Bob Carr was in central Europe last Christmas. This is an exclusive extract from his diary. It is considered inappropriate to have the symbol of one party displayed in a multi-party state.

SATURDAY, DECEMBER 23

"The stars are being taken down," says our guide as we stand in a street near the Hungarian parliament. "They're coming off all the buildings. It's considered inappropriate to have the symbol of one party displayed in a multi-party state." The new communist leaderships in Europe want to talk about their break with old Stalinist structures and methods. The revolution is more profound than that. It is that Leninism is being abandoned, especially that most basic promulgation of the man who brought "barrack room discipline" to socialism: the concept of the one-party state.

In another Budapest street a three-storey, 17-room building was once a district headquarters of Hungary's single ruling party, the Hungarian Socialist Workers' Party. The communists now call them themselves the Hungarian Socialist Party and permit 40 other parties to register. One of the largest, the Social Democrats, has inherited the district headquarters, although they don't know how long they'll be able to keep it.

What does a social democrat stand for in Hungary at this time? The woman who answers the question is Anna Petrasovits, an economics lecturer and the party president.

"Hungary is an underdeveloped country and not part of Europe," she says. "So a lot of the jobs we face would have been undertaken by liberals in the West. Only massive privatisation can save Hungary. The country at this stage can do nothing else but adopt the views of the banks."

She says there's a danger that the necessary program will lead to "pauperisation" and strikes. The people are exhausted and apathetic. The threat to democracy will not come from communists. Nor from a Thatcherite, free market Right.

"The Right in central Europe has not been in favour of free markets. It has been in favour of autarchy. The peasant movement has been a prey to fundamentalism. It talks of a third way to development. This simply means Latin Americanisation. Peronism."

There are Hungarian elections in March and the Social Democrats have, they claim, 15,000 members. They speculate about getting 30% of the vote and argue that they enjoy useful name recognition. But they have no money for posters, telephones, printing.

We talk election techniques, direct mail for example. But they are given no list of voters, they have no computers and it takes up to ten days to deliver a letter in Budapest.

SUNDAY, DECEMBER 24

At present the Hungarian economy is locked into zero growth, 19% inflation (on official figures) and rising unemployment.

"We are the first of the socialist countries to accept unemployment," says Dr Peter Szerdahelyi, state secretary of National Planning. "It will be a decade before people will be able to enjoy the fruits - that is before we don't have to restrict domestic consumption to pay debts."

A stock market opens next year. The government will introduce a bill providing full private property rights. The government will also guarantee investors the right to take out profits in hard currency.

MONDAY, DECEMBER 25

Yesterday we caught a taxi to an outer suburb of Budapest to meet Janos Vargha, a biologist who, in 1980, warned of ecological disasters on the Danube if plans for two dams went ahead. He was the first citizen to defy the post-1956 regime and his organisation, the Danube Circle, forced the pace of change in Hungary. Again, green politics takes on East European communism, although Vargha told us it was less potent here than in Czechoslovakia or the Baltic states.

Sitting in his very basic book-lined home he outlined the special problems a communist regime causes the environment. Industry remains technologically crude. Hungarian steel-making requires four times as much energy as Japanese. Ecology barely developed because science remained under the control of the Communist Party. Basic environmental texts - The Silent Spring, for example - were not distributed. "The effect was that environmental activity was paralysed," Vargha said.

Now the new political parties in Hungary are developing green policies. Vargha is associated with the Free Democrats and is critical of the Hungarian Green Party which he sees as too close to the communists.

I asked, "Are they marxist?" "No," he says. "It's many years since any political leaders in Hungary even referred to marxism...it's an unuseful theory to manage our life. It's an artificial construction."
There’s no third way. We have to go back to find the spontaneous flow of history. Capitalism is not an artificial construction but part of that spontaneous flow.”

In the days we’ve been in Hungary local television has been taken over by the fall of the Ceausescu regime in Romania. Change continues everywhere: a radical budget in Poland, expulsion of old-time communists in Czechoslovakia, Lithuanian communists voting for independence.

