

V. The National Economy and Social Life

The year was 1815. The spirit of liberty and equality that Napoleon rather ambivalently represented seemed to have been crushed: the good old iron rod of absolutism returned everywhere in Europe. It was not otherwise in Hungary where the Habsburg king Francis I did not care to call Parliament for thirteen long years.

As elsewhere on the continent, the quest for reform and modernization temporarily took less conspicuous, non-political forms. One of these was the shaping of an expressive, rich national language to replace the bastardized, mixed idioms that resulted from the huge 18th century influx of ethnic immigrants from other cultures. Another consistent preoccupation pertinent in this context was with national economy, both its theory and practice.

The studious economist Gergely Berzeviczy and the landholder-writer Dániel Berzsenyi lived in a country which differed from the dominant Western European model in some respects. Their main ambition was the furthering of production and commerce among overwhelmingly agricultural conditions in which the development of urban middle class values and lifestyle was already a realistic possibility, but intensive industrialization was not yet a reality. There is no doubt that both Berzeviczy and Berzsenyi were familiar with Western European economic theories and had read much about the experience of the West; they were well-versed in the works of the French physiocrats and such later reformers as the count of Saint Simon and, above all, Adam Smith.

Like their Western models, Berzeviczy and Berzsenyi realized the importance of a national economy for all aspects of modern social life: the family structure, division of labour between the sexes, the accumulation of what a conservative, Spartan outlook on values called "luxury," and education for a more prosperous and productive existence. Both

pointed out convincingly that thorough changes of attitudes and aspirations were needed in their age of quickly developing modern capitalism if Hungary was to keep pace with European trends.

As was the case with their Western contemporaries, "happiness" occupied a central place in the writings of these Hungarian economic thinkers. Berzeviczy went so far as to state that the basis of happiness was an equal participation by all citizens in the national economy. He defined culture as the creation of surplus and luxury, and found Hungary's major problem in the lack of both. Repeatedly mentioning England as an ideal, Berzeviczy proposed a just and wisely utilized form of taxation as a solution for Hungary's shortcomings: a lack of surplus, social trust, and impetus to modernize.

Document 1. GERGELY BERZEVICZY

The more fertile the land is, the more it abounds in nature's various gifts, the larger the population is and the better they live, the more significant this land's industry and commerce are, the more developed the cultivation of science and the arts is, the more accessible people find domestic products, and the more all this is promoted by a wise, benevolent and liberal government — the bigger the wealth of the nation.

Wealth should not be confused with either the income of the ruler or the public endowments, if these exist at all. By wealth I mean that almost miraculous phenomenon which astonishes people by the fulfilment of all contingent necessities of the nation's forces and production, and immediately reproduces the consumed quantity after the crises. Wealth has three prerequisites which are worth surveying for the purpose of easier comprehension.

1. *The productive class.* This comprises the economy in a wider sense, differing from the private and state sectors. Everything that is produced in a certain category for the whole community in order to sustain man's physical existence belongs here. As the basis of economy, it should never be neglected — rather, everything should be constructed upon it.

2. *The transforming class.* Workshops, big industrial enterprises (manufactures), and factories are, in a narrower sense, industries which give raw materials a more useful or agreeable form. This increases the utility of raw materials, promotes their consumption,

raises their value, expands the economy, and is at the same time the basis of commerce.

3. *The business class.* Speculation and commerce give mobility to agriculture and industry [...], promote exchange, make circulation perpetual, and invigorate the economy with new forces of production.

The ambition for perfection is present in all three prerequisites, and the people grow prosperous with their successful progression. Since the more thorough cultivation, respectively research, of nature, the arts, and the theoretical and practical sciences, flourishes in close relationship with the three aforementioned classes, the more they also ennoble the national character. The people among whom this is perceptible are civilized, and their status is civilization which is mankind's chief adornment.

