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Power and Poverty

As the rapidly expanding literature on post-1989 developments of former Soviet-type societies notes it unequivocally, one of the most disturbing accompanying features of post-Communist transformation has been **the steady increase of poverty** in all Central European countries. Although the actual size of the social groups which have been hit by a significant decline of their living standards can be estimated only with great difficulties, the socio-psychological shock that the remarkable **jump** in the number of those living amid unbearable conditions has generated is acknowledged even by the most radical protagonists of rapid marketization.

Despite the shock and frustration that has been born out of the painful experiences of "economic adjustment" in broad layers of these societies, the boom of poverty has not been put on the list of the most burning socio-political issues in any of the countries under concern. Regarding Hungary, one can formulate this statement even in a sharper manner: literally in the moment of birth of the new democratic order, the issue of poverty was actually **removed** from the political agenda. The tone of the regular reports in the press on the growing number of those living below the subsistence minimum hardly differs from that of the long-term weather forecasts -- the ever-lasting increase has rapidly become a "customary" and "fatal" fact of everyday life. There is scarcely any interest shown in the precise nature of the causes of poverty: at the most, it is nowadays visiting westerners who ask the question of "why the poor are poor". They generally receive an empty and disarming answer: poverty is said to be an unavoidable concomitant of the transition from socialism to the market economy and its growth is closely linked to the economic difficulties of the country. There is no doubt a great deal of truth in this statement. For the questioner, however, the main message the answer gives is not the truth content of the statement, but the clear impression given by the answer that poverty is not a "matter of concern" in Hungary. And in fact it is not, at least, not in the political sense.

The fact that general disinterest in matters of poverty is so much a natural feature of Hungarian politics of the day but calls for a separate explanation. All the more so, because the quick depoliticisation of the issue is a new phenomenon: the demonstration of the fact that poverty exists under socialism too was always one of the key points in social critique of the Communist system. It is worth reflecting then on what causes led to the eclipse of this important tradition of social critique, while its object, poverty itself, far from waning, is actually constantly and significantly growing. Secondly, it is important to reflect on the general disinterest also from the viewpoint of the emerging political discourse. If the most important features of life of broad sectors of contemporary Hungarian society are not worth any public considerations then such an unintended exclusion has important consequences also for the future of the functioning of liberal democracy. Thirdly, the lack of political discourse on poverty can draw our attention to certain covert interests involved in the actual maintenance of it. The explanation of why the forces shaping public discourse are speechless on this question probably does not lie in some kind of forgetfulness (and I believe it is not due to cynicism either). Their silence is not innocent, but one guided by clear, though non-admitted motivations: as long as the question of poverty remains merely a technical matter of distribution, the problem of control over the state (and thus in the final analysis, of power) does not arise. Thus, a thorough analysis of these hidden interests might give us some insight into the potential dangers of social disintegration, i.e., a kind of social development where the price of economic and social advancement of the majority is paid by a sharp exclusion of certain well-defined minority.

The eclipse of the tradition of social critique

As it is still clearly remembered, poverty was a politically taboo subject right up until the collapse of socialism. The taboo was so strong that even calling the phenomenon by its real name was regarded as dissident activity hostile to the regime. There were both historical and ideological causes at work behind this. Above all, it was the historical mission of socialist modernisation that was being questioned.

The expansive program of forced industrialisation promised general security of livelihood through compulsory work: in this sense, the complete and permanent elimination of pre-war poverty was intended to give legitimacy to the grandiose Communist program of all-round social transformation driven and controlled exclusively by the central organs of the Party. And it threatened this historical legitimation of their totalitarian command to demonstrate that with the demand for labour created by the quantitative growth of production, poverty had at the most moved into the factories. But this transformation had not brought about the slightest improvement in the social position of the former poor who simply had been converted from deprived agrarian proletariats into faceless masses of underpaid unskilled workers, and for whom this forceful conversion did not conclude in gains but losses of political rights to exhibit a minimum of control over conditions of daily living.

