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History**

**Illes, K. and Rees, B.**

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Developing competent managers: the 'shadow' of Hungarian  
history

Paper to be presented at the 16<sup>th</sup> Workshop on Strategic Human  
Resource Management  
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Dr. Katalin Illes and Dr. Bronwen Rees  
Anglia Business School, Cambridge, UK

## **Abstract**

Hungary is deemed to be one of the economies that has successfully undergone the changes needed to enter the European Union. Despite this, it has been pointed out that Hungarian managers are still lacking in education and training, that there is a lack of innovation, and that there is still a certain resistance to change manifest in the continuance of the 'black market' economy. However, it is optimistically expected that the influx of Western managerial practices will soon put this to rights (Agenda 2000).

In this paper, we question these assumptions. Firstly, we argue that change is a more complex sociological and historical phenomenon than most organisational writers would have us believe. To illustrate this point, we draw on the work of the social historian Elias, who shows us that macro-societal developments and changes at the micro-level are interrelated.

Following Elias, we then examine the nature of change at an institutional level in Hungary, set against the wider historical background that has shaped these changes. Then, drawing on literature and social research into values, we examine the nature of the Hungarian character, showing its development alongside and in tandem with the historical and institutional changes. What we find does not reflect the upbeat representation of the current Hungarian situation. Rather, using the language of Jung, we show that the particular historical changes that have taken place seem to have taken place at two levels, leading to a 'split' in Hungarian institutions (of which we consider the economy an example) and which is equally reflected by an 'alienation' in the Hungarian character. We question the notion that the practices recently being imported from the West will provide the solutions that the Hungarian economy is looking for. Indeed, there is a possibility that the wholesale importation of such practices may add to the 'alienated' nature of Hungarian organisations, and increase the split between the rulers and the ruled, whether we conceive of this at an institutional level, or at the level of the individual psyche. We suggest that, without understanding these deeper issues, the simple importation of Western ideas is unlikely to address the need to implement lasting changes in organisations and to develop competent and creative managers.

## **Introduction**

‘Nothing is permanent other than change’ said Heraclitos in Greece over 2000 years ago. Two millennia later this rings even truer. We are constantly dealing with change in all areas of life. Thousands of books and workshops offer advice to cope with different aspects of change in our work and personal lives. At the beginning of the 21<sup>st</sup> century, it seems that the rate of change is accelerating, and this is particularly true in the workplace. For example, in an American survey, managers were asked about the change they observed in their work. In the 1970s 60% of the managers said that there was no change, 35% said that there was occasional, incremental change, and only 5% felt that work was full of continuous, overlapping change. By the 1990s only 1% of the respondents said that there was no change, 24% said that there was occasional, incremental change and 75% felt that work was full of continuous, overlapping change. ( Conner, 1993 quoted in Pataki, 1999)

This holds true in the East as well as the West. Indeed, in Central and Eastern European economies, change is reaching deep into the social institutions as well as organisational life. Kocsis argues that: ‘We live in an era of constant change. It means that our managers [i.e. Hungarian managers] and indeed all managers of the European continent have to fight daily for survival, they have to develop continuously in other words they have to accommodate change constantly. Managers have to realise that change cannot be avoided or eliminated. We need to live with change and sometimes we need to initiate change so that we could achieve the desired results.’ ( Kocsis, 1994 )

Further, this perceived need for change is set against a backdrop of significant and far-reaching constitutional, institutional and social change:

‘The history of Central Europe in the 20<sup>th</sup> century abounds in epoch making events. At the beginning of the century its features were determined by the power of a great empire, the Austro-Hungarian monarchy, to organise society and the economy; and the end of the century, imminent accession to the European Union is opening up new prospects for the nations of the region, including the Hungarians.’ (Berács and Chikán, 1999, p.13.)

Hungary is deemed to be one of the economies that has successfully undergone the changes required as entry to the European Union. In the last decade it has moved from command economy to market economy, from socialism to capitalism, from full employment to 10-14 % unemployment, from state ownership to private ownership, from mainly Hungarian-owned organisations to a great number of partly or fully foreign owned companies. Hungarian researchers claim that, whilst there are still changes to make, the transition of the Hungarian enterprise sector has been basically completed. According to the European Union’s Agenda 2000 Document, Hungary, along with the Czech Republic and Poland are countries which ‘present the characteristics of democracy, with stable institutions guaranteeing the rule of law, human rights, and respect for and protection of minorities. They can be regarded as functioning market economies, and should be able to compete the market forces within the Union in the medium term ( Agenda 2000, 1997). Despite this, it has been pointed out that Hungarian managers are still lacking in education and training, that

there is a lack of innovation, and that there is still a certain resistance to change manifest in the continuance of the 'black market' economy. However, it is optimistically expected that the influx of Western managerial practices will soon put this to rights ( Agenda 2000).

In this paper, we question these assumptions. Firstly, we examine the nature of our understanding of change in organisations. We argue that change is a more complex sociological and historical phenomenon than most organisational writers would have us believe. To illustrate this point, we draw on the work of the social historian Elias, who shows us that macro-societal developments and changes at the micro-level are interrelated.

Following Elias, we then examine the nature of change at an institutional level in Hungary, set against the wider historical background that has shaped these changes. Then, drawing on literature and social research into values, we examine the nature of the Hungarian character, showing its development alongside and in tandem with the historical and institutional changes. What we find does not reflect the upbeat representation of the current Hungarian situation. Rather, using the language of Jung, we show that the particular historical changes that have taken place seem to have taken place at two levels, leading to a 'split' in Hungarian institutions (of which we consider the economy an example) and which is equally reflected by an 'alienation' in the Hungarian character. We suggest, that, without understanding these deeper issues, the simple importation of Western ideas is unlikely to address the need to implement lasting changes in organisations and to develop competent and creative managers .

## **1 The nature of change: an Eliasian approach**

One of the major problems in organisational and cross-cultural theorising lies in the abiding sociological problem of addressing how the individuals shape institutions, and vice versa. For example, in cross-cultural organisational theorising, the culturalist perspective discusses values at the level of the individual (core elements of culture) (e.g. Hofstede 1980) whereas the macro-social processes, are discussed in the institutionalist approach which focuses on institutions developed with industrialisation ( education and training system, labour unions, financial system.) (e.g. Lane 1989) There is here a disjuncture between the institutional level and the cultural level, such that the processes by which one forms the other are lost. This means that much of the work lies in examining what is seen on the surface, and not on the underlying processes which create such situations. Until we understand the processes of change at this level, we are unlikely to come to an understanding of change at organisational level.