The goal of every bourgeois society, every state, is to achieve a higher, more complete degree of happiness for the people. Just as private property, inviolable public security, a wise system of government, and fair administration of justice are necessary for this happiness, it is above all necessary that the people be able to exist and make a living. Therefore, every bourgeois society has to provide an amplitude of the necessities of life, and the means of producing supply and income, in order that, as far as it is possible, people can live an easy, comfortable, pleasant, and civilized life. [...]

Not much is needed for the preservation of sheer physical existence. After all, people can live like cattle on the prairie, feeding on fruit, grass and roots. But man's intended purpose is higher than that. After the necessities of life increase infinitely, they create the arts and the sciences of which they are both the cause and the effect. Also, they ennoble human nature, augment the diligence for acquisition, and multiply the population, commerce, and national wealth. For these very reasons they are the most effective tools of enhancing state power.

Habit becomes second nature. Let the cynics maintain that luxury is unnecessary, that we can do without coffee, sugar and spices, that having one dress is quite sufficient, and that stately mansions, orchestras, paintings which provide us with pleasant illusions, and the different spectacles of the theatre are all vanity. If people grow accustomed to these, they not only enjoy these, but also rank them among the necessities of life.

Even if the structures and principles of the governmental system change, these customs remain as necessities, albeit in modified forms. The governing power is incapable of altering them, unless the new generations themselves are tuned differently from childhood on,

and the changing spirit of the centuries brings forth a transformation. And why should any government want to alter the customs when, with wise moderation, it can direct them to serve its own interest, and when they are mankind's most beautiful bond?

Luxury is nothing else but the wider consumption and use of raw materials, products, and articles of industrial art. Since every luxury constitutes the stimulus of industry, it is perfectly clear that it promotes the increase of national production and, as such, it is indeed useful as an effective developer of industry and trade. Therefore, agriculture, industry and trade, which provide the people with sustenance and the state with power, require the special care of the government. Any restriction of a people's sustenance, any hampering of the course of industry and trade is just as harmful as an open attack on the region or the state.

I hear the objection that the economy is not essential to public happiness, that Hungary is quite strong in men and arms, that the peasant is happy about his humble existence, since he does not know a better life, and that the ignorance of poor people contributes more to happiness than the awareness of the abundance of things paired with wealth.

This objection is fairly delusive, but the incongruent ideas are worth discriminating. [...] Subjective happiness depends on the individual's own feelings. Thus, the gypsies, the simple-minded, and all low-ranking people who do not know or want a better life could be called happy. However, is such feeling of happiness desirable? Does it not pervert the true human essence? Would ignorance coupled with poverty be able to produce other feelings than the base sensation of dumb indifference?

Objective happiness is based on the lofty civilization that separates human beings from brute beasts. It also consists of an excellent perfection of a purpose that God intended for mankind. Finally, the high development of virtue, this best cure of all misfortune, is also a part of such happiness. This is the infallible measure of happiness which is capable of preventing misery, and of overcoming, or at least lessening, the hardships of destiny.

Subjective happiness usually cannot be measured, since views and feelings differ: what is happiness for one is misery for another. Undoubtedly, the English taxpaying citizen is happier than the naked African who does not pay taxes but is caught like an animal and sold as a slave for twenty or thirty gold coins if he is strong enough.

The particular question emerges: compared to others, is the Hungarian peasant happy? Aside from the fact that a conclusion has to

be reached by comparing objective factors of happiness, this question could be answered in one word. Ask the peasants of Austria and Hungary whether they are happy or not. If the former answers "yes" and the latter "no," the dispute can be considered resolved. Who would deny that Hungary would be a happier country if the peasants could pay their dues without any difficulties while keeping a portion of the surplus; if that petty nobleman who now has to make his living as a swineherd could live as a nobleman should; if everyone could perform his own duty and, in case of public danger, could also help the homeland; if the arts and sciences were thriving more; if the public were better educated in practical matters; if the trade of currency and goods were more prominent and acquiring them were easier; if the economic forces of this country, which is so well endowed in natural wealth, were to double; and, if there were a need, it would be possible to help the king with double intensity to defend the borders? Who could deny that in such a case the king, the country and its inhabitants would be happier than they are today? [...]