Ideology was of equal importance to historical legitimation of the totalitarian way of ruling. As it is known, the system was built on the termination of class differences. The basic principle of its distribution policy was "incorporation" into the socialist organisations, within which it was not possible to handle differences in either performances or needs. The "false equality" so criticised by the later reform programs of inducing economic growth was not a new anthropological feature of socialist man but a basic tendency arising from the system itself. In view of the fact that the basic principle of sharing was full subordination to the rule of the Communist Party, to recognise the existence of poverty would have questioned the system at its most neuralgic point, the very totality of its rule. It is not by chance then that instead of support programs and classical social policy measures, the response to manifestations of the different symptoms of poverty was police measures or, at the best, milder forms of authoritarian control that were nevertheless just as autocratic and violent. Unemployment was interpreted as abstaining work and led to a police reprimand or, in "habitual" cases, to a prison sentence; the response to homelessness was the barracks life of the work hostels; the inability to provide for children led to withdrawal of the parents' right to raise their children and their placing in state care; the welfare homes were the response to poverty among the elderly; the reply to alcoholism was the total control of the compulsory treatment-centres, and so on.

In this respect, the only result of the “liberalisation” in the post-Stalinist period of the prevailing system (from the mid-1960s til the end of its existence) has at the most been that poverty has become more or less a "private affair" and - provided that those concerned have not behaved in a way that violates the norms - the authorities interpreted and treated the question as **one** of the manifestations of family defects. The prevailing attitude was faithfully reflected by the concept of **disadvantage** that, from the 1970s, began to spread in official terminology in pointing to the phenomenon, instead of naming it. Not only because the euphemistic expression implied that the state of destitution was of an individual nature, but also because it suggested that it was temporary ("just as the disadvantaged situation arose, so it can be ended too"). In addition, it relativised poverty into just one of the individual problems and behaviour disorders, implying that the way out was a matter of will-power and persistence, self-education and determination. (This same logic was behind the obviously illogical requirement that the schools had to lump the children of divorced parents and low-income families in a single group labeled "at risk" in their official records and "action plans". As a consequence, the most varied affairs of these children came under the competence of the institution's "person responsible for children at risk", regardless of whether they sought this "support" or protested against it.)

However, the political need for historical and ideological legitimation would not perhaps have been sufficient in itself to keep the taboo alive if, paradoxically, the voice of power had not been joined by broad social support through the spread of the second economy, the chief institution symbolising liberalisation of post-1956 Communist politics in Hungary.

The innovation and the key to the popularity of the way of ruling during the Kadarist era laid in that fragile compromise between the Communist Party and defeated society which had been born around the mid-1960s and was maintained until the collapse of the regime. The essence of this compromise was a tacit acceptance, even a gradual expansion of the space for individual autonomy, based on the ideological-practical “rehabilitation” of the one and only institution which was legitimately independent of direct political control, i.e., the family. Nobody could foresee the extent of change that the apparently “minor” political

concessions to restricted private autonomy induced in the daily life of the country. The regained "freedom" for privacy, in an exchange of unreserved fulfilment of one's duties in the socialist domain, activated tremendous capacity. As it is known from the sociological literature of the period, the actual modernisation in Hungary and, together with it, the increased material prosperity of broad social strata was made possible by the family-based small "enterprises" that have evolved on the grounds of this tacit compromise. The manifestation of this compromise was the rapid spreading of a life strategy based on simultaneous participation in the two economies -the first, "official" and the second, "informal one-, in other words, a way of life underpinned by two pillars.

