervezettörténeti vázlata, 1945-1990." [Overview of the Organizational History of Political Intelligence, 1945-1990] *Betekintő*, 2011/2. Web: [http://www.betekinto.hu/sites/default/files/betekinto-szamok/2011\\_2\\_toth\\_e.pdf](http://www.betekinto.hu/sites/default/files/betekinto-szamok/2011_2_toth_e.pdf). Accessed: November 15, 2021.
- Witt, Ulrich and Christian Gross. 2020. "The Rise of the 'Service Economy' In the Second Half of the Twentieth Century and Its Energetic Contingencies." *Journal of Evolutionary Economy* 2020/30: 231–246. Web: <https://doi.org/10.1007/s00191-019-00649-4>. Accessed: November 10, 2021.