

REFEUDALIZATION

Erzsébet Szalai¹

ABSTRACT *After clarifying the conceptual frame, the author describes and interprets the refeudalizing tendencies of global capitalism in the first part of the study. The subject of the second part is an exploration of the refeudalizing processes in Hungary from the period of “existing socialism” to the present day. She concludes about the global system that the refeudalizing processes are immanent features of new capitalism, which come about as the wildings of unbridled capitalism on the one hand, and in defense against them, on the other.*

Concerning the Hungarian processes, the author’s main conclusion is that the tendencies of refeudalization strengthen when – in addition to internal causes – the semi-peripheral “system” exposed to global processes faces a strong external challenge. This challenge involves a radical change in the geopolitical, geo-economic equilibrium, entailing more marked feudalistic, authoritarian endeavors.

KEYWORDS: *refeudalization, capitalism, socialism, feudalism, power structure, world system*

¹ DSc, retired professor of sociology, HAS; e-mail: szalai17@gmail.com. The author is indebted to Ágoston Fáber, Ákos Huszár, Péter Somlai, Ágnes Utasi and two anonymous reviewers for their valuable critical remarks upon the first version of the present paper.

A Wikipedia article claims that refeudalization is a notion that was used to describe seventeenth-century social trends. The Italian Marxist historians Ruggiero Romano and Rosario Villari were the first to apply it in their effort to explore the social relations underlying the Neapolitan Revolt of 1647. The concept was influenced by Gramsci's ideas, the historical debates of the 1960s centering on Eric Hobsbawm's thesis of the general crisis of the seventeenth century, and by Italian domestic politics of the 1960s.

Villari specifically used the term to characterize the process that climaxed in the revolt of the peasantry and the lower middle classes against the feudal aristocracy and international financiers in Naples in 1647. In Ferdinand Braudel's words, Naples displayed the "clearest case" of refeudalization: the kingdom sold feudal titles for money, which in the long run increased the tax burdens of the rural poor, for the nobility were exempt from paying taxes.

In general, the process of refeudalization is blamed for the delay and failure of Italy's transition to capitalism.

Last, but not least, the concept of refeudalization is also used – first of all by sociologists – to describe contemporary global economic and cultural processes. In Habermas' view, the structure of the public sphere has been refeudalized and the feudal "court" revived due to the advent of the most recent manifestation of capitalism. The Swiss sociologist Jean Ziegler used the phrase "Refeudalisierung der Gesellschaft" in his explanation of the driving forces of neoliberalist globalization. In English literature, the phenomenon is mainly termed New Feudalization, meaning the undermining of the basic values of the Enlightenment (liberty, equality, fraternity) by the forces of global capitalism. The term is also used in interpretations of the radical privatization of public goods and services.

In the longer, first part of this paper I adopt the latter course, providing a specific interpretation of the refeudalizing tendencies of global capitalism. This is preceded by a chapter that clarifies the basic concepts as I understand them. In the third part of the study I explore the new feudalistic tendencies in Hungary from socialist times to the present day.

THE CONCEPTUAL FRAME

I start out from the work of Marx, Weber and Elias for the definitions of the concepts I use in my analysis, but the latter are not directly derived from them.

First of all, the basic relations of feudalism, capitalism and existing socialism must be differentiated from various phenomena at the ideotypical level: these

are the dominant social relations; what the main objectives of social, specifically productive activity are; which group constitutes the dominant fraction of the structure of power; and, not least, what mechanism is instrumental in integrating society (and according to what logic), and what the core of the ruling ideology is.

It is an important part of the process of conceptualization from another but related viewpoint that in describing given social formations and their mobility (that is, stepping beyond ideotypical considerations) we should distinguish feudalism from societies that display feudalistic characteristics, capitalism from societies that have capitalistic traits, and socialism from social formations with some socialistic features.

When it comes to “existing socialism”, I confine myself to a description of the Hungarian version from around the mid-1960s. In this chapter, only the concepts of socialism of an ideal or ideotypical nature, free from the totality of realistic elements – or rather, as they existed in communist ideologies – are described.

--

In feudalism the *dominant relation* is between lord and servant, in capitalism between capital and laborer, in socialism between the controller and the controlled.

The dominant *goal* of social, specifically productive activity is to satisfy authority and the power privilege in feudalism, the need for profit in capitalism, and social needs – not fully but in proportion to the work that is done – in socialism.

The dominant group *exercising power* in society is the ruling estate in feudalism. By estate I mean a group cemented by a common ethos, value system, behavioral pattern and lifestyle, as well as a network of formal and informal connections and bargains. At the head of the ruling estate is the king with traditional power, or a leader with charismatic power.

In capitalism the dominant fraction of power is constituted by the economic elite or bourgeoisie. In socialism, the power is in the hands of the people; first of all, the working class.

The *dominant logic* of feudalism is utility measured by authority and power privileges, and society is fundamentally *integrated* by their exchange and the underlying system of bargains. At the center of the dominant ideology is adaptation to ‘superior’ powers such as church, king, overlord, vassals, etc.

The dominant logic of capitalism is efficiency translated into monetary and profit-related terms; consequently, the main integrating force of society is the market and the web of market bargains. The dominant element of the ruling ideology of the former is free competition based on individual egoism, for, as Adam Smith (1922) concluded, it is the only social mechanism that promotes the common good.

The ruling logic of socialism is the principle of utility measured by the satisfaction of needs in proportion to work that is rendered; the main integrating mechanism of society is a system of planned indicators and planned bargains. The core of the ruling ideology is the ideal of collectivism superseding individual egoism.

THE REFEUDALIZATION OF GLOBAL NEW CAPITALISM

As I have explicated in detail in my book *New Capitalism – and What Can Replace It...* it is an inherent trait of the new capitalism that unfolded in the wake of the neoliberalist wave starting in the 1970s that increasingly concentrated and internationalized capital is deconstructing the political, economic, ecological and socio-psychological constraints that earlier ensured its comparatively smooth realization. By subjecting the political elites, including the governments of the nation states under its domination, more inexorably than ever, it reduces to mere forms – or ignores the essential elements of – political rotation and political democracy; also, it makes the implementation of national economic policies, and the regulation of international cooperation between countries and regions, impossible.