Through the spreading of participation in the second (informal) economy, it became possible, however, to "admit" the income disparities and, in time, even to support them, although within limits. "Falling behind" now appeared to be attributable solely to the fault of individuals and families themselves. It became a general guiding principle of life that people were free to work in their own homes, at their own choice - provided they recognised the socialist rules - and their prosperity depended only on their diligence and skill. If the individual did not prosper, there was something "wrong" with him, and his behaviour deviating from that of the majority was certainly not a cause for society to support. In view of the fact that successful integration into the socialist organisations remained an essential condition for advancement, the now recognised growth of inequalities accompanying economic liberalisation did not mean that the poverty issue had to be put on the agenda: the increasingly differentiated socialist distribution rewarded - or so it appeared - not differing social situations, but the differing performances of individuals that depended on their own talents and will-power. Thus, in the wake of the cautious introduction of market elements, experiences on a wide scale appeared to confirm that anyone who was poor had only himself to blame

Recognising the inequalities created, however, an unescapable trap for social critique. From then on, it regarded its main task as being to demonstrate that the inequalities arise and are reproduced not among single individuals, but among systematically organising groups of individuals. And although Hungarian sociology contributed important

considerations to the descriptions of relative poverty with this critique, by accepting the "challenge of inequality", it - unwittingly - also became the apologist of the prevailing political order. Since there was scope within the system for demonstrating the existence of inequalities without touching on the fundamental questions of power, the adoption of an approach focused on inequality had the effect of diverting attention away from the principal problem, the relationship between poverty and power, making poverty under the totalitarian power-relations of socialism appear to be identical in nature to the poverty found in democratic societies.

This brings us to the point where, in my opinion, one can discover the main cause for the sudden decline of social critique in contemporary Hungarian social science over the disturbing features of post-1989 socio-political transformation, above all, over the rapid expansion of poverty.

With the collapse of socialism, it suddenly became clear that inherited poverty cannot be explained within the conceptual frame of market-related income- inequalities. The external integrating hoop of socialist organisational membership disappeared and when the hoop fell away, Hungarian society split into two parts stood clearly before us. The dividing line between these two parts can be identified precisely in the earlier attachment to the second economy and to the informal social relations organised around it, or the practically complete absence of these attachments. The main source of contemporary poverty has turned out to lay in the exclusive dependence on the former "socialist pillar" which had meant the complete lack of means of protection against oppression and exploitation by the party-state, and of all kinds of material, relational and cultural capital. With the collapse of "socialist dependency", the lack of capital of any kinds has represented a serious barrier preventing the social groups concerned from joining in any meaningful way in the market integration which now has its roots largely in the slow transformation of the earlier second economy. This is why it is justified to say that in Hungary at present poverty is principally a problem of disintegration and only secondarily one of inequalities in material assets: it has its roots not primarily in the market, but in the system of feudal-type dependence of and direct subordination to the state.

The sources of disintegration and its manifestations

The amazingly rapid spread of the second economy and the central role it very quickly came to play in shaping everyday life rested on the aspirations for a petty bourgeois way of living in broad layers of Hungarian society, in aspirations that had been forcibly pent up for decades after Communist take-over in the late 1940s. The roots of these aspirations reach back to the decades preceding the second World War. As it is known from the work of the famous Hungarian politician and sociologist Ferenc Erdei, it was in this period that broad strata of the Hungarian peasantry developed a readiness in both production culture and in their aspirations and attitudes to carry out a radical change in the organisation of their lives as soon as the opportunity arose, abandoning the routine of traditional relations for the petty bourgeois form of accumulation based on flexible adaptation of the family work organisation and the infinite increase of the live labour input. However, this mass readiness remained largely unsatisfied before the war.

Then, by eradicating private ownership and launching an attack against the institution of the family, the radical post-war change of direction towards socialism deprived - or at least appeared to deprive - all forms of bourgeois aspiration of their foundations. As it turned out later, however, harsh Communism at the most "froze", but did not end these deep-seated aspirations which then found an outlet with elemental force as soon as the weakening grip of the political hoop opened the slightest possibility from the mid-sixties. The second economy offered the form of movement, and the strata with earlier attachment to capitalist development (by and large, the former industrial/urban layers of Hungarian society) took advantage of the possibility on a mass scale.

