

East European Regional Identity: Vanishing Away and Recreated

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An international conference was convened in Budapest on 3 to 7 October 1885. The organisers were Hungarian agrarians led by Count Sándor Károlyi, and the aim of the conference was to discuss the agricultural crisis, specifically, the causes of the deepening crisis and how to tackle it. Jenő Gál, a Hungarian specialist on the topic and the keynote speaker on the crisis at the conference, proposed the introduction of a *Customs Union of Central Europe* involving European countries such as Germany, France, Italy, Switzerland, Belgium and the Austrian lands.¹ According to Hungarian historiography, the customs union aimed to preserve the domestic agricultural markets for the large landowners against the influx of foreign and Russian grain as well as to realise the development of autarkic economies in the region.²

The idea of a *Central European* customs union could be considered a unique development in the modern European history of politico-economic integrations, beginning with the Frankfurt Congress and ending with the on-going enlargement of the European Union via the German *Mitteleuropa*,³ given that it was characterised by its non governmental initiation by the agrarians in eastern Europe. This initiation from the east is almost unknown, either in the historiography⁴ of the region or in the

¹ *A nemzetközi gazdacongressus jegyzőkönyve* (Budapest, 1885), pp. xiii–xiv. Austrian lands included Austria, Czech lands, Galicia, and Calintia.

² Péter Láng, 'Mezőgazdasági érdekképviselet Magyarországon; agrárius mozgalom zászlóvontása és szervezeteinek kiépítése', *Agrártörténeti szemle* 13: 3–4 (1971), p. 399; *Magyarország története 1849–1918* (Budapest, 1979), p. 237; *Magyarország története 1848–1890* (Budapest, 1975), p. 1263; Ivan T. Berend, 'Transformation and Structural Change: Central and Eastern Europe's Post-communist Adjustment in Historical Perspective', in HAYASHI Tadayuki (ed.), *The Emerging New Regional Order in Central and Eastern Europe* (Sapporo, 1997), p. 20.

³ Barna Ábrahám et al. (eds.), *Nemzeti és regionális identitás Közép-Európában* (Budapest, 2003).

⁴ IEDA Osamu, 'Agrarian Crisis and Policies in Hungary: Agrarian Movement and

people's memory, and is contrary to the idea of Central European integration, the Danubian Federation, proposed by, among others, Frantiček Paracky⁵ or Oszkár Jászi.⁶ Compared with the Danubian ideas that were largely based on historical reality such as the Habsburg Monarchy, the agrarians' 'Central Europe' was an entirely new synthesis of their regional perception. It might have developed into European Community-styled economic integration since, despite their many differences, both concepts developed under the pressure of American and Russian globalisation in order to protect European interests and markets on the basis of multilateral agreements among the concerned countries in Europe. In the agrarians' understanding, 'Central' referred to the geographic location, as the region was located between the lands of the overseas actors to the west and Russia to the east.

This paper, within the context of a comparison of the two concepts of European integration, focuses on the dual perception of the Hungarian agrarians in their European identity. One identity was based on the normative regional perception with which the agrarians wanted to create a new regional cooperation in Europe: 'Central Europe'. This perception was not a reflection of a given existence in the region. The regional identity of 'Central Europe' was to be developed along with the creation of the customs union itself. Consequently, this perception is referred to as normative or *Sollen*.⁷ The other perception was that of self-identity and was based on the realism with which the agrarians had to start their reformist programs of constructing or re-constructing the local communities, specifically, the rural cooperative societies. The cooperatives were the means to tackle the crisis locally.

Cooperatives', *The Hiroshima Economic Review* (in Japanese) 10:2 (1986), pp. 79–88; IEDA Osamu, 'Központ és községi szövetkezetek a Hangya szövetkezeti mozgalomban az első világháborúig', *Agrártörténeti szemle* 32: 1-4 (1990), pp. 158–175.

⁵ A Czech historian and politician in the 19th century, see for example: SHINOHARA Taku, 'Central European Discourses from Historical Perspective', in Hayashi (ed.), *The Emerging New Regional*, pp. 30–36.

⁶ A liberal Hungarian thinker in the beginning of the 20th century, see for example: Oszkár Jászi, *A Monarchia jövője: A dualizmus bukása és a dunai egyesült államok* (Budapest, 1988).