Concentrating and globalizing capital is roaming the world practically tax-free: this is why there has been a decrease in the resources available for the reproduction of human capital (health, education, culture, etc.) except for a very narrow segment of the workforce that works with peak technologies – although the leading ideologues of the system speak of a knowledge-based society. Yielding to the pressure of capital, trade unions crumble and hence there is no effective obstacle to wage depression, particularly of less qualified labor. In addition to Marx's basic thesis, in new capitalism in general – particularly at its periphery and semi-periphery – the incomes of a broad strata of labor do not cover the costs of the reproduction of their manpower (in detail, see Artner 2001, 2014), although life expectancy – taking its mean – is rising. A fatal consequence of all this for the bourgeoisie, too, is the degradation of human capital and the lack of a workforce with adequate expertise and performance – even in the core countries. Although the rise in life expectancy may be referred to here (although in the USA this decreased in 2014 after rising for the previous 20 years [MTI 08.12.2017]), together with measurable growth in average schooling (with the reservation that real knowledge levels and cooperative behavior do not necessarily increase with more time spent in education, as international research

experience has found; and what is more, in large social groups the correlation is the reverse [Csapó, 2008]), the incidence of diverse psychic and psychosomatic illnesses is increasing in relation to the stress caused by the “flexibilization” of the labor force – and this in turn reduces the profit producing capacity of such labor (see in detail Szalai 2012). Since capital replaces a far larger part of labor with machines than it creates new jobs, the number of redundant, ‘unnecessary’ people is growing throughout the world, whose mental and physical decline will gradually reach a level at which they can no longer be employed.

The expansion of global capital is irreversibly exploiting our natural resources and destabilizing our climate. This jeopardizes not only the basic relations of capitalism, but also the basic conditions of nature and human life on Earth.

The logic of capital – utility measured by profit – has become predominant in nearly all spheres of social life – this fact is expressed by Bourdieu’s (1983) theory of capital, meaning that in the new phase of capitalism not only physical and monetary goods but also social-political and cultural goods function as capital. In connection with this, the immoderate pursuit of individual freedom is reducing real communities to naught, as a result of which individuals become incapable of constructing their identity – identities – for lack of reference points: this risks their freedom. Although in the short run individuals deprived of their identities are most easily persuaded to consume, the weakening of individual freedom threatens the creativity of the work force and may considerably undermine the conditions of the profitability of capital or capitals in the long run.

--

Let us take a closer look at new capitalism using the definitions of different features of social-economic formations.

The dominant relation in new capitalism is capital-versus-labor relations, but the tendency for this to become interlaced and partly veiled by lord-servant relations is increasing: the relation of capital versus labor is not articulated. Firstly, because the former working class who are in opposition to capital have become disrupted for various reasons, and are constantly fragmenting. This is occurring in part due to the replacement of large factories by the net-like organization of capital in core countries in which formerly comparatively stable positions and collectives of labor cease to exist: individual workers must remain alert to learning when and for how long their work is needed. Labor market positions are temporary, as manifest in the rapid spread of part-time and telework jobs. Added to this is the increase in unemployment; the expansion of the reserve troops of the jobless across the world owing to an increase in the organic composition of capital (“machine replaces man”). These two factors place individual employees completely at the mercy of individual employers

(where these are still visible – I will return to this later) and result in paternalist relationships between the two agents: the worker is grateful to the employer, and conversely, the employer expects loyalty from the employee (Szalai 2011, 2012). This erodes worker solidarity, and even turns employees on each other: the earlier class consciousness dissolves, class resistance disappears.

The free contract between capitalist and worker – perhaps the most characteristic feature of capitalism – becomes mostly illusory: a worker becomes employed as the outcome of numerous constraints, instead of through their own free will and choice.

Apart from workers, capitalists also become increasingly invisible: proprietary structures are transforming so that classic private property accounts for at most 20-30 % of all wealth while corporate ownership is increasing rapidly, particularly the networks of large institutional investments. The actual proprietary relations behind these networks may only be explored through the very complex procedures of the courts of registration (Pitti 2006).

Another important factor in the invisibility of the capitalist is that in new capitalism the bourgeoisie almost totally expropriate nation-states, which also means that they tap working income from time to time through the collaboration of national governments, instead of doing so directly. This is a characteristic feature of the former: one of the most essential elements of neoliberal economic policy specific to new capitalism is restrictive policy that narrows down the domestic markets of nation states, the most direct aim and at the same time instrument of which is the modification of wages and welfare expenditure. This situation was particularly conspicuous – together with the level of interest of the global and local bourgeoisie – in the management of the 2008 crisis: after the outbreak of the crisis, national governments sacrificed considerable resources to rescue the bourgeoisie shaken by the crisis, and in the next phase – that is, in the present days – they are making efforts to stop up the gaps thus created by tapping into welfare budgets, first of all in Europe, while the “people” address their complaints to the “good kings” (the national governments), not to the bourgeoisie.

In sum: both workers and capitalists – and consequently, their relations – are disappearing from view; what is fairly visible in their place are lord-servant, king-subject relationships; that is, a feudal network of relations.

As for the goal of production, in new capitalism the main aim of capitalists is still the maximization of profit, but these capitalists lay claim to powerful authority and a privileged position for themselves: they deploy all their weapons – mobilization of the media, sponsorship, etc. – to make society believe that they and the institutions they represent are endowed with special abilities that qualify them to determine the social behavioral norms that should be adopted; to define what is the “common good”.