The social historian Elias offers us a useful understanding. Through a careful comparison of the development of courtly society, Elias shows that macro-societal developments and changes at the micro-level are interrelated. He offers a multi-levelled perspective that captures historical changes at the level of the nation and the level of individual identity. The 'macro' status of institutions is a processual achievement – that is to say, it is not a fixed entity, but should be conceived of as the result of a larger set of interdependent networks of human actors. What unites the modern self and state is the way both are constituted by the interdependence of individuals forced to devise modes of self-restraint. That is to say, the instincts and

emotions needed to survive in 'uncivilised' societies are bound up in civilising processes such as table manners, etiquette, dance etc, so that unbound emotionality is repressed into culture's artefacts.

Elias uses the term sociogenesis to refer to the way in which western (supposedly) 'civilised' emotions and behaviour, tacit and conscious, have been learnt across the changing figurations of different epochs:

'The specific process of "growing up" in Western societies... is nothing other than the individual civilising process to which each person, as a result of the social civilising process over many centuries, is automatically subjected from earliest childhood. The psychogenesis of the adult make-up in civilised society cannot, therefore, be understood if considered independently of the sociogenesis of our "civilization" (1994, x111).

Elias would point to the formation of a shared social 'habitus' or personality make-up that constitutes the basis of individual human conduct. The organisation of the psychological make-up was also, for Elias, a continuous process, which began at birth and continued throughout life. The ways in which the formation of habitus changes over time (psychogenesis) can only be properly understood in connection with the changes in the surrounding social relations (sociogenesis).

Elias argues that as societies become more complex, two things happen: the human psyche undergoes differentiation, and, following Freud's model, the ego and superego, (which have the effect of exerting control over feelings and behaviour) become more distinct from the id, which expresses instinctual drives such as aggression and sexual desire. Secondly monopolies of economic resources and physical force come into being. As people try to ensure their own survival and, the superego becomes stronger, instinct is regulated by foresight (Smith, 1998).

For Elias:

'The structures of the human psyche, the structures of human society and the structures of human history are indissolubly complementary and can only be studied in conjunction with each other.' (Elias, 1991)

However, whilst the institutions and psyche develop concomitantly, the outcomes are largely 'unintended consequences'. As he puts it:

'It is simple enough: plans and actions, the emotional and rational impulse of individual people, constantly interweave in a friendly or hostile way. This basic tissue resulting from many single plans and actions of men can give rise to changes and patterns that no individual person has planned or created. From this interdependence of people arises an order of generis, an order more compelling and stronger than the will and reason of the individual people composing it. It is this order of interweaving human impulses and strivings, this social order, which determines the course of historical change; it underlies the civilizing process. (Elias, 1994).

For Elias :

‘The task of sociological research is to make these blind uncontrolled processes more accessible to human understanding by explaining them, and to enable people to orientate themselves within the interwoven social web – which, though created by their own needs and actions, is still opaque to them – and so better to control it.’ (Elias 1978,)

Elias’s civilisation theory reminds us of the importance of pre-industrial patterns, which evolve outside the economic. These can be traced to the battlefield, the castle, the court, and the salon. They may well still be recognised in the offices of Chinoin or on the football pitch in Budapest. These values are acquired so early they often remain unconscious and can only be inferred from the way people act under certain circumstances. However, it is the values that drive behaviour, which in its turn builds institutions.

Elias’s contribution here, suggests Van Iterson et al (1998) may be twofold. The modern state apparatus in the Western world is to a considerable extent to be understood as the – unintended – outcome of the power struggles of the different groups, fought out in the courts or in opposition to it. Secondly, these ideas and values in which these struggles find expression evolved into ‘national’ concepts which partially came to guide governmental policies. Since the levels of analysis in the civilising process are interrelated, it is obvious that different routes to state formation have also had consequences for the development of manners and morality, and also conscience and personality.

The added value of Elias’s perspective in analysing national behavioural principles lies in the sociogenesis of the values: these values are formed in reciprocity with the process of state formation and the formation of social norms with regard to thinking, feeling and behaving for courtly aristocratic elites, higher civil servants and other leading bourgeois groups. ‘The long-term perspective on the social constitution of values, in interdependence with military, political, judicial, administrative and court life processes provides, according to Van Iterson et al, ‘an valuable enrichment of our comprehension of the development of organisational practices and beliefs’ (Van Iterson et al 1998).

In this paper, we attempt to understand the institutional changes at the level of the history and the economy and to explore this in relationship to the development of the Hungarian personality. We then go on to look at the implications of this for Hungarian organisations.

## **2 The long-term picture: patterns in Hungarian history**

Hungarian history is characterised by short periods of optimism, sometimes enjoying great power, but the primary characteristic is one of living under foreign power. Over the past 500 years, 150 years have been lived under Turkish power, 200 years under Austrian power and 40 years under the Soviet rule. Major historical events are listed in the appendix.

*Servitude and freedom: in the shadow of the oppressor*

In 950 20,000 horsemen under the leadership of Arpad came and settled in the Carpathian basin. Up until the end of the 14<sup>th</sup> century, they expanded their territory and became a powerful nation, culminating in the rich Renaissance court of Matthias Hunyadi Corvinus. This court was visited by many humanists of the period, rich in poetry (1458-1490). Under Matthias, a core mercenary army was constructed, and modern managerial practices were established to control and impose taxes on the Hungarian economy. Such a period established the strong cultural tradition, which, despite political and economic upheavals, has created the independent and proud spirit, which still exists among Hungarians today.

