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Abstract: The paper draws on the substantivist economic anthropology of Karl Polanyi, in particular his theorization of economy as “instituted process”, to outline the balance of continuity and change found in a Hungarian village and small town where fieldwork has been undertaken since the mid-1970s. Attention is paid both to organizational forms, such as a particularly flexible form of agricultural cooperative in the socialist era, and to institutions in a more general sense, such as informal modes of remuneration. Whereas organizations can be speedily liquidated, instituted practices and attitudes are more resistant to change. In Hungary the continuities are more significant than elsewhere due to the market-oriented reforms of the last postsocialist decades. Stereotypes of “totalitarian” power under socialism and of a pervasive “mafia state” in the 2010s are shown to be equally wide of the mark from the point of view of provincial citizens. It is argued that, following the disruption of the first two postsocialist decades, the instituted processes of Viktor Orbán’s strident populism are increasingly accepted as a stable new normality. However obnoxious this new system in the eyes of liberal critics, this amounts to a re-embedding of economy in society, following a phase of disembedding. Markets – and economy in general – are always a matter of instituted process, but the metaphor of embeddedness gives us a useful additional instrument to analyse the transformation from market socialism to market populism.

Keywords: economic anthropology, embeddedness, institutions, Hungary, informality, politics, populism, (post)socialism

The human economy, then, is embedded and enmeshed in institutions, economic and non-economic. (Polanyi 1957: 250)

Introduction: Bringing Polanyi Back Home
In this paper I explore the political economy of Hungary, the homeland of Karl Polanyi, in the spirit of the substantivist economic anthropology that he pioneered.
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in the 1950s (Polanyi 1957). Beyond the ethnographic descriptions, there is a more theoretical ambition that turns on the concept of "embeddedness". This metaphor to capture the way in which economy forms an undifferentiated component of society and culture throughout human history was not invented by Polanyi. It was a commonplace in the German Historical School and Polanyi probably borrowed it from the Austrian ethnologist Richard Thurnwald (Firth 1972: 473–474). It has been the source of much intellectual ingenuity, in economic sociology as well as anthropology, but it has also generated seemingly endless confusion (Beckert 2009).

My approach in this paper is broadly neo-Polanyian in the sense developed by Mark Harvey (2007; see also Harvey and Geras 2018: 63–69). For Harvey, however, the metaphor of an embedded economy is unhelpful or even meaningless, especially if contrasted with an economy that is allegedly disembedded, since all economic activity in time and space is a question of "instituted process" (Polanyi 1957). Similar arguments were advanced by Barber (1995). The issues remain contentious in the most recent Polanyi scholarship, where they are central to the debate as to whether Polanyi's critique of capitalism is "soft" (Fabian, reformist) or more radically socialist (Lacher 2019). I do not enter those debates here. My aim is simply to rescue the metaphor of embeddedness by restricting it to particular temporal constellations. Economic activity is universally "instituted", but embeddedness is not universal. I use it to denote a taken-for-granted societal normality, even equilibrium, which is dependent in turn on a stable balance between what Karl Polanyi distinguished as "forms of integration".⁴

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¹ Earlier versions were presented at two conferences in 2018: first at the University of Essex during a workshop devoted to the work of economic sociologist Mark Harvey (5 October); second at the joint biennial conference of the Slovak Association of Social Anthropology and the Czech Association for Social Anthropology, Bratislava (9–10 November). Neither meeting was restricted to specialists in economic anthropology, a circumstance I tried to bear in mind in drafting. My thanks to both audiences, to Mark Harvey, to Juraj Buzalka, and to the journal's editors and anonymous reviewers.

² "The concept of embeddedness often fails the question of what is embedded in what, the legal in the political, the fiscal in the legal, or just the economic in a mush of all of these." (Harvey 2007: 173) The same volume contains a concise summary of the comedy of errors which has given "embeddedness" its salience in the literature, despite the fact that it was under-theorized and marginal in Polanyi's own publications (Harvey, Randles and Ramlogan 2007: 3–7).

³ Polanyi's relationship to Karl Marx is complex. Central elements of Marxian social science, including the concept of social class and the evolutionism of historical materialism, were never attractive to Polanyi (see Dale 2017).

⁴ This line of argument is a continuation (and partial correction) of two previous publications (Hann 2009; 2017).
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The Polanyian substantivists offer a radical critique of “formalist” approaches, exemplified by mainstream (“neoclassical”) economics. Rejecting simplistic notions of “economic man”, based on assumptions of universal utility maximization and “the marketing approach”, Polanyi and his school view economy in terms of meeting human needs in particular settings. Environments are defined by their socio-cultural relations as much as by their ecological and technological conditions. Polanyi theorizes market exchange as one “form of integration”, but this principle functions alongside others (notably reciprocity, redistribution, and, in early formulations, householding) to embed economic activity in a socio-cultural totality. According to Polanyi, only in nineteenth century Great Britain was the principle of price-forming markets emphasized to such an extent that the economy became disembedded from the social. The unprecedented rise of “market society” led ineluctably to political reaction, notably the World Wars of the twentieth century (Polanyi 1944).

This thesis has been heavily criticized. Apart from underestimating the role of markets in earlier epochs, problems arise because Polanyi sometimes seems to argue that, in a capitalist industrialized world that is dominated by markets, the formalist approach to the economy would be both necessary and sufficient. The substantivist approach was the more inclusive, and it was indispensable for comparing human economies in time and space. Yet in contemporary Western societies the “economistic fallacy” had acquired a certain validity or plausibility in the sense that economy really had become fully congruent with its “market form” (Polanyi 1957: 246n). At the same time, Polanyi and his followers point out that the conditions of possibility for market society must include a framework of institutions: minimally in law and politics, but also more subtly in realms such as moral legitimation and even religion. From this perspective, even the most impersonal markets in a highly financialized neoliberal global economy must be analyzed in their institutional contexts. For a neoclassical economist, markets consist of agents (which may take a variety of forms, such as individuals, households or firms) whose rational maximizing behaviour is supposed to generate socially optimal equilibria. Without dismissing market logic, an important element of most human economies, substantivists insist on the need to study the concrete processes through which exchanges take place as well as the socio-cultural profiles of those engaged in the transactions. In this paper I apply this contextualizing approach to different forms of market economy in Hungary in the last half century.

