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SYSTEM CHANGE AND THE CONVERSION OF POWER IN HUNGARY

By way of introduction, an explanation is needed of why it is crucially important to analyse the metamorphosis and profiles of the elites for an examination of the change of political system and the transformation of the economy. Or, to approach it from another angle: why it is important to turn our theoretical attitude from "collectivist" into "individualist", to use Jeffrey C. Alexander's terms¹; to replace the social-macrostructural definition of the socio-economic processes with the postulation of the individual's - and saliently of the elites' - relative freedom and ability to transform society.

Scores of historical examples verify that under stable, well-established, settled power and socio-economic conditions, the organisational structures aligned with the macrostructure of society largely determine the mentality, behaviour, and mode of interest assertion of those occupying their posts. In periods of transition, however, the old macrostructure and the attached organisational structures are shaken or even shattered. At times like that, it is the social actors, first of all the elites, that shape the macrostructure of the new society and the profiles of the relevant old or new organisations and their linkages.

Out of many interpretations of the elite, the closest to mine is C. Wright Mills'. Mills claims that the members of the elite are in the position to take decisions of national importance (that is, ones that affect the whole of society). The different groups of the elite are tied together by numerous threads, in a strong cohesion. This, in part, is a psychological feature derived from the similarities of the process of socialisation. The other source of cohesion is the interlocking of institutional hierarchies behind the elites. Mills differentiates economic, political and military elites,² I myself adopt the differentiation of political, economic and cultural elites prevalent in the literature.

Apart from the exercise of authority, the other function of the elite - as Pareto's researches have shown - is the setting of imitable patterns of social behaviour.³ Unlike Pareto and thinkers with similar ideas and similarly to the post-World War II writers of new elite theories,⁴ however, I interpret the setting and adoption of imitable behavioural patterns as an observable social phenomenon, and not as a normative, moral requirement imposed upon the elites. I start out from the premise that similarly to power, the attraction of values embodied by social actors is unevenly distributed; the values represented by the current elite and the concomitant interest-asserting methods appear and exert their influence upon the rest of society's actors as behavioural patterns through intricate transmissions, often through unconscious mechanisms, and first and foremost through the media. This applies no matter whether they represent moral good, moral evil, or a mixture of both.

Pierre Bourdieu's definition is not far removed from Mills', though he speaks of a predominant class, instead of the elite or elites. The predominant class comprises those who dispose of the most social resources, that is, who are in possession of the types of capital estimated highest in the social setting concerned. These are the social, cultural and economic capitals, and the symbolic capital that ensures their convertibility.⁵ The predominant class

determines the rate of exchange between the capital types and institutionalises the capital upon which its legitimation is founded.⁶

The metamorphosis of the elites

To turn to Hungarian processes, I hypothesise that since the onset of state socialism's structural crisis in the 1980s, which principally took the shape of economic tensions, Hungarian elites have been undergoing metamorphoses. This process and its effects, which I have investigated relying on a broad empirical basis,⁷ have been discussed in part in my previous writings.⁸ My recent findings are to be synthesised in another sizeable work, hence they are only presented here in theses, mosaic-like. In the course of explication, I cannot avoid briefly evoking my previous research findings.

Starting in the early 1980s, three social counter-elites emerged during the structural crisis of state socialism. They played a decisive role in fermenting the power mechanism of state socialism, and in launching and implementing the change of regime. These three groups were the late-Kádárian technocrats, the new reformist intellectuals and the democratic opposition.

The so-called 'communist nomenclature' had been disintegrating since the early 1980s. The late-Kádárian technocrats emerged within the precincts of the former from members of the renowned 'beatnik' or 'great' generation. Late-Kádárian technocrats were characterised by greater professional competence than the previous elites, and a definitely non-communist, leftist liberal, later conservative-liberal, pragmatic, technocratic value system. At the same time, they inherited from their socialisation a strong attachment to the realm of informal bargains, to deals struck in 'back rooms'. All this also implied a truncated sense of social empathy and a concept of democracy that did not go beyond the freedom of 'clever' people.

The second group, the democratic opposition emerged from politically marginalised intellectuals also of the 'great' generation, that is, from those excluded from the institutions of power. When this group began to take shape, it adopted a fundamentally left-liberal set of values.

The new reformist intellectuals, the third group, was located between the other two counter-elites. Its members were incumbents of state positions, but the attitude and value system of one of their subgroups drew them towards the democratic opposition, while those of another subgroup showed affinities with the basically Christian-conservative camp of 'popular' writers.

A latent alliance - and a concomitant informal network of relations - among these three elite groups emerging from the early 1980s was based on the circumstance that late-Kádárian technocracy identified its ideologues with the democratic opposition and the liberals of the reformist intellectuals. In the given political framework, the main aspiration of the latter - similarly to that of the technocrats - was to considerably restrict the authority of the state party and party-state, and to extend market conditions. However, this alliance was ambivalent, and whenever it was in their interest, late-Kádárian technocrats sacrificed their intellectual allies without qualms. From the early 1980s, all three groups gradually increased their informal power and began to voice claims with an unprecedented teleological force. In the latter half of the 1980s, they strove for power: the late-Kádárian technocrats yearned for power's formal perquisites, the other two elite groups sought to extend their informal influence.