What better way of seeing East European communism than as “an artificial construction” interrupting the flow of history? And now, appropriately, being dismantled?

We fly to Prague. The trip from the airport to the city takes us past a modern, well designed building set back from the highway. It’s called the Hotel Praha and is reserved for high party officials. Our contact has heard each room has a spa bath with 50 air vents. Stories about the luxury of the hotel abound and explain the hostility the regime attracts. Every day, we are told by someone else, the hotel staff prepares elaborate lunches, whether party officials turn up or not. The Czech communist officials also have their country villas.

TUESDAY, DECEMBER 26

Civic Forum has taken over in the building of the Czech-Soviet Friendship Society, just off Wenceslas Square. In the window three videos broadcast footage of the 1968 Soviet invasion. A crowd builds up and the broadcast switches to the police clashes with protesters on November 17, the event that triggered the crisis.

Inside it resembles the headquarters of the Australian anti-Vietnam movement: student scruffiness, paper cups, busy self-importance. A functionary explains why the movement insisted on Havel for the national presidency over Alexander Dubcek. Havel, he said, had been fighting for the last ten years when Dubcek had not been heard of. Besides, Dubcek is or was a communist.

The underground is plastered with political posters and the commuters are reading the fresh ones. This is a country in ferment.

WEDNESDAY, DECEMBER 27

“Welcome to Prague, especially at a time when we’re opening our city to the world and ourselves,” declares our host. A desperate attempt to ingratiate, I wonder? The small, dark intense man is Dr Peter Nebesky, one of five deputy mayors. His straight-backed, snappy authoritarian style has Central Committee stamped all over it. Who does he think he’s fooling?

It turns out Dr Nebesky is a leader of the Czech People’s Party, something of a christian democratic party which holds two out of 246 seats on the city council. As in other communist states here there are front parties that declare their “non-antagonism” to the marxists and enable the communists to say they govern in coalition.

The Czech People’s Party is such a party...except that earlier this month, in the general political excitement, it claimed it flexed its once-atrophied political muscles. Dr Nebesky became deputy mayor and says he is busy lifting restrictions on religion. “Freedom arrived here overnight,” he says. Has his party been compromised by its association with communists? He claims a record of resistance - in helping the children of dissidents win access to university, for example.

There is a whiff of the interim about the deputy mayor, but with an estimated six million believers in a population of 15 million there must be some kind of christian democratic base. Godless communism has left Prague with more architectural and sculptural symbols of baroque catholicism than any city outside Italy.

In Prague’s National Gallery we inspect what Czech’s boast is the world’s largest collection of Gothic art. Czech painting skipped the Renaissance: Gothic blossomed into Baroque when the religious wars slackened. Gallery director Dr Jiri Kotalik is a bear-like man with clicking teeth who’s known as ‘The Stalin of Fine Art’. He mentions he’s recently met an Australian of importance. He can’t recall the name but recollects UNESCO, Paris and...the Australian National Gallery? Yes, we know who you mean. Some consider him the greatest living Australian, I tell Dr Kotalik.

FRIDAY, DECEMBER 28

Over breakfast we meet the future president’s brother, Ivan Havel.

With Havel we meet Miroslav Jirasek, a social democrat who worked in the chancellery of President Benes, the last non-communist president, and who was imprisoned between 1950 and 1960. He describes the experience as “terrible”. He was made to work in uranium mines. This took place during the period which my brochure from the Klement Gottwald Museum describes as “the building of the foundations of socialism”. The brochure says the ‘fifties saw “democratisation of culture, education and science”.

Later in the day we see workers putting up scaffolding for Havel’s inauguration. The democrats here and in Hungary now face oppressive responsibility. The transition to democratic societies - resuming the “spontaneous flow of history” - means allowing the public clash of interests so long subsumed under one-party rule. I hope the disillusionment is not too quick in coming. But when it arrives the people can criticise their leaders and vote them out. That simple truth is the measure of the East European revolution.

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