Karl Polanyi’s key term is institution. Without offering elaborate theorization, he writes of “the transcending importance of the institutional aspect of the economy” (ibid.: 251). Implicitly he leans on earlier traditions in American sociology, as well as the European schools to which he was first exposed as a student in Budapest before the First World War. Economic activity for Polanyi is more than
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a chaotic processual mass of transactions, appropriations and dispositions. It is ordered or structured: “The instituting of the economic process vests that process with unity and stability.” (ibid.) But not all socio-economic change is as gradualist as this implies. Not all historical periods are characterized by unity and stability. In the context of export processing zones in the Indian Ocean, Patrick Neveling has recently drawn attention to phases of dis-embedding and re-embedding, shaped by the multiscalar global dynamics of capitalist accumulation. He proposes “that we define the term embedded as having everyone play by the same rules” (Neveling 2014: 69). Adapting his dynamic approach to the very different setting of socialist and postsocialist Hungary, I shall argue that, following two decades of disruptive attempts to institute what Karl Polanyi theorized as the “utopia” of organizing society according to the principles of a self-regulating market, in the last decade provincial citizens have achieved a new condition of embeddedness. Under Viktor Orbán, the market is still extremely important (which is why I speak of “market populism”), but after a period of utopian hegemony, in the course of what we might, again following Polanyi, term the “populist countermovement”, market exchange has been demoted to where it was in the last decades of socialism, one form of integration among others.

The Hungarian Path: From One One-Party, Market System to Another

Karl Polanyi viewed capitalism and socialism as alternative ways to institute modern industrial society. Within such broad types, the balance between the forms of integration could vary considerably. Hungarian socialism in the 1970s and 1980s was no longer based on Stalinist central planning as it had been in the 1950s. Following decades of gradualist change in which market exchange was strengthened at the expense of redistribution, like other states of the region Hungary experienced rupture in 1990 and the years immediately following. Many organizations, such as collective farms, disappeared altogether in the course of postsocialist privatization. But even when formal organizations are eliminated, anthropologists may detect continuities in values and economic practices. Institutional orders in this

In recent decades some economists, too, have engaged in interesting ways with institutions as I use the term in this paper. The theoretical debates generated by “new institutionalist” approaches cannot be pursued here. Influenced by economic historian Douglass C. North, some anthropologists have started to define institution as “the rules of the game”, tacit as well as formally codified. This has proved productive in economic anthropology (Acheson 1994). There are, however, dangers in stretching the concept of institution in this way, especially when the “rules” are interpreted by applying models of evolutionary fitness that replicate the weaknesses of the “marketing approach”. For a sympathetic critique of North on this and many other points, see Krul (2019).
deeper sense are profoundly resilient. I shall show that, for all the changes that have taken place in provincial political economy in the last 30 years, continuities are also significant. While external analysts may insist that the salience of market economy and private property after 1990 add up to a new order, many local actors tend to point to equivalences and similarities.

Polanyi died in 1964 and thus had no opportunity to assess the policies that reformers began to introduce in Hungary during that decade, which culminated in the introduction in January 1968 of the New Economic Mechanism. The outcome of these measures is sometimes glossed as “market socialism” or, in more popular parlance, “goulash socialism”. Visitors to the country in the last two decades of socialism usually noticed that consumer markets were considerably superior to those of neighbouring COMECON states. Even if their political freedom was still heavily constrained, millions of Hungarians were grateful for the greater freedoms they enjoyed in the economic realm. Because the scope for individual initiative expanded more or less continuously down to 1990, numerous observers predicted that Hungary would be more successful than any other state of the region in coping with the transition to market capitalism after 1990.

This optimism turned out to be misplaced. With the exception of the capital and the celebrated “corridor” between Budapest and Vienna, which were very attractive to foreign investors, most of the country experienced extreme dislocation, including high rates of unemployment. The agricultural sector, which had been a remarkable success story under socialism, suffered severely as a result of decollectivization. Access to the European Union in 2004 brought new subsidies and made it easier for Hungarians to seek jobs in the West, but living standards in villages and small towns have hardly improved significantly. In short, there is a deep frustration throughout provincial Hungary that so few of the hopes of 1989–1990 have been realized. The provinces are the basis of Viktor Orbán’s populist Fidesz party. Of course, this party does not have a monopoly of power in the same way that the Hungarian Socialist Workers’ Party dominated the scene before 1990. However, since the elections of 2010 the similarities are considerable; comparisons are drawn by citizens themselves.

The small town of Kiskunhalás (population a little under 30,000 and falling) is located in the county of Bács-Kiskun on the western section of the Great Hungarian Plain, approximately mid-way between the rivers Danube and Tisza, and only 30 kms from the border with Serbia. This is a region that I have known well since carrying out fieldwork for my doctoral thesis in the mid-1970s in a village only

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6 Ongoing research is being undertaken in the framework of the "Realising Eurasia" project, supported by the European Research Council under the European Union’s Seventh Framework Programme (Grant agreement no. 340854 – REALEURASIA).
15 kms from this town (Hann 1980; 2015). I focused in my thesis on an organizational form that was specific to this region. While not statistically representative, I argued that this type of cooperative was emblematic of the compromises of market socialism. After confirming that diagnosis in the next section of the present paper, I move on to explore terrain that is largely inaccessible to non-anthropologists. We are wary of terms such as corruption because the implicit yardstick of comparison, namely perfectly transparent structures in a law-governed state, however appropriate for political scientists, is unhelpful in understanding how political systems are instituted on the ground. Clumpish words such as graft and cronyism are insufficient when it comes to understanding “informal” dimensions of economic life. Local actors may have quite different understandings of what constitutes a gift and what constitutes a bribe – if they draw such distinctions at all. They may hold views concerning local politicians (before 1990 a village-level Communist Party secretary, nowadays a mayor who is a member of Fidesz) that do not correspond to the norms of Transparency International. Distinguishing between legitimate lobbying and corruption in Hungary today is in principle no different from making the same distinction elsewhere, including older member states of the European Union. Yet the Hungary of Viktor Orbán is widely believed to be a special case. Liberal critics argue that the populists who have built up a near-monopoly of power since 2010 have simultaneously lined their own pockets in the framework of an unprecedented “post-communist mafia state” (Magyar 2016).