What the attitudes and value systems of the three elite groups shared was a strong sense of mission which, following the leftist commitment and internal critique of the regime in their youthful years, appeared in a basically liberal set of views and programs (though this liberalism was of different kinds, as has been mentioned above), and relatedly, in the idealisation of the liberal democracies. On the other side, all three groups had a strong penchant for informal relations, for the informal exercise of power.

The protagonists of the great political turn in 1988-89 were the three counter-elites born in state socialism. They were the elites who changed the regime. At the time of the political change, their rivalry disrupted their alliance. A drab referee - the Hungarian Democratic Forum, a party organised from the camp of Christian-conservative popular writers - emerged victorious from the power struggle.

Once the regime change was completed in 1990, a process of decomposition began inside the regime-changing elites. The structure of the regime-changing elites adopted the following scheme: politicians, state bureaucrats, businessmen, intellectuals adhering to a party, intellectuals aligned with the Democratic Forum, and autonomous intellectuals. Except for the last small group, they all converted their radical regime-changing role into economic and cultural capital, in addition to retaining (enlarging) their political capital.

The governing coalition led by the Democratic Forum began to build up its own clientele - mainly in the sphere of the economy. However, the coalition had neither the strength nor the time to complete this work. The main conflict of the period between 1990 and 1994 thus involved the somewhat weakened late-Kádarian technocrats and the Christian-conservative clientele.

In the years of 1990-94, the relationship between the regime-changing elites was partly revitalised in reaction to the threat of the extreme right and mainly as a consequence of its constitutive groups' socio-cultural heritage and power aspirations. The climax of the institutionalisation of this reintegration - launched by the Democratic Charter⁹ and extended to other spheres as well - was the new government coalition established by the Hungarian Socialist Party and the Alliance of Free Democrats in the spring of 1994.

In the wake of the 1994 parliamentary elections and the distribution of roles within the coalition, the main power went into the hands of the Hungarian Socialist Party (HSP) formed from the earlier state party - and through them, to the late-Kádarian technocrats. Some of the political power was delegated to the second and third ranks of the late-Kádarian technocracy, while the main economic power was allocated to the cream of this technocracy. The possessors of the main cultural power became the successors to the allies of the democratic opposition and the new reformist intellectuals, the Alliance of Free Democrats (AFD).

The late-Kádarian technocrats reconsidered

In the following, I am going to concentrate on the role of the late-Kádarian technocracy.

In the long run, the social role of late-Kádarian technocracy is primarily determined by its particular system of values.

The late-Kádárian technocracy had one eye fixed on the market, the other on state bureaucracy and the party elites - money and power are equally important. It is capable of converting its economic power, still rising after the 1994 elections, into political, and its political power into economic and cultural power.

The ideology of the late-Kádárian technocrats, also supported by the carriers of main cultural power, is neo-liberalism. The economic policy of stabilisation hallmarked by the name of ex-finance minister Lajos Bokros but continued after his resignation, manifested this ideology in purely economic policies.

Neo-liberalism is formulated in distinct terms of social transformation. Its goal is to re-educate society, to make it observe the neo-liberal norms learnt from books. The late-Kádárian technocracy's authoritative, etatist socio-cultural heritage can also be discerned in it. The requirement to radically restructure the social norms is in part a sign of the ethos of the powerful, interfering state.

The neo-liberal ideology is based on an over-rationalised view of economy and society. For representatives of this ideology, the economy can be described in exact concepts like budgetary deficit, balance of payments, inflation, interest rates, etc., in a structure of 'engineering' precision. The state may (and must) interfere in it because, since all its actors who pursue their own interests act rationally, the effects of the policies can be logically predicted when sitting around the planning table. At the same time, they can alter the criteria of rational behaviour already in the short run.

As Iván Szelényi has pointed out, there are intriguing analogies between the structures of monetarism and Marxism. In my view, the more current analogy is between neo-liberalism and the vulgarised vestige of Marxism. It is nevertheless useful to follow Szelényi's analogy.

Like Marxism, monetarism offers simple and quick solutions. Monetarism, like Marxism, is a universalist doctrine. "A better future will not only come to stay soon, but all will have an equal share of its benefits," even if, initially there may be losers. Monetarism is morally superior to other ideologies. Those who disagree with the monetarist measures, are not only mistaken but also sinful. The critics of monetarism commit ethical offences: they are populists, demagogues, irresponsible rogues, and, probably clandestine communists to boot.¹⁰

Looking at the social role of the late-Kádárian technocrats more closely, one finds that the possession of peak power does not endow them with real freedom: the former constraints imposed by state socialism have been replaced by dependence on big international capital. (One of the main aims of their policy of stabilisation is to curb the costs of labour, to improve its competitiveness in the short run.¹¹) The more this technocracy turns various groups of society against itself, the more it is forced to do so.

On the other side, late-Kádárian technocrats have not abandoned their main socio-cultural practices of individual, informal bargaining mechanisms. Their neo-liberal ideology based on the principles of the free self-regulating market is indeed no more than an ideology. Reality is an increasing concentration of economic power, cartellisation, and a restriction of the market's controlling role.

