

Zsuzsa Ferge:  
Inequalities in new capitalism

Plenary speech, Abstract

After long decades of stifled market-freedoms the market spirit has exercised a “fatal attraction” on most eastern European countries. No doubt, few (if any) countries could resist the pressure of global neo-liberalism, but after the collapse of state-socialist dictatorships there seemed to be no alternative model on offer in this region, hence even the idea of resistance was lacking. One of the consequences was the rapid escalation of inequalities that acquired some taut edges. The new traits of inequality include unlimited force-fields and unbridled competition between them; deepening splits between the parts; the absence of any ceiling; and, most importantly, the absence of a floor to offer at least minimal protection to those who are losing ground. These traits of increasing inequalities certainly exist also in traditional capitalist (EU) countries. In the East, though, (or particularly in Hungary) changes happened more rapidly and unexpectedly; moral considerations were practically unknown in any field connected with inequality and poverty; civil society has been very weak and inarticulate; state intervention was vilified and slashed back even in cases where civilisation gaps (like the lack of water conduits) are impossible to overcome individually. Therefore – at least in some of the eastern countries, including Hungary – the lack of a floor entailed the bottomless deepening of poverty. The main causes of it are massive and long-term unemployment without decent (or any) benefits, and the risk of rapid loss of housing because of the disproportionate increase of arriers and debts. The lack of the floor implies grave deprivation of basic needs, many forms of exclusion, some of them deliberate. The early empathy towards the new poor changed when their number and visibility grew. They were first rejected then hated. The victims of deep poverty are in increasing number the Roma. About one third of the poor, half of the very poor are Roma. The number is high enough to give an ethnic coloration to the veneer that coats poverty so that a growing portion of society views poverty as a “Gypsy question” and requests the harsh treatment of the poor.

The new member states of Eastern Europe have been less developed and less well-off than the traditional member states. The enlargement intended to create a less unequal and hence stronger Union. This had to mean, among other things, closing the East-West welfare gap. The (admittedly insufficient) data suggest that the early intentions did not materialize, the gap widened in quite a few instances. At least four trends taking place in the last decade or since the enlargement are worth mentioning. (i) Poverty changed: incongruous ownership of modern appliances seems to blur the concept itself; (ii) In case of facts related to deep poverty the difference between the two blocks has become more marked. (iii) Individual poverty is aggravated when combined with inadequate public infrastructure that has to be publicly financed (iv) Despite the need for state activity in closing the welfare gap, the trends in the two blocks seem to differ. Social protection benefits for instance did not decrease significantly in any western welfare state since 2004 and there has been a marked convergence between over- and underachievers. Meanwhile in the eastern block both the difference between countries and the distance from the west increased. The crisis may hit all countries but the poor have a higher risk of losing out.