⁷ See the Triadic identity including the normative identity: IEDA Osamu, 'Regional Identities and Meso-Mega Area Dynamics in Slavic Eurasia: Focus on Eastern Europe', in MATSUZATO Kimitaka (ed.), *Emerging Meso-Areas in the Former Socialist Countries: Histories Revived or Improvised?* (Sapporo, 2005), pp. 19–44.

The regional identities within eastern Europe in the 19th century *per se* constitute an interesting topic since the politico-economic entity of ‘Eastern Europe’ did not exist at the time. This spatial setting is now given again to the nations in Eastern Europe since they currently form part of the politico-economically integrated Europe by the eastward EU enlargement. We cannot speak of a spatially divided Europe in the second half of the 19th century and no more after the realisation of EU enlargement in the 21st century. Rather, since ‘Eastern Europe’ is in the process of vanishing, we might therefore speak of the vanished ‘Eastern Europe’. However, a question and our interest remain: ‘Is the regional perception of the division between the western and eastern Europe really disappearing with politico-economic integration?’ This question is certainly reasonable when we examine European perceptions of the Hungarian agrarians, which suggest a century-long understanding of the regional identities in eastern Europe. Therefore, if the answer to the question is ‘No’ or, at least, ‘Not a definite yes’, then we have to ask: ‘How can we identify the region after the politico-economic integration in Europe?’⁸

Customs Union of Central Europe: the Blueprint for the Future Europe

The history of the political movements that arose in response to agricultural interests in Hungary began in the late 1870s, specifically when a national agricultural conference was held in Székesfehérvár, a major city in western Hungary, in 1879. The organiser of the conference was the National Hungarian Agricultural Association (NHAA, Országos Magyar Gazdasági Egyesület in Hungarian), the principal members of which were the large landowners.⁹ The conference, although devoted to agricultural competition with America and Russia, was the first indication

⁸ The changing regional identity is named ‘meso-area’ in the author’s terminology, see: Ieda, ‘Regional Identities’.

⁹ The association was established in 1835 by the initiation of Count István Széchenyi, a liberal reformist in the middle of the 19th century. The association developed as one of the most powerful organisations in Hungarian politics in the second half of the century, having a membership of 800–900, among whom the landed aristocrats were influential.

of major interest in the need for a specialised ministry of agriculture that had to be established urgently.¹⁰ No concept was recorded officially on European cooperation for a protective politico-economic institution among the European countries.¹¹ Meanwhile, a unique program was being elaborated upon for another way to respond to the agricultural crisis in Hungary, namely, the reformist Agrarian Circle led by Count Sándor Károlyi¹² which launched a nation-wide research effort with the help of the NHAA in order to investigate the actual situation of agriculture in Hungary. The conclusion of the investigation revealed the prevalence of usurers, no agricultural credit, and the necessity for self-help solutions. At the time of the nation-wide investigation, the Agrarian Circle and local agricultural associations—mainly the county agricultural associations that represented the local large- and middle-sized landowners¹³—established the Alliance of Agricultural Associations (AAA, Szövetségbe Lépett Gazdasági Egyletek).¹⁴ The Agrarian Circle and the AAA were the organisers of the international conference in 1885, which sought solutions to the agricultural crisis through reforms of the agricultural and, ultimately, the economic structure of Hungary. It also sought European cooperation in terms of the establishment of a customs union against the American and Russian competitors in European markets for agricultural products.

The leader of the Hungarian agrarians visited opinion leaders in other European countries in the middle of 1885. The purpose was to discuss with them the idea of a European cooperation including the customs union and to select participants to be invited to the upcoming conference later

¹⁰ In those days the Ministry of Agriculture, Commerce and Manufacture represented agricultural affairs. The Ministry of Agriculture was established separately in 1889.

¹¹ Láng, 'Mezőgazdasági érdekképviselet', pp. 395–396; *Magyarország története 1848–1890*, p. 1260.

¹² The Károlyi family was one of the biggest landed aristocrats in Hungary at the time. The family contributed to Hungarian social and political developments. Count Mihály Károlyi, the political leader of the 1918 revolution for the Republic of Hungary, was S. Károlyi's nephew. In his youth, Mihály was expected to become the successor of his uncle's social movements.

