

## ***Markets, Trade, and Migration: Chinese Influence on Hungarian Reforms 1979-1992***

Isaac Bershad, History PhD Candidate, Rutgers University – New Brunswick

This research project investigates how Chinese-Hungarian trade deals, a guestworker agreement, a visa-free travel agreement, and subsequent immigration from China shaped Hungarians' perceptions of reforming markets, trade, and migration from 1979 to 1992. In 1979, when Deng Xiaoping opened up Chinese foreign trade, Chinese-Hungarian diplomatic and economic relations began to grow, leading to a five-year trade agreement in 1985. In November 1987, 350 Chinese guestworkers arrived at the Rába Auto Factory in Győr. Then, in 1989, a visa-free travel agreement with China went into effect, allowing Chinese to easily travel to Hungary — a first of its kind by a European country for Chinese nationals. By 1992, an estimated 40,000 Chinese immigrants lived in Budapest as students, workers, and market entrepreneurs. Whereas historical scholarship has often examined the diffusion of economic policies and practices from Western Europe,<sup>1</sup> I seek to understand the diffusion of economic paradigms from East Asia as well, particularly from China.<sup>2</sup> This project draws on the Open Society Archive's collections of Radio Free Europe subject files, background and situation reports, and biographical files with information on Chinese-Hungarian trade, guestworker, and visa agreements as well as news and documentary film collections of the Black Box Foundation and Soros Foundation on Chinese immigrants in Hungary.

### **1979-1989: Chinese-Hungarian Socialist Economic Cooperation and Reform**

Economic reform and cooperation between Hungary and China, growing slowly after the death of Mao in 1976, increased rapidly when Deng Xiaoping rose to power in 1979 and ushered in a new era of Chinese foreign trade, especially with socialist countries in Eastern Europe. Hungarian-Chinese economic and diplomatic relations produced annual meetings of party officials and economists, trade shows, and, by 1985, a five-year trade deal to exchange made-in-China consumer goods and raw materials for Hungarian heavy manufacturing products. During this period, this project asks what vision Hungarian leaders, economists, and enterprises had for Hungarian-Chinese trade in the 1980s and beyond? And how did relations with China shape Hungarian economic reform? I read the subject files in the Hungarian Unit on foreign trade with China from 1979 to 1994, on foreign diplomatic and political relations with China from 1970 to 1994, as well as the boxes on the various businesses that were conducting large deals with China, namely Rába, Tungstam, and Transelektro.

The records on the monitoring of trade between China and Hungary were useful for exploring these questions in three ways. First, the records provided a detailed timeline of where specific Hungarian officials met with Chinese counterparts. For example, the boxes on foreign trade with China reveal a timeline of when Chinese officials, economists, banking delegations

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<sup>1</sup> Iván Berend, *From the Soviet Bloc to the European Union the Economic and Social Transformation of Central and Eastern Europe Since 1973* (Cambridge: Cambridge University Press, 2009), 177; Padraic Kenney, *The Burdens of Freedom: Eastern Europe since 1989* (New York: Zed Publishers, 2006), 153.

<sup>2</sup> Péter Vámos, "A Hungarian Model for China? Sino-Hungarian Relations in the Era of Economic Reforms, 1979–89." *Cold War History*, no. 3 (2018): 361-378; Péter Apor, "Szocialista migráció, posztkolonializmus és szolidaritás: Magyarország és az Európán kívüli migráció," *Antro-pólus*, 2, no. 2 (2017): 26–44; James Mark, Bogdan Iacob, Tobias Rupprecht and Ljubica Spaskovska, *1989: A Global History* (Cambridge: Cambridge University Press, 2019); Sharad Chari and Katherine Verdery, "Thinking Between the Posts: Postcolonialism, Postsocialism, and Ethnography after the Cold War," *Comparative Studies in Society and History* 51, no. 1 (2009): 26-29.

