

Ice-Breaker

Welcome by the Editor-in-Chief



I have been interested in history, especially in the antiquity, the Middle Ages and the origins of Hungarians, ever since my childhood, but I have rarely been able to afford to go into great length in researching past events, or even being engaged in a little more serious studies in history.¹ There are many of us in this situation in my generation. What a pity! Who would not become excited at the Battle of Mohács or the true and complete history of the great Roman and Byzantine empires, the Templars or the state finances in Mesopotamia? Those in their thirties, forties, fifties or more were put to the test and challenged by the change of regime, and preparations in the run-up period. The worker to be able to earn a living in a market space, the farmer to offset the disparity of income, and the intellectual to react real-time to the accelerating challenges. Things are developing in this direction. To successfully live our daily lives. To survive. The infinity of time length and its personalised limitation require many of us, including researchers, to understand and explain the current phenomena. Perhaps this is the most efficient way to enforce our social usefulness. We can say, however, that this is not a minor challenge, and moreover, we are overwhelmed by a compulsion to comply. Or at least those of us who are more conscientious. Government executives, researchers, university lecturers. Whether positioned on the Socialist–Liberal or on the Conservative side. Science, especially social science, including politics, economics and legal sciences, their approaches and methodologies, at least as far as they follow, analyse and explain constant changes, make them dependent on politics and tie them to one or another political side. Why?

Since the 1970s changes have gathered pace. Both in the economic and in the social space. All over the world. By then mankind had recovered from World War II. The peaceful period of replenishment to follow the war came to an end and its drive had ceased, and a new era started: the Neo-liberal market economy. It started in Anglo-Saxon areas, but subsequently gained ground and seized the Western and Northern Europe, originally inspired by welfare market economy. Finally, it subdued the Central and Eastern European countries, which had been run by planned economy. By the time the state Socialist system that used to apply “people’s economic plans” had collapsed, not much had been left of the socially inspired, etatist state models invented

by Konrad Adenauer, Ludwig Erhard and De Gaulle in the western part of Europe.² We Hungarians, too,³ with our change of regime, including our integration, found ourselves not in a welfare market economy of miscellaneous ownership structures, but right in the Neo-liberal structure, in other words, in a system that fetishizes and practices unlimited market competition, pushes the state's economy influencing, controlling and regulatory authority into the background and moreover degrades the *raison d'être* of state property to the minimum. The Neo-liberal market and social practice had flown through our lives. Unnoticed, fast, ruthlessly, it became part of our daily life, already from the 1970s in the Socialist planned economy. This is what made the Hungarian system homogeneous for four decades. And it froze like the entire Northern Pole. A living creature, an idea or a concept can hardly break way from below the ice. Or perhaps it can?

Viewing the 2007 North-American crisis of the Neo-liberal financial system, perceiving the increasing number of fissures and cracks that had ramified and spread to become a systemic crisis, the gaps in the European and especially the Mediterranean regions, and in the face of the sevenfold increase in government debt since the change of regime, while the majority of the national property had gone into foreign hands in the course of privatisation, and our backlog index, which had not improved a jot during the several decades of our North-Atlantic integration, puzzled us and enhanced the criticism of the Neo-liberalist system. Then we elaborated an alternative on the basis of principles and practices to be followed. This was followed by the formulation of an increasingly precise scientific methodology.⁴ We represent the school non-Neo-liberal, or as others call us, unorthodox⁵ economics,⁶ the principles that provide the basis on which the reorganised Hungarian State operates. We are the people who, in the interest of public good, want the state to proactively assume reasonable responsibility, influence the economy and undertake an efficient regulatory role and control. We advocate and teach that the state and the central bank cannot withdraw from the lives of economic participants and families. It must coordinate, organise, control and protect the homeland from the raw profit-making interests of international companies that are far stronger than it is. It should provide preferential loans to nationals, assume the debts that have been accumulated as a result of the irresponsibility of the Neo-liberal system, and secure the survival of its citizens. The elaboration and spread of these doctrines is our scientific field in the narrow sense of the term.

We have good reason to be happy,⁷ but we are sad to be underrepresented at the Hungarian Academy of Sciences. Neither the classification of our scientific journals, nor the ratio of people representing the Conservative parties in the Academy are adjusted to our intellectual power. The Academy and the state secretariat of the relevant ministry seem not to consider its significance.⁸ Just as life below the Antarctica and the Arctic is covered by a thick layer of ice, so the Academic sector, representing the Neo-liberal spirit ingrown in the obsolete free market principles of social sciences, has been blocking (or at least does not help) the Unorthodox intellectuals who want to live, create and teach in a different way, as well as the objective evaluation and

spread of our intellectual products. This scientific system organisation that served the economic and social policy saturated with Neo-liberal principles for decades, the planned economic system that had become inoperable already before the change of regime because of the increasing application of free market principles, and then the superstructure that fled into rampant capitalism, is still not sufficiently adjusted to us. Figuratively speaking, just as life wants to break free from below the ice, so does the Conservative intelligence enforcing national values demand the change of its scientific status. To rise above the ice, to academic levels, obtain a rank in whatever is (or rather should be) objective, in science, and its academic ranking.