The late-Kádárian technocrats are the paragons for the entire economic elite. What the rest of this elite have adopted from their values and behavioural patterns includes first of all an

identical attraction to market, money and power, the manifestation of this attraction in the informal assertion of interests, and consequently, an inextricable medley of market and bureaucratic values. To put it more precisely, the schizophrenic state inherited from state socialism is reinforced, with inherent conflicts becoming far sharper due to the strengthening of the market values - at least in declarations. As a result, the criteria of success and failure become vaguer than ever in economic life. In this emerging capitalism, neither an ethic of progress nor withdrawal can be conceptualised. Instead, a chaotic condition spreads.¹²

In league with the owners and managers of multinational companies and the connected groups of the Hungarian economic elite, the late-Kádarian technocrats concentrate an ever growing share of economic power.¹³

The increasing concentration of economic power is the cause, and the consequence, of the adopted monetary policy restricting the domestic market. This economic policy is favourable for multinationals and large Hungarian firms with established networks of foreign market relations, but it gradually narrows the chances of medium and small-scale enterprises tied to the domestic market or dependent on it for exports.¹⁴

The growing superiority of the leading forces of the economic elite over the political and cultural elites also reveals their effort to subject the latter to their interests.¹⁵

The social liberalist clientele recruited mainly from the late-Kádarian technocracy, primarily from the adherents of the Hungarian Socialist Party, is more vigorous than was the Christian-conservative clientele. This has two reasons.

Firstly, the informal relations between the late-Kádarian technocracy and the leaders of the coalition parties have a history of their own. Prior to the elections of 1994, they only had to be revived, strengthened, institutionalised.

Secondly, a restrictive economic policy forces the economic elite and various interest groups to turn to politicians for exemptions, benefits, and this, in turn, may become a new basis for building up a clientele.¹⁶

The power relations within the economic elite are characterised by 'everyone against everyone'. The ambition to precede and displace each other becomes an openly professed value. Increasing competition and the emergence of "social estates" give rise to a mushrooming of ad hoc lobbies for short-term goals. In the longer run, however, the increasing concentration of economic power may well result in a stabilisation of power relations, in the ascendancy of the estates, and in the weakening of their intra-mural rivalry.¹⁷

Social consequences

The marked differentiation within the economic elite is partly the cause, and partly the consequence, of the differentiation of society. Under my simplified hypothesis, the nascent middle class that emerged during the Kádár regime divided in ways that paralleled schism in the economic elite. Segments of the middle strata survive or even rise to the extent that they are connected to the upward moving conglomerate of the economic elite. As a corollary, the split is also taking place within certain middle layers. (Today, for example, a sharp social and economic gap separates skilled workers in multinational corporations from those out of work

for a lengthy period. Similar gaps can be observed among teachers or physicians: teachers employed by private schools are in radically different social and economic situations from their colleagues in state schools; doctors in private clinics are far better off than those who work in state-run hospitals, etc.)

As the most recent Hungarian Household Panel examination of 1996 by TÁRKI has revealed,¹⁸ the major structural changes of the system have been completed and social closure is occurring. This, coupled with the belated effect of the so-called 'Bokros package' aimed at curbing incomes realised domestically, lies behind the multiplying demonstrations and protests from the beginning of 1997. To put it bluntly: social groups going downhill but still capable of conflicts have been making a last effort to improve their position. As László Lengyel and Pál Tamás also point out,¹⁹ these groups are not recruited from the growing camp of the poor - for the impoverished are not in a position to organise and articulate their interests. It is not by chance that the extreme right presents a far more consolidated image than earlier, addressing the downward-moving groups who, however, still have the ability to assert their interests, instead of addressing those who have already been marginalised.

In the multiplying demonstrations and protests, however, the discontent of wide social strata - far wider than the vociferous minority - is expressed. Current dissatisfaction is different from what was expressed during a blockade by taxi-drivers in 1990. Then, the point was that society expected - partly subconsciously, though - the regime change to bring about an almost immediate improvement in living conditions and in the transparency of the political decision-making mechanisms. However, these expectations were necessarily unfulfilled. Now the struggle between the elites has sharpened in a way that reduces the prestige of the entire political elite; real incomes have dropped drastically, and the new social structure has not solidified. In this situation, a growing portion of society is overtaken by hopelessness and despair. On this basis, a longing for 'order' emerges which may become the social psychological catalyst of adamantly authoritarian power aspirations.

Approaches to power

In the rest of this chapter, let me briefly present two theoretical theses. I must stress that the empirical verification of these theses is still going on, raising ever newer theoretical and methodological problems.

The role of symbolic capital

After the state socialist period, possession of at least two of the social, economic and cultural types of capital is required to make it into one of the three segments of the elite: the political, cultural or economic. Inclusion in the political elite depends on social and economic or social and cultural capital, admission into the economic elite needs economic and social or economic and cultural capital, making it into the cultural elite requires cultural and social, or cultural and economic capital. Those in possession of all three capital types are of course at a significant advantage.

As regards the retention and expansion of an elite position, principally two theories can be formulated. One is put forth by Iván Szélenyi, who stresses that the basis for an elite position is cultural capital.²⁰ The other view voiced by József Böröcz and Ákos Róna-Tas claims,

among others, that the role of the capital of relations as part of the social capital is of paramount importance.²¹ Indeed, both capital types play a significant role in stabilising and reinforcing elite positions. I believe, however, that the situation is more complex than this. What defines the ability of the members of the three elite groups to assert their interests is their capacities to convert the three types of capital into one another. That is, the basis on which they can retain and extend their positions is 'symbolic capital' as interpreted by Bourdieu. (In Bourdieu's view, symbolic capital expresses the inclination, and ability to 'multiply' various networks of relations.)