The dominant fraction of power in new capitalism is also the bourgeoisie, but the international economic and monetary superstructure displays traits typical of feudalism, since in addition to the global bourgeoisie it also includes the political and military elite of the United States and leaders of the great international monetary organizations and credit-rating agencies, as well as the global media, and among these agents there is a subtle and intricate network of formal and informal relations. This network of relations is regulated by the ethos, value system and behavioral norms of the actors interested in the protection of their global power. Thus, the international economic-monetary superstructure can be taken for a social estate displaying characteristics of class that is re-allocating international economic resources not only according to market but also power criteria. In the power positions of individual nation states one also finds strata with class characteristics, which are, however, most often subordinated to the superstructure on the basis of a peculiar alloy of market logic and feudalistic logic.

The core of the dominant logic of new capitalism is the principle of utility measured in terms of money and profit, but in its mobilization the principle of utility measured by authority and power privileges also plays a role. The latter, first of all through the cooperation of the global superstructure and the national superstructures, may modify or restrict the free flow of the factors of production (in detail, see Szalai 2006). This process was especially marked in the period following the global crisis of 2008 in which the global superstructure and the national superstructures regulated the flux of the factors of production and subordinated them to the criteria of crisis management, meaning their own power stability. This tendency was reinforced by the fact that during the process of crisis management the role of national superstructures increased to the detriment of the global superstructure, and since this resulted in the greater fragmentation of the global power space, it also became more restrictive. This process now finds itself bumping up against the interests and aspirations of the global bureaucracy – as mirrored in the earlier planned and secretly elaborated Transatlantic Trade and Investment Partnership by which the global bourgeoisie wanted to get the better of nation states that still protected local markets to some extent. This was to have been precipitated by a planned new rule under which large multinational firms could have sued nation states in an international court about their grievances. The plan has failed for the time being, but it is a question when the international bourgeoisie will gather enough momentum to advance its global aims.

The practice of the free flow of production factors, including manpower, is forcing its way in the form of a backlash from the peripheries to the core of global economy; in other words, we are faced with the escalation of the great

challenge of our time, the migration process. Fundamentally, the acceleration of the migration process represents the flow of a low-income labor force toward the central areas that can provide them with a higher income. Proof of this is that the majority of migrants (over 60%) leave their countries for economic, not political reasons (Klubrádió, 22 January 2016, EurópaZóna); that is, the threat of war only explains a smaller portion of migration away from the peripheries on a mass scale.

Among the cultural causes of accelerating migration, capitalization and refeudalization are equally present. Owing to rapid and specific technological development facilitated by capitalist conditions, its achievements in telecommunications appear in the poorest shacks of the peripheries – thus the inhabitants of the peripheries are informed, on a live basis, of the consumption customs of the populace of core regions, and among the repelling and attractive factors they are apparently more influenced by the latter, particularly the young, more mobile generations.

In the longer run, accelerating migration might indeed bring about the equalization of work incomes in the center and the periphery and semi-periphery; that is, the capitalist, market-governed character of capitalism might overcome new capitalism if the cultural tensions it has generated do not incur fierce resistance by the populations and governments of the center, although dramatic signs indicate that this is happening. It is quite possible that the center will respond with the firm closure of its borders and a halt on migration, followed by a new and sudden stop to the free flow of capital, resulting in rough inequalities that also take the form of political tensions. As the declared goals and first moves of Donald Trump, the newly elected president of the USA, prove, this process has already begun. That is, the tensions caused by the expansion and unfolding of capitalism is triggering off a new wave of refeudalization.

According to the ideology of capitalism, neo-capitalist societies are integrated by the market through the logic of capital, whereas in reality the market mechanism has disrupted and disintegrated societies since the turn towards neoliberalism, causing a degree of differentiation that jeopardizes the functioning of the system. The masses of redundant people who require only a solvent income, but whom nobody wants to exploit any longer are increasing, but the system is no longer able to cope with this situation according to its logic of functioning. As a result, the system is making way to a crisis of overproduction (Szalai 2006, 2012; Piketty 2015). That is what triggered off the global economic-monetary crisis of 2008, which is still being only superficially remedied (Farkas 2013, 2015).

--

To conclude: strong forces are acting in new capitalism to get rid of the strengthening traits of feudalism, but in part precisely because of the wildings of this struggle ever newer waves of refeudalization are prevailing, and the system is shackled. Yet it remains capitalist, with increasingly feudal characteristics.

FEUDAL TRAITS AND SEMI-FEUDALISM IN HUNGARY

Although feudalistic traits were present as early as during nineteenth-century Hungarian capitalism, I now only go back in history to the interwar period. I define the Horthy regime as a semi-feudal social-economic system mainly on the basis of the work of István Bibó, Ferenc Erdei, Sándor Márai, Iván Berend T., and György Ránki. The economic basis was comprised of the large feudal estates and the development of a weak industry solely propelled by a war-time economy, while the predominant relations were master-servant relations and nepotistic connections which determined the poor integrative mechanisms of society. Upon the dual (partly feudal and partly capitalist) social-economic structure described by Erdei, an essentially authoritarian political regime was built in which the multi-party system was only formally present.

With the transformation of the political-economic system in 1945-1948 that introduced socialism as it existed, the lord-servant relationship faded, but was not replaced by neutral relations between the controller and the controlled, but by a relationship between the ruling stratum of the party and the one-party state as the collective proprietors of the productive tools, and the exploited wage laborers. This was, however, not a perfect relation of super- and sub-ordination; we know chiefly from Eszter Bartha's work (2009) that the ruling regime paid its distinguished attention to all aspects of the living conditions of workers, first of all, industrial labor until the early 1980s (the latter individuals enjoying privileges during redistribution). (One reason why the center reversed the economic reform launched in 1968 was the fact that the partial liberalization of market relations detrimentally affected the income positions of workers of large-scale industries – Szalai 1981, 1989a). In Hungary during the advanced stage of existing socialism the workers functioned as a class, their position owing partly to the revolution of 1956 and partly to the ideological conviction and devotion of some of the members of the ruling regime in key positions. However, in contrast to the dominant ideology of the political system, the former cannot be regarded as the ruling class, for power was concentrated in the hands of the party and the one-party state, a conglomerate with certain class features, yet fundamentally feudal in character.