However, very sharp watersheds in participation could be seen right from the outset. Here too, one has to go back to the pre-war roots to interpret them. In his description of society at that time, Erdei pointed out that there was a gap in readiness for transformation into petty bourgeoisie that could not be explained merely by the difference in material conditions separating the peasant strata from the agrarian-proletariat that had been forced outside the fringe of society. The path followed by the latter groups had earlier been clearly

enclosed within the limits of the feudal social structure of agriculture and was reproduced within the traditional forms for generations. Every segment of their lives, from their schooling to the satisfaction of their daily needs, from their form of housing to the organisation of their family relations, were determined by the direct dependency on and patriarchal subordination to the church and secular estates of land.

It was on this basis that socialist modernisation was built. The poverty-stricken masses caught in the feudal segments of society were the targets of the historical legitimation of the Communist way of transformation mentioned above. For them, the status of waged labour in fact represented modernisation in the historical sense: it involved a shift from direct patriarchal dependency to more impersonal conditions of existence and thus also brought the chance of escape from the traditional bonds. At the same time, the socialist program was able to make good use of many important features of their century-long socialisation. It could count on their easy mobilisation (since they were not tied by the ownership of land or the institutional system of the village), on their unfamiliarity with the monetary economy of modern capitalist market and on their undeveloped aspirations to accumulate wealth (for they had received their provision since time immemorial in kind; compared to this, the impossibly low industrial wages did not represent a sharp drop for them, all the more so since many of their needs continued to be covered in provisions in kind). The regime could also count on them smoothly interiorising the system of rewards and sanctions of socialist distribution, in the wake of the principles they had learned in the system of patriarchal relations for advancement and acquiring merits. In this sense, their herding into socialist large-scale industry was based on the simple continuation of the earlier forms of rule. At the most, it contained innovations in technical aspects: there was nothing new in the essence of the relationship.

The big institutions of socialist distribution copied this same "serf" anthropology of the targeted consumers. The undifferentiated mass education, the health services that strove for quantitative performances and campaign-type results, the supply of housing for workers that recalled the housing provided for serfs on the big estates, social security that paid impossibly low pensions, and even the workplace canteen meals and the shabby system of

institutions providing care for children were all based on traditionalism, not on the modern concept of the citizen. These forms of provision created a buffer around the lives of the former serfs and penniless agrarian proletariat, and the organisation that ensured access to them with its rigid hierarchy and direct autocratic system even promised a modicum of chances for mobility. In this way, the patriarchal relations of the big estates could be transformed smoothly into the socialist hierarchies of party guidance and faithfully served the campaign-type organisation of society that took its model from the world of serfdom, but which was so unmistakably distinguished by the everyday mode of operation of the socialist system, as a general organisational procedure for mobilising and getting things done.

But with the full establishment of the party-state social organisation, history pulled a double trick. On the one hand, the general subordination to the dictates coming from above successfully and lastingly disguised the fact that behind and beneath the uniformised institutional forms, the serious fault lines in the social structure of the interwar years had at the most been condemned to a forced sleep, but had not been eliminated. Later, a heavy price had to be paid (and is still being paid) for this illusion of integration. On the other hand, the new structure did, in fact, open up certain paths for advancement for the poorest strata: their partial link with the town and the big industrial plant, however weak and one-sided, in theory opened the door to the modern industrial division of labour and to entry into the modern social relations based on this division. This, in turn, added a new facet to the illusion of successful integration. It was not possible to foresee in the early years that this entry was a trap creating the conditions for the later, hopeless exclusion of these strata and their descendants.

At all events, with the appearance of the second economy the paths separated in a lasting and increasingly striking way. But further decades had to pass before it became clear that this separation had reproduced, even if in a changed form, the old social fault lines which became the starting point for the social disintegration after the collapse of the Communist system. All this can be interpreted in retrospect if we examine the preconditions that were needed for the successful creation of a way of life based on two pillars, and the

extent to which the different social groups disposed of these conditions according to the position they occupied within the socialist structure.