Both in economic life and in politics, habits of the recent past linger strongly. In the last sections of the paper I attend to instituted processes of economy in Kiskunhalas in recent years that are unambiguously new, including the penetration of transnational capital and labour that moves in the opposite direction. This new order can only be grasped in much wider European and global frameworks. But at the grass roots, “market populism”, as I label the relative stability and embeddedness accomplished in the 2010s under the leadership of Viktor Orbán, still depends concretely upon practices that emerged in the “second economy” of market socialism.

Socialism: The Specialist Cooperative and the Second Economy
In pre-socialist days the region between the rivers Danube and Tisza was almost entirely agricultural. It continued to rely heavily on agriculture and food production in the socialist era, though it also experienced significant industrialization, as I shall explain below. Some landscapes exemplify the flat pusztá that has been identified since the nineteenth century with allegedly unique Magyar traditions of nomadism and animal husbandry, and are nowadays inscribed on UNESCO world heritage and biosphere lists. But most districts of Bács-Kiskun were occupied by sedentary farmers from the early Middle Ages and have little romantic
appeal. They were depopulated during the Ottoman occupation, and then resettled by multiethnic immigrants in the wake of the Turkish withdrawal. By the first half of the twentieth century, in the absence of opportunities in the cities, the rural population had swollen. The society was highly stratified and few peasant households could accomplish their ideals of self-sufficiency, let alone accumulate capital and modernize their farms.

The sandy soils of the Danube-Tisza interfluve were not conducive to cereal farming but they did support vines and orchards. Many settlers built isolated farms on their plots. In such districts, any conventional implementation of collectivization would have entailed enormous economic losses. Therefore, around 1960, when so-called production cooperatives were imposed in most of Hungary, modelled on the Soviet collective farm (kolkhoz), in these districts of central Bács-Kiskun an alternative organizational form was invented, the specialist cooperative (szakszövetkezet). For most farmers this meant that they were able to carry on cultivating their land as a household unit, despite being members of a nominally socialist cooperative. The szakszövetkezet was supposed to initiate gradual steps towards higher forms of collective organization, and in the meantime to support small-scale commodity production by its members. Over time, the support increased. The specialist cooperative provided mechanized services, supplied fertilizer and fodder cheaply, and helped in marketing the hogs, milk and grapes that formed the three main branches of production in the peasant farming sector. When I began fieldwork for my PhD in 1975, I chose to explore a community of this kind.⁷

The ideology that the szakszövetkezet would eventually morph into a conventional form of collective farm persisted until the 1980s. By that time the latter had decentralized and become increasingly responsive to market signals, which conduced to high levels of production and consumer satisfaction (Swain 1985). The principal produce markets in all sectors were, of course, tightly controlled by the state.

If agriculture as a whole was successful and the specialist cooperative was emblematic, what about other sectors and the ramifications of these developments for socialist society? In his recent book, Bálint Magyar (2016) casts a brief look back at the way in which the informal economy functioned in the decades of market socialism (see also Swain 1992). Magyar argues that citizens embraced the more flexible

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⁷ To the ethnographers at the Ethnographic Research Group of the Hungarian Academy of Sciences, to which I was affiliated, I sometimes explained this choice in terms of a wish to investigate economic life where the continuities with the old peasant economy were strongest. But my background was in the social sciences. As my main adviser Mihály Sárkány knew very well, I was interested in this cooperative because it exemplified the flexibility of the market socialism that I had studied previously through economics literature.
rules because all stood to gain: in this sense, the loosening of central planning and controls over entrepreneurship was democratic. Much of the "second economy" was not simply outside the plan: it was outside the purview of the state altogether, especially given the absence of effective mechanisms of personal income taxation. The "economy of favours" flourished in other socialist states too, including the Soviet Union itself (Ledeneva 1998). Yet the Hungarian case was unusual. In most centrally planned economies, as a consequence of shortages, getting by in everyday life depended heavily on personal connections. In such contexts, the institution of friendship might be expected to diverge from its social meaning in capitalist market economies, where the emotional warmth of a sincere friendship was more clearly differentiated (at least in principle) from the pragmatic use of a relationship to gain access to scarce goods. This kind of instrumentalization was common in Hungary also, especially concerning the allocation of urban housing. But the freedoms of the socialist second economy in Hungary gave rise to moral hazards of a different order. Party hardliners feared that expanding the realm of material incentives, far from "lubricating" the rusty mechanisms of central planning, might undermine them – both in insidious moral ways, and very concretely by creating situations in which citizens slacked at their socialist workplaces in order to save their strength for their second jobs; not to mention the temptation to appropriate property from the socialist enterprise for private use (see Hann 1992).