The concept of symbolic capital is useful for describing the power relations of state socialist systems and societies following their collapse. In the state socialist system, the political, economic and cultural spheres were tightly interlaced, and after the system's disintegration this interpenetration slackened only very slowly. A close institutional relationship between the three spheres continues to make it easier for power actors to convert social, economic and cultural capital from one to another type. Symbolic capital, or the easy transfer between the three spheres, in turn, reproduces the institutional relationship, or more precisely, aggravates the separation of the three spheres after the fall of state socialism.

It needs to be stressed that in terms of these potentialities and prospects, power actors - both individuals and groups - differ depending on which kind of capital and which type of conversion is the main source of their authority.

It is my observation that as one moves upwards in the power hierarchy, one finds the possession of a capital type and symbolic capital itself more and more tied to groups. (This is similar to what Tibor Kuczi found in his investigation of the role of social capitals at lower levels of social hierarchy.)²² That raises the problem of collective habitus and authority.

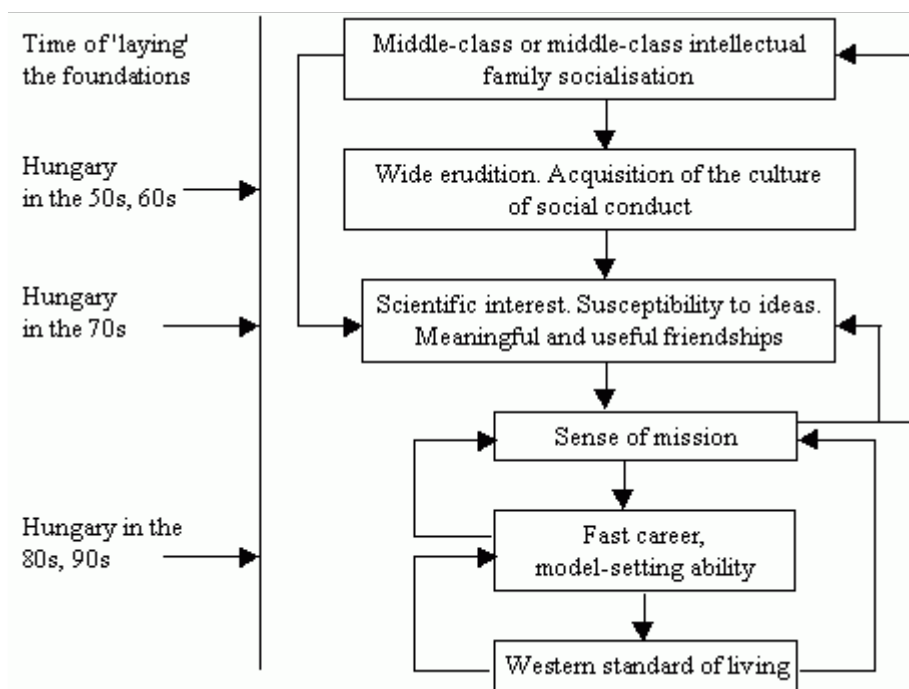
Let me demonstrate the formation and extension of symbolic capital using the example of the late-Kádárian technocrats.

By the early 1980s, late-Kádárian technocrats had accumulated a significant stock of cultural capital which they converted in the course of the 80s, especially towards the end of the decade, into economic, and then political capital. The mobilisation of these capitals played a large role in the change of the political system. Between 1990 and 1994, however, the political capital of the late-Kádárian technocrats lost some of its value, though their economic capital was upgraded in their successful struggle against the Christian-conservative forces. After the 1994 elections, in possession of peak political and economic power, the technocrats were capable of converting their economic and their regained, even significantly enlarged political capital into cultural capital, and then reconverting this cultural capital back into political and economic capital. In fact, having peak political and economic power, the technocrats were able to place monetarist competence at the top of the hierarchy of knowledge, and to degrade the cultural capital of the extra-elite social groups which Bourdieu describes as the subjugated classes. The ideology used to justify the depression of labour costs is partly about this. Then, the value difference in quotas thus produced between its own cultural capital and the capital of the subjugated classes can again be turned into political and economic capital. What does this mean? On the one hand, by pushing down the costs of domestic labour and improving the indices of the macroeconomic balance, the technocrats stabilised and even increased their authority in the centres of international economic power, first of all in the international financial centres: on the other hand, they stabilised their economic power positions at home, partly as a consequence of their international credibility.²³

The thesis concerning the significance of symbolic capital gains more plasticity when the concept of habitus as defined by Bourdieu is also considered. In Bourdieu's view, "structures... constituting a certain type of environment cast the habitus - the system of lasting and transmissible attitude, or rather inclinations, dispositions - into deep relief."²⁴ Although the habitus is objectively regulated via the structures, it does not obey any rule consciously. It does not adhere to any consciously predetermined goals, yet it functions objectively in the interest of reproducing the structures producing it.

In my interpretation, the habitus concentrates all the skills that 'produce' the ability of multiple capital conversion, or symbolic capital. This faculty is creativity mixed with a certain type of adaptability which can only be acquired in the family and juvenile socialisation. Hence habitus, and through it symbolic capital, is one of the main sources of reproduction of social inequalities.