The first of the preconditions was the geared-in character of informal economy into the formal one. As it is known, this was not a market economy proper with its own institutional frames and rules, but one that could exist only if it was inseparably intertwined with the first economy under full Communist control. This geared-in character of production in the second economy gives us the chief explanation, why the groups having only a loose or peripheral link with the first economy had very little chance of participation in the second economy from the outset, even if other conditions for this existed. They had no access either to independent capital or to time (the most important resource for the operation of the second economy) or to nexus or separate funds through special paths if they were not in important positions in socialist production. It is sufficient to consider that, with the compulsory eight hours of employment, the source of "free" time that could be used for production in the second economy in practice could only be the temporary or prolonged use of one of the benefits of social security (sick pay, child-care allowance, pension, etc.). However, access to these schemes required regular socialist employment over a longer period. In the same way: in the absence of market credit and private banks, with the given low wage level, the only way that the funds needed could be obtained was through enterprise or National Savings Bank loans, and these loans were given only to reliable socialist manpower loyal to the workplace. But not only funds and time were linked to a secure position held in socialist employment: the necessary acquaintances and the actual material "capital" had to come from there, too. All in all, it can be said that only those who had sufficiently secure and recognised positions in the first economy were able to find a path to the relative independence offered by the second economy. The seasonal workers of socialist industry, the unskilled labourers who temporarily interrupted their employment in industry or the construction industry in the hope of finding better earnings when there was seasonal work in agriculture, the Gypsies who could easily find themselves without a job for even minor misdemeanours, the truck loaders and drivers' assistants who were known as "migratory birds" frequently changing jobs, never belonged in this category.

In their case, it was just as uncertain that they would meet the second precondition. A successful rise to the petty bourgeoisie required a smoothly co-operating family work organisation capable of responding to changing roles and tasks with a flexible internal division of labour. This co-operation above all required spatial proximity for the family to be able to organise home building, production in the household plot or even the same of produce in the markets. However, the family members who remained at home could not count on the manpower of those who commuted long distances to work returning home only in the weekends or had moved to a distant point in the country in the hope of better wages, while the latter could not count on effective help from the former. And if there was no flexible, co-operating work organisation, then there was no reliable background on which to base the exchange of labour that acted as a substitute for missing funds, and thus, there was no possibility to accumulate capital and undertake longer-term ventures requiring greater investment.

The third condition was integration in a community reaching beyond the family. Whether this was the workplace or place of residence, integration in the community obviously required a regular contribution to and a constant participation in its informal network. And this contribution required a prolonged, or at least predictable, presence. In reality, perhaps because of this latter feature, this condition would not be regarded as separate from the former, if a whole cluster of ghettoised communities had not been created through the socialist forced mobilisation drastically magnifying the country's traditional regional inequalities and collectively excluding these communities from all possibility of participation in the second economy. In time, the social structure of these backwater settlements became so distorted and stunted that their skewed social structure became a separate factor, in itself preventing the system of mutual help described above from coming into existence. In the absence of an informal network, the basic conditions for any kind of attempt to break out towards the bourgeoisie were lacking: the members "trapped" in these distorted communities were practically automatically condemned to collective marginalisation and then to lagging behind. This latter, community, fate created the conditions for the fatal impoverishment of

the Gypsy villages - despite their transitional entry into employment on a mass scale - and of the residents of clusters of rapidly ageing settlements.

It is important to note that the significance of the second economy - and especially of the complex system of relations organised around it - was not primarily the role it played in supplementing material sources. It is, however, true that in a period of rising inflation and drastically declining real wages, the alternative sources provided by the private economy were significant in maintaining the standard of living achieved through "independent efforts", at least temporarily counterbalancing the losses suffered in the first sphere. But if the role of the second economy had been limited to this, then at the most those who were excluded from it would have had less and their impoverishment in reality would not have been more than a problem of inequality that could have easily been corrected later through measures of distribution technique when the performance of the economy began to improve.