These tensions were highly visible in Tázlár, which thanks in part to the specialist cooperative experienced the efflorescence of the second economy vividly. The grandson of my landlady, who lived next door and shared the backyard with us, was one of the first villagers to own a private tractor (purchased second hand from a nearby state farm). Although his prices were higher, Feri worked more conscientiously than the tractor drivers employed by the specialist cooperative. His services were therefore much in demand. During the early 1980s he expanded his machine park, eventually becoming the proud owner of a combine harvester. At about the same time, the inefficiencies of the cooperative were acknowledged by a new chairman when he decided to privatize the tractors to their drivers, thus giving the individuals an incentive to improve the services they offered. Despite such changes, in the eyes of most villagers the socialist organization still had a negative image. It was widely maintained that members on good terms with its leaders enjoyed various perks, while others experienced discrimination. The szakszövetkezet was nonetheless positively valued by many as a source of employment. When it opened several non-agricultural ancillary units to provide unskilled wage-labour jobs for village women, it achieved a degree of popularity that led many, especially younger villagers, to forget that this was a socialist imposition upon a deeply recalcitrant, conservative peasantry.
The social structure of Tázlár was changing at the time of my first fieldwork. At one end of my street, a mechanic built the village’s first two-storeyed house on the basis of the money he earned through his private workshop (his specialization was the Trabant). This entrepreneurial mechanic was married to an accountant at the szakszövetkezet who was also a stalwart of the village cell of the Communist Party. Other entrepreneurs, however, like Feri (my landlady’s grandson), preferred to keep their distance from the Party and the local authorities. Everyone had opportunities for upward mobility, if they had marketable skills. A handful of entrepreneurial masons played the leading role in transforming the village housing stock in these decades. Housing provided a good illustration of how different “forms of integration” could be mutually embedded. While most items needed for a new dwelling were purchased in a (highly regulated) market, housebuilding was not a market-dominated activity. Many households took advantage of cheap credit made available by the state bank to build or modernize their homes. Almost all participated in reciprocal work parties that were joyous occasions; at the same time, they greatly reduced the necessity to hire labourers.

Wage-labour had always played a seasonal role in agriculture. Suppressed in the first two decades of socialism, the opening to the market brought a revival of the institution of day-labouring, especially in vineyard work that did not lend itself to mechanization. Those who had larger holdings, and who therefore needed to supplement the household labour supply, especially for the harvest, tended to be the descendants of the more prosperous farmers of the past (so-called kuláks). Those who supplied this labour for a daily fee tended to be the descendants of the former rural proletariat. In other words, while offering genuine opportunities for upward social mobility to some, market socialism was instituted in such a way as to revive memories of the social hierarchy of the pre-socialist era.

These developments were still limited in scope in 1970s Tázlár. In a neighbouring village of German heritage possessing longer traditions of viticulture, however, the organizational form of the specialist cooperative facilitated more dramatic increases in social differentiation. Some of those who embarked on trajectories of accumulation felt compelled, should the market falter, to resort to new and dubious methods in order to continue their expansion (or pay off their debts). The second economy boomed. Even Feri in Tázlár could not resist the temptation to smuggle oil across the nearby border and eventually established a road haulage firm. For others, the production of alcohol offered abundant opportunities. Both wine and spirits were important for hospitality practices in Tázlár, as throughout the Hungarian countryside. What changed in the 1980s was the scale of illegal marketing outside the community, especially to Budapest. Long before the end of socialism, some producers realized that they could make more profit by adding chemicals (in addition to the sugar that had been standard practice for decades). Standards were
driven down (not to mention health threats) by “wine that had never seen a grape” (Hann 2004b; 2006). The scandals in this branch seemed to exemplify the dangers inherent in strengthening the market form of integration at the expense of other forms, at any rate so long as state controls remained largely ineffectual. While most Tázlár villagers struggled to sell their products through the specialist cooperative (which particularly in the case of wine had trouble in guaranteeing stable purchase prices), those who attempted to enrich themselves as rapidly as possible through black market dealings incurred moral ire.

Political Excursus: Socialist Lobbying

Although my doctoral project focused on continuity and change in the peasant economy, I devoted a long chapter of my monograph to local politics (Hann 1980: ch. 5). The council chairman in Tázlár, as everywhere else, represented the power of the one-party state, widely viewed in the West as “totalitarian” and certainly not subject to control by an independent judiciary. Comrade Trsztyinszki was brought up in a poor peasant family in a nearby market town with Slovak traditions. He had been in office for almost 20 years, having been posted to Tázlár soon after the 1956 revolution (which had minimal direct impact on this community).⁸ During this time, thanks in part to his efforts, the village centre was endowed with electricity, piped water and other amenities. Residence here was increasingly preferred to the isolated farms of the pusztta, which in populist-socialist developmental ideology were associated with poverty and backwardness. Yet the remote farms retained certain attractions, notably that of proximity to one’s fields and vineyards. In the more liberal climate of the 1970s it became possible to modernize these buildings, and in particular to secure their electrification. This required authorization from the council chairman. Even as a senior cadre, Comrade Trsztyinszki’s salary was modest in comparison with the sums that villagers could earn through household farming. Electrification schemes offered the village leader a golden opportunity to boost his own income. After all, the payments were not extorted from poor peasants who could not afford payment: Comrade Trsztyinszki took a cut only from the well-to-do, those who could afford to invest large sums on the renovation of their dwellings.

⁸ Although he was not sympathetic to my presence in his village for almost a year, I had official letters from the Academy of Sciences and support from the leaders of the szak-szövetkezet, in particular the agronomist with responsibility for supporting household farming. I was able to obtain basic data from the offices of the council, but my contacts to this organization (as to the village school) were extremely limited. I was able to remedy this gap only after 1990 and to establish cordial relations with Comrade Trsztyinszki only in the new century (see Hann 2004a).
A few years after my field research had finished, this practice was exposed by a village entrepreneur who tape-recorded a feigned bribe to the comrade and then passed on the incriminating evidence to the authorities. Comrade Trsztyinszki was prosecuted, found guilty, and stripped of his office (though not of his pension; and he did not spend time in prison). Local reaction was low-key. Some villagers (I think most) were not particularly surprised or disturbed by the proof of corruption. What bothered them more was the fact that, after a dynamic period in the 1960s, Tázlár was obviously not developing as rapidly as other villages in the district (járás). This stagnation was attributed to Comrade Trsztyinszki’s relative laziness, or perhaps his failure to cultivate the appropriate personal contacts at district and county headquarters. It was recognized and accepted that the distribution of scarce resources by the socialist one-party state depended not on the objective decisions of omniscient planners in faraway cities, but unfolded according to connections. Even if the word “lobbying” was not yet available to describe what was going on, these assumptions were tacitly shared by all. In the last years of the 1980s, following Trsztyinszki’s disgrace, the village council was headed part-time by a local school teacher, who was astute in using his party contacts outside the village to secure significant investments (especially to improve the facilities of the local educational complex). Though not democratically elected, this communist teacher’s modus operandi met with general approval.