Thus, the dominant relations were simultaneously feudal (workers and industrial laborers predominantly received allowances through the grace of the leadership), capitalist (the working force rendered wage labor) and socialistic. Actually, this combination indeed created a third way, or middle-of-the-road approach (in detail, see Szalai 2014).

A similar logic is applicable to the survival of nepotistic relations. Although the system of rational redistribution (Konrád and Szelényi 1989) is capitalistic and socialistic at the same time – it is characterized by efficiency measured in money, profit and the satisfaction of social needs alike – both macro and micro relations are permeated by feudalistic favoritism; i.e., relations that primarily rely on and aim at enhancing authority and power; without this “lubrication,” the system would grind to a halt.

A strongly feudalistic feature of the system was the informal assertion of interests permeating every relation, and sly servility mixed with veiled scorn for authority. The essence of these two features is to create the illusion that individuals are adapting and obeying, while attempts are continually made to dupe the superior authority or authorities.

The holders of the peak power of the regime included the ruling stratum (top party leadership), the technocracy (expert officials of the one-party state) and managers of large factories in a monopoly position. The ruling order was thus feudalistic (the stratum is sustained by a network of formal and informal, predominantly individual bargains and was sanctioned by the common ethos and behavioral pattern), capitalistic (the performance of large companies and their leaders was evaluated, though within considerable limits, by the market), and socialistic (the ruling regime governs a latently pluralist system) (as Elemér Hankiss [1983] put it) from the mid-1960s onwards. This means that it considered the partial interests of society, first of all of industrial factory labor, in its decisions. The ruling regime of existing socialism was thus essentially a middle-of-the-road construction, feudalist traits being vital components.

It is neither the socialistic system of plans and indicators nor the capitalistic mechanism of the market that ensured social integration, but the administrative market, a peculiar alloy of the two with feudalistic traits: the administrative market was a system of institutionalized expectations and disciplining which contained and conveyed elements of both political and economic efficiency (the latter measured in terms of profit). Deals on the administrative market often involved political effectiveness (connected partly to the self-interest of the powers and partly to the interests of industrial workers) and economic efficiency measured in profitability (in detail, see Szalai 2014).

The dominant ideology of the regime from the mid-1960s could not be identified by its Marxist-Leninist character, but by the attitude of the slogan

“who is not against us is with us”. This “ideology” was embodied in the toleration, sometimes even stimulation, of the second economy that both resembled feudalistic vassalage relations and the relations of a capitalist small economy.

In sum: the existing socialism in Hungary was basically a middle-of-the-road formation with strong feudalistic traits.

These feudalistic features did not disappear with the change of the system and the building of the Hungarian variant of new capitalism, but kept reemerging, so that by now social relations have assumed a semi-feudal character strongly reminiscent of the interwar period.

In the world, bourgeois revolutions leading to capitalism were always preceded and prepared for by the emergence and strengthening of propertied urban middle classes/bourgeoisie. Before and during the Eastern European “capitalist turn” of 1989/90, a different scenario was acted out: in the course of existing socialism no propertied bourgeoisie could emerge which was strong enough to prepare and initiate system change. In Hungary, this role was played first of all by the late Kádarian technocracy (that I have often discussed) that was born within power structure and articulated the interests of the still non-existing but prospected propertied bourgeoisie, and second, by the democratic opposition outside the hierarchy of power but formulating the ideology of the former, as well as by the new reform-minded intellectuals hovering between the two “forms of existence” (Szalai 1994). From this cast of roles, it logically follows that the change of system was initiated and carried out from above, hence it had a feudalistic character: the appearance and strengthening of the propertied bourgeoisie could not be the outcome of a spontaneous process, but this bourgeoisie was appointed in the course of the system change by the late Kádarian technocracy to key positions in the state bureaucracy. The instruments of the process were the decomposition of so-called state-owned property and its distribution among political clients, as well as the luring of foreign large capital. In other words: a proprietary-economic structure functioning on the basis of capitalist logic as conceived at the top was to be created along a fundamentally feudal logic.

The new proprietary structure that had more or less stabilized by the early 2000s was characterized by the strong dominance of foreign capital (Szalai 2001) for two main reasons. On the one hand, very little money had accumulated within for the purchase of so-called state property – this is why foreign capital was able to pick up the most valuable productive goods and buy up domestic rivals in the acquisition of the market. On the other hand, the extremely fast process of privatization compared to other East European countries, and even more, the related involvement of extra-large foreign capital, can be attributed

to the neoliberal ideological conviction of the late Kádarian technocracy that governed the process. What is more, this thinking meant that the first factor described above – the lack of domestic solvency – turned into such an influential factor. (In the other East European countries in which the system was changed, privatization was far slower, more organic and considerate of social justice. The explanation in part is that in these existing socialisms the stronger central power and harsher suppression did not allow, or only allowed sporadically, the emergence within the ranges of power of a young western-type, market-oriented technocracy that later adopted an openly neoliberal economic philosophy whose views later petrified into social dogmas. This was how the earlier Hungarian advantage turned later into a disadvantage.) The fast and inorganic process of privatization in Hungary resulted in a dual social and economic structure typical of the semi-peripheries of capitalism and reminiscent of the interwar period: a capitalist world governed by fairly transparent, calculable rules in the sphere of settled multinational companies, and in the sphere of feeble domestic capital a feudal-semi-feudal world regulated by feudalistic norms – or more precisely, by deregulation as the rule (Szalai 2001). Compared to earlier conditions, the unrestrained advance of the capitalist logic strengthened the feudal features of power and society.

The comparatively well-regulated multinational sector adapts to this feudalistic logic when it is in its interests. And, naturally enough, its interests are shared at many points with the domestic bourgeoisie: it is in their common interest that the greater part of legal rules regulating the activity of this economic elite should be formulated by them, and also, in the most frenzied period of privatization the application of the rules of competition should be shelved by the political elite for an indefinite time (Szalai 2001). It is thus in their common interest – at least in the short run – to have the economic elite dominate politics, but paradoxically the predominance of the bourgeoisie reinforced the feudalistic, not only the capitalist features of the system.