The peasant is made clever by the circumspection that he has to exercise in order to practise all his energies for the purpose of survival, and in order to seek for means to relieve his oppressed state. It necessarily follows that his smartness in these matters, and ignorance of most everything else around him in the world, makes him believe that he is very clever. He has not much appreciation for the qualities and intellect of those of higher status, because he thinks that they may be more educated but are neither smarter nor more useful than he is. He thinks that these people live only for enjoyment, while he lives in order to work hard and be useful. Actually, everyone who has a delimited but thorough knowledge of a particular matter tends to deprecate others.

The peasant exhibits distrust towards those in higher position, actually towards everyone who does not share his lot. He thinks that he is allowed to gain profit by outsmarting those who enjoy superiority due to their privileges. This mistrust has two roots, stemming from either ignorance or from the suspicion that the authorities consistently treat him with malevolence. The first source is a kind of fear well known by children and those individuals who feel weak. The other one is produced by the fact that many landlords do, indeed, keep only their interests in view when interacting with their serfs, craving to maximize their privileges and the size of their estate.

The peasant extends his mistrust to all administrative and legal authorities. But who represents these authorities? The landlords, or people who are somehow connected with the landlords. However,

the king is not subject to the mistrust of the peasants. Why? Because the king, due to his royal dignity, is perceived by the peasant to be above the landlords as much as the landlords are above him. Also, the peasants know that they make up the most important social class of the country, and thus they strongly believe that the king protects them. They see through the system of feudalism and are able to comprehend its true meaning.

The peasant hates every innovation and reform, especially if these originate from the landlords. He behaves stubbornly against these changes because he knows that there is a clash of interest between him and his landlord. In these changes he sees an attempt to further restrict his rights for the benefit of the landlord's privileges. Since he is unable to comprehend any wider ramifications, he does not even think that the changes would benefit him, because he is too preoccupied with the fear of the worsening of his life.

The peasants' disposition goes through a peculiar modification because they live so close to each other and interact only with each other. They see each other every day, they work together in the fields, in the forest and in the barn, they spend the holidays together, and the entire family resides at one place. What is called *esprit de corps* is not as strong anywhere else as it is among the peasants. This makes their life easier to bear, because it is easier to bear a burden if it is shared by others, and dear is to our heart the one who is our companion in misery. The peasants do not wish to associate with more prosperous people, nor does luxury tempt them. Instead, they drink and party together for leisure. Since they share the same ethical principles, their feeling towards authority is also the same, and if one of them turns unruly, that stirs up the whole community. The identical outlook on life held by those people who always live together results in major flaws in certain communities, while elsewhere we find equally obvious virtues. In some places the peasants are hard working, kind, and obedient, while in other places they are thieves and quarrellers, and they are bibulous and stubborn. It is difficult to change these habits that have been handed down through generations.

Why is it that many of the peasants are lazy, and even those who are not appear to be, because of the shape of their body and the way they move? My answer to this is that any hard and monotonous labour wears out parts of the body, creates a weary disposition, awakens in the soul a desire to rest, and makes the body numb instead of flexible. On the other hand, the flexibility of the body comes from the vivid spirit and the sound mind that is inspired by general knowledge and the desire for more. However, the peasant has few thoughts,

and even these are vulgar and trivial, since his mind and body are sluggish. He would be more capable and active physically if he had a wider range of culture and a more productive mind, as can be seen with peasants who reside near larger cities. [...]

A dull-witted person is lazy because he does not want a better life as he does not know a better life. A sharp-witted person, on the other hand, becomes lazy if he comes to the sad conclusion that he cannot advance in life, no matter how much he strives. Whatever the basis might be for this belief — the overwhelming public and personal taxes, the lack of the chance to increase one's income, or a stagnation of commerce — if the repeated attempts to get ahead by hard work fail to produce results for the peasant, he then loses his balance of mind and most often turns to drinking out of despair. It is depressing to hear the reasoning of the peasants as they sadly state: "If I do not have anything, no-one can take anything from me, but if I have something, surely I will have to give that to someone." [...]