visited Hungary and when Hungarians went to China. This is helpful since, even though some of the accounts did not always provide details about the meetings' agendas or what might have been said behind closed doors, they provide specific events and dates to locate in other archives, such as the national archives. Second, the economic monitoring reports contain statistics of annual trade turn over between Hungary and China, based on their monitoring of both Hungary's and China's publications of import/export volumes. This serves as a reference against which official trade statistics and reports can be read. The ability to verify official Hungarian statistics is important since, during the 1970s, Hungary publicly reported zero trade turnover with China, when in fact there were annual trade deals. The value of these trade deals was hidden in official Hungarian statistics by dividing it up and allocating it to total trade with other countries.<sup>3</sup> Third, a number of the situation reports offered reflections and insights on issues that arose during the 1970s with Chinese-Hungarian trade deals and continued into the 1980s. For example, in December 1971 the author of a situation report on Chinese-Hungarian trade questioned how officials valued Chinese goods, since they had to accept state-fixed prices rather than an estimated market value for their trade deals and that both sides were not always satisfied with the quality of the exchanged goods.<sup>4</sup> In addition, the monitoring of economic reform discussions vis-à-vis foreign trade also reveals how significant pressure within Hungary for profitable enterprises drove market-based reforms. After the first long-term Chinese-Hungarian trade deal was signed in 1985, there was strong support by the National Bank to change the terms of trade deal from barter system that used clearings house in Swiss Francs to a free-floating market-value exchange of goods based on global market prices for next five-year plan starting in 1991.<sup>5</sup> Chinese-Hungarian trade deals, meant to foster international trade between socialist countries, helped spur on liberal economic reforms in the 1980s.

### **1987-1990: Chinese Guestworkers in Győr**

This first major amendment to the 1985 five-year trade agreement between Hungary and China was proposed in mid-1986, stipulating that China would send Chinese guest workers to Győr to work at the Rába Automobile Factory. The guestworker agreement was officially agreed upon in June 1987, when Zhao Ziyang, General Secretary of the Chinese Communist Party, visited Hungary. During his trip he visited the Rába factory and met with the factory's director Ede Horváth. The guestworker agreement and their labor contracts were written and signed in July and the workers arrived three months later in late October 1987.<sup>6</sup> In Győr they were housed in a newly constructed dorm that quickly became known as the Kínai ház (as it's still called today) and were offered Hungarian language classes and technical training. This project asks why were Chinese workers so important to the Rába factory (i.e., what role did they play?) and how did interactions between the Chinese guestworkers and Hungarians in Győr change during the brief time the Chinese guestworkers were there?

The OSA's records on the Rába auto factory and the personal biographical files of the

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<sup>3</sup> HU OSA 300-40-1:723/2 Külkereskedelem: Kína, 1959-1971, "Situation Report, 27 April 1971: Minister of Foreign Trade in Peking;" HU OSA 300-40-1:723/4 Külkereskedelem: Kína, 1979 – 1983

<sup>4</sup> HU OSA 300-8-3 "Prospects of China-Comecon Trade: A Hungarian View," 29 December 1971; 300-40-1:725/2 Külkereskedelem: Kína, 1984 – 1988; HU MNL OL XXIX-L-1-e-871.doboz (1229/1986)

<sup>5</sup> HU OSA 300-40-1: 724/2 Külkereskedelem, Kína 1985; HU OSA 300-40-1: 724/3 Külkereskedelem, Kína 1986.

<sup>6</sup> "Partnertárgyalások, zárómegbeszélés: Losonczi Pál találkozója Csao Ce-janggal," *Esti Hírlap* (June 17, 1987), 1; HU MNL OL XXIX-L-1-e-910.doboz (1333/1987) "Kínai munkaerő magyarországi foglalkoztatásának feltételeiről intézkedő Keretmegállapodás."

