

# **The Betrayal of Workers. Counterrevolution in the 1980s: the Transitory Class and their Hegemony**

*Attila Meleg*

## **I**ntroduction

The dismantling of a socialist, non-capitalist mixed economy in Hungary followed a clear line of neoliberalism with an almost unconditional West-centrism. In this process intellectuals and expert technocrats played a specific role and actually we can argue that they formed a transitory “new class” as analyzed by Ivan Szelényi in the late 1970s and early 1980s in the book entitled “The Intellectuals on the Road to Class Power”.<sup>1</sup> The new (intellectual) class had no real option to practice property rights till the option was opened via the control of the state becoming an “auctioneer” state as Böröcz put it later.<sup>2</sup> In this process of forming a transitory class this control of the state was crucial and it was a non-repeatable historical moment. This historic opportunity was partially due to a global change of course, most importantly a new cycle of global capitalism, the freshly guaranteed free move of capital (the dramatic global rise of the share of FDI and its consequences in the labor markets). Altogether this led to and the exclusion of the “old” party elite which was blocking the formation of a new class of anti-communist intellectuals and technocrats. They could be completely delegitimized on the basis that

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<sup>1</sup> Szelényi, Ivan (1982) The Intelligentsia in the Class Structure of State-Socialist Societies. *The American Journal of Sociology*, Vol. 88, Supplement: Marxist Inquiries: Studies of Labor, Class, and States, pp. S287-S326.

<sup>2</sup> Böröcz, József 1999: From Comprador State to Auctioneer State: Property Change, Realignment and Peripheralization in Post-State-Socialist Central Europe, in David A. Smith, Dorothy Solinger, and Steven Topik (eds.): *States and Sovereignty in the Global Economy*. London, Routledge.

### How was transition a local class project?

In the 1970s and early 1980s Iván Szelényi (in the beginning together with György Konrád) made very important empirical and theoretical claims concerning the rise of a new class within the state socialist systems.<sup>3</sup> According to him part of the intelligentsia and part of the apparatchiks were on the way of forming a new class helped by two structural-historical preconditions, namely the existence of a “rational” redistributive economic system with a complex system of controlling production, allocation and reallocation processes and a pre-socialist social formation of Eastern European intelligentsia with its special social and political roles. It was portrayed as a new class and to be precise it was seen as a novel and special class in a number of respects. First it was new and special in the sense that the role of “knowledge” in social control was on the rise globally, but especially locally as a redistributive-bureaucratic system was in operation, which provided a new space for inequality mechanisms. Second this group relied not on formal rationality, but “substantive” rationality. That is to say, intervention into production and allocations in all phases of the production system in order to achieve certain social goals even disregarding formal constraints. Third it was an emerging class, as Szelényi put it, it was class *in statu nascendi*. Thus the formation was not completed, other alliances were also possible and actually formed between the apparatchiks and the actors of “market” or “private sector, most notably the so called second economy. Very importantly it was understood as a class “in itself” and not “for itself”, thus it lacked class consciousness. These proposals were very important and here looking back at global-local history of Eastern European countries and most notably Hungary I would like to reflect on three aspects of the idea of a new class. If we accept that this “new class” was a fertile approach in understanding social structures and very importantly social change in the period. I think it is possible, and the concept of a new class actually might allow a much better understanding of social change in the framework of global-local dynamics. I will reflect on three aspects of Szelényi’s analysis:

1. Szelényi argued that it was a class “in the making”. I would add it was a transitory class in the sense of coming into being for a certain

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<sup>3</sup> Szelényi 1982, op. cit.

historical period. In other words possible class relations of state socialism were only activated and played out during a certain global-local historic period when socialism was actually finished. This was when property ownership was reactivated and the system itself was reintegrated into a global capitalist system after the long period of being in a status of property vacuum as Böröcz put it.<sup>4</sup> In socialism it could only be *in statu nascendi* and it needed to be reactivated when global capital markets absorbed the state property only formally owned by the “workers”. It later was reconfigured and we definitely cannot say that it remained the same.