An apt illustration of the significance of habitus is the differentiation of three types of bankers - the technocrats, the bureaucrats and the yuppies - as I did basically along this category in a previous work. The main characteristic of the model-giving group of bankers, the technocrats, was that based on their infantile and juvenile socialisation, and on the macrosocial endowments, they were capable of accumulating important amounts of symbolic capital.²⁵ The development of habitus and the reproduction of conversion took place along the following paths:



Class or estate

While I proposed that the main political power was seized by the second and third ranks of the late-Kádárian technocrats after the 1994 election and the main economic power was seized by their front rank, the actual power structure was far broader than this. In another, 'institutional' domain, the protagonists of power are the following:

- political elite: leading forces of the social-liberal parties;

- economic elite: members of the parliament's economic committees, state bureaucracy engaged in economic questions, owners and managers of large banks, large entrepreneurs;
- cultural elite: intellectuals influencing public opinion and (or) possessing the cultural goods, intertwined with the mediocracy.

This structure is crossed and overlapped by a network among regional power structures.

Following Max Weber, I have elsewhere depicted the power structure of the mature phase of state socialism as an estate with a class character.²⁶ In Weber's view, class situations only emerge via the mediation of markets - and the position of the dominant class can be explained solely in economic terms. Estates, by contrast, are communities kept together primarily by common ways of life and value systems, to which Weber adds that "Seen from a practical angle, however, stratification into estates always goes together with the typical monopolisation of material goods or advantages." Classes may function as estates - but they do not necessarily do so.²⁷

The members of the power structure of state socialism were on the one hand tied by a common ethos, value system, mode of behaviour and a communality integrated by informal bargains. On the other hand, however, the position of the economic power centres - the large enterprises - which belonged to that power structure could also be attributed to economic factors in addition to political ones, specifically that the achievements and acquired status of those centres were acknowledged and reinforced by a poorly operating market mechanism.

My present proposal is that with the system change from state socialism now nearing its termination, the newly emerging power structure can also be characterised as an estate with class features, but the difference is that today's class features are more marked than they were under state socialism.

Although the ethos and value system of the members of today's power structure are far more colourful than under state socialism (most clearly noticeable in the differences between the leading ideologies of the two government parties), they also serve to integrate the new power structure. Their core is the continuous investment of symbolic capital, predominantly via the mediation of informal private bargains. Both easy convertibility between the spheres of politics, economy and culture, and the preponderance of non-formalised, individual ways of interest-assertion buttress stratification into estates. At the same time, marked economic and cultural differences have emerged in the society in the wake of the assertion of the interests of the new owners of power - especially the economic elite - which are echoed and reinforced by the relatively poorly functioning market mechanism. In short: the elites have succeeded in converting their basically estate-type power into class power, increasing the range of symbolic capital at their disposal.

The class features of the new power structure are reinforced, on the one hand, by the mentioned predominance of the economic elite over the political and cultural elites, and on the other hand, by the fact that the economic organisations belonging to this structure (large banks, multinationals, large domestic enterprises and ventures) cannot survive without improving their market adaptability, despite their significant and increasing political and cultural influence, and despite the restricting of their internal competition.²⁸ That means that they depend, at least in part, on feedback from the market - which is increasingly given. As a

result partly of increasing capital concentration and partly of the improvement of adjustability, they can face this challenge with less and less risk.

To put the above into more polarised words: the elites originally emerging and functioning like estates first redistributed the social, economic and cultural goods among themselves, and, now feeling strong enough, they are beginning to legitimise and reinforce the socio-political structure established in this way with the market mechanism as well.

The role of the state and the elites

Two years ago I expressed the conviction I now hold even more firmly that in the process of the regime change in Hungary, it was a mistaken notion and step to completely discard an economic and social policy, and to adopt the doctrine of "the less state, the better". A corollary, and also mistaken idea, was the monetarist thought that by narrowing the domestic market, the collapse of the old institutions could be accelerated to give way to new and healthy initiatives. Thus, the slow suppression of state bureaucracy and the centralising efforts of the governments are not merely the expressions of their own self-defence and power aspirations, but also of realistic social needs. In a distorted form, because it has not been carefully thought out. And it is partly because of the effort to over-secure against the old regime that certain essential features of the state socialist state - a vigorous drive to expand and being subjected to partial interests - persist.²⁹

The most eloquent presentation in Hungarian sociological literature of its consequences and the related dilemmas has come from Katalin Bossányi. She concludes that "the economy of transition possibly requires a different role for the state than a mature, organically developing market economy does".³⁰

Despite several points of deviation, her critique and recommendations are close to the conception of János Ladányi and Iván Szelényi. They argue that by now, both the neo-liberal state and the model of the welfare state have sunk into crisis in the advanced countries as well - a change of paradigm is in the making. As an alternative paradigm,³¹ they outline the strategy of a new-type state, the opportunity-creating and investing state. This state is characterised by a definite social and economic policy and practice, although it does not call for powerful restrictions to be imposed on the market mechanisms.

Ladányi and Szelényi combine this conception of a new-type state with that of a social contract involving broad strata. This is important to emphasise because without a broad social consensus, the 'smaller' but stronger state may become a base for authoritarian drives.

Although contestable at several points, the conception offers a good starting point for discussion.

One cannot avoid the question of whether in post-socialist countries, and specifically in Hungary, the outlined conception is not too late. Putting the critique of the 'minimal' state somewhat differently, wouldn't the essential processes of the great change have required a definite social and economic political conception based on a broad social consensus so that after the 'main proportions' had been set and the conditions of self-regulation emerged, the state could withdraw into as neutral a position as possible?