In the first free elections of 1990 the entrepreneur who had entrapped Comrade Trsztyinszki stood for the new post of mayor. But he was not trusted, mainly because of his activities in various grey areas of the second economy (at one point he was a major player on the national tobacco market). Instead villagers elected the lady who had previously served loyally over decades as Comrade Trsztyinszki’s executive secretary (VB titkár). Despite her membership of the Communist Party, she was considered to be personally fair and korrekt, a reputation she successfully maintained throughout her four years in office.⁹

The Long Postsocialist Transition in Kiskunhalas
Although administratively subordinate to the hometown of Comrade Trsztyinszki to the north-west, following improvements to the road network in the course of the 1970s–1980s the town of Kiskunhalas to the south became more readily accessible for the villagers of Tázlár. This town expanded dynamically in the 1970s. The largest

⁹ She did not stand for re-election in 1994 as by then she was approaching the age of retirement. For further details concerning the election of 1990 see Hann (1992). The entrepreneur who lost in 1990 donated generously to the Fidesz party of Viktor Orbán in later years. It is said that he was deeply hurt when, in 1998, after becoming Prime Minister for the first time, Orbán suddenly broke off contact.
enterprise in terms of employment was the state farm, but over one third of the active labour force worked in industry – and this in a market town virtually devoid of industry at the onset of the socialist period. This happened as a result of policies that required large state enterprises in the capital Budapest to establish subsidiaries in the provinces. In Kiskunhalas they colonised newly designated industrial estates to the east of the railway line. The town did not have an influential representative in the ministry or the party’s central committee. It is thought locally that proximity to the Yugoslav border may have played a role in these investment decisions. The barracks of both Hungarian and Soviet armies also generated jobs for the inhabitants of Kiskunhalas. Although new housing estates were built, there were never enough apartments to accommodate the emerging proletarian. This problem was solved by a good network of public buses, which enabled villagers (including many from Tázlár) to take up jobs in these new factories as daily commuters, while continuing to tend their household plots and vineyards. In short, the decades of market socialism were also marked by what Polanyi theorized in terms of centrivity: dispositions by the state. Even the Roma population of Kiskunhalas was drawn into a national labour market for the first time.

I spent little time in the town in the 1970s and have embarked on more serious enquiries there only recently. Those old enough to recall the power structures of the late socialist era sometimes distinguish one leader from another in terms of their personal attributes. As in the village, everyone agrees that cultivating links to the centre was of paramount importance. Sometimes this could mean county level officials in Kecskemét, but often it was a ministry in Budapest. Nonetheless I have not heard accusations of cronyism and corruption levelled against the town’s socialist officials in the decades before 1990. Negative verdicts (such as the labels mafioso and gengszter) are delivered on those who became rich quickly in dubious circumstances after 1990, such as the Tázlár entrepreneur (and failed politician) mentioned above. But those who managed to salvage something from liquidated socialist enterprises are not condemned as cherry-picking nomenklatura capitalists or “green barons” (see Swain 2013). They are more commonly applauded as decent citizens who did what they could to preserve jobs and livelihoods. For example, the vintner who acquired the town’s most valuable winery is to this day a popular public figure in the town. The legal counsel of the Kiskunhalas State Farm remained loyal to the party after it changed its name to the Hungarian Socialist Party. He was elected to parliament in 1994 and later served as a respected mayor between 2002 and 2010.

10 This ratio was higher than in the county capital, Kecskemét (Gergely 1991: 177; see also Ván 1985).
As in Tázlár, the dominant economic trends since 1990 have been negative. Significant change began here, as in the village, well before 1990. The large knitwear factory established in the 1960s was generally acknowledged to be inefficient and sold to Levi-Strauss in 1988. At the time this was taken to be a healthy sign. The first experience with a transnational corporation was positive: labour discipline was tougher, but wages were high and the new employer was popular, especially with the women who formed the bulk of its labour force. There was bitter disappointment in 2009 when the company decided at short notice to close the factory and relocate production to neighbouring Romania, where costs were apparently significantly lower. Employment in most other large enterprises of Kiskunhalas collapsed much earlier. In both agriculture and industry the Roma were usually the first to be made redundant, but thousands of ethnic Hungarians experienced the same fate.

The political evolution of Kiskunhalas in the last three decades has been complex. The mayor elected in 1990 was a member of the Alliance of Free Democrats (SZDSZ), a party that emerged out of dissident circles in late socialist Budapest (to my knowledge it has never had a single member in Tázlár). Its strong showing in the first free elections (in coalition with Viktor Orbán’s Fidesz party) was never repeated. The mayor was re-elected for two more terms but on the basis of a local affiliation only (to a loose network called the Urban Civic Circle). Others left the Free Democrats to join Fidesz, including a lawyer who served as Member of Parliament for this constituency from 1998 onwards. Entrepreneurs who initially supported the SZDSZ on the basis of its commitment to market economy recall feeling terribly let down by a party that never took the provinces seriously. Bálint Magyar (2016: 46), himself a veteran of the dissident opposition, writes that “in the SZDSZ everyday party activities required awkwardly obligatory attendance since the party leadership and the intellectual circles surrounding it did not really have cultural chemistry with the general majority of the membership. This also meant that they did not share social partnership and lifestyle”. The Hungarian Socialist Party performed well in Kiskunhalas until 2010, by which time its reputation had sunk due to scandals surrounding a young local socialist politician (János Zuschlag). By 2010 the council was dominated by Fidesz, and this party captured the top job in 2014. Both mayor and MP are relatively young members of families with extensive business interests in the region (the latter has a rather typical “green

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11 Even without the additional local scandal, the opportunism of Ferenc Gyurcsány at the national level had discredited the socialists. Gyurcsány was a former communist youth official who became very wealthy in the course of the 1990s privatizations and served as Prime Minister between 2004 and 2008. He was recorded at a private party meeting admitting that he had lied in order to hold on to power in the general elections of 2006.
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baron” family background). Yet even citizens who voted for other parties and who are critical of cronyism at the national level do not level accusations of corruption against these local leaders. In the following sections I turn to look more closely at economy as instituted process in the Kiskunhalas of the 2010s.

