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ECONOMIC SOCIOLOGY IN EUROPE: HUNGARY

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Empirical sociology in Hungary has always been driven primarily by problems rather than theories. To the extent empirical research was motivated by theory in the socialist years, it was guided indirectly through Marxism, by questions posed by practices that claimed to have originated in Marxist theory.

Socialism was a peculiar form of social order, which built its legitimacy entirely on the claim that it was a social order superior to capitalism. It even set out the yardsticks by which it should be measured. Equality, prosperity, justice, the absence of fundamental social divisions, and rationality were just some of the goods socialism promised to deliver. As a result, any study that questioned the success of socialism in achieving these goals cast doubt on the legitimacy of the social system at its base. Today it is less than obvious why these regimes were so upset if a sociologist published, for instance, a case study of poverty or an article on the contribution of household farming to agricultural production, when most people knew that poverty existed and millions produced their own tomatoes and carrots in their backyards. But since the sole reason for the existence of socialism was its superiority, which included its ability to eliminate poverty and to implement efficient large-scale agricultural production, these studies implicitly raised fundamental questions about the social system as a whole. Under socialism, the social sciences mattered.

As the public sphere had been tightly restricted and vigilantly policed by the party state, sociology became the space for public discourse. The intended audience of sociology publications was not just the academic community but also the educated public at large. Sociological treatises were devoured not just by other sociologists and nervous party cadres but also physicists, engineers, artists, doctors and schoolteachers. Articles that today would appear as political journalism were published as social science, dressed with the requisite footnotes, bibliography and theoretical references. Debates were fought over political implications, rather than methodology or theoretical subtleties.

Before 1989, the social science disciplines were not clearly differentiated. Economics, political science (then known as science of state and the law) and sociology were busy separating themselves from their Marxist cousins of political economy, scientific socialism and dialectical and historical materialism (Bockman 1999). The institutional turf wars at the universities, research institutes, the Hungarian Academy of Sciences, as well as the debates over the secondary school social science curriculum were fought across this ideological fault line and not among the three disciplines.

With the end of state socialism the disciplinary field has changed radically. Once an imposing presence, the Marxist disciplines sank, like Atlantis, leaving no trace behind. A free public sphere has emerged where political discourse did not need to cloak itself in social science

jargon. Several social scientists left the field for a career in politics or punditry. The social sciences became more self-centered, more methodology conscious. With the fall of the Berlin Wall and the Iron Curtain, Western ideas and models of social science flooded Hungary and recently, disciplinary boundaries began to get fortified with the academic equivalents of barbed wire and landmines.

Economic Sociology before 1989

Unlike in the US, where economic sociology developed in an explicit or implicit dispute with economics, Hungarian economic sociology historically had no quarrel with economics. As the two joined forces in their critique of Marxism, their disciplinary boundary became obscured. Since regular graduate training in sociology did not begin until the mid-1960s, several sociologists got their degrees in economics. The unobstructed passage between economics and sociology was further facilitated by the fact that Hungarian economists embraced institutionalism and empiricism. They showed little interest in deductive modeling, and even when they did, their focus of interest was the institutional arrangements of state socialism (Kornai 1980). Their models revealed the malfunctions of socialist institutions. Kornai, probably the best-known economist of socialism, saw the socialist economy part of a social-political-economic system (Kornai 1992).

During the last decades of state socialism Hungarian economic sociology emerged as a vibrant field and produced some of the best sociological works in the region. This is the period of waves of experimentation with economic and, to a lesser extent, political liberalization. The relative openness of the Hungarian version of late socialism allowed Western researchers to work in Hungary and Hungarian scholars to travel abroad. Hungarian economic sociology became integrated into Western academia, and, at least in the US, Hungary became one of the main prisms through which state socialism became refracted. The works of Ivan Szelenyi, David Stark, and Michael Burawoy among others, created a successful link between research in Hungary and on-going debates in American sociology. British sociology also took notice through the work of such scholars as Nigel Swain and Chris Hahn. This set the stage for the disproportionate influence of this small and peculiar country's experience in the English speaking world on interpreting the post-communist economic transformation not just in Central Europe but in Russia and even in China (Kennedy 2001).

