A betrayal by the intellectuals

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Hopes of a smooth transition from ‘goulash communism’ to market economies have long since been dashed by the ‘post-Soviet mafia-state’ in Hungary. But to what extent are liberal intellectuals themselves responsible, through their elitist disdain for the rest of the population, for the decline of democracy in Hungary?

In the late 1980s I was a lecturer in social anthropology at Cambridge University. Well before the internet, we did not even have a television at home. For news I was dependent on BBC radio, the papers in my college, and on my subscription to Heti Világgazdaság, a Hungarian economics weekly. Every spring, the National Association for Soviet and East European Studies gathered at Fitzwilliam College. This was a great opportunity for Cambridge residents to visit book publishers’ stalls and drop in on a range of informative sessions without having to pay the conference fees. I recall numerous conversations with area specialists who were more knowledgeable than myself about the fast pace of change behind the Iron Curtain. [1] György Schöpflin, for example, was a regular visitor to Cambridge. Like many others, he was extremely excited about a ‘return to Europe’ for the countries he cared about greatly in central Europe. [2]

I helped host a number of visitors from Poland and Hungary in those years, funded through the Stefan Batory Trust by George Soros. They represented a broad spectrum of political views. Viktor Orbán himself spent a few weeks in Oxford on a scholarship to investigate the Hegelian roots of the concept of civil society. In the run-up to the first free elections in 1990 I recall discussions with visitors from Hungary concerning the relative merits of the conservative Hungarian Democratic Forum (MDF) and its liberal rival, the Alliance of Free Democrats (SZDSZ), whose leaders had been active for a decade in the ‘dissident’ opposition. I recall arguing for the Forum, despite its nationalist leanings, because it seemed to offer a pragmatic economic course that contrasted with the free market enthusiasm of most Free Democrats. In Britain in the 1980s we knew only too well where Hayekian economics could lead. But among Hungarian economists it had a broad appeal. János Kornai led the way, dismissing socialist reforms such as the creation of VMGK enterprise units inside state factories on the grounds that only private property and the free market would improve the failing economy. [3] When Gáspár Miklós Tamás (who also visited Oxford in those years, back then as member of SZDSZ) spoke up for Thatcherite liberal conservatism, my sympathies with his party vanished overnight.

Both Tamás and György Schöpflin soon embarked on new careers. The latter joined
Fidesz and has been a Member of the European Parliament since 2004. I do not know exactly what he thinks of his party’s ideological positioning in recent years. Hungary did ‘return to Europe’ when it was admitted to the European Union in 2004 and the chances of it ever being excluded again seemed negligible. Yet the threat of EU sanctions against Hungary and Poland offers clear evidence of a new cleavage. Schöpflin and other moderate conservatives argue that this is a consequence of the elitist liberalism and technocracy embedded in EU institutions, which threaten the Union’s capacity to function at all, and the future of democracy in the entire region. Indeed, growing polarization within many member states throughout the EU has been accompanied by new east-west tensions that no one anticipated 30 years ago.

Before turning to some evidence of the current tensions from my fieldwork in southern Hungary, it is important to note the economic context. Given the relative success of ‘goulash communism’ in the 1970s and 1980s, many thought that the prospects of a smooth transition to market economy were especially bright here. This turned out to be an illusion. Populist ressentiments in Hungary and the other Visegrád states are not difficult to understand when one recognizes the failure to bridge the economic gulf separating them from the West. Towards the end of the second decade of postsocialism, when the per capita income levels of the late socialist period had at last been reached, global financial crisis brought renewed convulsions. After nearly a decade of Fidesz-led governments, the situation in Hungary has not improved fundamentally. The principal difference is that, compared to their nominally left-of-centre predecessors, populist power holders since 2010 have intervened much more actively with market mechanisms. Foreign direct investment (FDI) continues to be encouraged, especially when it comes to German capital in the automobile sector, despite evidence that the main beneficiaries are transnational corporations. [4] On the eve of Brexit, the exodus of labour to the west, including Britain, shows little sign of abating. The central institutions of the EU have largely lost political legitimacy and the limited economic redistribution that takes place across the continent functions only to strengthen cronyism. Bálint Magyar refers to the ‘post-communist mafia-state.’ [5]