Capital: The Impact of Foreign Direct Investment

In the aftermath of socialism, the county of Bács-Kiskun was slow to benefit from the flow of foreign direct investment (FDI) to Hungary. In the new century, and especially under the governments led by Viktor Orbán since 2010, investments have been spread more evenly. Like other towns all over the country, Kiskunhalas has experienced a transformation of the retail sector as transnational corporations moved in. Lidl and Spar acquired sites in the heart of the town, while Tesco and Aldi opened their stores in a new shopping complex in the former green belt. The supermarkets of the socialist era could not compete. The number of small, family-owned shops scattered across the town has increased since the socialist era, but their prices are significantly higher and they attract customers only by opening for longer hours, including Sundays. Most consumers, even those without their own car, find it more economical to purchase at the one of the new multis. These big stores go to trouble to feature Hungarian products, including local items such as wine from the immediate region. But this wine is seldom cheaper than imported wine from southern Europe or even the southern hemisphere. In 2018 I noticed that Lidl counters featured a lot of products originating in neighboring Slovenia, but also barbecue steaks from Germany. Some residents of Kiskunhalas are critical, but these stores have been generally accepted. They have created new jobs, for which the beneficiaries are grateful. Wages are not high, but they compare well with other opportunities in the town. Employees note that not all multis offer the same conditions: Tesco wages are slightly lower, but some prefer to work here than for Aldi or Lidl, where they would have to endure more demanding rhythms due to lower levels of staffing.

In the 2010s a new multi has appeared on the scene in Bács-Kiskun: Mercedes-Benz has opened a plant at Kecskemét that already employs over 4000 workers; the number is expected to increase substantially with the construction of a second site by 2020. The county capital is over 40 kms from Tázlár and about 55 from Kiskunhalas. The roads are poor, especially in winter, and the journey takes up to an hour in each direction. The attraction is that even unskilled jobs on the assembly line here are much better remunerated than comparable jobs, or even skilled work, in the local town. The company offers assistance to rural commuters within

12 Fidesz policies continue to restrict the multis from extended Sunday opening, which gives local entrepreneurs their opportunity (see Szücs in preparation).
a certain radius of the plant, but Kiskunhalas is well outside this range. Workers solve the problem by clubbing together to share petrol costs. The German investment has transformed property prices in the county capital, such that relocation or even renting are out of the question for these commuters. Working conditions are considered to be good, but turnover is high due to the monotonous and alienating nature of the work.

Whereas the supermarkets preserve the illusion of being part of a competitive market (of course tightly regulated by the state and mediated through social relations at multiple levels), the Mercedes-Benz investment, like hundreds of others over the last decade, is the result of a special agreement with the Hungarian government. The public funding made available to entice the transnational corporation derives (for the most part) from the European Union. Magyar (2016) has documented some of the abuses to which current practices have led. Compared with previous governments, led by socialists and liberals, which implemented (often unwillingly) neoliberal market principles on the premise that efficient markets were conducive to the common good, the Orbán governments are highly interventionist for the cause of creating a national bourgeoisie, a class that is expected to be beholden to the new dominant party.

**Contemporary Labour Markets as Instituted Process**

The daily mobility of workers (mostly unskilled) from Táxlár and Kiskunhalas to Kecskemét as a result of FDI is complemented in today’s labour market conditions by several other mobility streams. One leads to the south, where tensions along the Schengen border with Serbia have been greatly accentuated by the “migrants’ crisis” that erupted in summer 2015. Some residents of Kiskunhalas have been attracted by relatively well-paid positions in the frontier police, though long shifts and weekends are significant disincentives.

Of greater significance statistically (though no precise numbers are available) is westwards mobility that is not compatible with continuous local residence. Many provincial Hungarians were dabbling in EU labour markets even before this was legalized following the country’s access to the EU in 2004. Even in Germany, which opted to delay full access, it was comparatively easy to find seasonal jobs on the land and to work in the construction sector. For the last decade, aided by the fact that English has replaced Russian as the first foreign language in Hungarian schools, the most popular destination has been Britain. Most families in Kiskunhalas have a relative, neighbour or former classmate with experience of work somewhere in the West. Most of those who set out today make use of networks established by the pioneers. While some work is said to be informal (cash-in-hand), most have little difficulty in finding the formal-sector jobs that they need to be eligible for health care and other benefits. I know two Táxlár classmates who have been based
in Britain for the last decade. Although they attended vocational high schools after graduating from the village’s general school, neither has made any use of these skills in Britain. They do not rule out moving back to Hungary, but if they return they say it will be to Budapest or Kecskemét rather than to any smaller settlement in the region. Both sets of parents have learned to take such remarks with a pinch of salt. These boys are both spending the money they earn, e.g. as supporters of Chelsea Football Club, or through purchasing a new car with the help of credit. They do not send remittances to their parents. There are cases of migrants who return and build a house with their savings, but these seem to be exceptional. I also heard about a case in which, having made an effort to re-integrate in Kiskunhalas, a family decided to return to England because Hungarian wages did not permit them to maintain the standard of living to which they had become accustomed. I have not heard of a single case of a returnee using savings from the West to launch a successful business back home in the town or the village.