However, from 1526 apart from short periods, the Hungarians were under the sway of Turks, Austrians or Russians. Yet at the same time, Hungarians seem to have established a way of being that ensures that, whilst under the rule of foreign peoples, they have still retained a strong sense of national identity, somehow vicariously enjoying the prestige and power of the oppressor. For example, the compromise of 1867, brought to an end active revolutionary change, and Hungary tied herself to the creation of a dual state with Austria. Even while the aristocratic elements of the Hungarian nation enjoyed this vicarious power, it is said that passive resistance developed to such a state of obsession during this period, through obstinate daily confrontation with the foreign state power that its effect is felt today; for example, the ways of outwitting customs, of smuggling goods across borders, of concealing income and not paying taxes, of distilling brandy clandestinely of deceiving administrative bureaus at every step – not considered immoral actions but honourably national exploits. This uneasy alliance brought with it relative peace and wealth, but, as in other periods of history, when war came, Hungary has no choice but to join on the side of their ally and to fight for an Austrian victory. As a result of being on the losing side, Hungary lost two thirds of its territory. This meant that whole regions of Hungarian towns and cities were given to the neighbouring countries. It is worth remembering that the shock of this Trianon treaty (1920) is barely one generation away.

History in the 20<sup>th</sup> century repeated itself very quickly and in 1939, due to its 200-year-old association with Austria, and geographical location, Hungarians found themselves on the losing side of the war again. However, when they wanted to exit from the proceedings in it became occupied by Germany from March 1944. From autumn 1944 Hungary became a battle field of Russian and German troops. At the end of the war the Russians took almost 700,000 Hungarian hostages including 170-180 000 civilians, and deported them to various labourcamps in Russia. The British took about 300 000 Hungarian hostages. 200 000 of them were released by 1947. According to the available data only 450-470 000 Hungarian hostages were released from the Russian labour camps finally in 1951. (L. Izsák, 1998) This resulted not only in the loss of lives, homes and territories but also the much tighter political, economic and social control of the winning Russian army.

After the euphoria of peace and the end of fascism, Hungarians had very little time to celebrate life and freedom. They had to face dramatic changes under socialism, adjusting to the new rules and rulers. It is this period that we wish to analyse in more depth.



### **3 Hungary's recent past: the silent shadow**

The period of Hungarian history between 1948 and 1989 has been given many different labels. The most neutral titles are the Soviet era, the era of socialism, the era of command economy. The most frequently used colloquial reference for this period is the 'cursed era'. We draw on the work and language of Elemér Hankiss (1990) who wrote an in-depth study on the topic and whose clear explanations and arguments helped us to understand the complexities of Hungary's recent past.

#### *From 'paralysis' to 'liberalism'*

##### *1948-1965 The paralysed society*

The new political leadership after the communist take-over in 1948 was very different from what Hungarians had experienced before. These people had been trained in the military discipline of Leninism-Stalinism, in the conviction that they had unconditionally to subject themselves to the will of the party. They considered themselves as the local representatives of world communism led by the Soviet Union and had plans to build a future socialist and communist society in one or two decades. They felt they did not need the co-operation of the people, which they could not expect anyway, but the power to keep them in fold. (Hankiss, 1990). Further most of these leaders had come back to Hungary from two decades of emigration and they were out of touch with and very suspicious of almost the whole society. They talked of Hungary as a 'fascist nation', the 'last satellite of Nazi Germany'; as a society that had been enslaved by a century of feudo-capitalist rule and had been poisoned for centuries by Catholic and other churches.

Whilst they did not have parliamentary majority, they needed unlimited freedom to do what they felt was right to accomplish their historical mission. Consequently there was a move to 'atomise' and fragment the different groups in Hungarian society. A great deal of secrecy surrounded the ruling elite. According to a survey the ruling class consisted of about 500,000 members (Bihari, 1989) but there were only 50-100 people in its heart and only about 24,000-25,000 were in decision making position at national or local level.

From 1947 civil rights such as participation, representation, the right to strike; the rights of association, freedom of conscience and expression; the right to choose one's job or citizenship were suspended. By 1949 91% of employees in ministries and national public administration agencies were party members. ( Petö and Szakács, 1985 quoted in Hankiss, 1990).

The party had total control of the mass media. They nationalised the industrial and commercial organisations, and most of church activities were banned.

Another powerful strategy that was used to increase control was the uprooting of people: 'to force them out of their traditional jobs, identities, and environments; to force them into new jobs and new environments, depriving them this way, of their skills, expertise and self-consciousness' (Hankiss, 1990 p.28)

Tamás Kolosi (1982), in his study of the restratification of Hungarian society at this time, writes in this connection: 'In the period between the late 1940s and the mid-60s, 70 per cent of the Hungarian population worked in an occupational category different

from that in which they, or their fathers, had worked before. Labour mobility of the same magnitude took 100 years in Great Britain and 80 years in Germany; in Hungary it was collapsed into 15 years.'

The dogma of 'common interest', 'collective interest' 'the commonweal' gained legitimacy and private and group interests were suppressed and eradicated. Even if people did not accept this doctrine, they were confused and paralysed by its intensive dissemination. (Hankiss, 1990, p.32)

The ruling elite disintegrated and atomised society by forcing people to withdraw into their private lives, and by disrupting social networks it hoped to push society into their direction. Paradoxically, despite the collectivistic rhetoric of the Communist Party, the whole economic and social situation in the 1960s and 1970s pushed people towards privatisation and individualism. Whilst they could not participate in public life they started to take advantage of the growing economic prosperity and started to increase their living standards and lifestyles.

### ***1965–1985 'Liberalised Society'***

Despite this social background, economic performance in the 1960s and 1970s was good in Hungary and it led to a liberalisation process. However, Hankiss makes a very clear distinction between liberalisation and democracy. In democracy institutional systems are created, based on real power, that guarantees the rights stipulated in the constitution of the community. 'Liberalisation, on the other hand, works without rights. This is the political acrobatics of giving people more and more leeway without releasing the leash.... The Hungarian leadership was able, or willing, only to "liberalise" the country, not to liberate it. This policy of liberalisation led the country into a dangerous impasse. The leadership was able, or willing, to implement only half-hearted measures.' ( Hankiss, 1990, pp.54-55). The ruling elite slowly increased the number of things that were permitted, the space where people could feel themselves more or less free, but did not give the rights to guarantee these new opportunities. So it was only a temporary and conditional suspension of the restrictions and control. People lived in constant uncertainty because they had no idea when the 'masters' would change the rules and introduce tighter measures again.