Liberal commentators in western countries have difficulty in fathoming Viktor Orbán’s position in the ‘migration crisis’, which he has successfully harnessed to serve his party’s interests since summer 2015. If his own citizens are free to move elsewhere in search of a better life, why then are Hungarians hypocritically denying others that same right? But when their families are being torn apart by labour migration, driven by limited opportunities and low wages in Hungary, how can Hungarian voters be expected to welcome non-European foreigners whose presence in their country will only drive down wages further still? Beyond the economic implications of migration, the larger questions pertain to identity and morality. For József Böröcz, a sociologist who has taught for many years at Rutgers University in New Jersey, his compatriots have no right to assume that their average income levels should approximate those of Austrians or Germans, while opening up a divide with countries outside the EU. That is what most Hungarians thought they were being offered in 1990, in 1997 when negotiations with the EU began, in 2004 when they were admitted, and in 2010 when Viktor Orbán promised to improve upon the performance of his predecessors. Yet structurally little or nothing has changed. It seems particularly irksome for citizens of eastern European states to know that economic migrants from remote countries are supported by funds derived from ‘EU taxpayer’ contributions. Hungarians, for instance, are shown on an almost daily basis on prime time
TV how non-European immigrants are welcomed in prosperous states such as Germany and assisted with finding jobs there - opportunities that for simple practical reasons (lack of contacts, inadequate language skills) are out of reach for most viewers.

**Bridging the East-West divide at the micro level**

The East-West economic gulf remains a stark macroeconomic fact, and perceptions of this fact play a major part in fuelling populist politics in Hungary today. But of course, this divide is nowadays bridged in many ways that were impossible during socialism. In those days only a handful of Soros scholarship holders could make it to England. Nowadays villagers can book budget flights with Wizzair. Recently I had brunch in central London with the youngest son of a couple I have known well in the village of Tázlár since 1976. Born in 1986, since breaking off a vocational training course, Zoltán has spent a decade in London, initially as a kitchen porter at the Hilton Hotel at Heathrow Airport (where his girlfriend worked as a chambermaid), then as a trainee chef at another hotel, and now in an exclusive small restaurant. He says he would like to return to Hungary one day to open an up-market restaurant in the capital, but his parents doubt that this will ever happen. His former girlfriend (since high school) has also lost faith; she is still working long hours in the hotel sector. Zoltán enjoys socializing with his non-Hungarian male housemates and spends a fair proportion of his earnings on tickets to attend Chelsea Football Club matches. His English is good and he says he does not miss Hungarian company.

His village classmate Bertalan found his way to London at almost the same time, but the two soon lost touch with each other. Bertalan completed a polytechnic degree in horticultural science but has never made any use of his qualification. He cannot contemplate returning to Hungarian wages post-Brexit, if only because he is locked into credit repayments following the purchase of a new car. Neither Zoltán nor Bertalan have ever transmitted remittances to their parents who remain in the village, though both visit several times each year.

Relations between Hungary and Germany are a little different, because in this instance capital tends to be more mobile than people. The most dramatic economic transformation in the traditionally agricultural county of Bács-Kiskun (where the village of Tázlár is located) has been brought about by Mercedes-Benz’s investment in Kecskemét, the county capital. This plant already employs over 4,000 workers, a number that is expected to rise steeply by 2021. It exemplifies the pattern of export-oriented dependency on transnational corporations. Wages for unskilled labour on the assembly line at Merci are over double the Hungarian legal minimum wage. This makes the jobs attractive, such that workers are prepared to engage in long daily commutes (relocating to Kecskemét is almost impossible due to the impact of the plant on the local real estate market). In Tázlár, 40 km from the plant, this is a genuine alternative to seeking one’s fortune in London or Dublin.

Mercedes-Benz also offers prospects to skilled workers and white-collar staff. Pál is a Tázlár villager with a polytechnic engineering qualification who was hired in Kecskemét and promptly sent to Stuttgart for further training and work experience. Everything went well, and he was offered the opportunity to remain in Germany permanently. But Pál decided to return to his village and continue his career at the Kecskemét plant. Though
he is based in the logistics unit, where conditions are quite different from the assembly line, this means accepting vastly inferior wages and a daily commute of approximately one and a half hours. Pál justifies his decision with reference to his commute in Stuttgart. There, despite having learned good German, he did not feel comfortable because he did not understand the non-German languages spoken by other passengers in his commuter train. Pál does not consider this to be a ‘healthy social order.’ He prefers to raise his young family in the very different setting of a relatively isolated village where everyone communicates in Hungarian.