factory's director Ede Horváth contained specific names and dates of the officials' meetings, information about labor tensions at the Rába factory, and insights into the Ede Horváth's hopes for expanding the guestworker program. As was the case in the manufacturing sector across Hungary during the 1980s, there was both a constant state of overemployment through redundant positions while also a chronic lack of unskilled workers.<sup>7</sup> At Rába in the 1980s, the factory management sought to increase profitability by laying off redundant workers in non-production jobs. The factory offered lower-skilled, lower-paid positions to these terminated workers, many of whom did not accept.<sup>8</sup> This meant that the Rába factory relied initially on one thousand guestworkers from Poland to fill these positions.<sup>9</sup> The Chinese guestworkers' agreement, nominally for education and technical training, was in fact meant to bring in workers who could fill the jobs many Hungarians did not want to take. I was able to build on this theory when I found an interview given by Ede Horváth, the factory director to the Chinese news agency Xinhua about his involvement in organizing the Chinese guestworkers' agreement and his hopes to increase their number.<sup>10</sup> He clearly stated that he hoped an additional 200-300 Chinese guestworkers would arrive at the factory since there was a large need for their labor. He also mentioned a plan to build a new auxiliary gear manufacturing plant specifically to employ Chinese workers — plans that did not happen. Finding this interview in his biographical files was a surprising and new find, since I had not yet found evidence of expanding the Chinese guestworker program in this way either in the Hungarian public press or in some of the official ministerial documents.

### **1989-1992 & Onward: Visa-Free Travel, Tiananmen Square, & New Markets**

The final period of this project examines January 1<sup>st</sup>, 1989 through March 17<sup>th</sup>, 1992 when China and Hungary had a visa-free travel agreement that was initially introduced as part of a liberalization of tourism and, for the Hungarian government, to attract further economic exchange between Hungary and China. This visa-free travel agreement, however, functioned in ways that the Hungarian government did not envision. Between 1989 and 1992 roughly 40,000 thousand Chinese nationals arrived in Hungary nominally as tourists or students. While some traveled onward from Hungary to other parts of Europe, many of the Chinese immigrants to Hungary after 1989 established small businesses to sell made-in-China goods in informal markets, mostly in the 8<sup>th</sup> district in Budapest. By the mid-1990s, even many small cities across Hungary had a *kínai áruház* or a *kínai büfé* (Chinese clothing stores and fast-food buffets).<sup>11</sup> Some of the Chinese immigrants also applied for refugee status as political and/or religious dissidents, since some of the new immigrants had participated in the student democracy movement in China, and even a few in the Tiananmen square protests.<sup>12</sup> During this period, I investigate the multiple and rapidly changing images of Chinese immigrants in Hungary. My project asks: how did Chinese immigrants change from a symbol of anti-communist solidarity to

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<sup>7</sup> HU OSA 300-40-2: 77/2 Labor: Manpower: Employment, 1982 - 1989

<sup>8</sup> HU OSA 300-40-1: 560/2 Iparvállalatok RÁBA 1982-1988

<sup>9</sup> HU OSA 300-40-1: 560/4 Iparvállalatok RÁBA 1990-1993

<sup>10</sup> HU OSA 300-40-2: 68/3 International Relations Econ., China 1971-1989 "Hungary to Employ Chinese Guestworkers from 1987"; HU OSA 300-40-2: 43/3 International Relations China 1976-1989

<sup>11</sup> HU OSA 13-3-1: 223/2 "Short films of Pilot Studio: Chinese immigrants in Hungary;" HU OSA 13-3-1: 526/1 "Európa Tranzit: Kínaiak Budapesten"

<sup>12</sup> HU OSA 300-40-1: 893/2 Külkapcsolatok, Kína 1988-1994 "Weekly Bulletin: Ten Thousand Chinese to Hungary" (July 23, 1993), 11-13.

a symbol of unchecked deregulation, particularly for the newly formed far-right in Hungary? And how did public media about Chinese immigrants and Hungarians' interactions with Chinese immigrants shape popular perceptions of liberalization of the economy and migration?

The OSA's digitized collections of television news reports about Tiananmen Square solidarity protests organized in Hungary in June 1989 as well as documentaries about the Chinese community provided glimpses into interactions between Hungarians and new Chinese immigrants. The news reports on Tiananmen Square solidarity protests gave context for who organized and participated in the protests, and how they had heard about the events in China. For example, on June 7<sup>th</sup>, 1989, FIDESZ organized a sitting protest in front of the Chinese Embassy in Budapest, that was also attended by Chinese immigrants, many who had been students in China.<sup>13</sup> A written report about a solidarity protest organized by the Győr MDF party revealed that they organized in front of the Chinese guestworkers' dormitory (the Kínai Ház).