¹³ The county agricultural associations had several hundreds of members each. The county associations originated in the 1840s. Forty-three local agricultural associations took part in the international conference in 1885, which suggested the nation-wide coverage of the agrarian camp; *A nemzetközi gazdacongressus jegyzőkönyve*, pp. xii–xvii.

¹⁴ Miklós Kovalovszky and Andor Solt, *Grof Károlyi Sándor és alkotásai* (Budapest, 1942), pp. 38–39; Láng, 'Mezőgazdasági érdekképviselet', pp. 398–404.

that year. The leader's diary of the trip¹⁵ helps us to reconstruct the trials of the development of the agrarians' conception of 'Central Europe'. In those days, following the national unification of Germany and Italy in the 1860s as well as the establishment of the triadic union of the German, Austrian and Russian emperors in 1873, the spatial perception of 'Central European cooperation was not at all common. It was a new concept in regional identification. According to Károlyi's diary, when he visited Count de Lucay, the secretary of the French Agricultural Association in Paris, he recognised this firmly:

[I said to him] we need a European customs union politically and economically; not only for us [the Austro-Hungarian people], but also for the French people. They have to take this into consideration and to realise the idea. [...] I recognised, however, that this idea was entirely new to them. They have never thought of a customs agreement that was European. They have only thought of a customs union against anyone who competes with them.¹⁶

For their German colleagues, given their familiarity with ideas such as unification of the 'whole German nation', that is, one of the Frankfurt concepts, the agrarian idea of a European customs union did not sound so bizarre. However, they were still used to thinking of a customs union consisting of the Germans, possibly involving the Austro-Hungarians, and at most, the Balkans.¹⁷ The Germans' perception of Central Europe generally excluded the western lands beyond the Rhine.¹⁸

However, as cited above, the first name for the European customs agreement initiated by the Hungarian agrarians was not 'Central

¹⁵ Országos Levéltár [Hungarian National Archives], *Károlyi nemzetiség levéltár, Károlyi Sándor hagyatéka*, 3. csomó (hereafter OL-SK, 3. cs.).

¹⁶ OL-SK, 3. cs. Károlyi, following these sentences, also mentioned the special conference of the French Agricultural Association held in 1884 where [the association] 'did not analyse the American problems and others, instead, they immediately started to discuss how to protect against it'.

¹⁷ The idea of a customs union of Lujo Brentano whom Károlyi visited in Strasbourg, see: OL-SK, 3. cs.

¹⁸ Jacques Le Rider, *Chuo-Ron: Teikoku kara EU he*, tr. TAGUCHI Akira and ITABASHI Takumi (Tokyo, 2004), pp. 119–120; orig. pub. as *La Mitteleuropa* (2nd ed. and corr., Paris, 1996).

European’, but, simply, ‘A European Customs Union’ in the first stage of the preparations for the international conference. Accordingly, S. Károlyi never used the term ‘Central Europe’ in his diary during the trip in 1885. He always referred to the initiative as a European one. It was, therefore, highly likely that the Hungarian agrarians initially thought of international cooperation against the American and Russian competitors as ‘a European’ concept. However, according to the document, after consulting with other European colleagues on the trip, the leading organiser of the conference repeatedly considered what was, and what should be, ‘European’ cooperation. He was provided with various ideas and suggestions by those whom he visited on the trip, including the recommendation by a German specialist that delegations from Belgium and Switzerland be involved in the conference in Budapest.¹⁹ This suggestion was realised several months later at the Budapest conference. British participation was also an issue that had to be examined. The German specialist suggested that Britain could be a part of the European cooperation. The Hungarian agrarians, however, concluded that no invitation would be sent to their British colleagues due to the different way they responded to the global competition. According to the diary: ‘[In Britain] freedom is perfect, but so is misery. [...] They have the cheapest comfort with the free competition in the country, though the most serious destitution, too.’ On the other hand, the Hungarian leader shared the standpoint of the German specialist that Russia should be excluded from the European cooperative.

Following preparatory travel from May to July 1885, Sándor Károlyi and the Agrarian Circle started to conceptualise their idea of European cooperation as the *Customs Union of Central Europe*, which was raised in the keynote speech of the international conference in 1885, entitled the ‘Question of Agricultural Crisis’. The use of ‘Central Europe’ in their concept of the customs union was the subject in response to the agricultural crisis that had resulted from the new environments around Europe. Specifically:

¹⁹ Albert Schafle recommended this to S. Károlyi when he visited him in Stuttgart on 17 June 1885. A. Schafle was otherwise recommended by Count Julius Falkenkayn, the agricultural minister of Austria from 1879 to 1895 in Vienna, see: OL-SK, 3. cs.