It is also in their common interest to smash the trade unions and make labor defenselessness. As a consequence, it is in Hungary alone where, owing to soaring capital income or profit, income from work does not cover the costs of the reproduction of a broad strata of manpower, a typical feature of new capitalism (Szalai 2001, 2012).

These costs would imply that resources are being drained continuously from the spheres of collective consumption – education, health care and cultural goods – and according to the logic of the system this cannot be otherwise: from the early 1990s until 1996-97 production and hence central revenues plummeted, not to speak of the fact that the neoliberal ideology of the system also involved the strong moderation of collective consumption. Succinctly formulated: "... it

is everyone's duty to care for themselves, and those who are incapable of doing so can only blame themselves, for instead of enterprising, working, they want to sponge off others." It is according to this logic that returns from privatization are not spent on innovation that creates new jobs or stops up the huge gaps in collective consumption but, in harmony with the short-term interests of the political elite, they are used to decrease state indebtedness (Szalai 2001, 2012, Böröcz 2015). In short: the bourgeoisie and the political elite are devouring the future of the country by dangerously degrading "human resources".

Workers are not protected by free contracts or legal rules – and this is naturally attractive to the interests of incoming foreign capital, let alone the domestic bourgeoisie. Since labor is perfectly defenseless, the capitalist capital-versus-labor relationship is transforming into a feudalistic, paternalist-lord-versus-servant relationship.

In addition to the curbing of collective consumption, the other basic feature of central redistribution by the dominant socialist-liberal governments in power until 2010 was their reliance on feudalistic individual bargaining mechanisms instead of normative regulation, since this mechanism also relatively favored foreign capital over the domestic bourgeoisie (Szalai 2001, 2012). The latter were therefore increasingly hostile to central preferences and the increasing advance of foreign capital from about the early 2000s, and from then on used their resources and political weight to support Fidesz–KDNP who called for the elevation of the Hungarian bourgeoisie. Moreover, anticipating as it were the anti-poor policies of Fidesz and fed up with the allegedly burdensome levels of tax levied on capital, they started openly to demand the powerful roll-back of collective consumption (Szalai 2012, 2014).

Overt support from the big bourgeoisie and the informal-financial backing of the party largely contributed to the election victory of Fidesz in 2010. However, Fidesz's victory has far deeper social and social psychological causes. The pre-2010 phase of Hungarian new capitalism was interlaced with feudal elements but from the viewpoint of the liberties of the bourgeoisie a laissez-faire period involving the accumulation of social tensions of extraordinary magnitude and special nature that turned the system inside out, and prepared the ground for the birth and consolidation of an authoritarian political elite that was to come to subordinate the economic elite. On the one hand, a wide swathe of social strata went down in the world, losing their footing (Szalai 2001, 2012, 2014) and – driven by elementary instincts – turned towards a political force that promised to halt further backsliding and offered some props or clues about how to increase security. On the other hand, the broad social strata of dropouts experienced an identity crisis as the old communities and the identities built on them crumbled into dust, and no new ones evolved due to the narrow array of available roles,

while this new political force promised the a new community a new identity and new self-esteem: “around us everything is on the brink of collapse, but we hold firmly to our ground because we are tied together by being Hungarians.”

The strengthening of political and economic peak power was also implied by the global crisis that started in 2008, massively reinforcing earlier signs of domestic crisis appearing in Hungarian society and economy: on the one hand, the surfacing of the inherent tensions in the malformed, inorganic, dual economic-social structure (such as when the dominant German market for exports almost exclusively produced in the assembly halls of the multinational sector shrank), and on the other, the lack of real innovation and the reproduction of human resources lead to a halt in GDP growth after 2004. This was worsened by the nearly complete collapse of foreign markets and the splintering of the domestic financial institutional system, a situation whose handling cried out for firm powerful central intervention.

From the beginning of the regime to the present days, the main aim of Fidesz after the party assumed power in 2010 was to regulate the earlier dominant bourgeoisie. One tool for this was the creation of a bourgeois clientele loyal to it, a move that was only possible through the radical reshuffling of capital and income, which, in turn, logically implies ignoring constitutional frames and considerably weakening democratic checks and balances. The other tool involves playing off both the Hungarian and the current international capitals – putting them in competition with one another (examples of the former practice are widely found in public procurement procedures, and now in the privatization of state land, the latter practice exemplified by favoring specific – and excluding certain other – multinational companies in the system of strategic agreements.)

The other important goal of Fidesz is to further depress the cost of manpower and to render the labor market “flexible”, one important instrument of which is the modification of the labor code to the detriment of employees. This favors the bourgeoisie, on the one hand. On the other, but related to the former objective, is the dilemma whether international competitiveness should be promoted by improving human resources so they are capable of creating significant additional value, or conversely, rendering manpower cheaper and more flexible: like its predecessors, Fidesz also voted for the latter strategy until 2017. The intention to further tap human resources is implied by the extraction of resources from education, health and culture, which is in line with the policy of the socialist-liberal governments, but now more emphatically practiced.

In response to the massive exodus of predominantly young manpower and the nearly fatal weakening of human resources, in 2017 Fidesz undertook a turn away from the above outlined policy by considerably increasing the minimum wage and guaranteed minimum income. The question is how long the bourgeoisie

will put up with this, and whether it will turn its “own” bourgeoisie against it.

The third main goal of the current regime is to re-educate citizens and place them under the party’s sway. There are several instruments for doing this; first of all, the communal work program, but also the centralization of the resources of culture and science, and the ambition to manually control these spheres, as well as attacks on civil society. While the predominant slogan, clamorously promoted, is: “the country is at one”, György Bánki (2015: 1) termed the regime ‘the System of Narcissistic Cooperation’: “The priority is the enrichment and glory of the elite, while the community must believe that decisions are in their service.”

--

Let us provide a recap of the period using the definitions proposed in the introductory chapter.