What was now permitted? Everything allowed related to the gradual development and flourishing of the second economy. People were allowed to set up various enterprises and operate them in their free time. This enabled families to earn more and increase their living standards.

Gábor (1983) gave the following key characteristics of the second economy:

1. The second economy was the sum total of economic activities outside the state sector; it was only loosely integrated into it
2. It was not planned and organised by the state.
3. It was a more or less informal economy; it was only partially affected by the formal system of regulation that controlled the first economy.
4. It was not linked to the dominant form of ownership i.e. to state ownership.

5. It was not linked to the dominant form of management, i.e. to large enterprises; it was based on small-scale co-operative enterprises and mainly on family enterprises.
6. Contrasting with the first economy, it had 'hard budget constraints'; it was cost-effective; it lay outside the sphere of state investment policy.
7. It was less affected by the hierarchical structures characteristic of the regime than the first economy.
8. It was an important but not a dominant activity within the national economy; it was of a complementary character.
9. It was an 'invisible' or less visible, economy generating incomes that could not be, or were only partly registered by the tax office.
10. Its political and ideological assessment by the authorities was precarious and ambivalent.

The rules, the norms and the networks for the second economy evolved gradually in the shadow of the first economy. Parallel to the economic development we can observe a social life and social developments that are quite separate from the 'official society'. Hankiss calls it the second society. The two economies and societies intertwined in many ways, they could not actually function without each other. In some cases they complemented each other in other cases they became each other's obstacles.

### *The crisis*

With the growth of the second economy and the increasing problems of the first the power of the ruling elite gradually started to decline in all fronts. By this time the ideology had totally lost its relevance. The strongly centralised organisational system had the tendency to overregulation and bureaucratisation and was also characterised by nepotistic networks. Owing to these and other factors the ruling elite became less and less able to govern the country. Decisions were indefinitely delayed ; decisions taken were not implemented; contradictory regulations were introduced; plans were not achieved; economic decline could not be halted . From the late 1960s the party unity also started to weaken and by the 1980s the struggle became quite apparent between the reformists and anti-reformist members of the party.

As a result this led to a crisis in values. As Hankiss points out: 'If people are deprived of their values, if they cannot rely on a relatively strong and consistent value system, they lose one of the most important organising principles and regulatory forces in their lives. If their values are destroyed, it will be much more difficult for them to preserve their moral integrity and their sense of social responsibility. This is what happened in Hungary after 1948. The destruction was far-reaching or almost total. As a consequence of this destruction, Hungarian society is still now in profound spiritual and moral disarray....The destruction was systematic and wide-ranging. Traditional value-generating institutions (churches, communities, associations, social movements) were dismantled or paralysed; families were disintegrated; traditional values were stigmatised, persecuted, driven underground; their followers were harassed, intimidated; people were indoctrinated against their own value beliefs and convictions; believers were forced to abjure their beliefs, teachers were forced to teach lies etc.' ( Hankiss, 1990 pp121-122)

The new regime, however, failed to provide a sustainable new value system in its place. They could not bridge the gap between the ideology and the everyday practice or the implementation of that ideology. It only produced macro-social and political values but failed to generate values indispensable in everyday life, in family life, in personal relationships, values relating to questions of life and death. <sup>1</sup>

The political, economic, social and cultural crises mutually reinforced one another. These areas were so intertwined that the crisis was practically unmanageable. By the end of the 1980s social responsibility has been almost totally destroyed. Further, as the communities were disintegrated people lost their sense of ownership and became demotivated and did not look after the properties of the community. Many individuals lost their inner capacity to act in a responsible way. There was no predictability. The lack of continuity, the permanent changing of the rules of play, overregulation combined with underregulation, and the chaotic interaction of incompatible organisational principles made the prediction of the consequences of one's acts, and hence responsible action impossible.

After the euphoria of 1989 different types of aid programmes started to pour into the countries of Central and Eastern Europe. Some countries gave money to help to develop the infrastructure, others gave computers and machinery to specific institutions and there were some that offered help in the form of knowledge about managerial practices. Consultants started to appear with both at government and organisational levels.

At an economic level, it is broadly agreed amongst researchers and commentators that the transition to a market economy has taken place (Budapest University of Economic Sciences, 1998). In the transition period the legal and regulatory environment has been characterised by the following factors:

- increasing autonomy by privatisation
- globalisation of economic activities
- key role of Foreign Direct Investment in the modernisation process

In 1989 20% of the population was employed by the private sector. By 1994 this figure was 65%. The private sector's contribution to GDP grew from 20% to 56% during the same period.

In the first instance these projects were very welcomed and there were high expectations and a level of naïve hope that by following the Western advisors things could improve dramatically. However, at a social and political level, the picture does not appear so rosy. Unemployment has reached 10-14%, as opposed to zero unemployment, there is a major reduction in social welfare and security (under the Soviets, spending on social welfare was at the same level as that of Sweden), lack of job security, increasing gap between the rich and the poor. Free higher education and health care has been abolished and people now have to pay market prices for medicines. ( Kornai, J. 1995, Illes 1998).

Despite the optimism of the economic and business indicators, some warning signals that all is not rosy show that in the workplace there is a high resistance to new market techniques, lack of innovation, low morale, and 'low ethics' (Illes and Rees 2000). We shall refer to this later.

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<sup>1</sup> It may also be worth noting here how such a phenomenon backs up Elias's understanding. The involvement of institutions and values is inextricably interlinked: one cannot evolve without the other.

## **The change process in Hungary: the eruption of the shadow**

The above discussion has shown to some degree the nature of the change process in Hungary. Although many commentators declare that the change from 1989 has been rapid and radical, we can see, with that the roots of the change process were already in place by the nature of the 'silent' growth of the second economy. However, it is clear that this growth has not been abundant or full. It has, like much of Hungarian history, existed alongside the elite who have the real political clout, and there has been little real power in this growth. If we take a longer-term view, we can see that patterns of change here, reflect and reinforce patterns of change that are apparent throughout Hungarian history.

