

Balázs Brunczel

The role of semantics in the reform socialist Hungary¹

The existence of world society and globally functioning systems seem to be undeniable. Strong arguments can support the thesis that economy, science, or art function on global level, since money, scientific truth, or artistic trends do not stop at the national frontiers. On the other hand, however, a simple homogenization seems to be implausible, and local differences are also undeniable. These differences, of course, can be of many kinds, but one of the typical forms is surely semantic difference. As opposed to global economy, scientific results and facts, or artistic trends, where similarities and the dominance of global processes are very likely, in the case of culture, ideas, or interpretations, the differences are much more striking. Thus, if we are interested in the differences of a given territory, the ideational examinations are almost unavoidable. It is also a commonly held that the ideational level cannot be discussed separately from certain characteristics of society because they mutually influence each other. Thus, if we examine the ideas or thinking of a given age or territory, we also have to investigate the connection between the ideas and certain characteristics of society.

Building on these assumptions, in this paper I examine how we can explain the peculiarities of the late Kádár-system,² especially the so-called reform socialism. This system is known both in Hungary and abroad as a special kind of socialism, often called “Goulash communism”. I endeavor to explain this peculiarity by the examination of the connection between the structural and ideational characteristics of the society. The most elaborated theory of this connection can be found in Niklas Luhmann’s work; thus I build on his theory. In the first chapter I briefly sketch Luhmann’s thought on this topic, which is, in fact, his sociology of knowledge. In the second chapter I discuss a special case, the overlapping of two kinds of social structures, which will be useful to examine the characteristics of reform socialism. In the third chapter I present some characteristics of the late Kádár-system. And finally, in the fourth chapter I use Luhmann’s theory to explain the connection between the structural features of the reform socialism and its ideational characteristics.

Luhmann’s sociology of knowledge

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² János Kádár was the leader of the Hungarian Socialist Worker’s Party, and thus of the country, from 1956 to 1988.

The idea that the characteristics of society influence cognition is, in fact, the fundamental principle of sociology of knowledge. Luhmann also calls his examinations in this field sociology of knowledge, and the duality of social context and knowledge—which are the basic concepts of sociology of knowledge—appears in his theory as societal structure and semantics. First I examine what is meant by semantics in Luhmann’s theory and what kind of relationship exists between societal structure and semantics.

The best way to understand the concept of semantics is to begin with the complexity of communicative possibilities. Owing to meaning, there are countless communication possibilities: a vast number of possibilities are associated with every actuality. It is impossible to take into account all of them in communication. But for the operability of society, there is a need for some systematization, that is, a need for reducing complexity. Some of the countless possibilities have to be chosen and stabilized. This selecting and stabilizing function is fulfilled by semantics. “Thus, semantics is a meaning that is highly generalized and available relatively independently of the situation.” (Luhmann 1998b, 19; my translation) Semantics, as opposed to a mere aggregate of meaningful communicative operations, is a conglomerate of forms selected and generalized from the former. Thus, semantics separates the meaning that can be used again and preserves it for societal communication. In other words, semantics proposes topics for societal communication; it orientates communication by rendering some of the communication possibilities more probable (Luhmann 1998b, 17–19).

Luhmann distinguishes between two levels of semantics. We can speak of semantics in a wider sense, which includes all the themes of everyday communication; it may as well be a cursing or a joke. The second level is the so-called cultivated (*gepflegt*) semantics. This is a further systematization of semantics—which in itself is already a processing and systematization of meaning—in the form of text. Thus, the difference between everyday and cultivated semantics consists in the degree they are processed and systematized (Luhmann 1998b, 19; cf. Baraldi/Corsi/Esposito 1999, 169). Luhmann only explores the latter, the cultivated semantics; thus, in what follows, I also mean cultivated semantics by the term semantics.

This definition of semantics may seem to be quite abstract and strange. Nevertheless, it is not an extraordinary thing. Luhmann’s concept of semantics is very close to what we usually call culture. Luhmann formulates the relationship between culture and semantics in such a way that semantics is a narrower concept than culture because it means that part of culture that is preserved for communicative aims. Thus, semantics is that part of culture that is

provided for us by the history of concepts and ideas (Luhmann 1995, 163). By “semantics” Luhmann means concepts, ideas, world views, scientific theories, or works of art.