How to let the peasants become more prosperous is the most difficult political task. One thing is for sure: the fear of the peasant becoming overly well-to-do has no basis. Free trade, industry, and circulation of money maximally contribute to their subsistence. There are countries in Europe where the peasants pay minimal dues, yet live in poverty; they do not require much but are given minimal care as well. On the contrary, where do they pay more dues than in England? Yet they are the strongest and richest in that country. You can take away a lot from those who have a lot. It is in the peasants' rights to pay their dues from the proceeds of their diligent work, be able to live under decent conditions, and even save some money for their old age just in case misfortune strikes. [...]

Those who wish to keep the peasant in his present state of ignorance and preserve him from any form of education say the following: "In the time of our ancestors the peasant could not read nor write, yet he still tilled the soil and was not worse off morally. Now, some of them can read and write, and some of them even spend their time reading books; but there are a lot more of those, too, who complain and file suit against their landlord or incite the community. Most of these troublemakers are literate and lead others astray. The most simple-minded peasant is the most obedient one. This can be observed in the army as well, where the one who is simple and obedient makes the best common soldier."

Those, however, who desire to elevate the peasants and make them more valuable through education, say as follows: "The most extreme and cruel contraventions take place where the peasants are

uncouth and uneducated. Under such circumstances it could be said that the peasant is as inferior as livestock is. However, when he goes wild, the outbreak creates havoc, as many examples in our own history show.¹ It is impossible that a person who has a more clear perception of God, human happiness, and the practice of morality, would be perverted by these. It is also impossible that a person who acquired some theoretical knowledge of agriculture and economy would be a worse farmer thereby. The one who comprehends the concept of law and duty cannot become a worse subject. On the contrary, these individuals can be guided and influenced by reasoning more successfully than by hitting them with chains and whips. Even experience indicates that everything goes better where the peasants are smarter and more educated."

In both Berzeviczy's and Berzsényi's writings, the reader is struck by the lucidity of reformist analysis on the one hand and the descriptions of the obvious imperfections of Hungarian socio-economic conditions on the other. In itself, this gap proved the need for democratization and a strife for a more refined national well-being. The realistic human implications of economic betterment are even more clearly spelled out by the Hungarian economists than by their English predecessors. Sex roles, education, cooperatives, and immigration were some aspects that Berzsényi added to the early 19th century Hungarian theory of a national economy — indeed, pioneering ideas if considered from a late 20th-century point of view.

Document 2. DÁNIEL BERZSENYI

There can be no doubt that one of the major and most noticeable obstacles hindering the progress of our agricultural development is the fact that the most fertile regions of our country are underdeveloped. Therefore, if we want our country's agriculture to flourish, undoubtedly the first condition must be to increase the farming population through every possible means. Considering the importance of this, I hope it won't be out of line to briefly mention a few means of increasing the population.

The example of our numerous German immigrants has proved that the easiest way to populate desolate areas is by settling foreigners there. They have provided us with many farmers, but also brought us money, diligence, and useful crafts. They built rich villages and cities

on barren lands where Hungarians, used to an easy life, could not have survived.

It must be nevertheless kept in mind that, as with all other human issues, we must focus on the golden mean also in this matter, lest in trying to solve the problem of underpopulation we overpopulate our country, which, in some respects, can be an even greater danger, because only happy people, and not an overcrowded poverty-stricken population, can bestow happiness on the country.

For the same reason, it is imperative that any sizeable immigration be controlled by the nation. We should make sure that immigrant groups do not settle all in one place but are interspersed with Hungarians, so that they too can become Hungarians. Both our country's happiness and the interest of the newcomers depends on their quick integration into the principal nation. [...]

It is a shortcoming of no little consequence in Hungarian upbringing to separate female and male chores to the extent that a man blushes and considers it belittling to do a woman's work, while a woman views doing a man's work as an equally improper behaviour. This division of labour often results in severe delays when pressing chores should be performed. I am very much inclined to believe that this bias also influences the character of people in such way which might be to an advantage to a warrior nation, but is a setback to a population of peaceful civilians.