In our examination of the recent past in Hungarian history, it struck us that the language of Jung can help us understand what seemed to be happening in Hungary in these years, and that his notion of the 'shadow' could be a useful tool of analysis, both and the level of the institution and at the level of the individual.<sup>2</sup>For Jung, expressions of the collective unconscious, passed down through generations are encapsulated in his notion of the 'archetype' of which the shadow is one example(Stevens, 1990). Archetypes are enduring, slow to change, and we believe that, to help us understand change processes better, we would do best to realise that real change at the level of a nation and society, as Elias shows us, is slow and evolves over a very long period of time.

Let us first examine how Jung conceptualised the notion of the shadow. In early childhood, the persona grows out of a need to adapt to the expectations of parents, teachers and society in the course of growing up. When growing up young children quickly learn that certain qualities are regarded as desirable, while others are not. Qualities perceived as undesirable, unacceptable or reprehensible are repressed or hidden from view. These form a complex which Jung called the shadow. The shadow, however has its archetypal core, it is the archetype of the enemy, the treacherous stranger, and is part of the human being's adaptive equipment. The shadow archetype is active in early life since it is a matter of survival for all young animals to possess a programmed wariness of anything strange that may be potentially hostile. As time goes by, this archetype becomes fleshed out with personality qualities, which are rejected by the parents or school as unacceptable (Stevens 1990).This is in a way an adaptive compromise between the society and the developing Self.

If this shadow aspect is not given conscious expression as an adult, then it manifests itself in unintegrated ways such as passive behaviour or outbursts of anger as a reaction to events – or it could emerge as bursts of highly creative energy, manifest in artistic, intellectual or practical work. The task of the individual later in life is to attempt to acknowledge and integrate these 'shadow' aspects into full expression as

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<sup>2</sup> We are not the first to begin to use Jungian concepts at a collective or organisational level Kaj Noschis (1992) in her book on the organisational shadow noted that “... Jung himself did not hesitate occasionally to apply some of his psychological categories to entire populations. For instance, he discusses differences between east and West in terms of his typology or refers to capitalism and communism as being each other's shadow ([Jung, (1957) *the Undiscovered Self*. London, Roulledge and kegan Paul, 1975 par.544]...I do not have a more convincing argument for making this leap from individual to organisational psychology than Jung had in moving from individual to group level.

an autonomous individual, thereby eliminating the negative behaviours and giving the positive elements more focussed expression. This process Jung called 'individuation'. Only by integrating our persona with our shadow do we become full and rounded individuals, autonomous beings.

We can extend this notion of the shadow to interpret how Hungarian institutions have developed. We have seen how historically, whilst ruling elites of other nations have developed laws and regulations, Hungarians have 'silently' developed their own sometimes co-operatively, sometimes manipulating and attempting to defeat the system. This is particularly evident under the Soviets. We have seen how the 'second economy' developed, yet without the real power or freedom to act. The shadow, whilst potentially powerful, remains under the surface and undifferentiated.

However, the shadow has also erupted at various points in attempts to reassert itself, albeit unsuccessfully. Whilst it would appear that Hungarians have been 'silent' or lacking in power, the sense of identity, and rich cultural history, that can be traced back to the Magyars, and to the court of Matthias has asserted itself at various points in her history. Ever since defeat and rule by the Turks, Hungary has felt itself to be behind the West, and has tried to catch up. This has been instigated by the country's elites, who have at various times attempted to implement different programmes to this end. The first programme was launched during the reforms of 1830s and 40s. Its main objectives were independence from the Habsburgs, modernisation of agriculture, and the development of a British-or French-type parliamentary system. This revolutionary aim was defeated by the Austrian and Russian armies in 1849. The next attempt started in 1867 when the country won semi-independence from the Austria. The country developed economically and also managed to develop the institutions of a modern European society. But the semi-independent status did not allow the development of a genuinely democratic political system.

The First World War led the country to a total disaster. The conservative governments of the 1920s followed two short-lived revolutionary attempts ( the social democratic experiment in 1918, and the communist one in 1919) and run aground into the economic crisis of the 1930s. The populist and technocratic-bureaucratic experiments of the late 1930s and 1940s were interrupted by the Fascist take-over. The democratic experiment after the war , with a multi-party parliamentary system a halt in 1948, when the communists took over power. The Stalinist programme, with its one party system, ruthless despotism, and centralised planning economy began to falter in 1954 and crashed in 1956. The post-totalitarian experimentation, with an enlightened, pragmatic, and paternalistic authoritarianism, and its politics of liberalisation, was between 1965 and 1975 the most successful East European model, but began to malfunction seriously in the late 1970s, was heading towards a general crisis during the 1980s and crashed in 1989, as we have already seen.

'This is the sad and discouraging record of a nation which has launched frequent attempts to catch up with the West, to increase its own prosperity, to broaden its freedom, and which has repeatedly failed'. ( Hankiss, 1990 pp 82-83)

Using the metaphor of the shadow, then, we would argue that change in Hungary is not as dramatic or radical as many commentators may have us believe. Whilst the superficial changes may appear radical, there is a real danger that the Hungarian nation may repeat patterns of collusion and compromise that have sustained it over

the past 500 years. We noted earlier that the task of the individual in life was to assimilate and transform where necessary the energy of the shadow, in balance to the persona. We would suggest that Hungary is so steeped in patterns of repression, that it would require a thorough, long-term plan of assimilation before the ideas of the West, where appropriate, may be assimilated with the rich, though silent, history of Hungary.

This is not to say that Hungary is any more or less 'civilised' than its European partners. Just as Jung pointed out that communism and capitalism represented each other's shadow, so we may argue that Hungary and her oppressors act as each other's shadow. We have already seen that over 500 years ago, Hungary was already the centre of European culture and education. If Hungary could find her way back to her rich roots by connecting with that archetype, then she can find a way of transforming those energies bottled up over the past 500 years.. Historically, Hungary had already demonstrated the qualities necessary for cultural growth. The journey ahead, if she can tap into these archaic resources, could indeed be fascinating. Hungary is not 'behind' her European sisters, but merely at a different crossroads. So Jung pointed out:

'...it is not only primitive man whose psychic processes are archaic. The civilized man of today shows these archaic processes as well, and not merely in the form of sporadic "throw-backs" from the level of modern social life. On the contrary, every civilized human being, whatever his conscious development, is still an archaic man at the deeper level of his psyche. Just as the human body connects us with the mammals and displays numerous relics of earlier evolutionary stages going back even to the reptilian age, so the human psyche is likewise a product of evolution which when followed up to its origins, shows countless archaic traits...When questioned as to the distinction between good and bad a negro chieftain declared: " When I steal my enemy's wives, it is good, but when he steals mine, that is bad"...Primitive man is no less prompt than we are to value an ethical attitude. His good is just as good as ours, and his evil is just as bad as ours. Only the forms under which good and evil appears are different; the process of ethical judgement is the same." ( C.G. Jung, 1933, pp.144-147)

We saw from Elias that institutions develop intimately with the individual psyche, and it is to this that we now turn to complete our analysis.

