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Social transformation and changes in daily life in Hungary, during the period of the change of system¹

Introduction

The second half of the 20th century saw fundamental alterations in Hungary's social, economic and political relations in 1945, in 1948–9 and again in 1989–90. After the end of World War II, it seemed for a while as if a democratic political system could emerge, while market forces remained and social inequalities were moderated. That process of partial embourgeoisement and reinforcement of democratic transformation was interrupted in 1948–9, when the communists took power. Private ownership gave way to state ownership and the market to a strongly centralized planned economy. Apart from a brief, heroic, failed experiment in the 1956 Hungarian Revolution, only the 1989–90 collapse of communism and change of system brought an end to dictatorship, reinstatement of a democratic political system, and reorganization of a market economy, with decisive consequences in the structure of Hungarian society and in daily life. This involved highly complicated processes, although the scope of this lecture precludes me from examining or analysing all the important problems. Essentially, therefore, this contribution seeks to answer two basic questions. What social consequences did the change of system bring? What effect did these changes have on daily life?

Structural features of society before and after the collapse of communism

Hungary in the 1970s and 1980s was the East European country referred to, a little ironically, as the happiest barrack in the camp. There was an element of truth in that, because Hungary was probably the one where ideological and political control by the communist party was most lenient. This leniency did not derive from any generous political insight. It was connected with underlying power interests connected with the memory of 1956 and concern to keep the system operating. In the light of that, it becomes clear why the authorities should have permitted the establishment of small-

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scale private business associations in the early 1980s, as the economy (the centrally planned economy) entered a crisis.

For at the beginning of the 1980s, the social structure of the classic Kádár period underwent a transformation. The role of the dual economy—the part controlled by the state and the partly legal and partly illegal private part—became increasingly important to the restratification of society. Income differences widened at increasing speed. There began to appear a stratum of proto-entrepreneurs, as the role of the hidden economy became a decisive restructuring factor. The changes begun at the end of the 1960s were becoming felt by this time, one essential factor being that the second economy, adjusted to the prevailing frames and conditions, became widespread first in agriculture and then in industry and commerce. A further important structural change built up gradually in the 1980s, as participation in legal forms of small business association became common, as various opinion polls and sociological surveys conducted in the first half of the 1980s confirm. Four-fifths of Hungarian society thought that small businesses were useful and three-quarters of households contained someone receiving income from the second economy in some form.

Other structural changes in society in the 1970s and 1980s to mention were the semi-embourgeoisement—the spread of a civil society that still lacked civil rights—differentiation of wealth and incomes, and the way Hungarian society gradually caught up in terms of social mobility. One feature of the period was the emergence of dual ways of thinking and forms of behaviour. This undoubtedly had a marked effect on the structural changes in society as well. From the 1960s onwards, most Hungarian employees, whether industrial or agricultural workers, ran their lives according to parallel principles. From six in the morning till two in the afternoon, they would be directed in their work as a factory or cooperative-farm employee. Then from two till six in the evening, they tried to prosper and supplement their income as entrepreneurs. The structure of Hungarian society began to be influenced strongly by the development of an economic mentality, individualization, a demand for autonomy, a lifestyle transformation, and the spread of ‘bourgeois’ forms. The increased spirit of enterprise and risk-taking and the direction of the social changes in the 1980s were apparent from the speed with which participants in the market agents proliferated in the economy and society. The number of self-employed artisans increased by a third between 1982 and 1988 and that of self-employed traders doubled. These, with the participants in various forms of business association increasing at a similar rate, took the number of workers in the private sector over the half-million mark by the end of 1988. In other words, an eighth of the workforce was already employed in the private sector even before the political collapse of the communist system. This emergence of a small-business stratum and the rapid increase in the numbers of artisans and traders were a new development. According to mobility surveys, the main base for recruitment into the small-business stratum was the skilled working class, which

means that it was a new stratum, not a resurgence of the historical petty bourgeoisie, although inherited skills were somewhat more important in the case of artisans.² The restructuring that took place in society and public thinking can be traced through prestige surveys. In 1983, the yardsticks for assessing the various positions and occupations in society were earnings, required expertise, and usefulness to the authorities and society, and the order hardly changed up to 1988. But the value attached to expertise, independence and financial gain increased steadily in the 1990s. The survey records a gain in social appreciation for occupations in which these factors are important, e. g., general practitioners, lawyers, artisans, traders and journalists. Occupations whose prestige dwindled over the same period included communist-party secretaries, miners, police, army officers, and unskilled factory workers. The early 1980s initiated in the Hungarian economy and society important changes and reorganizations that would reach fruition only in the first half of the 1990s, after the political transition.