One can regard it as an attractive national characteristic that among Hungarians, women perform only the lighter tasks, while men do those that require strength. I have to admit that to me it looks somewhat barbaric to see the Germans make their wives and daughters do the thrashing, reaping, ploughing, and so on. On the other hand, I also have to admit that the reputation of Germans as industrious people is due mainly to the fact that both sexes undertake equal shares in all tasks. While the Hungarian man only smokes and plays on his flute during the winter months, the German husband spins, knits, sews etc. with the women, yielding a product that is of much greater value than the sound of the flute.

Another bias appears in the Hungarian child-rearing, inasmuch as Hungarian boys are brought up in far too strict discipline. While the Germans give their sons three hot meals a day and a warm pillow for the night, Hungarian boys are kept on bread and bacon, sleep on bare ground under the stars during the summer, and in the stable during the winter. Only after they marry do they sleep on pillows. This severe plight is not due to poverty, only to an old tradition, since we know

that the Hungarians have enough food, and no other nation has as many pillows as we have.

With respect to this habit, I must repeat my opinion that harsh upbringing is very effective in fostering soldiers, since they are better trained to withstand the burden of military life than those who have been spoiled under tender care. Such harshness, however, also nurtures a violent character which works against the purpose of culture and industriousness mentioned above. Therefore, considering these goals, we must indeed conclude that raising children with undue strictness is a mistake. [...]

It isn't enough that the Hungarian farmer, due to the scarcity of craftsmanship in his country, must buy everything at a high price and usually must put up with poor quality, but he is also threatened by the circumstance that most of his revenue is spent on imported goods, and thus leaves the country. It is not enough that there is no national commerce, and the money leaving the country will not return to be reinvested in our agriculture. On top of it, we love foreign luxury articles, these sources of bad economy and the scarcity of funds, since money is the driving force of everything, including agriculture.

It is time for the country's nobility, who are getting poorer day by day, to establish at least some kind of mercantile associations, once they are unable to establish factories due to the lack of money and skilled labourers. We are surely ready for it, only the initiative is needed. [...]

We have to use what we are endowed with, any which way we can. If only we could pocket half of the money that foreign traders gain in spite of all our protective taxes, within a short time our purse, agriculture, and mentality (which is even more important than prosperity) would take on a different look.

If, however, the nation is unable to commercialize and industrialize, then the consumption of luxuries must be restrained. Our nation is indeed inclined to luxury, to the extent that not only our nobles are fond of display beyond their means, but also the commoners fall for fashion. In some regions the clothing of peasant women and girls differs from that of the noble women only in their cut. Also the peasant lads are no longer satisfied with their masculine outfit but have started wearing imported silk ties, fancy but trashy imported vests, and other pieces of clothing. [...]

The sense of honour is one of the driving forces of most things that make humanity attractive and good. This is what makes death easy for the hero, and heavy tasks a trifle for the hard-working

labourer. Also, it induces one not to be satisfied with basic needs but always strive for more, no matter how hard one's lot is.

A positive instinct can strongly motivate people, however, only if we treat them humanely, and thereby make them realize their human dignity and forget their subordination. We have to say that the way in which many landlords treat their serfs is no nurturer of any positive instinct. If we consider that here and there even petty officials or nobles do not respect their subordinates at the least but, rather, mistreat them, we cannot wonder that such brutality smothers the feeling of honesty and other beautiful virtues in the common people. [...]

You can command people, but not despise or degrade them. Hatred makes the lowly one mean, and the decent one hostile. Man feels his worth whether in the saddle or at the plough, and he can be useful or harmful in either respect, depending on whether he likes or hates you. One is extremely wrong if one expects more from hatred than love. [...]

Among the accounted and unaccounted obstacles of agricultural activity and public welfare one of the most profound and complex dangers is the fact that the working people are divided. They are not united and neither is their power; they stand alone and are left alone. Each of them fumbles with agriculture, this most important and most difficult occupation of mankind, according to his limited knowledge, or the lack of it. However, I truly believe that both agricultural activity and public welfare can be perfected only if agriculture is not practised by fallible individuals but by assemblies of people that would always possess everything needed for the cultivation of the soil.