#### **4 The development of the Hungarian character**

One of the features of the post-war period in Hungarian history is that people retreated into their inner worlds or into the second economy. In this section, we examine the values of the Hungarian people, and also how the Hungarian character is traditionally represented in Hungarian literature.

We saw how the post-war government atomised and fragmented a great deal of Hungarian society, resulting in a 'retreat' into a private and inner world. The ruling elite used stigmatisation to deprive people of their identity. Class identities, which had been an especially important source of self-respect and autonomy, were replaced by feelings of guilt. Blue-colour workers for example were called 'lumpenproletariat', farmers were called 'kulaks' and those who belonged to the intelligentsia were

stigmatised as 'lackeys of the capitalists'. Pride in the original national identity was also taken away by calling Hungarians indiscriminately 'a nation of fascists, or 'the last satellites of Hitler'.

Such class, work and national identities were substituted by pseudo-identities in the form of slogans such as 'We are the country of steel and iron', 'We are the nation of Nobel prize winners', 'We are the East European success story' or 'We are a great sports power.'

People were forced to participate in rituals celebrating the party, the party leaders and the Soviet Union, and if people made mistakes, they were forced to revile themselves and to repent their 'sins' publicly.

It is not surprising that people became very demoralised and went into withdrawal. As a silent protest and a way of self-protection people withdrew into inner emigration, privatism, consumerism, into political indifference or into alcoholism.

As Hankiss pointed out:

'To act, people need a feeling of social identity. If deprived of this identity they will be lamed or paralysed; they will be less able to act in a conscious and responsible way.... For forty years, it was impossible or dangerous for people to identify themselves with social roles like "I am a member of the middle class, "I am a social democrat" , "I am a Calvinist", "I am a citizen" etc.'( Hankiss, 1990 pp36-37).

The extreme individuation of Hungarian society is well illustrated by the European Value Systems Study, which was conducted in 1982 in thirteen countries. For example to the question: 'Is there anything you would sacrifice yourself for, outside your family?' 85% of Hungarians said 'No'. When the same question was asked in Britain, France, Spain, Denmark or Belgium the negative answers were between 38-64%.

To the question: 'Would you raise your children in respect of other people?' the European average of positive answers was between 43 and 62%, while the corresponding Hungarian figure was 31%.

To the question 'How do you prefer to spend your leisure time?' 72 % of Hungarians chose the family. The other alternatives were, alone, with friends, going out. From the other European countries 39-53% chose the family as a preferred way to spend leisure time with. (EVSS,1985)

Whilst people enjoyed relative security and well being, they knew that they could not influence the country's politics or economics so they hoped that those in power would make the right decisions for all. A quarter of a century of paternalistic rule has left its imprint on people's minds and attitudes and Hankiss refers to this attitude as one of 'infantilism' which became a national syndrome in Hungary ( Hankiss, 1982). A national survey in 1985 showed that only 10% of adults believed that they could do something against measures that offend their interest. In developed countries the positive answer was 50% and in developing countries the average was 28%. ( Bruszt, 1988).

The following table illustrates very well what Bruszt calls the 'without us but for us' syndrome in Hungary. It means that in the mid-eighties people felt that knew that they had hardly any say in the decision-making process but they believed that the leaders of the country would take the people's interest into consideration.



### *The 'without us but for us' syndrome*

Statement	% of people who agree with the statement in respect of: work place	% of people who agree with the statement in respect of: municipality	% of people who agree with the statement in respect of: national politics
Your interests play an important role in decision-making	60	57	68
You are satisfied with the way things are going in Hungary	62	45	55
The situation of democracy is good in Hungary	62	55	70
You have a say in the decision-making process	36	19	15
You can do something against measures offending your interests	51	25	10

( Source: Bruszt 1988 pp61-67)

It is interesting to note that the suicide rate and the alcohol consumption more than doubled between 1950 and 1984 ( Andorka and Harcsa 1986) indicating a pathological response to unfavourable and oppressive socio-economic conditions.

### **The Hungarian character in history: the individual shadow**

Forty years of Soviet rule have obviously left their mark on the Hungarian nation. We believe, however, that these patterns of behaviour go back much further than this period. Our aim here is to show patterns of collusion go back much further, and have become deeply embedded in the Hungarian psyche. Although we can see from our discussion of recent history how these values have developed, a review of Hungarian literature gives a richer picture of how Hungarians tend to perceive themselves. We have identified four characteristics, which tend to recur in literature. These are: fight for survival; procrastination and drifting; neurotic competition; martyrdom and guilt.

#### *Fight for survival*

This is a theme that is well represented in literature.

Gárdonyi's *The Stars of Eger* is an epic about the Hungarians heroic fight against the Turks. The Turkish army is bigger, better equipped but the Hungarians win in the end because the truth is on their side and they are braver and brighter than the enemy is. They are fighting for their homeland whereas the Turks are invaders. In the novel the

Turks are depicted as stupid and cowardly and they are a target for many practical jokes.

Jókai's novels talk about the heroism, loyalty and high moral standards of the Hungarians who fight against the Austrians. Outwitting the Austrians is a virtue. The Austrians are described as weak and pathetic. They make plot after plot against the Hungarians but in the end the victory is always on the side of the truth. And truth is with the Hungarians. If they can't win in the battle they have the moral victory and gives them strength for future fights.