The final aspect of my project is to understand how immigration law, courts, and police dealt with Chinese immigrants in the 1990s as they navigated the visa, residency permit, and (in some cases) refugee process. The Fekete Doboz Alapítvány's collection contains several unedited documentaries from 1995 investigating human rights violations at the Kistarcsa alien policing detention camp. In one of the films, the interviewer (Upor Péter) interviews Chinese immigrants held at the camp who explain how they came to Hungary, what they were doing in Hungary (all of them were owners of small business registered in Hungary), and how they were stopped by police on the street and asked for their documents.<sup>14</sup> The Chinese immigrants' interviews and subsequent interviews I conducted with members of the Hungarian Helsinki Committee who were involved in the Kistarcsa detention camp investigation revealed how Chinese immigrants were profiled by police as easy targets for stopping and requesting immigration papers, were abused in the detention camp (most were held in handcuffs for seventy-two hours, denied the ability to contact family, and one had even been stabbed in his hand) and in court (where police refused a judge's orders to uncuff Chinese immigrants), and then were often denied residency or refugee status by the immigration office and courts because they were assumed to be only economic migrants. Hungarians' perceptions of Chinese immigrants in the 1990s transformed through the wide variety of interactions — political solidarity protests, informal markets, and the immigration/deportation process — producing multiple and mixed attitudes of the role they played in Hungary's liberalizing migratory and market society.

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### **Archival Material Consulted**

#### **HU OSA 300-40-1: Records of the RFE/RL Research Institute – Hungarian Unit – Subject files**

Box: 74/1-5 Belkereskedelem: Áruházak, 1976 – 1993

Box: 74/6 Belkereskedelem: Kereskedelmi Minőségellenőrző Intézet, 1959 – 1989

Box: 122/8 Belpolitika: Országgyűlési Bizottságok: Gazdasági, 1990 – 1992

Box: 122/14 Belpolitika: Országgyűlési Bizottságok: Külügyi, 1990 – 1993

Box: 155/2-3 Budapest, 1988 - 1994

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<sup>13</sup> HU OSA 305-0-7: 207/1 *Híradó első kiadás*, 1989-06-07

<sup>14</sup> HU OSA 305-0-3: 1098/1 Kistarcsa, idegenrendészeti szállás, 1995-02-28

Box: 560/2 Iparvállalatok: Rába  
Box: 562/4 Iparvállalatok: Tungstram  
Box: 563/1-3 Iparvállalatok: Tungstram  
Box: 723/4 Külkereskedelem: Kína, 1979 - 1983  
Box: 724/1-4 Külkereskedelem: Kína, 1984-1987  
Box: 725/1-2 Külkereskedelem: Kína, 1984 – 1994  
Box: 726/1 Külkereskedelem: Kuba, 1976-1991  
Box: 762/6 Külkereskedelmi vállalatok: Tungstram 1985  
Box: 888/1-5 Külpolitika: Külkapcsolatok: Kína, 1970-1972  
Box: 889/1-5 Külpolitika: Külkapcsolatok: Kína, 1972-1975  
Box: 890/1-5 Külpolitika: Külkapcsolatok: Kína, 1975-1977  
Box: 891/1-4 Külpolitika: Külkapcsolatok: Kína, 1978-1979  
Box: 892/1-5 Külpolitika: Külkapcsolatok: Kína, 1980-1986  
Box: 893/1-3 Külpolitika: Külkapcsolatok: Kína, 1987-1994  
Box: 900/1-4 Külpolitika: Külkapcsolatok: Kuba, 1969-1977  
Box: 901/1-4 Külpolitika: Külkapcsolatok: Kuba, 1978-1986  
Box: 902/1-3 Külpolitika: Külkapcsolatok: Kuba, 1987-1993  
Box: 1237/6 Munka: Vendégmunkások Magyarországról: Kína, 1958  
Box: 1247/16 Műszaki együttműködés: Kína, 1955 – 1982  
Box: 1350/6 Párt: Külkapcsolatok: Kína, 1966 – 1983