Agriculture is accompanied by so many difficulties and worries, and needs so much intelligence, money, industriousness, experience, strength and knowledge, that individuals cannot pursue it, or at least not continuously or efficiently. It can only work well, in the long run, if it is handled by an assembly that always unites the forces needed to overcome the difficulties. Such unity of forces cannot be found in any individual, only in a union of individuals.

Our communities or villages are so imperfect that, although the huts are close to each other, their dwellers are divided by interests, and often the nearest neighbours are the biggest enemies. Instead of supporting each other, they hurt each other. It is a fortunate exception if there is a little agreement even within the wretched dwellers of one hut. [...]

The whole nation could be united by a national bank or similar economic institution, whose examples abound in the other, wiser countries. In the small Wurttemberg alone, those who pay five

percent interest after their bank loan double the working capital every hundred years, since the bank only adds four percent to its asset, thus the fifth percent renews the capital in a hundred years. What great blessing such beneficial institution would be for our helpless nation, and how efficiently it would eradicate usury, is clear to all of us for whom the future of our nation is not indifferent.

Also, serfs and the lower stratum of nobility could form looser or tighter structures. A looser kind of association would be created if each village established, from donations and public work, granaries or savings associations to help out those in need, at reasonable interest. Under prudent management, such reserves would develop to the point that they would always provide for people in any case of destitution. A closer organization would mean a degree of union in which the whole economy was carried out under the supervision of the elders, and everybody got his return according to his invested money or work.

We have met count Széchenyi already as an eminent historical thinker. He was also a man of concrete achievements: founder of the Hungarian Academy, builder of the first stone bridge across the Danube between the twin cities of Pest and Buda, and promoter of innumerable other economic and cultural projects. Széchenyi lists fewer pithy truths than Berzeviczy in the following excerpts from his two major economic treatises. Yet he is the one who hits the nail on the head by pointing out a major weakness of Hungary's public conditions: the lack of a milieu that would attract foreign investment. The "selling out" of national resources and the "abandoning" of key economic positions to foreigners were criticisms frequently made by 19th century economic nationalists — just as they are often voiced by today's nationalists. Yet Széchenyi, an admirer of England and a widely-travelled enlightened aristocrat, recognized that the economy was eventually an international network — the national economy was but a piece of a mosaic. While self-sufficiency in commodities was important, no nation could be entirely self-sufficient without international trust. In our time, as in the past century, Hungary is facing difficult choices in which Széchenyi's ideas play a key role.

Document 3. ISTVÁN SZÉCHENYI: *On Credit*

We must realize that this science [economics] is still in its infancy; but its not yet fathomable, wonderful future development is unquestion-

able. In recent times [it] has made such progress that the coming of its even more intensive evolution is beyond doubt, since what stands motionless in the universe? And just like geodesy and astronomy have progressed only very slowly to their present level of perfection but are now practised by exact and infallible computations and mechanical instruments, so too, agriculture, economics, commerce, finance, national growth and so on, have unfolded only slowly, but by now they already stand on some definite principles. Today, with the help of the empirical and comparative sciences, we can virtually predict, and with considerable certainty, what will be the outcome, for example, of the parcelling of pastures, the introduction of paper money, banking, premiums, and so on. [...]

I hold the lack of credit to be the cause of the following handicaps: that the Hungarian landed gentry is poorer than it should be in relation to its property, because it does not manage its affairs as well as its circumstances could allow; that the good farmer cannot develop his fields to their maximal capacity; and finally, that Hungary has no trade. Therefore, I believe that credit (or a bill of exchange law) is the foundation on which our agriculture and trade, in short our future economical development and prosperity, can be based. However, there is an even more profound aspect of credit, which is *credit in a wider sense*.