Another significant form of mobility involves not an individual decision to migrate but work for a Hungarian enterprise in a western country. In Kiskunhalas this pattern was pioneered in the hour of socialist collapse by a new construction company, which emerged from one of the largest state enterprises in the town. Under the leadership of entrepreneurial managers who took advantage of the 1980s reform-socialist measures to encourage private initiative, Merkbau (and later its daughter companies) won relatively lucrative sub-contracting jobs in southern Germany, mainly Bavaria. In the mid-1990s, when tax concessions were withdrawn, the company regrouped and consolidated its activities back at its base in Kiskunhalas. It continues to advertise jobs for skilled workers to work in Germany. No knowledge of German is required. The company’s policy is not to bid for work in more distant parts of Germany. From a hostel in southern Bavaria a Kiskunhalas worker can drive home on a Friday afternoon/evening to spend the weekend with his family, returning to his workplace on Sunday. Other, smaller factories in the town also have close links to firms in Germany. One small businessman always adds a gift when dispatching the specialized metal goods produced in his workshop: nothing that could be construed as an illicit payment, he jokes, but just a human touch redolent of the region, such as a crate of fresh fruit or some bottles of home-distilled Schnapps. He does not expect a counter-gift from Germany; prompt payment of his invoices is what he needs to keep his family business afloat in Kiskunhalas.

The jobs mentioned so far – in Tesco, Mercedes-Benz, the Frontier Police, and Merkbau – are all “formal sector”: wages are paid into bank accounts, and tax and insurance contributions are deducted for both employees and employers. This is true almost by definition of jobs in the public sector. The same applies to another important segment of the contemporary labour market: the workfare schemes
which contribute significantly to today’s low unemployment rate. Nonetheless
a good deal of work falls outside the formal sector. Some of this is described in
popular parlance as “black”. But the instituted processes of comparatively large seg-
ments of the labour market are neither black nor white but rather many shades of
grey (cf. Harboe Knudsen and Frederiksen 2015; Henig and Makovicky 2017). This
is a spectrum reminiscent of the market socialist decades, when the exact bound-
aries of property and legality were endemically fuzzy and large sums of cash were
transferred without any paper or digital record.

The typical scenario nowadays is as follows. Employers declare that a worker
receives only the minimum wage, but supplement this with an additional sum that
is handed over in person on payday. (The “envelope” may combine the official and
the unofficial components of a worker’s remuneration, since even relatively large
enterprises still commonly opt to avoid the banking system.) Just as the organiza-
tional form known as the szakszövetkezet exemplified the flexibility of late social-
ism, so this envelope symbolizes the present experience of market economy as an
instituted process. It has proved extremely difficult to transcend the habits of the
socialist era, when millions of citizens were accustomed to receiving much of their
income through informal transactions invisible to the authorities. Successive post-
socialist governments have struggled to correct these habits, and in recent years
there has been strong pressure to do so from the EU. Hungary spends well above
the EU average on “financial administration”, including tax collection; but the fla-
grant persistence of the institution known as “the envelope” shows the resilience
of custom.

Accomplishing a New Normality
I broke off my narrative concerning Tázlár in 1994, when the specialist coopera-
tive still existed and provided work for several dozen villagers. Thereafter it with-
ered gradually as first its machinery and buildings and eventually the land itself
were privatized, before final liquidation in the new century. Only a handful of en-
trepreneurial farmers still make a living primarily from the land. In terms of finan-
cial value, wine is the most important branch of the economy. In the 1990s the need
for additional seasonal labour was met by the illegal employment of Romanian

13 The workfare schemes introduced by Fidesz from 2011 are a prominent element of the
government’s campaign to replace welfare dependency with a new work ethic. In particu-
lar, many Roma who had effectively been inactive for two decades now found themselves
obliged to work in order to provide for their families. The Roma leader who serves as a
deputy mayor in Kiskunhalas praises these schemes on the grounds that more and more
members of the minority are now finding work on the regular job market (see Hann
2018).
citizens (of Romanian and Roma as well as Hungarian ethnicity). By the 2010s, this was no longer necessary due to the availability of new harvesting machines.

Politically, Tázlár has been extremely stable. The mayor elected in 1994 was an independent, as were all the other councilors. But he owed his success at least in part to the canvassing of the revived Independent Smallholders’ Party. Endre was a descendant of a long-established middle-peasant Catholic family. He easily saw off a challenge in 1998 from the non-religious, ex-communist teacher mentioned above, who had done so much for the village as its interim leader in the late 1980s. From that year on, Endre was usually elected unopposed. He was finally challenged in 2014 by another schoolteacher, who had joined Fidesz after its triumph in the parliamentary elections of 2010. There was no suggestion that Endre had been corrupt. Rather (in this respect resembling the complaint made about Comrade Trsztyinszki in the 1980s), the rebuke was that after 20 years he was no longer investing enough time and energy in the job. The village seemed once again to be stagnating. In this climate, the card that may have proved decisive for the challenger was his affiliation to the new monopoly party. The implicit promise to the villagers of Tázlár was that a vote for the teacher, whose “clean” personal profile and national-religious values did not differ in any significant way from those of the incumbent, would open gateways to public funding controlled by party cronies. The years since his narrow victory in 2014 have not brought any dramatic confirmation of this supposition. Nevertheless, the new mayor has undoubtedly been more active than his predecessor in attending meetings outside the community. He has been successful with quite a few small-scale applications to Budapest for support. Perhaps more importantly, he has promoted a collective consciousness of “re-embedding” by supporting socio-cultural activities and promoting collective ritual life in innovative, low-key ways (Hann 2017). It is taken for granted in the village that he will stand and be re-elected in the local elections of 2019.

Both in the village and in the town of Kiskunhalas the question of corruption comes up frequently in conversation, usually with reference to media coverage of scandals at the national level, often involving Viktor Orbán’s family and his immediate entourage. To judge from the evidence amassed by Magyar (2016), the abuses are at least as great as the scams and distortions of the socialist era, when corruption was by and large a “single tier” phenomenon that involved a high proportion of the population “in a quasi egalitarian manner” (ibid.: 5). The cronyism of today’s “mafia state” is said to be of a different order. In a society in which “vast numbers can fall from one day to the next into an existentially completely hopeless situation” (ibid.: 143), the mafia state under its boss Viktor Orbán is “the privatized form of the parasitic state” (ibid.: 13).