Whether this course was potentially possible or not will long be debated. (Its partial elements at least had their advocates: in research literature and in public life, László Bruszt voiced most consistently the idea of "negotiated marketisation",³² and as several of my papers show, I was also close to this conception.³³

As for the present and the future, three fundamental questions arise. Firstly: how firmly solidified is the social structure evolving in the wake of the regime change and, solidified or not, is it still possible to interfere 'rationally' with the socio-economic macro processes? Secondly: are we coming closer to, or drawing further away from the emergence of the basic conditions of a new social contract, from the institutional organisation of the social actors in a broad sense? Thirdly, in connection with the former two: if the main structural features are no longer changeable, and (because) the basic conditions of a new social contract resting on broad foundations will not (may not) be created, will the idea of the opportunity-creating and investing state become 'merely' the new ideology of the institutionally consolidated power elites with smooth interest-asserting methods? What I have in mind is this: the late-Kádarian technocracy at the peak of the power structure espoused the ideology of the 'minimal state' only until it shook and then conquered this state from this basis. This has now been completed and there are already signs of a new ideology. Finance minister Péter Medgyesy, for example, a representative member of late-Kádarian technocracy, shows great affinities to the idea of the opportunity-creating state.³⁴

But similar thoughts have been formulated by big entrepreneurs as well. The new idea has been most expressively worded by Imre Nagy, general director of Caola Co.: "The possibility for formalised economic-social agreements between the main social partners and the state has vanished, and its repeated postulation is out of date. However, the national capital is interested in the agreement, in the clear definition of the rules of the social game, and in the creation of the institutional forms. What seems to be possible today is a contact between big capital and the sober forces of various political trends (also forcing them to co-operate with each other) and to carry on a responsible dialogue about the real issues of the country, including the relationship between politics and capital, free from the eye-wash of the elections."³⁵

That, in effect, is nothing else but the open pronouncement of the power claims of big capital. And also, one of the first steps towards a new state corporatist system predominated by big capital.

I will stop weighing the chances here and now.

Notes

1. In detail, see Jeffrey C. Alexander (1987), *Twenty Lectures: Sociological Theory After World War II*. Columbia University Press, New York.
2. C. Wright Mills (1972), *Az uralkodó elit (The Power Elite)*. Gondolat, Budapest.
3. Wilfredo Pareto (1917), *Traité de Sociologie Générale*. Lausanne - Paris.

4. These theories have been summarised by John Higley in his study *Elite Theory after Marxism*. (Paper prepared for a Workshop on "Elites and New Rules of the Game" at Budapest University of Economic Sciences, 25-27 April, 1997.)

5. The dilemmas of the possibility to interpret symbolic capital in this way are being analysed in a paper I am working on.

6. Pierre Bourdieu: 'The Forms of Capital.' In: John G. Richardson (1983): *Handbook of Theory and Research for Sociology of Education*. New York.

7. To this end, I have conducted nearly 600 in-depth interviews with actors of the power apparatus, carried out press analyses and elaborated the relevant research literature starting with the mid-1980s.

8. First of all in my books *Gazdaság és hatalom* (Economy and power) (Aula Publishers, 1990), *Útelágazás. Hatalom és értelmiség az államszocializmus után* (Crossroads. Power and the intellectuals after state socialism.) (Pesti Szalon Publishers - Savaria University Press, 1994) and *Az elitek átváltozása* (The metamorphosis of the elites) (Cserépfalvi Publishers, 1996), and in the following studies: 'Elites and Systematic Change in Hungary.' In: *Praxis International* 1990/10, April and July; 'Integration of Special Interest in Hungarian Economy: The Struggle Between Large Companies and Party and State Bureaucracy' In: *Journal of Comparative Economics*, Volume 15, No.2, June 1991; 'Flucht nach vorn - Struktur und Dynamik der Macht 1991' In: *Der Schock der Freiheit Ungarns auf dem Weg in die Demokratie* Suhrkamp, Berlin, 1993; 'The Power Structure in Hungary after the Political Transition' In: *The New Great Transformation?* Routledge - London and New York, 1994; 'The Metamorphosis of Elites' In: *Lawful Revolution in Hungary 1989-94*. Béla Király, Editor, András Bozóki, Assistant Editor. Distributed by Columbia University Press, New York, 1995; 'Two Studies of Transition: Intellectuals and Value Changes'. Discussion Papers No.24. March 1996. Collegium Budapest Institute for Advanced Study.

9. The Democratic Charter was issued by liberal and leftist intellectuals in September 1991, against the background of the reconciling forces of the Free Democrats and the Socialist Party. The document defined the criteria of democracy in 17 points. At its zenith, more than 30,000 people added their names to the initiative, which never wished to organise into a party. (In detail see András Bozóki, 'A Demokratikus Charta története.' [A history of the Democratic Charter] *Beszélő*, April 1996.)

10. In detail, see Iván Szelényi - Gil Eyal - Eleanor Townsley (1996), 'Posztkommunista menedzserizmus: a gazdasági intézményrendszer és a társadalmi szerkezet változásai' (Post-communist managerism: changes in the system of economic institutions and the social structure). In: *Politikatudományi Szemle*, 2.