Transportation has rapidly progressed in the last decades and this has completely changed and greatly developed the economies and societies in Europe. The recent intense competition in agriculture was just a natural result of the improvements in transportation. [...] Any destructive effects on the economic organs of Central Europe caused by competition with the external actors would be offset by culture if the balance among the sections of production and the proportional development of the economic lives is given. [...] Otherwise, if production is one-sided, the Central European countries would always be threatened by economic and political crises. [...] Therefore, we need to create or preserve a proper balance between agriculture, manufacturing and commerce, [...] and agriculture should be reorganised as a developed section of production, capable of standing independently as much as possible from external factors. [...]

The European continental countries can help themselves only when they unify with each other against the economic powers such as the United States of America, Great Britain and Russia. [...] It is profitable and natural for the countries to form a union based on the rule of differentiated customs. [...] The Central European countries should introduce protective tariffs, not separately but collaboratively as far as possible, and establish the union of all Central European countries.²⁰

The regional identity of ‘Central Europe’ and the economic institution of the customs union was a unique combination among the Hungarian agrarians as it partly reflected their external perceptions against their American and Russian agrarian competitors, and partly against the British philosophy of ‘perfect freedom, perfect misery’. The agrarian ‘Central Europe’ was designed to be open to anyone who shared these perceptions of the agricultural crisis.

In addition, this combination shows us another basic conception of the agrarians: ‘the properly balanced structure of the economy’ and ‘developed, independent agriculture’. The agrarian statement that, ‘it is the agricultural prosperity that provides national welfare’,²¹ was not

²⁰ *A nemzetközi gazdaságkongresszus jegyzőkönyve*, pp. 16–23; Jenő Gál, *Magyarország közgazdasági és társadalmi politikája*, vol. 2 (Budapest, 1900), pp. 129–136, 171–179.

²¹ OL-SK, 3. cs.

intended to require one-sided protectionism for domestic agricultural products at the expense of the other branches of the economy. The agrarian idea of the protective customs union was to be based, not on ‘protectionist tariffs’, but on ‘compensation tariffs’, which would realise ‘fair’ trade among the agricultural producers in different countries with different conditions.²² Under such considerations, the Hungarian agrarians proposed the adoption of European cooperation as a regional union of ‘Central Europe’ among those nations who shared this philosophy.

‘East of Europe’: the Blueprint of Agrarian Cooperatives for the Future Hungarian Society

‘Central Europe’ was the politico-economic blueprint of the agrarians regarding their regional identity, as well as integrating those European nations who shared the belief in the agrarian way of responding to global competition. Conversely, the second blueprint was prepared for the future Hungarian society in order to meet the requirements for realising ‘developed, independent agriculture’. This program was the cooperative society building designed by the agrarians on the discipline of communal and hierarchical relations among the members,²³ introducing German and other European concepts of a rural credit system, though eventually reformulating them in accordance with the realities of rural Hungary and ‘East of Europe (Európa kelete)’.²⁴ Consequently, in the process of preparation and implementation of the blueprint, the agrarians recognised or developed another regional self-identity that was not as normative or *Sollen* as their ‘Central European’ identity, but more practical and pragmatic, being based on the realities they faced.

The Hungarian agrarians started cooperative society building in the rural areas as early as the first half of the 1880s, guided by the conclusions

²² S. Károlyi cited Pouiller Quertier for this interpretation of the compensation tariff and fair trade, justifying the tariffs by the different domestic tax systems among the countries; OL-SK, 3.cs.

²³ IEDA Osamu, ‘The Rural Cooperatives and Members’ Liability from a Historical Perspective: the Hungarian Case’, in Ieda (ed.), *The New Structure of the Rural Economy of Post-communist Countries* (Sapporo, 2001), pp. 1–7.