By the mid-1990s, the structural effects of the change of system were fully apparent. The 1990s were essentially a period in which there developed an embourgeoisement-based social structure that was slowly becoming post-industrial, yet still limited in many respects. The decisive restructuring processes took place in the first half of the decade, including redistribution of state assets, privatization and dismantling of the socialist system.³ They were followed in the second half of the decade by consolidation of the changes associated with the transition.

The period of political transition in the early 1990s radically altered the structure of society and the system of directing it. A centralized, authoritarian system gave way to one based on law, freedom, democracy and autonomy. Meanwhile the economic structure also changed fundamentally, with a centrally planned incorporating some semi-market elements being replaced by a market economy. The change of economic structure, with all its social consequences, was accelerated by Act VI/1988 on the foundation of business associations and by the 'spontaneous' privatization (initiated from within the enterprises being privatized). State ownership in the economy shrank to insignificance in the transition years. The number of state-owned firms fell from 2378 to 828 between 1988 and 1994, as private ownership came to dominate the means of production and the capital and security markets became established.

In the light of all this, there is no escaping the question of what decisive factors affected people's social situation and changes of position during the transition. To summarize the social consequences of the change of system briefly, educational attainment, qualifications and expertise steadily gained in value during the five years after 1989, especially the role of convertible knowledge in the structuring processes.

² Andorka, Rudolf, 1995, A társadalmi mobilitás változásai 1973-tól 1992-ig (Changes in social mobility, 1973–92). *Statisztikai Szemle* 2:101–120.

³ For detail, see Kornai, János, 1995–6, Négy jellegzetesség—a magyar fejlődés politikai gazdaságtani megközelítésben I-II. *Közgazdasági Szemle* 12:1097–117 and 1:1–29 = Paying the bill for goulash communism: Hungarian development and macro stabilization in a political economy perspective. *Social Research*, Winter 1996, 63:4, 943–1040.

There was also an increase in the role of symbolic assets—connections, creativity, adaptability and a spirit of enterprise—during the changes in social position. The situations of individuals and groups were undoubtedly influenced greatly by previously accumulated capital or absence of it—property capable of yielding income once again became a decisively important in stratification. There was a continual, accelerating increase in inequalities of income and property in the 1990s. One essential change was the way positions in the first and second economies often became combined, either through redundancy in the first economy or development of second-economy activity into an individual or joint enterprise. A very populous stratum of entrepreneurs and self-employed developed. In 1997, there was an entrepreneur in every tenth Hungarian household. A quarter of active households after the change of system tried entrepreneurship, and for 15 per cent of them, the experiment was successful.⁴ The number of individual entrepreneurs and members of partnerships exceeded a million, of whom a third, however, belonged to firms that did no appreciable business and existed mainly to optimize tax positions. So the number of people forced to be entrepreneurs was high, due partly to the tax-avoidance behaviour prevalent in Hungarian society and partly to the rapid spread of firms providing self-employment. To sum up, it has to be said that the reorganization of the labour market was a significant one, involving a general, persistent downward trend in the number and proportion of active earners. Almost two-thirds of the active households experienced a labour-market change that can be seen as resulting from the 1989–90 change of system. The number of unemployed at the end of 1993 was almost 700,000, which meant in practice that one employee in five became redundant at the beginning of the 1990s.⁵ The number of economically inactive households and the proportion of pensioners and dependants rose almost continually during the period. The elite expanded and became more heterogeneous in content. The power of the political elite was placed within legal and political constraints and there was a high degree of change within it. There was a substantial increase in the well-to-do stratum that can be considered a ‘grand bourgeoisie’. Meanwhile, a new property and wealth elite arose, and the middle strata as a whole became somewhat slimmer and more differentiated. In the villages, the stratum of individual agriculturists began to grow again, but the historical peasantry did not reappear. The proletarianizing urban and rural strata also made up a high proportion of Hungarian society in the 1990s. The various social groups in general seem to have more closed—less mobile—at the end of the 1990s, so that entry and exit called for increasing effort.