This use of the concept of semantics could be disturbing because it differs from the more widespread meaning of semantics, that is, from its linguistic, semiotic application. Luhmann itself also mentions that this choice is not the best in all respects, but this use of the term is also accepted owing to Reinhart Koselleck’s work, from whom Luhmann has also taken the concept (Luhmann 1998b, 19).

Now I sketch the relationship between social structure and semantics in Luhmann’s theory, which is, in fact, his sociology of knowledge. The fundamental thesis of sociology of knowledge can be formulated in general that there is a relationship between knowledge or cognition and societal context in which cognition happens (Stehr/Meja 1981, 11). Although sociologists of knowledge usually explore how the features of society influence cognition, this does not imply that they would deny the connection in the opposite direction, that is, that knowledge is a formative factor of society (Karácsony 1995, 12). Thus, it would be an oversimplification to say that sociology of knowledge claims that societal context determines cognition. The reason for this is not only that this statement does not contain the connection in the opposite direction, but that the term “determine” suggests that a definite manner of cognition will necessarily be typical in certain societal context. Luhmann’s sociology of knowledge also rejects the societal determination of cognition, and we will see that—although he definitely regards societal structure and not semantics as the main force behind the change—he also ascribes to semantics certain catalyzing role in the change of society.

The main thesis of Luhmann’s sociology of knowledge reads that there is a relationship between the structure and the semantics of a given society. This connection is established in Luhmann’s theory by complexity. As we have seen, the function of semantics is to select communicative possibilities and to stabilize the options, that is, to propose themes for communication. And the reason why this is necessary is that a mere aggregation of communicative operations would be too complex and unsystematized to ensure the functioning of society. Thus, we need semantics because of the complexity of society; hence, it follows that if complexity changes, most likely semantics will also have to be modified because otherwise it will not be able to fulfill the task to reduce complexity (Luhmann 1998b, 22–24).

Therefore, the question is when the complexity of society changes. The complexity of society and its capability to reduce complexity depend on its structure, that is, on its differentiation form. Consequently, if the differentiation form of society changes—that is, if

segmented society is replaced by stratified, and stratified by functionally differentiated—its complexity and its capability to reduce complexity also change (Luhmann 1998b, 21–22). Thus, we can sum up the relationship between societal structure and semantics as follows: when the primary differentiation form of society changes, the complexity of society significantly increases, which produces semantic changes because semantics has to adjust itself to the increased complexity.

Thus, the relationship between societal structure and semantics consists in the fact that the different types of society, that is, the different forms of differentiation, need different kinds of semantics. Therefore, Luhmann's sociology of knowledge explores how semantics has changed with the transition from medieval, hierarchical society to modern, functionally differentiated society. Luhmann holds his endeavor to be pioneering. He complains that the emergence of modernity was discussed mainly on the level of the history of ideas, that is, on semantic level, and these examinations have not been connected to a suitably detailed analysis of society. Although there are renowned schools discussing the history of concepts and ideas in a societal context—the best examples are the two schools established by Quentin Skinner and Reinhart Koselleck—their concepts of society are, according to Luhmann, not suitable from a sociological point of view (Luhmann 1998d, 2).

Until now we have only characterized the relationship between societal structure and semantics by the thesis that if the structure of society, that is, its primary differentiation form, changes, this, through an increase in complexity, results in semantic changes. Now we concretize the characteristics of this relationship in two regards: first, we examine the question in what respect we can speak of a determination of semantics by societal structure; second, we discuss what we can say about the connection in the opposite direction, that is, about the effects of semantics on society.

Concerning the determinateness of semantics, the type of society does not completely determine the semantics belonging to it. Consequently, we cannot deduce or predict what kind of semantics the transformation of societal structure will produce. What we can predict is not what kind of but that some kind of semantic change has to happen (Luhmann 1998b, 36–37).

To characterize the relationship between societal structure and semantics, we can say that societal structure limits the range of possible semantics. For example, this meant in stratified societies that semantics could not violate the hierarchy of ranks. These kinds of bonds disappear in modern society; instead of them, semantics has to comply with the requirements raised by functional differentiation. The modifications of societal requirements for semantics cannot be recognized immediately but only from a certain historical distance.