The evolution of a small town

Although Germany refused to open its labour markets to new EU members in 2004, in fact tight links were developing from the mid-1980s onwards. In the market town of Kiskunhalas, 15 km from Tázlár, the most successful private enterprise to emerge following the collapse of the large state factories was originally founded in Bavaria. This company now makes most of its profits inside Hungary but still recruits skilled workers for projects in southern Germany. Its owners and managers pride themselves on a humane commuting rhythm that allows workers to travel home to southern Hungary (at least 500 km) on a Friday evening and enjoy Sunday lunch with their families before setting out on the return journey.

I heard about this from the company founder Ferenc, formally retired but still very much in charge of the business when I interviewed him in his office in a former Red Army barracks in September 2018. Ferenc was raised in a village in a Hungarian-German (sváb) family, and his knowledge of the language was obviously an advantage when it came to working in Germany. He initially came to Kiskunhalas as an intern at a large state enterprise while still a student at Budapest University of Technology. He recalls his positive experiences in the 1980s as a partner in a VGMK, a special type of small corporation in late-Socialist Hungary: a private enterprise operated within the realm of a state corporation. This prepared him well for his years in Germany, where he founded his company in 1990. Later he built up a consortium of companies back in Hungary and founded an Entrepreneurs’ Club in Kiskunhalas. However, he is critical of the limited support that entrepreneurs like himself have received from municipal leaders over the years.

In some ways the history of post-Socialist transformation in Kiskunhalas is representative of that throughout the country. An entirely agricultural town until the socialist era, it profited from large-scale industrial investments in the last decades of socialism. These made industrial jobs available to all, including local village commuters and the Roma minority. Some of the investments were unsuccessful, as for example a knitwear factory, which was sold to Levi Strauss in 1988, with all jobs being retained. However, this was the only large enterprise to survive what Hungarians call their ‘regime change.’ Almost everything else disintegrated, including the State Farm that was still the town’s largest employer. Following the usual cherry-picking, only small units survived, one of which was led by Ferenc (who primarily relied upon the workforce that had joined him in Germany).

Ferenc with memorabilia in his office (September 2018), Source: courtesy of Chris Hann
The HQ of Ferenc’s company in Kiskunhalas is a former Soviet barracks. Source: courtesy of Chris Hann

In other respects Kiskunhalas was untypical. Due to its location close to the border with Yugoslavia it was once home to large numbers of both Hungarian and Soviet soldiers. Both have long disappeared and the recent expansion of the border police does not begin to compensate for the damage that the loss of this military component has done to the local economy.

Politically, Kiskunhalas reflected the strength of the revived Independent Smallholders’ Party, which triumphed in the first free parliamentary elections. But in the town itself, as distinct from the rural hinterland, the Alliance of Free Democrats was stronger. However, though the mayor elected in 1990 set out as a Free Democrat, he soon became disillusioned. With his personal popularity undimmed, he was re-elected in 1994 and 1998 with an affiliation to the local Városi Polgári Kör (Urban Civic Circle). Among other former stalwarts who left the Free Democrats in 1994, some soon joined Fidesz, including the lawyer elected to represent the Kiskunhalas constituency in parliament in 1998. Some wonder how they ever came to cast their votes for a party that promised freedom and support for small businesses but never in fact acted to this end, even when in government. Bálint Magyar, a central figure in the party throughout this era, puts his finger on the problem when he writes apologetically that ‘in SZDSZ everyday party activities required awkwardly obligatory attendance since the party leadership and the intellectual circles surrounding it did not really have cultural chemistry with the general majority of the membership. This also meant that they did not share social partnership and lifestyle.’ [6]

When things fall apart, it is not surprising that people cling to forces they associate with an earlier age of stability. The voters of Kiskunhalas sent a socialist to the Budapest parliament in 1994 and elected the same individual to be their mayor from 2002 to 2010. He was formerly a communist and a director at the State Farm, yet some claim that he did more to help small businessmen than his Free Democrat predecessor. According to Ferenc he did not do enough, for example in the way of reducing the local tax burden. No post-Socialist mayor has so far been able to attract any large-scale external investment to the town. Disaster struck in 2008 when Levi Strauss decided to close its factory and relocate to Romania, where costs were apparently significantly lower. Almost 500 jobs were lost at short notice.