⁴ Kovách, Imre, 2002, Szempontok a posztoszocialista átmenet jellegzetességeinek és következményeinek az elemzéséhez Magyarországon (Criteria for analysing characteristics and consequences of the post-socialist transition in Hungary). In: Püski, Levente, and Tibor Valuch, eds, Mérlegen a XX. századi magyar történelem—értelmezések és értékelések (Weighing 20th-century Hungarian history—interpretations and assessments). Budapest: 1956-os Intézet/Debrecen: Debreceni Egyetem Történelmi Intézet Új- és Legújabbkori Magyar Történelmi Tanszéke, 389–414.

⁵ Kolosi, Tamás, and István György Tóth, A rendszerváltás társadalma. (Change-of-system society). Budapest: MTA, 2000.

Changes in daily life in Hungary in the 1980s and 1990s

People's use of time

One possibly way to analyse the changes in daily life is to look at changes in the way people used their time. The alteration in daily activity in Hungary between 1986 and 1993 shows clearly the effects of the change of system, the falling level of employment, the appearance and consolidation of unemployment, and the deterioration in the financial position of important groups in society. The amount of monthly time spent by men on paid work fell from 367 to 296 minutes, while for women it fell from 230 to 163 minutes. Meanwhile the trend of previous decades was reversed as women spent an increasing amount of their time on the household and family. Major factors behind the decline in the time spent on paid activity were presumably the transformation of employment, the appearance of mass unemployment and the decline in multiple employment. The increasing importance of the main job appears in the fact that the time spent on the main employment increased by 7 per cent for men and 17 per cent for women between 1986 and 1999. This was accompanied by a drop in the time spent on auxiliary work, from 91 to 50 minutes for men and 47 to 22 minutes for women.

The change in economic structure that began at the turn of the 1980s and 1990s clearly reinforced these trends. According to figures for 1993, the alteration in employment relations and advent of mass unemployment brought a sharp fall in time spent on productive work and on travel. The increased spare time was spent on watching television, on looking after the home and family, or on physiological needs, not on auxiliary money-earning activity. Reversing traditions dating back decades, the amount of time spent by men on household activity increased slightly at the beginning of the 1990s, while the figure for women declined. However, men were taking a bigger part in repair and maintenance and work around the home, rather than in traditional housework. The daily time spent on looking after and raising children increased in the case of both men and women. The only exceptions in the population were the employed women, who reduced the importance of child-raising in their daily activity, presumably because they were more occupied with paid activity.

Conversation, social amusements, receiving guests and visiting restaurants and cafés remained the most important social activities, with little change in the proportions of daily activity they represented. However, attending cultural and sports events lost ground in the 1990s among leisure activities, even among young men and women. The time spent on other mental and physical recreations besides watching television stagnated or declined from the mid-1990s onwards. The time surveys show no significant change in the division of labour between the sexes. Men continued to spend more of their working time on paid activity and women on activity connected with the household and family. The average daily time spent reading, having increased in the early 1980s, reached 45 minutes in 1986. The mounting burdens of the change of system and greater emphasis on television led to a sharp decline in time spent

reading, to an average of 33 minutes in 1993 and 23 minutes in 1999. This applied most to younger adult age groups, where the average was a maximum of 15 minutes a day.

Watching television was already among the most popular home recreations in the mid-1980s. By the 1990s, it could be called predominant, as the time spent on it rose by more than 50 per cent between 1986 and 1999, for men and for women, to daily averages of 160 and 152 minutes respectively. Only educational attainment and skill level provided some kind of filter: graduates spent considerably less time watching television than those with only the eight years of primary schooling.