The dawn of new capitalism in Hungary is dominated by lord-vs.-servant relations, instead of a capital-vs.-labor arrangement: the situation of the working strata existing in the previous system has collapsed as a result of the activity not of the then-inchoate bourgeoisie, but of its progenitor with strong feudalistic traits, the late-Kádarian technocracy whose activity brought about almost total economic collapse and entailed the laying off of masses of workers and legal deprivation. In this process, no props or protection were provided for workers (Szalai 2001). In existing socialism the workforce was not the owner of social property, but they were not so “excessively” deprived of it, nor so excessively at the mercy of their “superiors” as after 1989.

With the birth of the bourgeoisie, elements of the capital-labor relationship also appeared but with the characteristics discussed in the section of this paper about the similar relations of global new capitalism: for the listed reasons (capitalists hiding behind the state, labor in disarray, eradication of the self-esteem of workers) the capital-vs.-labor relation is very poorly articulated. The swollen reserve of unemployed place the workforce into such a helpless situation – particularly in the sphere of domestic proprietors, because in the multinational sector the position of labor is somewhat more favorable due to the partial application of the rights won by workers in the West – that the situation of the “good or bad” king who represents the state, and the unstable, lawless subjects becomes visible (Szalai 2001, 2011, 2012, Bartha 2009).

With the victory of Fidesz in 2010, the outlined situation has acquired even more sharply chiseled features. Though the rhetoric of the ruling party says “we have to restore the honor of physical work”, the mentioned modification of the labor code further debases the living circumstances and bargaining position of workers, strengthening their status as subjects. One palpable example is the system of communal work that functions as forced

labor. Due to the earlier-begun and continuous depletion of human resources and the degradation of vocational training, productivity is not increasing in the entrepreneurial sphere, jeopardizing the profit expectations of the bourgeoisie. Labor shortages are most pressing in jobs that require higher-level qualifications. Capitalists respond to the situation by announcing their demand (through the Chamber of Commerce and Industry in the first place) and effectively lobbying for the government to subordinate secondary and tertiary education to their immediate and emphatically short-term interests. (A corollary is that the government lowered the school-leaving age from 18 to 16 years, which move actually runs counter to the aim of making labor adapt more flexibly to the long-term manpower needs of the bourgeoisie.) All this reinforces the feudalistic traits of the bourgeoisie-government relationship, as well as the connection between this conglomerate and the future workforce and other employees, for it hinders the free choice of careers and the training of diverse skills which alone might guarantee at least a minimal bargaining position for workers and other employees. The response to this situation is the mentioned emigration, on a mass scale...

Around the time of the political turn, the structure of power was strongly feudalistic. Power was concentrated in the hands of a feudalistic “estate” whose dominant fraction comprised the late Kádarian technocracy. Its subfractions included the feudalistically stratified new political elite, the earlier opposition intellectuals who formulated the ideology of the system change, and the pliant, now strengthening, now weakening group of large company leaders of an uncertain position; rivals for proprietary rights with the late-Kádarian technocracy. The socialistic traits of the ruling regime of the previous system disappeared, even reversed, without capitalist characteristics gaining predominance.

In the period of socialist-liberal governments – after the great turn, and later – the emerging big bourgeoisie, including primarily the managers of multinational large companies, constituted the dominant fraction of the ruling elite. Its subfractions included the feudalistically structured political elites and the cultural elite. Incorporated in the state bureaucracy and the cultural elite, and less importantly in the business sphere, the late Kádarian technocracy still preserved its leading role, but now it meant the articulation and representation of the emerging and later the established bourgeoisie, particularly its multinational sector, instead of the assertion of some independent “line”.

In the time interval under study, that ruling regime was the most capitalistic power formation and displayed class features owing to the dominance of the bourgeoisie, but predominantly because of the feudalistic functioning of the bourgeoisie (or its feudalistic characteristics), the feudal traits of power also remained.

After Fidesz' rise to power in 2010, as mentioned earlier, the victorious political elite tried to subdue the economic elite during the power struggle, first of all by creating a loyal bourgeoisie and by pitting the large capitalists in both the Hungarian and the multinational sections against one another, as well as evoking competition between sectors. Not independently of the weakening or elimination of checks and balances, the opposition parties have now become quite weightless. The rightist technocracy and the majority of intellectuals have become vassals of the ruling parties, the aim of the latter being the servile formulation of the ideology of the new political order and the exclusion of "left-liberal" intellectuals from the cultural elite, together with the blocking of leftist critical intellectuals (Szalai 2016). However narrowed, the forums of the "left-liberal" intellectuals still survive, and its actors include some prominent representatives of the late Kádarian technocracy who have gradually been ousted from diverse power spheres, also for reasons of age.

It was not independent of the playing off of diverse top capitalists against each other that some of them began to oppose the ruling elite from around 2014-15, but the outcome of this confrontation cannot be predicted yet. Since the leading figure of the "oppositional" grand bourgeoisie, Lajos Simicska, owns a considerable media empire, the maneuvering possibilities of intellectuals in the right-wing media have somewhat expanded.

From around the same time, cracks appeared in the ruling party and technocracy, connected to two factors. For one thing, since the forces of opposition have been wiped out nearly completely, all the inner tensions and contradictions of the system are articulated *within* the ruling party and technocracy. Also, and consequently, pitting large capitalists against each other creates real rivalries, which also divide the ruling party and technocracy.

The feudal traits of the ruling regime have strengthened since 2010, while its class features have weakened, but owing to the declining but still retained power position of the large bourgeoisie and the overt or covert resistance of a part of it, we cannot speak of a full feudal turn of the ruling regime, only a semi-feudal turn.

As regards the integrative mechanisms of Hungarian new capitalism, such mechanisms – as mentioned earlier – are almost non-existent; what is more, disintegrative mechanisms are preponderant (Szalai 2001; Utasi 2008; Szalai 2011, 2016). Sporadic signs of this process can be discerned from the early 1980s onwards, while they gathered momentum with the great political and economic turn. The feudalistic logic of new capitalism (efficiency measured by authority and power privileges) and its mechanisms, as well as the market mechanism centered on profit maximization fuel this tendency by reinforcing one another: the feudalistic central interventions intensify the inequalities – it is these that

they usually intensify – to which the market responds, and which it reinforces. The alloy of the two mechanisms creates the administrative market of new capitalism.