One of the most famous texts in Hungarian history written in the 19<sup>th</sup> century is the *The Tragedy of Man* written by Madach. The theme of this work is the constant struggle of human beings for survival. The drama follows the history of mankind. The scenes change from ancient history to more recent but the players and the problems are very similar. The final line of the drama serves as a motto for mankind and it is an encouragement for the Hungarians:

'I've told you, Man: have faith and do your best!'.(Madach,1993)

*Drifting, procrastination*

Sándor Petöfi : 'Pató Pál ur'

This is a satiric poem about a miserable fellow who lives in his village without a wife. His house is collapsing because he does not do any maintenance . His garden and his fields are equally abandoned, the servants are not working and you can see nothing but weeds. Although he has fine material he is in shabby clothes because he is too lazy to call a tailor. The ironic message is the inability of the Hungarian to take proper care of themselves, as exemplified in Hungarian history. His motto for life written at the end of each verse is : 'Oh, we have time there is no need to rush.'

The last verse of the poem universalises the theme:

*He lives his life like this,  
Though his ancestors left him abundance  
He never has anything.  
But it is not his fault ( says the poet)  
He was born to be Hungarian  
And in his country it is an ancient slogan  
'Oh, we have time there is no need to rush' ( Petöfi, 1960)*

The poem was written in 1847 just before the 1848 revolution. Petöfi was one of the initiators and leaders of this revolution for freedom. He wrote his poems in simple Hungarian because he wanted to speak to the whole nation. He died during the revolution and became a national hero. His poems are so popular that they are often mistaken for folk songs. He was obviously angry about the negligence and procrastinating attitude of his countrymen.

### *Neurotic competition*

János Arany: 'Fülemüle'

Arany was Petöfi's friend and contemporary. He has the reputation as being one of the most sophisticated Hungarian poets with the largest active vocabulary.

The title of the poem is 'The Nightingale' (Arany, 1964). It is a satire about two bad neighbours who got into dispute about the song of a nightingale. The two neighbours are called Paul and Peter. There was a walnut tree in Paul's garden and one of the branches bent over Peter's garden. As Peter benefited from the nuts he did not complain.

One day a nightingale settled on this particular branch and started to sing. Both Paul and Peter were out in their gardens and enjoyed the song. Paul stated that the song was his because the nightingale sat on his tree. Peter argued that the song was actually his because the branch that the bird sat on was in his territory.

The two neighbours bit each other up in the heat of the argument and each decided to take his case to court.

They presented their version of the truth individually and both of them bribed the judge with a piece of gold coin. The judge put Peter's coin into his left pocket and Paul's into his right pocket. He looked through all the legal books and as none of them made any references to such a bizarre case, he made the verdict himself.

According to the Judge, the nightingale sang neither to Peter nor to Paul but to the judge, as is apparent from the fact that he has money in both of his pockets. In the last verse of the poem Arany states ironically that such things of course would not happen any more. No one would take a neighbour to court for a petty issue because people love and respect each other these days.

The poem was written in 1854 not long after the revolution when censorship was particularly strict. Not surprising that Arany told his critique in the form of a tale. You can read the story at two different levels. If you look at the words only it is nothing more than an anecdotal story from the past. When you look beneath the words it is like a sad mirror shown to all Hungarians who weaken the nation by fighting against each other and as a result strengthen the enemy.

### *Martyrdom and guilt*

Folk Ballad: Kömüves Kelemen

This famous folk ballad reveals some of the shadow side of the Hungarian character in the sacrifices made to work, which are ascribed to fate.

The ballad is about a group of builders who took on the major work of building the castle of Déva. They start to work enthusiastically because the agreed payment is good, however what they build during the day falls off in the evening. They try it again and again but the mortar can't keep the bricks together. They do not know what to do. They have to build the castle because they need the payment for their families. They refer to an old bricklayers' myth and agree that whoever's wife will come to the castle first will have to be sacrificed for the sake of the project. After a while the

families are getting worried at home as there's no news from the builders. The wife of Kelemen Kömüves can't stand the waiting any longer. She says good bye to her little son and goes to visit her husband. The castle of Déva stands on a top of the hill so the builders could see all the traffic in the valley. When Kelemen Kömüves notices his horses and cart he starts to pray for a lightning that would frighten the horses away or for an accident that would prevent his wife from arriving at Déva. Unfortunately his prayers do not help and when Mrs. Kömüves arrives, the builders tell her about the agreement and throw her into the fire. Her ashes make the mortar strong enough to hold the bricks together so they can eventually complete building the castle and go home. Kelemen Kömüves meets his little son who wants to know where his mother was. He keeps asking about her and in the end the father takes him to the castle. There he calls out in desperation for his mother. His mother tries to respond but the bricks can't let her move. The little son's heart breaks so he now joins his mother.

There are a number of points in this sad story that can be related to the Hungarian character. First of all it is still not untypical to make enormous personal sacrifices for work. Working overtime, taking on 2-3 jobs for the sake of the family is an economic necessity even though it deprives children of their parents.

Fate, bad luck and the individual's interest are also present in the ballad. It is by fate or curse that they cannot build the castle. To plead with fate or to counteract the curse you need to make a sacrifice. And what could be a better sacrifice than the closest person to you. Cruel but the ego makes these men agree that they would kill a wife. They of course exclude the possibility that it could be their own wife. And when it comes to sacrificing someone else's wife or losing the payment they all vote for the sacrifice and totally forget about how they should love their neighbours.

### **Conclusion: implications for organisational policy**

To return to our metaphor of the shadow, whilst the shadow elements in the psyche are unconscious, they remain dynamically active. The rejected aspects of the developing ego continue to carry a sense of personal identity, and when they do impinge on awareness, according to Stevens (1999), they are experienced as liabilities: they are tinged with feelings of guilt and unworthiness, and bring fears of rejection. All these characteristics we have seen in the Hungarian literature; the defensiveness, martyrdom, guilt and competitive elements. If we fail to own these characteristics, then they are projected onto others as an unconscious act of ego preservation. In this way we deny our 'badness' and project it onto others who then become responsible for it. It is much easier to blame others. The continued survival under foreign rule has probably made it easier for Hungarians to blame their fate on the outsider – another example of the shadow at work. But bringing the shadow to light is not easy. As Jung points out: 'One does not become enlightened by imagining figures of light, but by making darkness conscious. The latter procedure however, is disagreeable and therefore not popular.' (Jung, CW, para 335)

Thus, what we have seen at an institutional level is equally played out at an individual level. This resigned acceptance of 'how things are' tends to be, at an individual level, the way in which the 'silent' shadow, if it is not give expression, asserts itself. Guilt and self-sacrifice are very particular ways in which an individual may rationalise his

or her inability to act, and take responsibility, whilst neurotic competition and drifting are negative patterns of behaviour which reinforce these inner feelings of guilt. Thus such patterns recreate and reinforce themselves, since the consequences of not acknowledging or recognising the shadow means that history repeats itself. In individual terms, it means that the adult never grows up, and at an institutional level, it means that creative harmonious growth is not possible. The consequences of constantly being 'in the shadow' of a ruling elite, whilst sometimes benefiting materially, though never having any power has resulted, we believe in a peculiar 'alienation' that somehow needs resolving if stagnancy and powerlessness is not again to result.