Namely, to trust and be trusted. Trust is a chain which links mankind with the Almighty; the sanctity of the word ties the ruler inseparably to his loyal serfs, and their unwavering loyalty comprises the throne's solid strength. The true word is the fountain-head of marital happiness, true honour, the honesty of action and, therefore, of all fortune.

The Light

My trips out of the country brought me together with some artists and manufacturers, whom I asked on numerous occasions whether they would like to move to Hungary and settle there. I offered them splendid promises which by far superseded the conditions in which they lived. I have to say that, to my great amazement, I met with little sympathy and readiness from worthy people (not fortune hunters) everywhere. There was always a secret about this, which I perceived instinctively, yet was unable to solve. After a long while, having experienced a variety of such cases, I realized the painful reason for the secret. Whenever I brought up the subject, and it happened numerous times, it was always known to the people whom I was trying to

coax to come to Hungary that I was Hungarian — therefore, I could not hear the naked truth from them. One day, twelve years ago, it happened, however, that a well-known, honest Belgian manufacturer who did not know I was Hungarian said the following:

"I would be happy to move to Hungary if the laws protected me; but now the way things are there, it is impossible to move to a country where practically nobody pays and everyone hurts you."

This is what I had to hear! Such a summation of all the obstacles and secrets that I had encountered so many times without comprehending them.

I could not listen to such talk silently, since this statement was entirely unsubstantiated, and also unjust. Trying to restrain myself, I explained: "How can you say that nobody pays and everyone hurts you? I can give you my word: such events are so rare that you can hardly name any," and so on. After a longer exposition, I managed to appease most of the audience with my poor country, which was a dark *terra incognita* for them and their information about it was scarce and quite ugly. Finally one of the listeners told me:

"I should like to believe, sir, that such occurrences which endanger the initiative and possessions of the craftsmen, manufacturers, and tradesmen are extremely rare in your country. However, may I ask you as an honourable man, if such things were to happen, can they go unpunished? This is the heart of the problem. [...] We are industrious and peaceful people who cannot do without the effective support of law, since our existence depends exclusively on enterprising. As we don't harm anybody (or, if we do, we are justly punished), we have every right to expect not only that nobody should harm us but also that any wrongdoing against us should be punished. We, too, are humans who need not only money but also honour. We want to owe our courage and wealth not to the mood, whim, or even grace of a privileged class, but to our own efforts, our quiet and honest ways. Frankly, we rather live in a country where our reward is meagre but we enjoy human rights than in one where a powerful group can oppress us if it pleases. No marvellous but risky gains make it worth while to give up a humble but safe existence — we don't play lottery with our lives," and so on.

These arguments made a very unpleasant impression on me, but I was unable to refute them. They stirred various feelings inside me. For a long time I was unable to calm my pride — or vanity — which made me think: "Let these finicky gentlemen stay in their own country. Why should we care? Our country doesn't need them!" Later, however, as the heat of temper subsided, I said to myself: "Put your-

self in their place!" Having done so, the whole matter appeared in an entirely different light. Not only could I no longer condemn the attitude of foreign craftsmen, manufacturers and merchants towards us, but I actually learned to blame those who want to exclude from the benefits of mankind all other social classes that don't possess the same inherited privileges as they do.

The painful recognition of 19th-century economic thinkers of the fact that a democratic political system — and wisely defined national interests in setting economic priorities — were needed for the healthy development of the country, became obvious only to the generation that followed them. Satisfying such prerequisites was impossible in the absolutist framework of the Austrian Empire. After a short period of intensive growth following the compromise of 1867 (described in the previous chapter) Hungary was caught in the middle of the bloodiest conflicts of the 20th century: the two world wars. The cold war that followed World War II, spent by Hungarians under Soviet occupation, also made the assertion of national priorities impossible. Post-communist independence has brought hope that the economic thinkers' insights concerning the past can be matched with similarly constructive practical ventures adapted to the changed conditions.

Economics, however, is not only a mechanism. It is also part of a large cultural context. Hungary's economic thinkers did not lose sight of this fact. The preoccupation with these implications of the economy leads us to the next subject matter.