²⁴ Manuscript of S. Károlyi, see: OL-SK, P-389, 4. cs.

of the nation-wide agricultural investigation conducted by the Agrarian Circle. The first trial for rural cooperative society building ended unsuccessfully due to the lack of effective programs for mobilising and motivating rural people into credit cooperatives. The idea of a cooperative society was still foreign to the rural population and the initial concept,²⁵ self-help, was too idealistic to be realised in those days. Following the lessons learned from their initial experiences, the Hungarian agrarians raised the issue of ‘Lack of a credit system for small farmers’ at the international conference in 1885. This was the other main topic of the conference. Endre György, the keynote speaker on the topic, examined various concepts of agricultural credit practiced in other European countries and proposed the following unique type of rural credit cooperative as a workable model for the Hungarian reality:

[...] though we know that the Raiffeisen system [unlimited liability of the members] is superior theoretically, in Hungary, for example, we have to introduce unconditionally a limited liability system in order to acquire more credit and to involve the wealthier people into the cooperative society more easily. We think these two conditions necessary because the creditors should be as close as possible to the debtors, as this makes the creditors feel at ease and the debtors less burdened [...].²⁶

The Raiffeisen system of rural cooperatives was prevalent and successful among the German farmers, *Bauern*, and the Hungarian agrarians seriously considered the introduction of the model into Hungary.²⁷ However, they had to abandon introduction of the system into the country due to the unpopularity of the unlimited liability of the institution. The founder of the German rural credit system, Friedrich-Wilhelm Raiffeisen, emphasised the benefits of his approach in a message he sent to the international conference in Budapest as he could not attend due to illness.

²⁵ *A gazdakör hitelügyi bizottságának emlékirata a kisbirtokos hitelviszonyai tárgyában* (Budapest, 1884), p. 13.

²⁶ *A nemzetközi gazdacongressus jegyzőkönyve*, p. 168.

²⁷ *A gazdakör hitelügyi bizottságának emlékirata*, p. 25.

In that message he stated that, ‘the universal [unlimited] liability is an unconditionally necessary’.²⁸

Given that they were both established on communal solidarity, the rural cooperatives seemed similar. However, communal solidarity, or the structure of the communal society, was quite different between the two cases. The successful Raiffeisen cooperatives in Germany were based on the *Bauern*, who were simultaneously creditors and debtors in the cooperatives. Conversely, in Hungarian rural societies, the Hungarian peasants, *Parasztok*, were not capable of providing credit to each other. Instead, the only possible solid creditors were the landowners in the rural society of Hungary, and the peasants would almost exclusively constitute the only possible debtors. This was why Endre György, the keynote speaker on the topic at the conference, emphasised the necessity of involving ‘the wealthier people’ for establishing workable cooperatives in Hungary and also for introducing limited liability, not unlimited liability, as this would hinder or prevent ‘the wealthier people’ from participation in the cooperatives. The two types of rural credit institutions in ‘Central Europe’, the Raiffeisen one in Germany and the agrarian one in Hungary reflected the respective realities of each rural society at the time.

The different way of re-organising the rural societies in Hungary, though designed by the agrarians as one of the twin prescriptions aside from the customs union for resolving the agricultural crisis, would eventually result in a different regional perception in the following decades. Namely, on the one hand, the agrarian program to build a rural cooperative society, starting immediately after the international conference on the basis of the blueprint presented by E. György, in which the number of the agrarian cooperatives continuously increased.²⁹ However, on the other hand, the initial aim of the social movement, self-help, was hardly realised, and the Hungarian model of the cooperatives was always challenged by the unchanging reality of rural Hungary. The agrarian leaders had to face the dilemma of the mission and the reality, for example:

²⁸ *A nemzetközi gazdacongressus jegyzőkönyve*, pp. 172–173.

²⁹ Ieda, ‘The Rural Cooperatives’, pp. 6–7. The number of agrarian credit cooperatives was 1900 in 1912 with almost 600,000 members, representing 61 per cent of the total number of the credit cooperatives in Hungary.

We are criticised for the compulsory way of organising the cooperatives, though we have already ceased activities relating to this concern. [...] We never want any compulsion. However, we must not hesitate to organise the cooperatives where the conditions permit and mature enough for it.³⁰

The dilemma and the reality resulted in a divided regional perception among the agrarian leaders in their European perspective; Sándor Károlyi confessed:

I regard the economic goals and the cultural missions of the cooperatives to be so important. However, in *the east of Europe*, we cannot entrust the goals and the missions to voluntarism or leave them laissez-faire as in *the west of Europe* because voluntarism here might bring the death of the ideal of the cooperative society. The westerners understand this to be the restriction of freedom and as a kind of state socialism, that is, the inborn enemy of any developed democracy. The developed democracy [...] seems a subtle distinction for the westerners. This is the question of to be or not to be. However, we are building the cooperatives not where democracy has developed, but where democracy still does not exist, instead we want to create it. [...]