While the surrounding countryside was solidly behind Fidesz by 2010, their mayoral candidate in Kiskunhalas was unpopular and lost to an independent. In 2014 this ‘anomaly’ was corrected with the election of a new Fidesz mayor in his mid-thirties, the scion of a local family with business interests. No significant electoral changes have taken place since. The town’s population continues to shrink due to emigration, but its parks and verges are well maintained thanks to workfare schemes. The Roma deputy mayor is proud of the fact that, after two decades of total welfare dependency, most members of the only significant minority are again working in one form or another. The mayor believes that poor roads and the distance from motorways are the main disincentives to western investors. He is pinning his hopes on a new scheme to upgrade the Budapest-Belgrade railway line, part of China’s geopolitically ambitious One Belt,
One Road plans to penetrate the markets of western Eurasia. Ferenc is not convinced and feels that more could be done right now to improve local business conditions.

**Conclusion**

Viktor Orbán’s populist messages are generally well received in Kiskunhalas. The socialist vote has collapsed at recent elections, in which the only significant opposition has come from Jobbik. Liberal intellectuals in Budapest may sneer at these developments, deplore their fellow countrymen in the provinces, and insist on the moral superiority of their urbánus (cosmopolitan) views. In Budapest a long-running campaign has forced the Central European University to relocate its main teaching programmes to Vienna, and even the Hungarian Academy of Sciences has come under severe political pressure. But those who, like Bálint Magyar, protest ‘illiberal democracy’ need to question their own record. Orbán’s policies have undermined liberalism, but the elitism displayed by self-styled liberal intellectuals who are incapable of establishing any ‘cultural chemistry’ with their compatriots in places like Kiskunhalas is destructive of democracy itself. Beyond the ranks of those who became professional politicians, the humanities and social science intelligentsia must bear some responsibility for where Hungary stands today. It took János Kornai a long time to grasp that decentralization brought about by privatization and the dominance of the market principle is no guarantee for a decent, democratic society. George Soros was perceptive in warning earlier than most of the dangers of ‘market fundamentalism.’ But recent events have demonstrated that slogans such as ‘open society’ or ‘civil society’ are no solution, if in practice they mean the proliferation of elitist NGOs of liberal orientation, communicating with foreign activists in English.

Gáspár Miklós Tamás himself has been one of the sharpest critics of the new populism, which he has theorized in terms of ‘post-fascism’; but radical voices such as his have been easy to marginalize.

I do not think it had to end like this, that thirty years ago there was no alternative to the castration of privatization and sacrificing the country on the altar of FDI. Ferenc could have enjoyed an even more prosperous business career if his state enterprise had not been dismantled during the years he spent in Germany. The role of self-seeking socialist leaders, swinging between social populism and neoliberal austerity policies, shabby successors to the courageous reformers of the last communist decades, must not be overlooked. However, neither should the role of the liberal intellectuals, including the former dissidents who formed the Alliance of Free Democrats. Some of them may have dreamed of overcoming the historic cleavage between east and west in Europe, but they ended up reinforcing it, while simultaneously re-opening the domestic gulf between city and countryside – all as a result of their inability to practice democratic politics.

**Footnotes**

1. My position in the Department of Social Anthropology allowed me only a limited scope to teach Eastern Europe as an ethnographic area. I organized a multidisciplinary seminar series on Hungary in Summer 1988 (Hann, ed., *Market Economy and Civil Society in Hungary*, Brighton: Frank Cass, 1990). Being an anthropologist was occasionally awkward. When I introduced the distinguished Hungarian sociologist Elemér Hankiss to a large audience in Cambridge in 1989, he opened his lecture by reflecting on the fact that his country was evidently extremely exotic to the British: why else would he be
welcomed by an anthropologist?


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