Consequently, a new semantics complying with the requirements of the new structures can only evolve if there is enough experience on the new societal conditions; thus, semantic changes always happen slightly later than the structural transformations of society (Luhmann 1998b, 40–41).

The latter finding already suggests that the connection between societal structure and semantics is not the same in the opposite direction; that is, semantics cannot trigger societal changes. Society does not develop in compliance with conceptualizations of aims or with anticipated states (Luhmann 1998b, 22–23). Thus, Luhmann rejects the possibility that a new type of society can emerge in such a way that first its idea is born, and then people realize it. Semantics only responds to changes. This, however, does not mean that semantics cannot play an important role in transformations; on the contrary, it is necessary for them. Regarding the transition to modernity, Luhmann attributes a prominent role to the spread of printing. Printing significantly contributed to the ceasing of authority because as soon as the texts have become accessible for the public at large, it has become possible to compare and to criticize them. Thus, the erosion of the stratified societal order has, in fact, begun on the level of semantics, and semantics had an important catalyzing role in the change. This was rendered possible by the fact that semantic structures are much more flexible and more easily changeable than the structures of society. The transformation of the latter is a centennial, complex, and, in Luhmann's words, highly improbable process, while semantics is much more plastic: on the level of theories or ideas, we can run forward, experiment, or formulate utopias. And even if most of them remain theories, the contingency revealed by them—that is, discovering that the established order is not necessary—can trigger societal change. This does not contradict our former finding that societal change is not owing to the birth of an idea. Semantics is not a cause of the change of societal structures to the effect that the new society would first emerge on semantic level. But semantics can be regarded as a cause of the change to the effect that discovering the contingency of ideas, concepts, or theories can trigger societal changes. Or in Luhmann's words: “not the content of the ideas but perhaps their contingency can have causal effects in the historical process; thus, we do not have to assume a downward causation in such a way that an idea goes from the culture into the heads, and from there into the hands and tongues; instead, we should rather proceed from the fact that the possibility that something may be different stimulates activities from which the success selects systematizable contents.” (Luhmann 1998a, 8; my translation)

Semantics and the overlapping of differentiation forms

The main thesis of Luhmann's sociology of knowledge is, thus, that semantics must correspond with the differentiation form of society. But there may be situations when it is not clear what the dominant form of differentiation is, that is, two forms overlap each other. According to Luhmann, this was the case in the early modernity. Structural transformation has not happened in all fields of society at the same time; some functional systems became independent earlier, others later. Thus, there was a centuries-long transitional period—which Luhmann puts from the late Middle Ages to the end of the 18th century—when the new form of society, that is, functional differentiation has not completely evolved yet, but the old, hierarchical establishment was in the process of dissolution. This meant that there was a need for a semantics that was compatible with both types of society (Luhmann 1998c, 169–172).

The solution for this double requirement was, according to Luhmann, the semantics of the so-called anthropology of early modernity. By anthropology Luhmann means that societal changes are mainly interpreted by the concept of man. The scholars of that age began to research the man, the human nature, the human understanding, the people's motivations, and their relation to society or to other people. In Luhmann's view, anthropology was suitable to comply with the double requirement for semantics in this transitional period; that is, it was acceptable for the old establishment on the one hand, and it offered a large scope for increase in complexity, which was required by the new societal structure (Luhmann 1998c, 173–178).

What made this possible was the indetermination and self-reference of human being; that is, a conception stating that the man is undetermined regarding its attributes, abilities, and knowledge, and that these can only be developed by the man itself, that is, self-referentially. The reason why the anthropologic description of the transformations was reconcilable with the requirements of old society was that religion and morality, in the light of this description, seemingly maintained their central role. According to anthropology, what has changed was not society freeing itself from the religious-moral bonds but the people who behaved in a way that was sinful according to religion. Thus, the possibility of judging the changes in a religious-moral way remained. In the meantime, however, religion has become a functional subsystem. Thus, although religion kept the privilege to judge the good and the bad, it could only do this from a functional subsystem and was not able to control society (Luhmann 1998c, 191).