11. This is explicated in detail by Mária Augusztinovics (1996) in her article 'Újraelosztás és jóléti állam' (Redistribution and welfare state). *Társadalmi Szemle*, 2.

12. Ádám Angyal's empirical researches reveal that there is no close correlation between the performance of individual leaders and the performance of the enterprise led. (Ádám Angyal [1997], *Vállalati vezetők az ezredforduló küszöbén* (Enterprise managers at the turn of the millennium). Budapest University of Economic Sciences. Department of Management and Organisation.

The weakness of business moral norms is confirmed by the research findings of György Lengyel: some half of the economic elite found the statement: "if you want to get somewhere, you are forced to violate certain rules" as true. (György Lengyel: 'A magyar gazdasági elit a '90-es évek első felében.' [The Hungarian economic elite in the first half of the 90s]. In: Magyarország politikai évkönyve, 1995. (Political yearbook of Hungary). Foundation of the Hungarian Centre of Democracy Researches.) According to a TÁRKI survey of 1996, in 1996 61.8 % of large entrepreneurs thought "if everyone observed every law, the economy would come to a standstill in Hungary". [When evaluating this figure, one ought to keep in mind that an ever greater portion of the population - 79.9 % - agrees with this statement (or a similar one formulated by György Lengyel in 1993)]. The survey report reveals that big entrepreneurs mainly attribute their success to ambition, inborn abilities and hard work. At the same time, 65 % of them said "it is important to know influential people if you want to be successful in Hungary today" (the corresponding rate among the population at large was 82 %). 47.6 % of big entrepreneurs (and 66.8 % of the population) thought political connections were beneficial for success. TÁRKI: Nagyvállalkozók és társadalmi környezetük [Large entrepreneurs and their social environment]. TÁRKI Social Research Informatics Centre. Budapest, 1997 February. Head of research: Tamás Kolosi, Assistant researcher: Matild Sági.

13. This is borne out by Zoltán Pitti's research findings as well. According to his calculations, economic organisations operating in the form of association realised over three-quarters of the net price returns, the 200 largest enterprises constituting 0.1 % of all the enterprises producing over one-third (33.6 %) of all net price returns. They also produced nearly half of the price returns from exports (44.4 %). Pitti contends that the role played by individual entrepreneurs in the economy is insignificant owing to a moderate increase in their performance; their share of the total net price returns is a mere 6-6.5 %. The cited author's calculations suggest that privatisation has so far affected some 900,000 natural persons - immensely disproportionately, though: as a result of the privatising program, barely one-fifth of the new owners hold four-fifths of the privatised wealth. He claims that the concentration of ownership would be further increased if the hidden ownership of enterprises were also analysable. My information obtained from other sources (mainly from in-depth interviews with specialists) also confirms that big entrepreneurs, at least in Hungary, are reluctant to expose their property in a clear and transparent form, so they massively diversify their investments. (Zoltán Pitti [1987]), Egészen eredeti tőkefelhalmozás Magyarországon. [Perfectly original accumulation of capital in Hungary]. Manuscript, May.)

14. This is verified in detail by the study Helybenjárás és szabadesés. A magyar gazdaság és társadalom 1996-ban és prognózis 1997-re. (Walking in place, and free fall. The Hungarian economy and society in 1996, and prognostication for 1997) (Property Foundation, Research Institute of Privatisation, 1997) and Zoltán Pitti, op.cit.

15. Several different expert opinions confirm that apart from daily political reasons (concerning his image), the prime minister insisted on the establishment of an investigating office to expose economic offences in mid-1996 because he judged rightly that the strengthening and stabilising economic elite had been gaining an increasingly significant, almost dictating, position over the political elite. My interviewees in the political elite go so far as to declare that actors of the black economy with a significant accumulation of wealth are successfully penetrating the political sphere. In a conversation my partner told me of a case which he deemed typical. "By way of a cover organisation, a friend of ours sets up a foundation for a noble purpose, mind you, the support of leukaemic children. He asks the politician X.Y. to be the president of the foundation. He has himself photographed with the

politician in a variety of situations so that the pictures will appear in the media. The ignorant politician, who has no idea of what is going on in the background, unknowingly and unintentionally legitimises the role and activity of this economic criminal."

16. A (coded) detail of an interview with an MP of the bigger ruling party illustrates this well. "The interrelation between politics and economy constitutes a huge web woven tightly after 1994. Lobby X, for example, is considerably effective through the MPs. With the mediation of the relevant ministry. Apart from the lobbies, certain private entrepreneurs can exert significant pressure, especially in questions of privatisation. Those seeking support of various types naturally turn to the deputies of the governing parties in the first place. Some MPs can be got cheap, for example with dinners, free or cheap cars. This must be partly due to the low salary of MPs, but in my view, a deeper historical as well as current economic and moral causes must be at work here."

17. That is revealed by the research findings of Ernő Tari and Zoltán Buzády as well (Ernő Tari - Zoltán Buzády 1996), *Stratégiai szövetségek a vállalati kérdőíves felmérés tükrében*. [Strategic alliances in the light of the questionnaire survey of enterprises]. Background study, December.)