The basis is the mentioned dual structure of economy and society and the growing gap between the two spheres. (It must be added that the two spheres, first of all the multinational sector, are not integrated internally [Szalai 2012]). The other basis is the tendency to an increase in the income gap and general inequalities. (For a most suggestive account, see Ákos Huszár [Dercsényi 2015]).

According to Tárki reports, inequalities in income distribution were only slightly alleviated in 2003-2007 and after 2012 (Szívós and Tóth 2014). The decrease in 2003-2007 is attributable to the welfare turn initiated by Prime Minister Péter Medgyessy in the course of which civil servants' wages and social benefits were massively raised. The decrease after 2012 was primarily caused by the extensive broadening of communal work.

There are, however, justifiable doubts about the reliability of data, because with the increase in income inequalities incomes at the upper- and lowermost levels of society are hardly, if at all, measurable. (Both the very rich and the very poor are unreachable for surveying.) Nonetheless, if the data do contain elements of truth, then these two intermezzi can be ascribed to the feudalistic intervention of the central power in the teeth of spontaneous market mechanisms.

The dominant ideology of the system during the social liberal periods (except for the brief episode under Medgyessy) highlighted the placing of capitalism on a pedestal. One element of the ideology was touched on earlier: "... everyone has the duty to care for themselves, and those who can't should find fault with themselves." The exception is the Roma population. The other element is the tenet that, since capitalism basically works well, the "middle class" need no attention, they can get along by themselves, state help is only due to the poorest.

The norm of "self-reliance as everybody's duty" becomes even more central to the ideology of the Fidesz governments than it ever was during the social liberal period: it practically contains no tolerance or understanding for the poor or any of their strata. While the social liberal ideology of neoliberal inspiration regarded the growth of inequalities as the automatic, unavoidable and regrettable concomitant of the market economy, the Fidesz governments deliberately promote with their feudalistic tools the massively above-average enrichment of the upper middle class – who owe them gratitude and loyalty for this – and the utter deprivation of the poorest: the core of their dominant ideology is that those "who carry the country on their backs" must be backed up by central support. Related is an element of one of their main legitimating ideas which says that the time of the welfare societies is finally over; now a society of work has to be constructed in which there is no "free lunch".

CONCLUDING THOUGHTS

A review of global and Hungarian processes leads to the conclusion that the processes of refeudalization are immanent characteristics of new capitalism. They appear, paradoxically, as the wild excesses of unbridled capitalism (e.g. global mega-monopolies take nation states captive, thus constraining the freedom of market competition) on the one hand, and – speaking in Károly Polányi’s terms – as protection against the wild excesses of capitalism (e.g. the nation states’ response to the 2008 global crisis, and in Hungary, as an authoritarian reaction to the general loss of security resulting from the earlier laissez-faire period).

But why is the world, and Hungary, proceeding towards feudalism – a seemingly antiquated formation –; i.e., backwards, instead of escaping forward into a socialist model, to avoid the anomalies of capitalism? Short answer: the social foundations and conditions for moving toward a socialist alternative are extremely weak, owing particularly to the mental state of societies, and this weakness is also manifest in the great amount of uncertainty present in socialist ideologies (see in detail, Szalai 2006).

--

Widening the horizon, one can infer from Hungarian processes that refeudalizing tendencies appear when the semi-peripheral “system” laid bare to global processes faces a strong external challenge, in addition to internal causes. This challenge is a radical change in the geopolitical, geo-economic balance, eliciting the feudalistic, authoritarian endeavors of power as a defense.

In the reviewed period it is first around the time of the change of the political system in 1989 that such a shift can be discerned – that was when the so-far bipolar world system changed into a unipolar system. The second response began to be felt around 2010 when the earlier unipolar global system started shifting in a multipolar direction, first of all owing to Russian power ambitions: now leaders at the summit of power have to accommodate themselves to several – at least two – forces, which urges the concentration of power. (However, the new situation also implies some maneuvering possibility for the peak power.)

While around 1989 only feudalistic features strengthened, around 2010 what occurred was a turn towards semi-feudalism: this is indicated first by the measures of the peak political elite that featured feudal lords bridling a bourgeoisie regarded as vassals; second, by rendering the earlier also rather weak political opposition perfectly weightless through the undermining of the system of checks and balances; and third, by degrading the workforce to a state of servitude.

Finally, it is important to emphasize that in Hungary there never was a capitalist or socialist “state” close to the ideal type *compared to* which the strengthening

of feudalistic features or a semi-feudal turn may be discussed. Much rather, the country moved from a society with weaker feudalistic traits toward a more strongly feudalistic society – and back. An undulating motion can be traced: predominantly in the last decade of existing socialist the spontaneous movements of society and hence capitalistic features strengthened, while in the period of the major change of a strongly centralized, etatist character feudalistic traits became stronger in connection with the weakening of spontaneous processes. Then the consolidation of the change of the economic system resulting in bourgeois dominance entailed the strengthening of capitalistic characteristics, while the tensions it generated led to the repeated reinforcement of feudalistic traits and even to a semi-feudal turn. This domestic undulation is catalyzed by external challenges.

In 1989 I prognosticated (Szalai 1989b) that the feudalistic character of our social system would survive in the long run, but clad in West European clothes. It would incorporate all the elements of modern commodity and monetary economy, but the fundamental relations they conceal would largely remain feudalistic. This prognosis has been verified as valid.

Now I predict that the semi-feudal regime in Hungary will hold sway for a long time – this tendency is being reinforced by the tempestuous changes in the world and in the European Union that promote the call for national isolation and the strengthening of authoritarian national power centers as a defensive response, at least in the short and medium term. If there is no socialist turn, global capital (as discussed earlier) will sooner or later perfectly (or almost perfectly) deconstruct the national frame, preparing a new capitalistic turn.