2. Szelényi was right that in the beginning (in the 1960s and 1970s) this “new class” had no class consciousness. I argue nonetheless that the East/West or “Europe” discourse partially filled this gap during the transition starting from the early 1980s and this allowed to secure a discursive hegemony so much needed to form a transitory class position. This was a complex historical process and certainly we have to see this in a local and global interplay. I have to stress that that this process was not necessary or there were other options historically. But Szelényi’s ideas can enlighten how the “Europe” discourse was utilized and how it could become hegemonic in Eastern Europe and very importantly Hungary.

3. Szelényi also had another very important remark. He said that this “new” class was interested in inhibiting the emergence of “other class ideologies” and the formation of an “organic intelligentsia” on behalf of the “repressed classes”. This I think is a key idea in understanding the development of ideas and discourses in Hungary and the particular hegemony that emerged and which has been later severely contested by new groups in the 2000s when the class positions were transformed.

### **The making of the class of the intelligentsia and the technocrats in the 1980s**

According to Szelényi’s analysis in 1982 there was a class conflict, a clash of systemic interests between the representatives of redistributive power and the direct producers. This clash of interests was much hidden or better to say it was just emerging during the 1980s. Remembering the current literature of reform economics analyzed among others by János Mátyás Kovács, this was exactly a period when the search for “real owners”

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<sup>4</sup> Böröcz József 1992. Dual Dependency and Property Vacuum: Social Change on the State Socialist Semiperiphery. *Theory & Society*, 21:77–104.

was more and more on the agenda of intellectuals and reform apparatchiks.<sup>5</sup> At the beginning of this debate there was no room for any such clash of interests as the lack of a separate capital market did not allow more open conflict than just the bargaining within the state redistributive system in which managers of state socialist companies had to “sell” their interests within planning mechanism. This unequal bargaining of larger companies was aptly written down by Erzsébet Szalai at that time.<sup>6</sup>

This lack of autonomy of capital market was raised more and more intensively in public and most importantly in semi-public discussion and interestingly this articulation happened exactly when actually according to Szelényi there was a turn away from the process of a “new class” formation. I think Szelényi was right in saying that the alliances were more complex and in the end the redistributive system collapsed. So no complete new class was formed within state socialism, but I think his original observations can be useful to understand later dynamics.

And later developments are very important. The new class had no real option to practice property rights till the option was opened via the control of the state becoming an “auctioneer” state as Böröcz put it later.<sup>7</sup> In this process of forming a transitory class this control of the state was crucial and it was a non-repeatable historical moment. The state got paralyzed in defending the redistributive system and it could be captured symbolically, which also showed that a new era was starting even before the formal collapse. The debt crisis itself and the constant symbolic crisis-talk in discussions on economic processes were key elements (it is just to be noted that at that time our debt crisis was not worse than today, when nobody actually claims the end of this capitalist system, so it was socially constructed). In other words it was crucial to find grounds to practice effectively the otherwise hidden property rights. This historic opportunity was partially due to a global change of course, most importantly a new cycle of global capitalism, the freshly guaranteed free move of capital (the dramatic global rise of the share of FDI). This made the debt crisis a globally legitimized turning point. Altogether this led to end the exclusion

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<sup>5</sup> Kovács, János Mátyás 2013: Ágyúval verébre? A kelet-európai közgazdasági eszmék történetéről (1917–1989), 2000 Irodalmi és társadalmi havi lap, 2013/5.

<sup>6</sup> Szalai Erzsébet (1989): Gazdasági mechanizmus, reformtörekvések és nagyvállalati érdekek. Budapest, Közgazdasági és Jogi Könyvkiadó.

<sup>7</sup> Böröcz, 1999, op. cit.

of the “old” party elite that was blocking the formation of a new class according to Szelényi. They could be completely delegitimized on the basis that they participated in the crush of various political revolutions in Eastern Europe.