The real significance of the informal economy was, however, more than that: with the creation of its network the system of society's important institutions was in practice **doubled** and an **alternative** world was created. Thus, those who were forced out of it, were in fact excluded from the possibility of participation in an alternative integration. The informal economy built up a whole system of new occupations and services while at the same time, without even realising it, the participants acquired new knowledge and skills that in practice could not be learned in the institutions of the formal economy. It is sufficient to mention as an example the strikingly different use made of time in the two economies, the differing rules for the management of materials and equipment, or the strikingly different principles and practice of money circulation. In this sense, those who did not participate were excluded from an entire culture, and no formal schooling or training program could give them the hope of catching up. At the same time, their exclusion from the market culture also meant that they remained outside the networks of contacts that organised the mobility paths, the manpower exchange, the system of loans and mutual help of the informal world. And since these networks - or the capital that informal relations and acquaintance embodied - proved to be even more important than material capital for successfully joining in the market when small businesses began to be organised on a suddenly proliferating scale. Thus, the lack of contacts

with the informal world by now practically has the result that the strata which were in the past trapped in socialism have entirely fallen behind the main body of society. They have no path to the market and the ties linking them to the state have been broken by the state itself which hastily reinterpreted its functions with the change of regime.

The most acute and spectacular consequences of this reinterpretation can perhaps be seen in the field of labour.

To a considerable extent, it is exclusion from the network of market relations which is the reason why, for broad masses, the loss of the former socialist job now means not only unemployment but also the abandonment of social membership followed by drastic marginalization. Their unemployment is not of a temporary, frictional nature - as is the case during periods of structural change in real market economies -, but long-term and very likely permanent. As the years pass, it is becoming increasingly clear that the reserve army of several hundred thousand factory unskilled labourers no longer have any chance of finding regular employment. The daily constraint of earning a livelihood forces the more dynamic among them into the black economy, while it is driving the more distressed of them straight into the ghettos of charity aid, soup kitchens and day-time warming rooms. But over the long term, the path is similar even for the more agile. Experiences show that there is no way out of the vicious circle of the black economy. Those who are forced out of the "official" market of labour, drift from one insecure and underpaid job to another, and as time passes, they have less and less hope of finding their way back to the world of "ordinary" people. In the absence of institutionalised relations and registrations confirming their existence, they sooner or later lose their entitlements: they cannot count on a pension, sick pay, credit, health care or any of other basic services that society provides for its "normal" members. With the expiry of their unemployment benefit - which hypocritically regards the situation as temporary -, society abandons even the appearance of their belonging to the official world. The only "institutional" footholds left to them are the welfare offices of the local governments and the charitable organisations. By the very nature of discretionary welfare, these institutions are empowered to the extreme: after all, they are the ones who make the decision on whether any responsibility for the existence of the poor will be accepted at all. In

the lack of general rights and regulations, their support is dependent on arbitrary considerations: on the "behaviour" of the recipients and on the readiness they show to acknowledge that these offices have direct control over their entire lives. In other words, the marginalised poor sink back into the direct defencelessness of personal patriarchal relations, into another social order where the rights and laws of the "civil" world do not apply.

No form of link exists today between the two worlds. The deprivation of social rights is taking place "legally" and there is no forum where protection of the law could be found in face of this illegality. The short-term interests are linked rather to maintaining than to eliminating this second order beneath normal society. This is because the bourgeois transformation struggling to cope with a lack of capital is being financed to a considerable extent by the existence of this second order. Maintaining the status quo of power - the existence of the dual law - more precisely, the restriction of control over the state sources is in the interest of both the new private capital and of the increasingly impoverished middle class which is more successful in averting its lag behind society than are the "real" poor.