REFERENCES

1989. *Fordulat*, No 21, Társadalomelméleti Folyóirat, Budapest.
- Artner, Annamária (2001): “Bárgyú játékosok” [Dumb players], *Eszmélet*, No 50, pp. 2018–2023.
- Artner, Annamária (2014): *Tőke, munka és válság a globalizáció korában* [Capital, work and crisis in the age of globalization]. Budapest: Akadémiai Kiadó.
- Bánki, György (2015): “Az MMA a Narcisztikus Együttműködés Rendszerében” [MMA in the System of Narcissistic Cooperation]. *hvg.hu*, November 29.
- Bartha, Eszter (2009): *A munkások útja a szocializmusból a kapitalizmusba Kelet-Európában 1968–1969* [The road of workers from socialism to capitalism in Eastern Europe]. Budapest: L’Harmattan Kiadó, ELTE-BTK. Kelet-Európa Története Tanszék.

- Bourdieu, Pierre (1983): "The Forms of Capital" in: John. G. Richardson: *Handbook of Theory and Research for Sociology of Education*. New York: no publisher.
- Böröcz, József (2016): "Az államszocializmus összeomlása a "szovjet blokkban" és a globális munkaerő-vándorlás szerkezetváltozása" [The collapse of state socialism in the "Soviet bloc" and structural change in the global labor migration], *Eszmélet*, 108, pp. 108–131.
- Csapó, B. (2008): *Integrating Recent Development in Education Evaluation: Formative Longitudinal and Online Assessments*. Keynote Lecture. The European Conference on Educational Research. Gothenburg, Sweden. 8-9 September, 2008.
- Dercsényi, Dávid (2015): "Akik alul voltak, ott is maradtak. Interjú Huszár Ákossal" [Those who were under remained there. Interview with Ákos Huszár], *hvg.hu*, May 5.
- Erdei, Ferenc (1976): "A magyar társadalom a két világháború között" [Hungarian society between the two world wars]. I–II, *Valóság*, 1976, No 4-5, pp. 23–53; 36–58.
- Farkas, Péter (2013): "A világgazdasági növekedés hosszú, közép- és rövid távú hatótényezői 2013-ban" [Long, medium and short-term factors of global economic growth in 2013]. *Statisztikai Szemle*, Vol. 91, No 7, pp. 673–690.
- Farkas, Péter (2015): "A világgazdaság helyzete 2015-ben" [The state of global economy in 2015]. *MTA KRTK Világgazdasági Intézet blog*, May 27, 2015.
- Hankiss, Elemér (1983): *Közösségek válsága és hiánya. Társadalmi csapdák, diagnózisok* [Crisis and lack of communities. Social traps, diagnoses]. Budapest: Magvető Kiadó.
- Konrád, György and Szelényi, Iván (1989): *Az értelmiség útja az osztályhatalomhoz* [The road of the intelligentsia to class power]. Budapest: Gondolat Könyvkiadó.
- Losonczi, Ágnes (2005): *Sorsba fordult történelem* [History turned destiny]. Budapest: Holnap Kiadó.
- Piketty, Thomas (2015): *A tőke a 21. században* [Capital in the 21st century]. Budapest: Kossuth Kiadó.
- Pitti, Zoltán (2006): *A tulajdonviszonyok változása a multipoláris világgazdaság viszonyai között* [Changes of property relations under the conditions of the multipolar global capitalism]. Manuscript.
- Polányi, Karl (1997): *A nagy átalakulás. Korunk gazdasági és politikai gyökerei* [The great transformation. Economic and political roots of our age]. Budapest: publication of Gábor Mészáros.
- Smith, Adam (1922[1776]): *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: Methuen & Co. Ltd.

- Szalai, Erzsébet (1981): *Kiemelt vállalat – beruházás – érdek* [Priority companies – investment – interest]. Budapest: Akadémiai Kiadó.
- Szalai, Erzsébet (1989a): *Gazdasági mechanizmus, reformtörekvések és nagyvállalati érdekek* [Economic mechanism, reform ambitions and large company interests]. Budapest: Közgazdasági és Jogi Könyvkiadó.
- Szalai, Erzsébet (1989b): “Az új elit” [The new elite], *Beszélő*, No 27, pp. 59-67.
- Szalai, Erzsébet (1994): *Útelágazás. Hatalom és értelmiség az államszocializmus után* [Ramification. Power and intellectuals after state socialism]. Budapest: Pesti Szalon Könyvkiadó, Szombathely: Savaria University Press.
- Szalai, Erzsébet (2001): *Gazdasági elit és társadalom a magyarországi újkapitalizmusban* [Economic elite and society in Hungarian new capitalism]. Budapest: Aula Kiadó.
- Szalai, Erzsébet (2006): *Az újkapitalizmus – és ami utána jöhet...* [New capitalism and what can replace it ...] Budapest: Új Mandátum Kiadó.
- Szalai, Erzsébet (2011): *Koordinátákon kívül. Fiatal felnőttek a mai Magyarországon* [Outside coordinates. Young adults in present-day Hungary]. Budapest: Új Mandátum Kiadó .
- Szalai, Erzsébet (2012): *Globális válság – magyar válság – alternatívák* [Global crisis – Hungarian crisis – alternatives]. Budapest: L’ Harmattan Kiadó.
- Szalai, Erzsébet (2014): *Autonómia vagy újkiszolgáltatottság* [Autonomy or new defenselessness]. Budapest: Kalligram Kiadó.
- Szalai, Erzsébet (2016): “Értelmiségi tájkép – csata közben” [Intellectual landscape – during the battle], *Élet és Irodalom*, January 22, p. 8.
- Szívós, Péter – Tóth, István György (eds.) (2014): *Jól nézünk ki (...?!) Háztartások helyzete a válság után* [Situation of households after the crisis]. Társi Monitor reports 2014.
- Utasi, Ágnes (2008): *Éltető kapcsolatok. A kapcsolatok hatása a szubjektív életminőségre* [Life-giving contacts. Impact of contacts on subjective quality of life]. Budapest: Új Mandátum Kiadó.