

**Péter Krisztián ZACHAR**

*Gazdasági válságok, társadalmi feszültségek, modern válasz kísérletek Európában a két világháború között*

**Budapest: L'Harmattan 2014**

**ISBN 978-963-236-955-6, 348 pages**

On the eve of the 21<sup>st</sup> century, certain issues that weren't debated for many decades because of the painful experiences of the 20<sup>th</sup> century are finally starting to get the much needed scientific attention. The latest book of historian and high school professor Péter Krisztián Zachar (*Gazdasági válságok, társadalmi feszültségek, modern válasz kísérletek Európában a két világháború között*) deals with the important issue of the European crisis-managements ideas between the period of the two World Wars, from the point of view of the European social corporatist idea. The bloody Second World War, and the economic miracle that initiated in the 1950's somehow made this period being "forgotten" for many years. As the Great Recession started in 2008, and as we had to face similar problems like in the interwar period, more attention was given to that era. Péter Krisztián Zachar took the great endeavour to analyse the interwar period's European social corporatist idea in details, and create a work that summarizes all the aspects of this political, economic and social movement. His book deserves deep study, as history tends to repeat its

self, so we might find answers in the past to our uncertain future. Péter Krisztián Zachar's work collected the European responses of the interwar crisis, which certainly contains ideas and experiences that are still valuable today, maybe more than ever.

The book is divided into five chapters. In the first chapter, the author describes the general European crisis in the beginning of the 20<sup>th</sup> century, which ultimately caused the First World War and later resulted into the many problems the old continent had to face after the conflict. The second chapter deals with the reformation attempts of the classic liberal ideology, as well as the appearance of the state-controlled capitalism ("statism"). The third chapter focuses on the concept of the European social corporatist system. This chapter deals mostly with the classic social corporatist system, which mostly developed from the Christian (catholic) solidarity idea. It focuses on the Christian social-democratic solidarism, and the evolution of the European social corporatist ideas, but also deals with the totalitarian deviant corporatist systems, such as fascist Italy and

national-socialist (Nazi) Germany. Also in this chapter, extensive parts are dedicated to the Austrian pre-Anschluss period, the Portuguese "Estado Novo", as well as the Hungarian interwar political developments that helped the evolution of a local social corporatist system. The fourth chapter presents how the social corporatist system, which mostly existed in theory before the Second World War, evolved into the social market economy, or social market capitalism after the war. The classic example to this economic system was West-Germany, which generated the "German miracle", based on the social corporatist ideologies that ultimately initiated the European Christian-democratic political movements. The fifth chapter is the last one, containing the author's closing remarks.

How can we explain the notion of the social corporatist system? For a non-European reader it is quite difficult to find a local analogue system, and even inside Europe is difficult to find a perfect explanation. The social corporatist system is a social, political, economic framework where all members of the society understand that their partnership is necessary to achieve a common welfare. In the economy, mainly where this system was intended to operate, it is a framework structure where labourers, managers and property (corporate) owners cooperate and make joint decisions. At the political level, it is a framework where the political class, before making a crucial decision (mostly regarding economic issues) consults with the highest representative labour bodies (trade unions) and the representative bodies

of the business class (chambers of commerce, etc.), in order to achieve a solution accepted by everyone. During the 19<sup>th</sup> century "laissez faire" system, the very notion of this social corporatist system was unthinkable. Only after the great social inequalities started to emerge, people started to think to alternatives. Some turned towards Marxism (and later socialism/communism), while others, especially Christian reformers, followed Pope Leo XIII "Rerum Novarum" encyclical issue, and formed their "third way" between liberalism and socialism. This "third way" position was strengthened especially after the First World War, when the brutal side of Soviet communism, as well as the aggressive nature of Italian fascism started to take effect. Later, the inhumane and brutal existence of Nazi Germany further proved that the "third way" political idea, or the social corporatist system, cannot exist, nor cannot be implemented without democracy. Unfortunately, the totalitarian Italian fascist and later the Nazi system in Germany used several elements of the economic proposals of the social corporatist system, discrediting the very idea for many years. Luckily, several democratic-minded representatives of the social corporatist system became prominent figures of the post-war West-European political process. These enlightened political figures were the ones who created the European Christian-Democratic political parties, and made the social corporatist system's economic solutions part of the economy. This was later labelled as social market capitalism (or European continental capitalism), and this system