In this brief and admittedly selective overview I will concentrate on four major areas where Hungarian economic sociology has been especially successful: the second economy literature, work on the organization of the socialist firm, the political economy of planning and social stratification.

Following liberalizing measures in the early 1980s, the second economy,—the small scale, informal private sector in socialism, —became a central topic for Hungarian economic sociology (see Róna-Tas 1997). The discovery of an economic realm with its own logic, different from the state-planned and -directed socialist economy generated a large body of world-class quality research. The second economy, which in Hungary included such activities as household farming (Szelenyi 1988, Kovách 1987, Juhász 1988), small scale artisan production (Kuczi and Vajda 1990), moonlighting, petty trade, private consumer services, private residential construction (Sik 1984), and small business partnerships, was deeply embedded in social relations. Its transactions had to be underwritten by personal ties

and common norms almost completely, because the socialist state was reluctant to provide any legal infrastructure. While the second economy was often seen as a market economy (Kemény 1982) and a rational form of labor deployment (Gábor and Galasi 1981), its fundamentally sociological character was never in question.

While research on the second economy focused on the small, organizational sociologists developed a richer understanding of the giant socialist firms. Here researchers were concerned with the mammoth size of companies (Schweitzer 1982), the labor process, and the labor relations within them (Héthy and Makó 1989, Burawoy and Lukács 1992). In the early 1980s, extending the second economy into the socialist firm, the state allowed companies to subcontract small business partnership which were set up by their own employees inside the firm blurring the boundaries between the first and the second economy (Sziráczy 1989, Stark 1989, Laky 1984).

There was also a rich literature on the political economy of planning (Bauer 1978, Szalai 1989, Voszka 1988) which started from the assumption that socialist firms are not simply the puppets of planners but have their own autonomy. They presented planning as a complicated bargaining process, where social and political forces often result in unintended consequences at the economic system level.

Finally there was a large body of research on social stratification mostly organized around two research groups: one led by Rudolf Andorka at the Central Statistical Office, the other by Tamás Kolosi at the Party Social Research Institute and, later at the research institute TARKI. Initially, the price to show that systemic economic inequalities existed was that researchers had to give up on investigating mechanisms through which those came about. Distinguishing between social stratification and social structure, they concentrated on the former and largely avoided the latter. Some early works on social stratification did take on Marxist claims about social class directly, but by the last decade of state socialism researchers were more concerned with social mobility (Simkus and Andorka 1982, Andorka and Kolosi 1984, Kolosi 1987) and economic differentiation, including issues of poverty (Bokor 1986). By then stratification research abandoned its abstinence from seeking mechanisms and began to pay attention to the second economy, labor market processes (Galasi and Sziráczy 1985), and the social psychology of material aspirations (Tardos 1988).

Post-Socialist Era

With the collapse of state socialism and the beginning of the post-socialist transformation the set of problems driving Hungarian economic sociology has changed radically. Planning, the second economy, and the socialist firm disappeared in their old forms and the economic transition to a market economy took center stage. Organizational studies now want to find out how companies adapt to their radically different environments in terms of their internal organization (Whitley and Czabán 1998), work process (Czabán and Whitley 1998), cooperative behavior (Csabina and Leveleki 2000, Gal 2000), tax compliance (Tóth and Semjén 1998) and how these influence their overall success (Lengyel 1999, 2000). Many interesting works are based on an ongoing panel study of enterprises that started in 1992 and covers about 400 firms in manufacturing.

A large body of research now addresses privatization. Some are interested in the process itself (Gyukits and Szántó 1998, Stark, 1992, 1996, Antal-Mokos 1998). Yet others are looking at its consequences such as turnover of managers (Böröcz and Róna-Tas 1995) and the resulting networks among companies (Vedres 2000a, 2000b).