Very importantly as we learn from the historical analysis of various party reports and related historical documents according to, among others, Eszter Bartha there was a suppressed but very clear animosity between intellectuals and workers throughout the transition and this conflict was very much about the introduction of private property and the interest of workers.<sup>8</sup> This was different in various Eastern European countries as for instance Poland was definitely a different case from Hungary.

But there were additional or related discursive changes which led to the transitory hegemony for the emerging class of apparatchiks and intellectuals providing them a period when they could actually openly play out their class position and the could achieve political control, till this group and formation was radically transformed.

### **Discursive change: the creation of hegemony**

The coming of the Europe or a renewed version of the East/West discourse was related to the new cycle of globalization, but it was not completely dependent on that. I argue here that this discourse was an important factor in this process of class formation.<sup>9</sup>

In this respect two Hungarian political scientists, Kuczi and Csizmadia, have documented in detail changes to vocabulary, themes and subjects in political discourses in Hungary from the late 1970s to the early 1980s.<sup>10</sup> Political debates were less and less about the reforms of socialism

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<sup>8</sup> Eszter Bartha (2013) *Alienating Labour. Workers on the Road from Socialism to Capitalism in East Germany and Hungary*, Berghan Books, New York See also: Bartha Eszter 2011: *Magányos harcosok: Munkások a rendszerváltás utáni Kelet-Németországban és Magyarországon*. Budapest l'Harmattan Kiadó – ELTE BTK Kelet-Európa Története Tanszék; uő. 2009: *A munkások útja a szocializmusból a kapitalizmusba Kelet-Európában, 1968–1989*. Budapest, l'Harmattan Kiadó – ELTE BTK Kelet-Európa Története Tanszék.

<sup>9</sup> Melegh Attila (2006) *On the East/West Slope. Globalization, Nationalism, Racism and Discourses on Central and Eastern Europe*. New York – Budapest, CEU Press. On hegemony see Gramsci in Forgas, David 2000: *The Antonio Gramsci reader: selected writings, 1916-1935*; with a new introduction by Eric J. Hobsbawm. NYU Press, p. 263-66.

<sup>10</sup> Kuczi, Tibor (1992): *Szociológia, ideológia, közbeszéd*. Budapest, Scientia Humana. Csizmadia Ervin (2001): *Diskurzus és diktatúra. A magyar értelmiség vitái Nyugat-Európáról a késő Kádár-rendszerben*. Budapest, Századvég, p. 41-71.

and more and more about how to adapt the country to the “West”—idealized as the focal point on the East–West slope.<sup>11</sup> Csizmadia has even shown that the emerging new discourse has been the basis of new constellations of social and political power into which new social groups could be incorporated in state-socialist Hungary: ... the texts, debates, opinions dealing with the role of Western Europe first came together as a latent and then as a more and more public discourse and this discourse probably became one of the most characteristic traits of the 1980s... these views were not only written down or told, but they transformed public life and the whole system.<sup>12</sup>

As evidenced by massive qualitative analysis around the 1980s there was also a global discursive shift from the previous configuration of the competition of modernities in which the quantitative modernization performance game of “Eastern” and “Western” regions was played out and institutionalized. This older version could not have helped the fully fledged development of this transitory class hegemony as it allowed the autonomy of the “East” as an alternative modernity, thus Eastern European socialism was seen as a viable option, which then could be used as an alternative ideological possibility. This sense of alternative modernity had to die first and this happened well before the collapse of state socialism.

This was replaced by a new East-West discourse that reinvented qualitative geopolitical and geocultural hierarchies. Once I summed up the role of this discourse in the following way:

The role of the East-West discourse and the East-West civilizational slope is to set the terms and rules of global and local positioning and to formulate cognitive perspectives and maps in which different actors can locate themselves, each other and their own societies in the late-modern capitalist world system or modern/colonial systems.<sup>13</sup>

In other words, the East-West slope was a dominant discourse for the articulation of identities and political programmes and the creation of institutions in the struggle for control and/or social or political recognition. It appeared in almost all areas of social and political life: individual careers, family life, institutional frameworks, scholarly works and major global

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<sup>11</sup> Melegh 2006, op. cit.