Dress

The social and economic changes that began in the late 1980s were accompanied by major changes in the structure of spending on clothes. Consumption of clothing halved between 1988 and 1997, with per capita consumption in 1996 hardly over half what it had been in 1970.⁶ The difference in monthly per capita clothing consumption between the lowest and highest income deciles remained a notable fivefold. For the change conditions prompted members of impoverished social groups going down in the world to cut spending on clothing as a way of trimming their living expenses. Meanwhile the consumption share of reduced-price or second-hand garments increased substantially and a high proportion of purchases were made in ‘comecon markets’ from informal cross-border traders. Another new feature was huge demand for Western second-hand clothes imported by the bale by hundreds of shops and sold not only to the poor, but to members of the middle strata of society as well. As a recent study put it, ‘Though the slow rise in living standards since the 1960s meant that cast-off clothing had steadily become associated with the ‘old order’ and ideas of penury, subordination and shame... even social groups who had never considered it before gladly turned to the second-hand shops in the 1990s... Nor was the change just a sign of impoverishment among the middle strata.’⁷ Another factor behind this was obviously the continued high prestige attaching to goods from the ‘West’ and to the personal skill in seeing who could pick the most fashionable and practical garments out of the heap.

New types of dress and behaviour also developed during the change of system. The rapidly widening differences of wealth and income produced a stratum readily able to buy the most exclusive clothes, which they saw as a way of expressing their position in society. So they attached importance to dressing in the latest fashions and the most expensive clothes. This *nouveau riche* style appeared in some strange forms, especially

⁶ For detail, see KSH 1998, *A lakosság fogyasztása 1970–1997 (Consumption by the public, 1970–97)*. Budapest: KSH.

⁷ Kapitány, Ágnes, and Gábor Kapitány 2000, *Szegénység–gazdagság (presztízjszelek változásai) a ’90-es években (Poverty–wealth [changes in signs of prestige] in the 1990s)*. In: *Látható és láthatatlan világok az ezredfordulón (Visible and invisible worlds at the turn of the millennium)*. Budapest: Új Mandátum, 13–34.

during the transition period. One symbol of this became the 'entrepreneur' who wore 'a natty track suit and snazzy trainers' every day, even for work. With some groups and members of the new business stratum, the often unexpected and usually too rapid change in social position was accompanied by confusion of values and disorientation. Many people tried to give visible expression to their wealth by wearing clothes that had been in short supply or had prestige. But the increase in their material goods far outstripped the increase in their cultural capital and familiarity with behavioural patterns. They needed time to realize that a suit and tie, not jeans or a track suit, is called for at formal business talks in the private sector, apart from anything else because correct appearance suggests reliability and stability.

Dress is often the area in which the various elite groups in society indulge in the status-asserting consumption that often accompanies or even replaces rational, practical spending decisions. This exclusive, even extravagant garb may be displayed in daily life and/or at the various prestigious social events that have become frequent again since the collapse of the communist regime: weddings, balls, receptions, concerts, private views, fashion parades, or occasionally sporting events. These occasions for social display self-evidently call for lavish gowns or ballroom dresses, or formal black or white tie for men.

That was not the only conspicuous change in daily life in the 1990s. There was also the process of impoverishment, which affected ever-wider sections of society. For families that had been poor before the change of system and for those who joined them in poverty in the early 1990s, it often became difficult or impossible to obtain even the minimum quantity of clothing out of their own resources. An increasing part in alleviating that shortage was paid by various charitable organizations. Nonetheless, children or adults in inadequate or ragged clothing became a more frequent, even accustomed sight in areas that were falling into poverty or returning to it.

The orientation towards consumption found in the middle strata of society in the previous 10–15 years remained typical in the 1990s. This was encouraged further by radical changes in the system of retail trading, with the appearance of shopping malls and smaller shopping centres. Apart from the need to meet basic clothing needs, there was, at least temporarily, some decline in the role of clothing and dress as an expression of social status. Families of those in public employment in the 1990s still earned enough to be well clothed, or at least to maintain that impression, but luxury or prestige fashion articles were increasingly beyond their means or bought, if at all, only for the children. Each acquisition of that kind also served as an expression of the family's ability to keep pace. Cheapness and durability came to the fore as criteria when such purchases were made.

The increase in inequality after the change of system became more obvious in people's dress, although this applied mainly to the well to do and the impoverished. Meanwhile the social importance of dress and fashion was declining. It became less and less possible to identify general social expectations or rules of dress considered to be important according to public opinion. Here important roles were played by the social restructuring and by the rapid changes in fashion.