Regarding the requirements for the emergence of a new society, functional subsystems needed a self-referential semantics that ensured an infinite horizon or infinite possibilities for different functional fields. The reason anthropology was able to comply with these

requirements was that human indetermination and self-reference meant openness or sensibility to the environment (Luhmann 1998c, 196). This, in turn, offered an opportunity to concretize this indetermination self-referentially in functional subsystems, that is, to fill it up with content. In politics the instinct of self-preservation induces people to establish a state; in economy the endeavor to satisfy desires results in a never-ending search for profit; and in science curiosity urges people to discover and acquire knowledge.

According to Luhmann, the contribution of anthropology to the formation and stabilization of functionally differentiated society consists in the following four factors (Luhmann 1998c, 227):

- It made possible the inclusion of population in functional subsystems on a large scale.
- It increased the possibility of negation, in other words, the possibility of deviations and variations in communication.
- It made possible the independent functioning of function-specific selection criteria.
- It contributed to the self-referential stabilization of the functional subsystems.

Nevertheless, anthropology was only a kind of supplementary theory: it did not describe the real changes, that is, the transformation of the societal structure. Because of the reasons mentioned above, it was impossible to construct a theory of society that could grasp the real transformation, but the changes urged the birth of a new semantics. This deficiency was supplied by anthropology in such a way that it attributed the new phenomena—such as the indetermination, the emergence of infinite possibilities, or the self-reference—to the man although these phenomena were, in fact, owing to the new structure of society.

Reform socialism in Hungary

After sketching this theoretical frame, I turn to the brief characterization of the late Kádár-system, and then I endeavor to describe a specific feature of this system with the help of Luhmann's theory. A characteristic feature of the late Kádár-system was the special economic system called reform socialism. It was a kind of reform of the socialist system, which gave, to a certain degree, free play to the rudimentary forms of capitalism. János Kornai defines reform socialism in the following way:

“I ascribe it to the socialist regimes that differ from the Stalinist model of classical socialism in several important respects, made some steps toward liberalization in the political sphere, somewhat decentralized the control of their state-owned sector, and allowed somewhat larger scope for the private sector. These changes warrant the attribute ‘reform’. At the same time, these countries maintained the fundamental attributes of a socialist system: the Communist Party did not share power with any other political force, the state-owned sector still played a dominant role in the economy, and the main coordinator of economic activities was the centralized bureaucracy, even though coordination was effected with the aid of less rigid instruments.” (Kornai 2008, 25)

The most important characteristics of reform socialism is that it endeavors to mix two sharply opposed economic systems, socialism and capitalism, even if the latter is to be interpreted here in a very restricted form. From that time on, that is, from the 1960s, one can speak of state-owned and private sectors in Hungary. Neither remained the state-owned sector untouched: realizing the problems with bureaucratic coordination, the ruling party aimed at changing over from bureaucratic to market coordination. This was to mean that they endeavored to reconcile two completely different systems with each other, that is, state property and market coordination. Both theory and practice demonstrated that this was an unsuccessful experiment (Kornai 2008). The result was, thus, a state sector, which, in spite of reform attempts, significantly falls behind capitalist economies regarding their performance.

The most important thing is here the newly emerging private sector. As it has been said, this private sector was far from what we call private sector in a well functioning capitalist economy. This backwardness first refers to the size and development of private enterprises. At that time, private sector in Hungary mostly consisted of individual or small enterprises, since the emergence of big private companies employing a lot of people would have exceeded the frame of the socialist system. Another backwardness was that the environment of the enterprises was far from being friendly and supportive. The interest of the state was, on the one hand, to give free play to private sector, but on the other, this freedom could be only restricted. Restriction was accomplished by making inaccessible the factors that were needed for development. For example, enterprises could not get loan, products from abroad, not to speak of the tools for promoting entrepreneurship, which are commonly expected of the governments nowadays. Furthermore, bureaucracy made the functioning of enterprises more difficult by slow and complicated administration. Thus, the development of

private sector could be based exclusively on the entrepreneurs own savings and work. In sum, we can say that private sector belonged to the tolerated category, and not to the promoted and supported one.