<sup>12</sup> Csizmadia 2001, op. cit., p. 135; translated by A.M.

<sup>13</sup> Melegh 2006, op. cit., p. 196.

political programs, and it created a web of discursive arrangements “normalizing” our lives in the latest phase of world capitalism. Here I refer to the rise of “Europe” ideology in history writing, cultural studies and other social scientific areas. We can also recall the Central Europe debate, which symbolically made the whole region “passive” and basically “non-existent”.

The (re)appearance of civilizational Europe discourses within and outside the region was very helpful for the rise of this class (once again I stress the process was not deterministic at all) and actually for a while it could become a class.

The key developmental issues were put on a cultural-civilizational ground and thus the role of the “intelligentsia” could be enhanced toward the larger segments of the society and also toward the other elite groups. This opportunity was quickly understood and grasped by the “intelligentsia”. It was aptly observed by Szelényi that during and after the change of the regime cultural capital was a key in being part of the elite:

Post-communist society can be described as a unique social structure in which cultural capital is the main source of power, prestige, and privilege. Possession of economic capital places actors only in the middle of the social hierarchy, and the conversion of former political capital into private wealth is more the exception than the rule. Indeed, the conversion of former communist privilege into a post-communist equivalent happens only when social actors possess the right kinds of capital to make the transition. Thus, those who were at the top of the social hierarchy under state socialism can stay there only if they are capable of ‘trajectory adjustment’, which at the current juncture means if they are well endowed with cultural capital. By contrast, those who relied exclusively on now devalued political capital from the communist era are not able to convert this capital into anything valuable, and are likely to be downwardly mobile.<sup>14</sup>

I can only agree with this and add that an overall cultural-civilizational discourse helped many intellectuals to “adjust their trajectories” toward more articulate elite positions. The “translation” of the knowledge of the “Western model” (legal system, historical processes, market mechanisms, etc. etc.) was a business for many at that time and such knowledge could make people get into very important positions.

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<sup>14</sup> Eyal, Gil, Szelényi Iván and Townsley Eleanor (1998) *Making Capitalism without Capitalists: Class Formation and Elite Sfrugg/es in Post-Communist Central Europe*. New York: Verso, 1998, p. 6.



This discourse also reshaped the understanding of history: pre second world war came to be seen as a part of normalcy due to the lack of European divisions while “non-European” or “less European” alternatives came to be seen as abnormalities, as sideway from the mainstream. This shift could be utilized by the children and grandchildren of prewar middle classes who, after considerable oppression in the early phase of state socialism, found a way to reinterpret their personal and social history and thus could make new claims to power after 20-30 years in social “parking orbits”.<sup>15</sup> We have decent analyses on this period of “reinventing” previous and hidden identities.

It could disqualify (on civilizational and/or racist grounds) all other options then the one toward the West, and thus very importantly all preexisting links collapsed or got subordinated toward the progressive African and Latin American movements. Links between radical critique in the West and that of Eastern Europe also disappeared. This led to a focus on Europe and thus the postcolonial critique emerging in interplay between the “West” and that of the relevant parts of the “Third World” did not reach Eastern Europe or Eastern Europeans did not want to listen. Actually we know that senior intellectuals of the dependency school actually warned Eastern European colleagues point toward the lack of listening. This could be strengthened by the mechanisms Szelényi was writing about when he said the new intellectual-apparatchik elite was interested in silencing all other intellectual options on behalf of workers or the “wretched of the earth”. It seems Bockmann and Gil Eyal made a very important point when they argued that neo-liberalism was not just something learnt here, but it was made here and got dominant.<sup>16</sup> The idea of a new transitory class can give a social explanation, why it could be successful.