Income relations and consumption

Of all the relations altering radically during the process of systemic change, income relations were the ones that set the life-strategies of individuals, by raising or lowering the standard of their daily lives. Impoverishment through short or long-term loss of employment, lower earnings and higher living costs—with the removal of price subsidies or the appearance of market forces—was experienced on a much greater scale in Hungary in the first half of the 1990s than steady earnings or prosperity and enrichment were. Yet the last of these, seen in the development of conspicuous, flaunting behaviour by a *nouveau riche*, irritated the public much more than the mass impoverishment did.

The early 1980s ushered in a period when private capital could be ploughed back into production, thanks to more liberal policies towards private enterprise. Almost three-quarters of households in the 1970s and 1980s took part in the second economy in some form. Wages made up only 56 per cent of the income of actively earning households in 1987: hardly more than half the average family earnings came from a full-time job. The income inequalities, incidentally, arose mainly out of the other earnings, not the wages from the main job. Concealment of income became a fundamental economic trait of Hungarian families in that period. Between 1987 and 1990, one Hungarian family in three travelled abroad to make major retail purchases. There were still one-and-a-half million smallholdings recorded in 1990, so that every other Hungarian family could meet some of its own food requirements.

The changes accompanying the collapse of the communist system had sensitive effects on family income relations.⁸ Real earnings began to stagnate or decline slightly at the beginning of the 1980s. The pace of change is apparent in the fact that they eased by 12 per cent between 1970–71 and 1990–92, and the situation was exacerbated by a decline of a fifth in the real value of family allowances and average old-age pensions over the same period. There was no reversal of this until the second half of the 1990s, after the package of measures to stabilize the economy taken in 1995, when real wages started to climb again by 4–5 per cent a year.

Differences between the lower and upper deciles of income increased steadily. Based on per capita average monthly income, the difference was 5.8 times in 1988 and 7.5 times in 1995. However, society saw these income differences as much wider, and the wholesale concealment of income make the true situation difficult as difficult to reconstruct from tax returns as from the various surveys. The indices quoted actually reflect the income differences only in part. They may be shown better by the fact that the total income of the families in the lowest income decile was the same as the per capita income of the families in the highest. Putting it another way, the total income of families in the lowest decile in 1995 did not reach half the subsistence level, while the per capita income in the highest decile was two or three times the subsistence level.

⁸ For detail, see Zafír, Mihály, ed., 1998, *Életszínvonal 1988–1997* (Standard of living, 1988–97). Budapest: KSH.

Of course, comparing the average for the income elite and for the groups with the lowest average shows much greater differences.

The income distribution in Hungary altered greatly between 1987 and 1997. Most of those managing to increase their income substantially had moved from the state and cooperative sectors in the communist period to the private sector and operated there successfully amidst real market demands and market forces. Others who improved their position included those who retained senior positions through the transition period or became managers of privatized or newly established private firms.

The main losers were people whose jobs fell victim to the structural changes, many of whom were squeezed out of the labour market for lack of schooling or skills, or because of where they lived and the local economy. Others who became impoverished or lost ground were members of the middle strata, not in leading positions, who failed to find suitable supplementary income, for lack of financial or cultural capital, and did not have the professional expertise to adjust to the conditions of a market economy. The incomes of the impoverished and chronically poor deteriorated further in the first half of the 1990s, one reason being that their already extremely low incomes became irregular, while the prices of basic items of consumption—food, household utilities, housing maintenance—increased faster than average.

The expenditure structure of families changed. The proportion of accumulation and investment fell while living costs increased. Consumption generally decreased in the transition years, except among the wealthy. The proportion of the average family budget spent on food increased slightly between 1987 and 1997, while spending on housing maintenance practically doubled, so that these two items accounted for more than half the family budget in the mid-1990s. Meanwhile spending on consumer durables, housing construction and renovation and purchase of real estate was halved.

IV. Conclusion

Hungarian society underwent a thorough process of restratification between the late 1980s and mid-1990s. During the process, possession or absence of property capable of yielding an income gained a decisive role, as did entrepreneurship, convertible skills and capital in the form of personal connections. This social restratification accelerated the increase in income inequalities and altered the system of income distribution. These developments are apparent in daily life, in the changes in the structure of daily activity and the use of time, and in the broad transformation of the structure of spending and consumption by households.

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