CHAPTER 10

Workers and the Change of System

Introduction

At least in the Hungarian context, much established opinion has regarded industrial workers – still more the working class – as all but irrelevant to consideration of the events of 1989, and certainly not relevant to the political system that was constructed between 1988 and 1990. While the same could not so easily be said of events leading up to the fall of state-socialist regimes in Romania, the GDR, and still less in Poland, even in these contexts workers seemed to have been marginalised, at least in the public sphere, within a few years of the launch of political transition. What was being built in Hungary, and the rest of the region, was very markedly 'bourgeois democracy' – sometimes mistranslated into English as 'civic democracy'. The attempt to bury a century of class politics, and especially working class politics, always formed part of the underlying script. It was accompanied across the region with the introduction of variants of neoliberal economic policies pioneered in Chile after the military *coup d'état* in 1973 to bolster political repression with a set of economic policies that would emasculate the social forces that sustainted the Salvador Allende government, and which spread from the Latin American periphery to the western European core with the election of Margaret Thatcher's government in the United Kingdom in 1979.[1] These policies relied on maintaining tight control of the money supply through high interest rates, combined with sharp reductions in public expenditure to induce a 'transformational recession' that would break the power of labour through generating mass unemployment. Private capital would then be freed to transform the economy as state enterprises were transferred to the private sector. Despite the evidence of the United Kingdom in the 1980s, where the application of such policies brought nothing more than sluggish growth punctuated by two large recessions (1979–82, 1990–92), rising inequality, and widespread mass unemployment, these policies were sold in CEE as the elixir that would make the region's populations rich. The results of the Hungarian version of such policies, pursued by successive governments, were predictable, and hardly differed in kind from those in the UK a decade

---

* Originally published as Mark Pittaway 2011, 'A magyar munkásság és a rendszerváltás' *Múltunk*, 23, 1: 4–18.

1 Harvey 2007.

 | DOI 10.1163/9789004270329_012

earlier. The main difference was that the negative social consequences of such policies were starker in Hungary, given its lower overall standard of living, and the higher expectations that were attached to them.

For those, like myself, involved in the writing of the history of workers, work and labour, 1989 was held to have rendered our own labour virtually redundant. In the words of Gareth Steadman Jones – himself originally a leading practitioner of neo-Marxist social history in the United Kingdom during the 1970s – '[t]he fall of communism in 1989 confirmed what had been increasingly apparent in the preceding twenty years: that there was no self-sustaining form of economy beyond commercial society, only centralised and authoritarian regimes in which bureaucratic direction substituted for the processes of commercial exchange'.[2] In short, history – and not just that of CEE – was to be written from a perspective which accepted the inevitability of an economic order based upon the market, and which regarded any critique of the relations of economic power – hence the neutral and empty term 'commercial society', rather than the more critical 'capitalism' – as undesirable and potentially dangerous. Looking back from the standpoint of twenty years later, this view of a historical discipline trapped within a liberal capitalist 'end of history' seems scarcely tenable – 'commercial society' after all has wrought carnage on the social fabric of CEE: it eliminated 27.2 percent of all of the jobs that existed in Hungary in the eight years after 1989; these jobs were never recovered – in 2008, there were 23.2 percent fewer jobs than nineteen years previously – feeding a problem of persistently low labour-market participation and severe poverty.[3] It left a situation in which the real median income of the population stood at only 108.9 percent of their level in the early 1990s at the peak of the boom in the middle of the following decade.[4] While GDP at the onset of the economic crisis in early 2008 was notably but not substantially higher than in 1989, rather than having 'caught up', Hungary had barely held its 1991 economic position relative to the western European core – when compared to 1989, its relative position had deteriorated slightly.[5] Furthermore, not only had Hungary failed to escape from the public debt trap of the 1980s, the country also saw a spectacular increase in private household debt, as the volume of private sector

2 Steadman Jones 1996, p. 36.

3 International Labour Organisation (ILO), Labour Statistics. Available on: <http://data.un.org/Data.aspx?q=Employment&d=LABORSTA&f=tableCode%3A2B>.

4 Organisation for Economic Cooperation and Development (OECD), Country Statistical Profiles: Hungary, 2009. Available on: <http://stats.oecd.org/Index.aspx?DataSetCode=CSP2009>.

5 OECD, Country Statistical Profiles 2009, Gross Domestic Product (GDP), US$, current prices, current PPPs, millions. Available on: <http://stats.oecd.org/Index.aspx?DataSetCode=CSP2009>.