And ice has been melting, this is its destiny. It is an almost objective natural law. And there are ice-breakers.⁹ Not much chance is left for ice, the obsolete ideas. New economic and social trends are spreading. This is a characteristic feature of history, a trend in development.

Our journal, in its 11th year in 2015, considers it as a mission to promote the publication of studies in economics and social sciences with a conservative approach, to break the ice, to break the disintegrating hegemony of the Neo-liberal system, and to support the policy of the government and the central bank in the interest of the public good, in other words, to broaden the scientific description of the practice that has been carried on for five years and help the development of this system, the Hungarian model. Considering the current Hungarian state finance in an international context: following our mechanism may result in a permanent rise in our Eastern and Central European fellow countries.

The workshops and authors focusing on the currently applied economic and social policy and political science still have a lot to do.¹⁰ It is true that we have also suffered losses. Professor Ágnes Gereben, translator of the writings of Isaac Babel and regular editor of our journal, wife of Miklós Kun, Széchenyi awarded university professor, who was a great help for us in interpreting the economic and social conditions of the soviet system and the new countries of the Eastern European region. Rest in peace, professor Gereben.

Returning to our readers I request them to read this issue of the Civic Review and spread the scientific findings of our authors.

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NOTES

- ¹ When I completed the University of Economics in 1989, I decided to read all important professional books and novels written on historical topics. During the intensive university years such books were pushed to the background. By now I can only admit that at most I have read only bits of them.
- ² For more on this see Csaba Lentner: *On social market economy and economic independence. Obituary of Dénes Csengey*. Hítel, Vol. 28, No. 2., 2015, 101–109. o. http://www.hitelfolyoirat.hu/sites/default/files/pdf/08-lentner_0.pdf
- ³ Mainly we Hungarians...

- ⁴ The principal product of this theory is the large monography entitled *Balance and Growth* by György Matolcsy (published by Kairosz, 2015, 644 pages), written about the success of Hungary achieved between 2010 and 2014, which is also significant in an economic historical context. See the review of Dr Balázs Botos (former editor-in-chief of our journal). By reference to this scientific publication I wish to refute the false and malevolent assumption, frequently mentioned by Neo-liberalists, that these new Hungarian finances lack a scientific system, professional books and a methodology outlining its practice. See also additional reviews of our new books. Regularly, from issue to issue.
- ⁵ Unorthodox. Although taking the words of H. E. Dezső Kékessy, former ambassador of Hungary to France, to my heart, I should rather use the word “irregular”. It is true, Mihály Patai, Chairman of the Banking Association, always deliberately uses the term “new orthodox” for describing the current practice of public finances in Hungary. Thus a kind of public finance practice has evolved in the past few years that is characteristic of us, Hungarians and the economic policy pursued by the Hungarian government and the central bank, and has set a system and an example to be followed by our neighbours, for the first time, perhaps in Poland.
- ⁶ The relevant organisational, intellectual and scientific framework was built before the 1998 change of government, under the leadership of György Matolcsy in preparation for the 1999 economic policy change (Széchenyi National Development Plan, fiscal policy that generated solvent demand), and were reorganised after the 2002 events, and following 2010, they have contributed to the successful fiscal and – after 2013 – monetary change up to this day.
- ⁷ Especially in view of the results of the good governance and central banking operation run on the basis of the non-conventional principles. Growth, balance, manageable inflation, domestic solvent demand, rise.
- ⁸ It is said that every government “produces” its own intellectuals, academicians and doctors of science. Every government increases the scientific and social ranking of the intellectual workers linked to it and engaged in the elaboration and enforcement of their principles. Let us put it frankly. After the dual nature of higher education has been strengthened and car factories have been filled with assembly engineers, let us hope that the Hungarian Academy of Sciences and the persons responsible for science and higher education in the government will also take account of the fundamental personalities, intellectual workshops and periodicals of this governmental cycle, which are breaking the ice and melting the Neo-liberal system, although frequently they do it underneath the ice, using multiple the normally required energy. And this may weaken the long-term success of Conservative government. Up to this day it seems that after they had been ousted from government, the intelligence of the defeated left simply walked over to the academic sector, because they could do so. And the doors have been closed. Have they?
- ⁹ As György Matolcsy interpreted it (2 June, 2015 Duna Palace, Mihály Patai – László Parragh – Csaba Lentner: Hungary in the Changing World, Éghajlat Publishers, 2015, speech at the book introduction) there are guards and attackers. There are people who promote and protect the economic policy that has been carried on for five years in the interest of public good, and break the ice that has frozen us for nearly half a century. They give a critical analysis of the Neo-liberal system that was the sole dominant power for forty years, shed light on its errors with the intention to improve, and want, outline and teach something better. And there are the attackers, perhaps out of disappointment or fictitious disregard, and not much guided by benevolence, who attack the Hungarian model.
- ¹⁰ Unfortunately, we will continue to have limited time to study times far from the present, especially as in internal politics attacks on the active state model are increasing. Let’s wave goodbye to the Mesopotamian public finance system and to Egyptians...