New traps in the withdrawal of the state

With the establishment of the general practice of a way of life based on two pillars and its semi-institutionalised routines, the totalitarian control over society was condemned to death. Nothing could halt its erosion, although, of course, no one could predict the concrete form of its collapse or exactly when it would occur. When it did happen, strange ambivalences came to light with the change of regime. It turned out that both of the pillars in the two-pillar way of life are equally important. The conflicts of the past five years have revealed that while the bourgeois aspirations for autonomy embodied in the second economy urge a reduction in the political power of the state and its possibilities for intervention, embittered struggles are being waged to preserve the state sources and institutional channels that represent the economic backing for the private sphere. While the drive to decentralise in place of the former overcentralisation is unstoppable, there has not been the slightest waning in the competition for the state's centralised funds. An endless stream of lobbies are besieging

the offices of the state economy policymakers to wring "special" donations and supports from the increasingly indebted central budget. Despite all the efforts for rationalisation and the cautious reform steps, there has been no easing of the battle for benefits provided under social security which represents the single biggest item in the state budget. Strikes and demonstrations signal the resistance shown against the closure and privatisation of the big state firms, and every day brings news of petitions emphasising the obligation of the state to compensate various strata of the population for their losses caused by inflation. It would appear that Hungarian society now in the process of systemic changes wants a state with weak political power but with economic power that is stronger than ever before. The developments quite clearly indicate that time for detotalisation has arisen, but time for denationalisation has not yet come about in Hungary.

Of course, the ambivalence towards the presence of the state can be explained by many factors. In the first place, the economic motives are obvious. Independent economic activity entirely separated from the state requires a stable capital backing and a well established market, but neither of these conditions could be created in the past decades. This is why there will be a need for the state pillar in the raw material sense for a long while to come, even though its utilisation now openly serves the accumulation of private capital rather than ensuring the structural bases for totalitarian intervention, which is undeniably a fundamental change. At the same time, the need for the economic presence of the state is kept alive by the fact that the restructuring of production has also begun to erode even market relations that had hitherto been regarded as more or less stable and "everlasting". The privatisation of the state firms has disrupted the state orders thought to be secure, while the collapse of the CMEA and the eastern markets has confused and endangered the established export relations. All this greatly increases the risk of full independence and increases the social pressure for the buffer role of the state.

However, the causes of this ambivalent relationship include not only direct economic components, but also cultural and attitude factors. Above all, it is worth mentioning the boomerang effect that accompanies liberation from the political power of the state. Paradoxically, the decades of resistance to the state as oppressor is now quite clearly being

reversed, and while the various corporate bodies and interest alliances only clung to the state distribution policy out of fear and defencelessness, they now make angry claims on it. Behind the opposing principles of privatisation intended to "regulate" the plundering of public assets, intensely competing demands for compensation can be detected. Widely varying groups consider that time has come for "the" state to compensate them for their historical grievances and their decades of "lagging behind", to give them open assistance for the advancement they "deserve", but have never achieved -- and they outbid each other in submitting various claims for compensation that are "legitimate" when considered separately. Having the arguments justifying these claims accepted and embodied in the legislation, is a question of rude political force: in this way, privatisation and the creation of a bourgeoisie is the direct function of the latent bargaining positions established over the past decades.

The other arenas of economic life throw an even clearer light on the ambivalences towards the state and bureaucratic integration. The large number of civil societies, associations and foundations now being organised are model cases of the simultaneous demand for self-organisation and for bureaucratic recognition. In this, they are faithfully continuing the traditions of the second economy -- now within institutionalised frames -- which demanded undisturbed autonomy in formulating needs, and support from above for their satisfaction. The situation is similar in the acquisition and regulation of income: enterprise managers and trade union activists are unanimous in protesting against all forms of central restriction of wage bargaining (interpreting even the attempt to reach uniform agreements as a sign of central intervention). At the same time and with the same momentum, they also heavily rely on the very same central state: they all use the old channels that have proved successful in obtaining individual treatment to win compensation for themselves from various bodies of the central budget in face of the inflation they regard as some kind of unavoidable fatality. There is little sign of the bourgeois virtue of self-restraint. It is in the name of the traditional "they" and "we" dichotomy that the atomised actors of the economy and politics enter the competition where the stakes as yet tend to be minimising personal risks rather than the hope of real gains. The desire to minimise risks in itself gives the actors a tendency to formulate advantages for themselves in face of others in

various "exceptions" and "concessions" and in other forms of bureaucratic protection. The still excessive presence of the state in the economy, as well as the understandable open aspiration of the state bureaucracy to reinforce its own position of power, at the most only help broad strata of society to reach the recognition that the creation of a private market in the western sense is a "foreign" prescription for the process of embourgeoisement in Hungary. The Hungarian path still leads through nationalised modernisation.