As Éva Voszka's researches reveal, after the change of the political system now or formerly, during state socialism, hardly used tools of redistribution appeared. (Stresses shifted from current subsidies and investment allowances towards the alleviation of debts, from explicit support towards hidden methods often called market-compatible solutions.) She finds it a substantial difference between the state redistribution of the past decades and the 1990s that redistribution ceased to be an all-round comprehensive system on the one hand, and on the other, in some cases the steps of the state proprietor are based on a decelerated but relatively definite reducing, restructuring strategy, and also, the activity, the rationalising efforts of the enterprises themselves complement this external subsidisation to a greater extent. At the same time, the tendency of the spread of redistribution is still unchanged. Voszka points out that in the 1990s no unified integrating mechanism can be demonstrated in the operation of the Hungarian economy. "In some segments of the economy a competitive market does exist, but the private entrepreneurs (including the foreign investors in the first place) demand state allowances. A fundamental question of the future is to what extent the motors and effects of new redistribution will deviate from the former model. Can two integrating mechanisms of opposite logic run parallel with each other for a long time?" (Éva Voszka 1996), *A jövedelmek gazdaságon belüli újraelosztása az 1990-es években*. [The redistribution of incomes within the economy in the 1990s] Manuscript, July.)

18. Magyar Háztartási Panel (Hungarian Household Panel). *Műhelytanulmányok*, 8. 'Az ajtók záródnak (!?)' (The doors are closing). Report on the findings of the 5th wave of the Hungarian Household Panel. (Eds.) (1997), Endre Sik and István György Tóth. Budapest, January.

19. László Lengyel (1997), 'Mozgalmak magányossága.' (The loneliness of movements), *Népszabadság*, 1 March; Pál Tamás (1997), 'A középosztály zendülése'. (The rising of the middle class). *Heti Világgazdaság*, 8 March.

20. See note 10.

21. József Böröcz - Ákos Róna-Tas (1995), 'Formation of New Economic Elites: Hungary, Poland and Russia.' *Theory and Society*, 24/5.

22. Tibor Kuczi (1996), 'A vállalkozók társadalmi tőkék az átalakulásban.' (The social capitals of entrepreneurs in the transformation) Századvég, Summer.
23. The representative survey of the Hungarian economic elite conducted by András Csité and Imre Kovách also seems to support the thesis of the distinguished role of symbolic capital. The authors point out that many of the wealthier group of the Hungarian economic elite come from families capable of multiple capital conversion. "Compared to the Russian and Polish economic elites, the capital-converting specificity of the Hungarian economic elite is that the top list of the elite is recruited to a far larger extent from groups capable of multiple capital conversion, especially among private enterprise founders." [András Csité - Imre Kovách (1997), *Gazdasági elit és piacgazdaság (1993-1997)*]. (Economic elite and the market economy) (Manuscript, June, 41.)
24. Pierre Bourdieu (1977), *Outline of Theory and Practice*. Cambridge, 78.
25. In detail see my study 'A kastély' (The castle), in: *A hatalom átváltozása (The metamorphosis of power)*. Cserépfalvi Publishers, 1996.
26. In detail see 'A hatalom metamorfózisa?' (The metamorphosis of power?), In: *Útelágazás. Hatalom és értelmiség az államszocializmus után. (Crossroads. Power and intellectuals after state socialism)*. Pesti Szalon Publishers - Savaria University Press, 1994.
27. Max Weber (1987), 'Politikai közösségek. Hatalommegoszlás a közösségen belül, osztályok, rendek, pártok.' (Political communities. Distribution of power within the community, classes, estates, parties). In: *Max Weber: Gazdaság és hatalom. (Economy and power)*. Közgazdasági és Jogi Könyvkiadó, Budapest.
28. That can be proven by my empirical investigations carried on at thirty large enterprises, as well as by Ádám Angyal, op.cit., and Éva Voszka, op.cit.
29. In my study entitled 'Feljegyzések a cethal gyomrából. A kulturális elit válsága és az értelmiség dilemmái.' (Notes from inside the whale. The crisis of the cultural elite and the dilemmas of the intellectuals). *Kritika*, November 1995.
30. Katalin Bossányi (1997), 'Államtalanítás, álomtalanítás, lomtalanítás.' (Disposing properly of state, dream, junk). *Mozgó Világ*, 4-5.
31. János Ladányi - Iván Szelényi: 'Vázlat az 'esélyteremtő állam' elméletéhez. A jóléti államon és a neokonzervativizmuson túl' (A sketch for the theory of the 'opportunity-creating state'. Beyond the welfare state and neo-conservatism.) 2000, Vol.8, No.12.
32. László Bruszt (1995) summarised his relevant ideas and dilemmas in his book *A centralizáció csapdája (The trap of centralisation)*. Savaria University Press, Szombathely.
33. See, among others, my books *Gazdaság és hatalom (Economy and power)* (Aula Publishers, 1990), *A civil társadalomtól a politikai társadalom felé. Munkástanácsok 1989-93 (From civil society towards a political society. Workers' Councils in 1989-93)*. (T-Twins Publishers, 1994), and *Útelágazás. Hatalom és értelmiség az államszocializmus után (Crossroads. Power and the intellectuals after state socialism)*. (Pesti Szalon Publishers - Savaria University Press, 1994).

34. 'Az esélyteremtő állam híve vagyok' (I am for an opportunity-creating state). Interview, conducted by Katalin Bossányi. Népszabadság, May 3, 1997.

35. Imre Nagy (1997), 'A magyar nagytőke védelmében'. (In defence of Hungarian big capital). Népszabadság, June 2.