flourished mainly in Germany and Italy between the 1950's and 1970's, creating the basis of the European welfare society. This social corporatist welfare system enabled the European integration process, which ultimately culminated in the creation of the European Union. This was a great result, if we take into consideration the many wars that this continent had to suffer because of the previous inequalities. All of these great political and social results have direct and deep roots in the (democratic!) social corporatist ideas of the interwar period, analysing them is essential to understand the basis of the post-Second World War European political and economic recovery. Péter Krisztián Zachar's book presents these ideas to the reader in a coherent and well-structured manner.

In some cases, the social corporatist system is still labelled as a "closely associated ideology with Italian-style fascism". Already in the interwar period, notably from American scholars, it was immediately and strongly separated from fascism. This book also contains all the reliable evidences, so that the social corporatist system will never be linked again with fascism, as they are totally different from each other. The social corporatist system always intended to function in democracy, while for fascism, democracy was an obstacle that had to be eliminated. The economic attitude is also massively different, as the social corporatist system requires the autonomous, private and free citizens to interact, while fascism required obedient and controlled, non-free citizens to function. The social corporatist system's proponents, al-

ready by the 1920's have realized that the most effective solution against the totalitarian systems of fascism, national-socialism, or communism are the small communities, the small self-governing local governments and entities, which is driven by Christian ethics, and throughout these Christian ethics that the capital (the rich elite) and the state is kept under control, in order to create a healthy democratic system. The social corporatist system always required a strong middle class, which is independent and autonomous, formulated by many small and middle sized enterprises. These business entities guarantee personal freedom, human dignity and independence from the capital owners, as well from the state. In this way, the middle class will gain moral, financial, political independence. This required a state structure, which was nevertheless based on the classics liberal-market economy, but with a strong regulative side. These ideas perfectly matched with the Christian solidarity message first appeared in Pope Leo's encyclical message, and was the basis of the Christian-democratic political movements that flourished in Europe after the Second World War. The book chronologically lists all the mayor ideas of the interwar period, giving a well elaborated "prehistory" of the later Christian-democratic political movements that shaped the European political scenario well beyond the end of the Cold War. The author rightly discusses even the political and philosophical evolution of the post-war European social corporatist system, or as it was called after the war, the so-

cial market capitalism, as the development of this idea is far from over. During the neo-liberal economic “renaissance” of the 1980’s and 1990’s, the return of the “laissez faire” economy, made the social corporatist or social market capitalist idea seemingly fade away. The author correctly assess that after the Great Recession, starting in 2008, many scholars started to argue about the necessity to revisit the social market capitalist solutions, because one of the mayor causes of the crisis was mainly the almost total absence of economic regulation. The crisis created the greatest social crisis since the 1930’s, and in some cases even the democratic institutions have suffered the political consequences of the economic mismanagements. Solidarity and subsidiarity are still the key words today, as they were during the interwar debate regard-

ing the social corporatist systems. Today, the greatest challenge is to integrate as much as possible the civil society into the crisis management, to find a common interest between employers and employees, in order to avoid social class warfare. By avoiding the social class war, and the social tensions (similar tensions were present in the late 19<sup>th</sup> century), we can avoid the repetition of the 20<sup>th</sup> century’s catastrophic political events. The social representative entities, well incorporated into the democratic system, can guarantee joint decision making, and can provide the basis of peace inside the society. Péter Krisztián Zachar’s book contains the historical experience that may be the key to maintain our bright and peaceful European future.

Alessandro Marengo