The discourse was territorial and thus internal social conflicts were hidden and suppressed by this discourse (there were no separate groups within Eastern Europe, just Eastern or Central Europe as such), or if social divisions were seen then they were either portrayed as natural or as an issue to be solved later as it represented a local lack of “organic” development.

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<sup>15</sup> Szelényi Iván [1988] 1992: *Harmadik út? Polgárosodás a vidéki Magyarországon. Özreműködött: Manchin Róbert, Juhász Pál, Magyar Bálint és Bill Martin.* Budapest, Akadémiai Kiadó.

<sup>16</sup> Eyal, Gil, Bockmann, Joanna (2002) Eastern Europe as a Laboratory for Economic Knowledge: The Transnational Roots of Neoliberalism. *American Journal of Sociology*, AJS Volume 108 Number 2 (September 2002): 310–52



Unemployment was natural, problems disappear later when we become being properly European according to this ideological construct. The territorial logic also pushed up minority and ethnic issues, which reformulated social debates into ethnic ones. The territorial symbolism and the territorial understanding of development did promote the activation of the state as a territorial authority. Thus it did allow the state first to make property rights open (they could come over “property vacuum” via creating the technical possibilities of privatization”). Basically they created the first organizations to practice and basically invent property rights without any control by groups interested in rational redistribution (like workers).

In this process state organs and related “intellectual workshops” were very important organizations representing the class interests of the teleologically thinking, pro-market intelligentsia (very importantly economists) and related apparatchiks analyzed by Gagyi.<sup>17</sup> I do think that just beyond a colonial type of translation we have to integrate the idea of a new class into these interpretations. There was more force behind creating a pro-market hegemony, than just a learning from the West.

### **Conclusion**

Altogether I argued that the idea of an emerging new class is better integrated into the critical writing on the transformation in Eastern Europe in the 1980s and 1990s and in case we combine relevant elements then new interpretative possibilities emerge. The pioneering work of Iván Szelényi is to be continued as it might help to understand why and how the “transition hegemony” was created, how the critical left was silenced and how and why this hegemony later collapsed. Probably there was a transitory class formation behind too, which utilized previous local developments of a redistributive economy and society in a dynamic relationship with global transformation.

In Eastern Europe in the established new liberal hegemonic discourse, after the collapse of the left and the decline of the transitory class, the key “enemies” were the non-liberal, non-pro-Western nationalists, who were already talking about conspiracies in handing out capital to the

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<sup>17</sup> Gagyi, Ágnes (2016) “Coloniality of Power” in East Central Europe: External Penetration as Internal Force in Post-Socialist Hungarian Politics. *Journal of World-Systems Research*, Vol. 22 Issue 2 Pages 349-372 | DOI 10.5195/JWSR.2016.626 | jwsr.org

enemies of the nation inside and outside. Prime example was for instance the writer István Csurka, who in 1998 said the following:

The final goal is the extermination of Hungarians. Not by weapons, not by lethal gas, but with financial policies, by robbing our opportunities in order to make place for others. This age in which we are living, but most importantly the one which is coming, the next century will be the age of wandering. People of color living in extraordinary poverty but growing rapidly will migrate from East to West and from South to North. Financial capital and banks promote this mass wandering, because it is in their interest.<sup>18</sup>

In the 1990s such nationalists were ridiculed, but actually this discourse could get into the mainstream by the 2010s with the help of Orbán, the previous superstar of pro-Western intelligentsia, who turned to be an archetype of radical nationalist in the 2000s. Probably in perverse manner he was the one who understood that Eastern European classes of the “liberal”, market utopia loving intelligentsia once have to pay for the betrayal of workers in the late 1980s. He is taking revenge from a nationalist point of view, but historically this leads back to the change of regime and the counterrevolution of the so-called new class. This is why he could consolidate his authoritarian rule after decades of neoliberal economic policies and the collapse of the non-capitalist socialist mixed economies.

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<sup>18</sup> <http://www.magartudat.com/csurka-istvan-a-vegso-cel-a-magyarsag-kipusztitasa/> accessed 13 February, 2018.

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