The poor are the victims of this tacit new compromise that is gradually taking shape. In the first place, because they have been eliminated from the competition being waged for the carving up of state property and are being excluded by legal means from all the benefits to which the slowly emerging propertied strata are entitled. They do not enjoy the tax benefits linked to property, they do not receive the credits requiring property as security and so they are unable to take part in the social procedures which now help the majority to preserve and slowly improve the standard of living. In short, they behave "differently" from the rest of society, and we are gradually reaching the stage where it is this obvious "otherness" that distinguishes the poor rather than their distressed state in the material sense. In contrast with the majority, it is these people who rely practically only on their incomes derived from "official" sources for their daily livelihood and this gives the appearance that they are being supported by the "public". The uniformity of their daily sources then creates the false impression that in reality it is they who "use up" the thin trickle of already dwindling state sources. The majority are therefore in agreement on reducing state expenditures for support of the poor: all initiatives for cuts in this area with the aim of reducing "squandering" are given the green light.

But it is not only their exclusion from the carving up of property that pushes them into some kind of segregated second order. The process is also assisted by the struggle being waged to maintain the strong state but at the same time to redefine the "meaning" of its strength, that is, the expropriation of the sources of the state, now with the aim of privatisation, in the hope of rapidly creating a bourgeois stratum that will save the nation. A new principle of legitimation has triumphed in this major process. Those who also contributed through their own efforts to maintaining the public sources acquire the right to a

share of them. This private contribution presumes either the existence of surplus sources, or membership in the inner circle of institutions that are qualified overnight as "private" with state-bureaucratic assistance. In this way, all those -- the poor -- whose poverty is precisely due to their loose and currently disjoining links to the bureaucracy, find themselves prematurely outside all forms of institutional net and are being "legally" forced to the sidelines. The largest of these groups -- the steadily growing army of the long-term unemployed -- has already been discussed. The ranks of the excluded are also being swollen by the residents of the small villages that have now become social backwaters, the elderly former agricultural co-operative workers who have been left without any livelihood as a result of the privatisation of agriculture, the former long-distance commuters who have been left without a roof over their heads now that the workers' hostels have been closed, and, above all, the Gypsies. The official formulation of their classification in the second order is being left to the discretion of officials of the local authorities with the rapid creation of a policy on poverty following the logic of 19th century British Poor Law which provides assistance on an individual "behavioural" basis, lacking any legally guaranteed entitlement. The law of the second order is the acknowledgement of this system of direct patriarchal dependency, more precisely, renunciation of the right to autonomy in the interest of a meagre livelihood. In other words, the law of the order of the poor will thus be their practical deprivation of the main personal and political rights they have only just gained -- in the interest of expanding the rights of the majority. And this, as we have seen, is the unanimous interest not only of the bureaucrats who distribute this patronage and are thus daily reinforced in their power and indispensability, but also of all the social groups wishing to restrict the competition for the state sources.

However, the institutionalisation of the dual law is not without danger. Where this dual law exists, it is only a matter of time and occasion before someone, on some grounds, steps across the invisible border separating them. Where there are people not protected by the law -- and in Hungary today it does not protect the poor --, the law is not law and the defencelessness tacitly threatens everyone: the silent terror over the minority could tomorrow become open terror over the majority. This is why it is not a professional shortsightedness or

the limited vision of the sociologist dealing with social policy, but simply my concern as a private individual and citizen that leads me to express doubt over the view that poverty in Hungary today is simply the unavoidable concomitant of the economic difficulties and the transformation. For my part, I see something wider and far more serious in the phenomenon: I see one of the most fundamental **political** dangers threatening the barely institutionalised democracy.