The study of entrepreneurship is another prolific area of research. Although full-time entrepreneurship in Hungary is largely a post-communist novelty, the study of small entrepreneurship is deeply indebted to earlier studies of the second economy. Because market conditions are either absent or not fully developed, entrepreneurship is deeply embedded in social relations. A long line of inquiry investigates the nature of entrepreneurship, describing how small entrepreneurs operate, portraying and analyzing the logics their actions follow under incomplete market conditions (Kuczi 2000, Laki 1998, Róna-Tas 2001, Laky 1998, Letenyei 2001). Another segment is primarily interested in the recruitment of entrepreneurs (Róbert 1996, Róna-Tas 1994, Lengyel 1997-1998). Here arguments center on what kind of resources or capital can one mobilize to launch an enterprise in the absence of a functioning credit market. Strongly influenced by one reading of Pierre Bourdieu's work on the various forms of capital (Eyal et al. 1998), researchers have explored the various ways cultural, human, social and political capital can be mobilized for profitable enterprise (Róna-Tas 1998).

While studies of entrepreneurial recruitment focus on the determinants of economic success, stratification research is mostly curious about the factors implicated in poverty and in the growing divide between rich and poor. One of the main sources of knowledge about the changes in inequalities is the Hungarian Household Panel that started in 1992 with 2000 randomly selected households (Andorka and Spéder 2001, Spéder 1998). The reports document the strong increase in differentiation and a growth in poverty in the 1990s. A large literature wants to understand this process by examining the labor market in general, and unemployment, part-time work and atypical jobs in particular.

Finally, there is some interesting work on informal markets (Sik 1999, Czakó and Sik 2001) and on personal networks as assets (Sik and Wellman 1999).

There have been attempts to develop more general theories of the post-communist transformation by scholars based outside Hungary, but their impact in the country has been limited. They tend to concentrate on the transformation of property relations and make an attempt to build toward a theory of a third road between the socialist command economy and market capitalism (Böröcz 1993, Stark and Bruszt 1997, Eyal et al. 1998).

Assessment

In the past decade, Hungarian economic sociology underwent a series of important changes. In producing new research, the role of research institutes strengthened while the role of universities weakened. In an era of grave financial difficulties, universities are going through a rapid expansion enrolling overall twice as many students and ten times as many in sociology than in the 1980s. They are less and less centers of research and more and more credential factories. Under these conditions, universities are moving in the direction of disciplinary consolidation to fight the downward pressure on quality. As a result, economic sociology, as other interdisciplinary pursuits, is losing its foothold in higher education. With economics

departments unconditionally embracing neo-classical economic theory, the happy cooperation of economics and economic sociology is withering away. While economists are quickly losing interest in sociology, there is a still small but growing interest in rational choice theory among sociologists.

As research institutes are involved more in applied research, theoretically ambitious work—usually done in think tanks and research universities—has been scarce and often conducted from well paid university positions abroad. If research in Hungary is linked to theory, it is mostly in the form of testing imported ideas on Hungarian data. With the continued disinterest in theory, there is very little debate and accumulation of knowledge in Hungarian economic sociology. The absence of a coherent theoretical framework was one of the many reasons why economic sociology was so unsuccessful in producing a coherent blueprint for the post-communist economic transformation.

Yet in many ways, some of the adverse conditions made Hungarian economic sociology better. The loss of its mass audience along with its increasingly competitive relationship with economics resulted in improvements in methodology. Published research is becoming more solid and careful. Due to the scarcity of research funds, researchers often had to turn to foreign and international sources of funding. This forced them to engage the international literature and pushed them in the direction of multinational comparisons. New work is much less parochial than it was a decade ago.

The biggest challenge for economic sociology paradoxically arises from its relative economic success. A dozen years after the collapse of communism, Hungary is one of the star pupils of the post-communist transformation. From the 1960s Hungary had always been the country of economic experimentation. The various waves of liberalizing reforms under socialism turned Hungary into the paragon of market socialism. In the 1990s, it was the radical overhaul of the economy that provided intellectual excitement for economic sociologists. With its gradual integration into the European Union, Hungary failed to produce a novel form of organizing its economy, and the country is turning into a normal and therefore boring place. Hungarian economic sociology under late socialism was popular and relevant, under post-communism it was only relevant. In the world of post-post-communist normalcy it will have to find its new place.

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Items with asterisk () have English language abstract.*

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