In spite of all these obstacles, this private sector can be considered successful, at least as compared to the state-owned sector. The reason of this was the so-called shortage economy (Kornai) characteristic of socialism. Shortage economy means that demand significantly exceeds supply, and prices are artificially kept under the market price. In such an environment, if private enterprises get opportunity for free functioning in a sector, they will be able to yield high profit because of the unsatisfied demand. The result of this was that private entrepreneurs—for example, craftsmen, hot-dog vendors, or boutique owners—who in a well functioning capitalist economy could belong at best to the middle class, represented the highest income group in Hungary (Kornai 2008).

Finally, an important characteristic of private sector at that time was a high percentage of informal or illegal sector, at least compared to the Western capitalist economies. Not only the extent of it was significant—which cannot be pointed out exactly—but the authorities often turned a blind eye to it, or at least they did not do their best to eliminate it (Kornai 2008).

Semantics of reform socialism

After briefly sketching some characteristics of reform socialism, in what follows I examine how the above discussed theory of the connections between semantics and social structure can be applied here. The most important feature of reform socialism was that it endeavored to reconcile the elements of two social-economic systems, socialism and capitalism, even if the latter was present only in a very rudimentary form. Although the main institutions of the political systems have not changed significantly, and there remained the prevalence of state property in economy, the everyday life of the people was significantly influenced by the emerging private sector.

My thesis is that we can find some parallel features between reform socialism and Luhmann's interpretation of early modernity in the sense that in both cases we can find the coexistence of two social structures. As in early modernity the hierarchic and the functionally differentiated structures coexisted, so lived socialism and capitalism together in reform socialism. Although it is true that in the latter case this coexistence was restricted, since it only refers to economy, this does not mean that it—as already mentioned—did not influence

the everyday life of the people, and what is more, it may be that citizens regard the questions relating to everyday living much more important, than the participation in politics.

The second part of the thesis sounds that because of this coexistence there was a need of a semantic compatible with both systems. As the two systems were fundamentally opposed to each other, this semantics could not describe neither of them properly, as they were. Instead, it had to find a third way. In early modernity, the semantics of hierarchy, which subordinated the whole social life to the religious-moral world order and the semantics that emphasized the autonomy of the functional subsystems were fundamentally opposed to each other. The third way, in this case, was the early modern anthropology. It is easy to see, that in the case of reform socialism, we can also find an opposition between the semantics that adequately describes the two systems, that is, socialism and the primitive form of capitalism. According to socialist ideology, private property and profiteering are fundamentally unjust because they lead to exploitation and restriction of real freedom. In the capitalist system—even if the limitless accumulation of property and profiteering often appear as negative in the eye of the society—these constitute the basis of development and social welfare. This can then be coupled with the lesser or greater regulative, redistributive functions of the state depending on whether the idea of free market or the idea of social state is dominant. But both free market and welfare state are based on the success of private sector. It is obvious that this description of private sector was incompatible with the socialist ideology, since it opposed the basis of this ideology. At the same time, neither is the socialist standpoint tenable, which stated that private property and profit are inherently bad, since in the reform socialist Hungary the ruling party itself has made concession on this question.

The question is, thus, what semantic construction can hide this fundamental contradiction between the two ideas on private property and profit. In other words, how a socialist system incorporating some capitalist elements can be legitimized. The solution was the semantics that did not legitimized the system with the help of the ideology, but with the relatively high standard of living. This semantics did not emphasize that socialism is more just and progressive than capitalism, and that the people should be loyal to the party because it builds socialism. Instead, this semantics lays stress on the relative welfare, that is, the welfare being relatively high as compared to the former decades or to other socialist countries. The people's loyalty is expected in exchange for this welfare. This is coupled with the de-politicization of society; that is, loyalty is expected in such a way that society must not pry into politics. This can be demonstrated with the principle "You can work, consume and live

well, so let us govern”. This system is described metaphors like “goulash communism” or the “happiest barrack in the communist camp”.

Summing up what has been said, I described a characteristic feature of the late Kádár-system, which was the endeavor to mix socialism with certain elements of capitalism, such as market coordination and private entrepreneurship. Because of the fundamental opposition of the two worldviews, the system could not be legitimized by a semantics that adequately describes capitalism or socialism. Instead, a third version was the solution, which hid the opposition and used an ideologically independent achievement, the relative welfare, to legitimize the system. I argued that this situation, that is, the overlapping of two sharply opposed social structures, is similar to early modernity described by Luhmann as an overlapping of two forms of differentiation.

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