SOME OF THE SOCIAL COSTS OF ACCESSION TO THE EUROPEAN UNION FOR HUNGARY

Introduction

There are few words that are universally understood and are at the same time as divisive as "globalization".

The advantages of globalization, of integration: the growth of income, choice of available goods and the well-being in Western world was viewed with envy in all Central and East European countries. Thus, when the old economic and political systems in the Central and East European countries collapsed, the new political leaders announced their intentions of moving toward political pluralism and creating a market-based economic system in their respective countries. To them this meant fusing their societies into the existing western European economic, political and security systems. However, globalization and integration, for all countries, has both social benefits and social costs.

Economic dictionaries define social cost as the real cost to society of having a good or a service produced, which may be greater than the private costs incorporated by the producer in its market price. The transformation of Central and East European countries from a planned economy to a market economy began in 1990, bringing about simultaneous political and economic changes in all countries. This economic transformation had social benefits and costs.

The method employed by all these countries to achieve the goal of creating a market-based economy was privatization. Privatization was used as a method of transformation for both economic and political reasons. "It was used to establish property rights, to restore ownership of assets seized by the state, to form a private sector and the basis of a market economy, [and] to enable efficient governance and management of formerly state-owned enterprises." In Central and Eastern Europe, entrepreneurs had to learn the rules of the market, employees had to learn a new way of working, politicians and

1. http://www.chass.utoronto.ca/~reak/glosslist.htm#Saving
the public had to learn the principles and procedures of democratic politics. The process of privatization resulted in a radical restructuring of the economy, thus all citizens whether directly or indirectly involved in the production process were affected.

In Hungary some of the political and economic goals were already articulated in the late 1980s. An early opposition group, the Hungarian Democratic Forum openly expressed the political goal of a parliamentary democracy in 1987; and the economic goal of turning the economy into a market economy was begun by the creation of a bond market in 1983. In February 1989, the Central Committee of the Hungarian Communist Party endorsed a "gradual and steady" transition to a multiparty political system, and scheduled elections for 1990.

**Brief history of Hungarian accession negotiations**

Competitive multiparty elections were held in March/April 1990, and the Hungarian voters rejected the communist party—despite its reforms and change of name from the Hungarian Socialist Workers Party to the Hungarian Socialist Party. Instead, a right of center coalition government was elected. Ever since these elections, all Hungarian governments talked of taking Hungary into the European Union and joining NATO. In 1990, former Prime Minister József Antall, on his first official visit to France, declared that by January 1, 1992, Hungary would become an associate member of the European Community and a full member by 1995. However, this did not happen. Hungary signed the Europe Agreement on December 16, 1991, which came into force on February 1, 1994. The Europe Agreement is a bilateral agreement signed by prospective accession countries and the EU providing the framework for accession. The Hungarian Government submitted its application for membership in the EU on April 1, 1994. At that time, the Hungarian view was that Hungary’s acceptance into the EU could be realized by January 1, 1999 or at the latest in 2000, while the EU placed the acceptance date between 2002-2010. However, Hungarians were, again, too optimistic; the accession talks began only in 1998.

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3. In the political stage various opposition groups appeared, like the populist The Hungarian Democratic Forum in 1987, the Network of Free Initiatives and the Alliance of Free Democrats in 1988. For more details, see Nigel Swain’s Extremist Parties in Hungary (http://www.liv.ac.uk/history/centres/ceg_pdfs/Book7.pdf)

4. The most important changes in the economy were the expansion of private enterprise, the movement of the foreign currency exchange system closer to market values, the decentralization of the banking system, and the introduction of a tax system and bankruptcy laws. See Éva Ehrlich and Gábor Révéz, “Coming in from the Cold, The Hungarian Economy in the 20th Century” (http://www.net.hu/hungq/no157/003.html)