We noted in our introduction that whilst there is agreement that the transition has been made from command to market economy, three major problems have been highlighted (Illes and Rees 2000). These are:

- High resistance, low morale, 'low ethics'
- Lack of innovation
- Lack of managerial knowledge and practices

It would seem that the shadow is already beginning to make itself felt. However, it is felt that increased education and managerial training will rectify this situation. We do not feel this is necessarily the case. We have shown here how patterns of behaviour that are captured at an institutional level are reproduced at a psychic level in the individual. Real change at the level of the individual is likely to take place over generations, and not simply in the relatively short life that people work in organisations. Behaviour in organisations is determined more by underlying unconscious motivations and drives that are passed down over generations than through the rhetoric of management manuals which exhort entrepreneurial behaviour.

We do not believe that the practices recently being imported from the West will provide the solutions that the Hungarian economy is looking for. Indeed, there is a possibility that the wholesale importation of such practices may add to the 'alienated' nature of Hungarian organisations, and increase the split between the rulers and the ruled, whether we conceive of this at an institutional level, or at the level of the individual psyche. If Hungarian organisations really want to make progress and become 'learning' organisations, then there needs to be space where such learning may take place. Rees (2000) shows how entrenched values, which are not made conscious, may impede communication and creativity in the workplace. For her: 'In a sense, learning here can be said to take place when habitual conditioning falls away for an instant, and the energy of the instinct, though still bounded, is released.'

We believe that if Hungarian organisations are to be lead by competent and creative managers, then the first steps should be to open up and integrate the energy of the shadow so that autonomy is achieved. Modern techniques of unlocking personal histories could be used creatively to help break down destructive or stagnant patterns of relating. At an organisational level, clarity of purpose, consistently open channels of communication, and a forum in which members of an organisation can challenge one another are prerequisites for organisational learning. Whilst these may appear to be luxuries in this time of tumultuous change – in order to succeed internationally, businesses could do well to understand what stifles and inhibits their workforces. Clearly, the better we understand our psyche and its construction in relation to our

history the better we can understand ourselves in relation to others and the social institutions around us. In this way we can help 'guide' our organisational learning in the direction we want. Whilst Elias showed us how civilisations develop through the repression of certain emotions (whether they are positive or negative) he also said that the more these blind processes become conscious, the better we can orientate ourselves within them. Unlocking Hungarian history, transforming the shadow would seem to us to be a more creative and ultimately profitable route to positively release the energy of the transition period.

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## Appendix 1

AD 895-900	Seven Magyar tribes occupy the Carpathian basin.
1000	Foundation of the Hungarian kingdom; St. Stephen is the first Hungarian king.
1100-1500	Hungary is a rich and flourishing kingdom. In the 14 <sup>th</sup> century it extends its boundaries to the Baltic, the Black Sea, and the Adriatic Sea.
1526	The Hungarian army was defeated by the Turks
1541-1686	Turkish occupation.
1686-1867	Hungary is under Habsburg rule, in a semi-colonial situation. The revolution in 1848 and the War of Liberation are defeated in 1849 by the Austrian and Russian armies.
1867-1918	The Austro-Hungarian Monarchy; spectacular economic, social and political development.

1914-18	The Monarchy, allied with the German empire, is defeated in the First World War.
1920	In the Treaty of Trianon, Hungary loses two-thirds of its territory.
1920-45	Hungary is a kingdom without a king, governed by a conservative elite which obstructs social and political development. In the Second World War, the country fights on the side of the Germans but preserves its independence until 19 <sup>th</sup> March 1944, when it is occupied by the Germans. When in April 1945, after a year of destructive fights, it is liberated by the Red Army, its capital and most of its industry is lying in ruins.
1945-7 parliamentary	The country is governed by a coalition of political parties; democracy is disturbed by strong Soviet pressure and interference. At the elections of 1945, the Communist party gets only 17 per cent of votes. At the 1947 elections, in spite of large scale electoral cheating, it gets only 22 per cent.
1948 and	Turning point; the Hungarian Workers' Party ( which is a forced alliance of the Communists and the Social Democrats) seizes power and establishes a totalitarian one-party rule.
1953	The first attempt at loosening the totalitarian rule; the first government of Imre Nagy.
1955	Come-back of the Stalinists
Oct.1956	National uprising against Soviet domination and the beginning of a democratic revolution against communist rule.
Nov. 1956	Soviet invasion; re-establishment of communist rule.
1957-1988 of	The Kádár regime. After bloody reprisals in 1957-8, and the execution of Imre Nagy and about 400 freedom fighters and politicians, a slow liberalisation begins in the mid 1960s. The 1970s are the Golden Age of Kádárism relative affluence, gradual relaxation of political control, enlightened and paternalistic absolutism. In 1968, the so-called New Economic Mechanism is launched, which is the first important step on the road of transforming the centralised and planned state socialist economy into a market or mixed economy. In 1970, this reform process
	is obstructed by the conservative forces and slowed down by the resistance of Brezhnev and the Soviet leadership.
1980-1989	Deepening economic and social crisis.
1990	First free parliamentary election in forty-two years. ( adopted from Hankiss, 1990 pp275-277)
1990-2000	Multi-party system, private ownership, unemployment, adjusting from backward technology to top technology. Major reduction in social welfare and security, no job security, increasing gap between the rich and the poor. The abolishment of free health care and free higher education.