The people should be taught voluntary activities, not to seek state assistance. [...] However, we cannot expect the voluntary initiation everywhere. [...] In the east there are officers and soldiers, but no petty officers. Here is the difference between the east and the west.³¹ [My emphases]

Concluding Remarks

The Hungarian agrarians, responding to the global competition in the agricultural markets in the late 19th century, raised a dual mission for themselves: one was external, a European customs union, and the other

³⁰ OL-Z.1387, vol. 1–4, 12 January 1906; the minutes of the Directors' Executive Committee of the Hangya Cooperative (a Hangya, a Magyar gazdaszövetség fogyasztási és értékesítő szövetkezete), organised also by the agrarians in 1890s.

³¹ OL-SK, P-389, 4. cs.

was internal, rural cooperative society building. The dual mission motivated and induced the agrarians to develop a dual regional identity, ‘Central Europe’ and ‘East of Europe’. The two identities were not exclusive to each other, nor did they compete with each other, as the agrarians constructed them in different dimensions. The former was a normative identity—*Sollen*—and the latter was a cognitive identity—*Sein*. In other words, the dual regional identity was the natural but creative reflection of the rural Hungarian elite who had to, and who could, imagine their socio-political tasks at different amplitudes, such as ‘European’, ‘Central European’, and that of ‘East of Europe’.

The last written agrarian statement is from a diary once again and suggests the very flexible attitude of the agrarian leader in identifying himself among the various European politico-economic ideologies:

[Lujó Brentano] is a Manchesterist, not a state socialist [...]. His book reads as follows: ‘the laissez-faire should be encouraged socially, but if the society is not capable of it, the legislation should help it, but in the least degree’. [...] He regarded me as an agrarian, though I explained the concept to him in sufficient detail, namely, that not being a Manchesterist, I, nevertheless, prefer the laissez-faire. However, I may confess that I would be a friend of the least piece of the state socialism—though less than Bismarck is—when the aim could not be realised otherwise. I therefore stand, though apart, very close to him.³²

Though the Budapest conference established the international standing committee for the preparation of the next conference, the *Customs Union of Central Europe* was not realised due to the passive attitudes of the governments in the relevant European countries.³³

³² OL-SK, 3. cs.

³³ Ibid. Lujó Brentano was one of the invited guests invited at the Budapest international conference who gave a long speech supporting the agrarians’ concept of the wider Central European cooperative: ‘Having been always afraid of the economic superpower of Great Britain, we now fear such a political and economic organisation. Where would we arrive, if we were not to join together or not associate with each other? [...] Now it is clear, even in the commercial sphere, that we have to acquire the validity of the organisation which aims to protect the freedom and the threatened individuality of the weak nations’. See: *A nemzetközi gazdacongressus jegyzőkönyve*, pp. 77–78.

The agrarian concept of cooperation among the ‘Central European’ nations might have been too immature or the timing too premature for it to have been realised in the given historical environment. However, their regional perception, that is, the dual and multiple identification in different dimensions and at different amplitudes does not appear to be unique to the agrarians, but characteristic of the generations in ‘Central’ and ‘East of Europe’.³⁴ Among the multiple ways of spatial perception, the regional identity of ‘Eastern Europe’ is continually being recreated.

³⁴ Hartmut Kaelble, a German social historian, suggests that the European identity developed differently politically and socially, and that European social identity does not necessarily include Eastern Europe, or at least, he is very careful when referring to the social identity of a unified Europe, see: Hartmut Kaelble, *Hitotsu no Yoroppa heno Michi: sono Shakaisi-teki Kosatsu*, tr. AMEMIYA Akihiko et al. (Tokyo, 1997), pp. 192–193; orig. pub. as *Auf dem Weg zu einer europäischen Gesellschaft: eine Sozialgeschichte Westeuropas 1880–1980* (Munich, 1987).