#### **HU OSA 300-40-2: Records of the RFE/RL Research Institute – Hungarian Unit – Subject files in English**

Box: 43/1-3 International Relations: Political: China, 1966 – 1989  
Box: 68/3 International Relations: Economic: China, 1971 – 1989  
Box: 77/2 Labor: Manpower: Employment, 1982 - 1989

#### **HU OSA 300-40-4: Records of the RFE/RL Research Institute – Hungarian Unit – Information Items**

Box: 3/5 122.3 Foreign relations: China, 1958 – 1969  
Box: 14/58 751.1 Foreign Trade: China, 1954 – 1961

#### **HU OSA 300-40-5: Records of the RFE/RL Research Institute – Hungarian Unit – Biographical Files**

Box: 15/19-21 Berecz, Frigyes, 1986 – 1990  
Box: 16/1-2 Berecz, Frigyes  
Box: 16/10-11 Berend, Iván, 1984, 1986 – 1993  
Box: 17/1 Berend T., Iván, 1963 – 1986  
Box: 28/2 Csikós-Nagy, Béla, 1978 – 1989  
Box: 34/2 Demján, Sándor 1985-1991  
Box: 42/16 Faluvégi, Lajos, 1971 - 1990  
Box: 68/8 Horváth, Ede., 1957 – 1990  
Box: 75/31 Jeszenszky, Géza, 1980 - 1994

Box: 100/21 Kornai, János, 1980 – 1993  
Box: 153/23 Péter, János, 1965 – 1989  
Box: 159/4 Pungor, Ernő, 1973 - 1991

**HU OSA 300-40-6: Records of the RFE/RL Research Institute – Hungarian Unit – Biographical Card Files**

Box: 2/281 Berend, T. Iván, 1958 – 1990  
Box: 4/186 Demján, Sándor  
Box: 10/6 Gódor, Ferenc, 1955 – 1989 [vezető, pekingi magyar nagykövetség]  
Box: 20/244 Kornai, János, 1952 – 1992

**HU OSA 300-120-3: Records of the RFE/RL Research Institute – Western Press Archives – Subject Files**

Box: 105/3 Description and Travel: China, PR, 1974 – 1992  
Box: 258/1 Tourism: China, 1957 – 1992  
Box: 229/1 Refugees: China, 1967 – 1993  
Box: 2/3 Bulgaria: China, 1985-1989  
Box: 141/6 Visa: Hungary 1979-1992

**HU OSA 13-3-1: Film, Video and Sound Records on the Activities of the Sorors Foundation-Hungary**

BetaSP PAL: 223/2: “Short films of Pilot Studio: Chinese immigrants in Hungary,” 1990  
VHS PAL: 526/1: “Európa Tranzit: Kínaiak Budapesten,” 1990

**HU OSA 206-2-1: Records of the Open Society Archives at the Central European University – Exhibitions – Audio Visual Materials from Multiple Sources**

VHS PAL: 47/1: “Tale of the Three Brothers,” 1954

**HU OSA 302-4-5: Gábor Demszky Personal Papers – Records of the Mayor of Budapest – Recordings of Public appearances**

Digital Container: 8/2-3: “Video footage of the Budapest [sic] delegation's visit to Hangzhou,” and “Documentary film on the economy of Chinese big cities,” 1998

**HU OSA 305-0-3: Fekete Doboz Alapítvány Video Archive – Unedited Video Materials**

Digital Container: 1098/1: Kistarcsa, idegenrendészeti szállás, 1995-02-28

**HU OSA 305-0-7: Fekete Doboz Alapítvány Video Archive – Monitoring of the Hungarian Television**

DVD-ROM: 132/2: *Híradó*, 1989-04-30

DVD-ROM: 168/3: *A Hét*, 1989-05-21

DVD-ROM: 174/1: *Híradó első kiadás*, 1989-05-25

DVD-ROM: 207/1: *Híradó első kiadás*, 1989-06-07

DVD-ROM: 207/2: *Híradó második kiadás* 1989-06-07