Magyar’s dramatic diagnosis to my mind indicates that the Budapest intellectual is just as far from understanding everyday realities in places like Tázlár and
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Kiskunhalas as he and his dissident friends were in the 1990s, when they first demonstrated their lack of “cultural chemistry” with the provinces. To begin with, Magyar exaggerates the extent to which the expansion of the second economy in the last decades of socialism was an egalitarian process. He is probably right to argue that, while fewer people benefit from cronyism and corruption nowadays, the scale of authoritarian malpractice in those limited circles has no precedent in the socialist decades. But the bigger problem is that the author seems to think that, in western countries, connections are of no importance when it comes to securing lucrative contracts, finding employment for your children, or outlets for your products. Even if some boundaries are drawn differently in postsocialist countries, it is naive to condemn the heinous otherness of the present government in Budapest by idealized standards of bureaucratic transparency that do not prevail anywhere in the world. Villagers and townspeople in Bács-Kiskun tend to shrug their shoulders and emphasize continuities with the way things were managed in the socialist decades. For example, housing credits introduced under Orbán are popular and reminiscent of the schemes available in the 1970s–1980s. The same type of personality who was attracted to the Communist Party in that era is attracted to join Fidesz today (though the numbers of active members are much lower). It is accepted that a good mayor has to be an operator, a wheeler-dealer, regularly on the phone to both ministers and party officials, cutting corners whenever it is in the interests of the town for him to do so. In Kiskunhalas no one doubts the commitment of the young Fidesz mayor in office since 2014. Even though, like his counterpart in Tázlár, he cannot boast of any dramatic largesse in the form of state investments, he too can feel confident of re-election in 2019.

In short, the charges of gross corruption and authoritarian neoliberalism advanced by Orbán’s critics in Budapest and internationally find little resonance among his provincial voters. Nor do townspeople criticize the “envelope” method of payment described above. Workers are perfectly conscious of its adverse effects on their pension entitlements; but they know that the employer’s contribution to national insurance is high, and they accept that the profitability of the business could be seriously damaged if their wages were to be declared in full. In places such as Kiskunhalas this supposition may well be valid for many small enterprises. This low-level corruption is endemic but neither employers nor employees see any prospect of eradicating it. It is the socio-cultural context for a mix that has brought Polanyi’s four forms of integration back into a seemingly stable harmony. With the exception of distant elites who do not show their faces in places like Tázlár and

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14 Those building today, though fewer in number, are likely to opt for a similar mix of market, cheap state credit (redistribution) and self-help work groups (householding and reciprocity) to that which was available to their parents and grandparents, as noted above.
Kiskunhalas, citizens accept the "rules of the game" and are getting on with it. This is not quite the same as the embeddedness of the "capitalist anti-market" identified by Patrick Neveling (2014) for the case of Mauritius, which involves consideration of formal-legal institutions at higher scales; but, like Neveling, I find the Polanyian metaphor helpful because, for all the processual continuity in institutions and everyday life, it offers a way to acknowledge and theorize transformation.

Conclusions
I conclude that the decade of Fidesz rule has brought a general sense of "unity and stability" in Karl Polanyi's sense to the citizens of Tázlár and Kiskunhalas. A process of re-embedding has taken place, at least at this level of provincial society. The operations of leading politicians (and non-elected members of what Bálint Magyar wittily terms the polipburo)\(^{15}\) are way outside their ken. Certainly there are critical voices when a non-villager known for his right wing views is awarded the license to open a national Tobacco Shop in Tázlár. Some villagers and townspeople are vaguely aware of the activities of a very wealthy local businessman, son of a poor peasant family in Tázlár, who owns a national network of gasoline stations. While some classify him as a mafioso, his wealth is thought to derive largely from his dealings with multis in the same sector (buying and selling properties to Shell and Mol) rather than through political patronage. Local mayors and the Member of Parliament are not perceived as lining their own pockets, but as doing their best to promote the welfare of their citizen constituents. The current arrangements may not be transparent, but when I ask people in Kiskunhalas what they think about allegations of an "octopus state", the most common response is that the present elites are doing a better job for the country than the socialist and liberal politicians who implemented foreign agendas in Hungary before 2010.

There is no consensus concerning present arrangements but, among those old enough to remember, in both Tázlár and Kiskunhalas there is much nostalgia for the security of the later socialist era. Their opportunities then were restricted, e.g. concerning foreign travel, but individual effort did, in most sectors, translate into possibilities for accumulation, higher status and abundant rewards in terms of

\(^{15}\) Polip is the Hungarian for "octopus". While Magyar's book is full of insights, it places excessive emphasis on the autocratic politics of Orbán and his "stooges". It is of course deplorable that these poligarchs and oligarchs can, in many contexts, treat the state as their private resource, manipulating parliament and the judiciary to suit their nefarious purposes. But it behoves the analyst to examine the structural factors that have made this possible. Rather than follow Magyar in opposing "eastern" values and emotions to a "rational" western liberalism, it is vital to recognize the condition of economic peripherality within the EU that fuels Viktor Orbán's populism.
housing and lifestyle. In those days communities and family members were not torn apart by migration as they are nowadays. But, as the era of market socialism recedes and fewer and fewer citizens can recall it directly, provincial Hungarians seem to have settled down and become conscious of a new normality. The political system is dominated by a single party, as it was in socialist days. In the village of Tázlár there is no longer any countervailing power, to compare with the way in which the specialist cooperative once constituted a distinct locus of power to the council. All economic actors in this configuration, not only in the small business sector, have learned to take account of the new political relations. Accusations of cronyism and a mafia state have little traction. The new instituted processes feature many components that Karl Polanyi would surely have scorned, including labour migration, the workfare schemes, and the envelopes used for the illicit topping up of wage-packets. But, like it or not, market populism is now thoroughly embedded. I have tried to give some indications of how this is accomplished at the local level. Of course, Viktor Orbán’s political economy is also a multiscalar phenomenon: the outcome of a dominant German capitalism, of a European Union firmly in the grip of neoliberal principles, and ultimately of a global system that continues to reproduce the disasters so brilliantly analyzed by Karl Polanyi for the case of nineteenth century Britain.

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