

**The Second Term of Viktor Orbán**  
**Beyond Prejudice and Enthusiasm**



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© Published by the BL Nonprofit Kft. (Budapest) and Social Affairs Unit (London)  
in association with the Danube Institute, 2015.



DANUBE INSTITUTE

British Library Cataloguing in Publication Data  
A catalogue record of this book is available from the British Library

All views expressed in this publication are those of the authors,  
not those of the Social Affairs Unit, its Trustees, Advisers or Director.

Printed and bound in the United Kingdom  
Designed by sarahbettsworthdesign@talktalk.net

ISBN: 978-1-904863-67-0

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London W1B 5SA  
[www.socialaffairsunit.org.uk](http://www.socialaffairsunit.org.uk)

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## INTRODUCTION

John O'Sullivan

Any attempt to judge the success or failure of Prime Minister Viktor Orbán and his government's policies must begin with a heroic exercise in clearing the ground. Today, it is not uncommon to meet people in Western Europe or the United States who say quite equably: "He's a dictator, isn't he, well, an authoritarian anyway? . . . I hear there's no freedom of the press in Hungary . . . the light of Democracy has gone out there, everyone tells me . . . Orbán's cozying up to Putin . . . he probably wants to be another Putin himself . . ." These things are said without any apparent expectation of disagreement, as if they are matters of common consent, obviously true in general, if possibly subject to correction on minor detail. They are voiced, moreover, not by a random cross-section of people in whom ignorance would be a valid excuse, but by those who read newspapers such as the *Guardian* or the *New York Times*, with extensive foreign coverage. They smile sadly when they express such concerns. They want Hungarians to know that they have friends.

So it comes as a shock to them when I reply that they will be glad to hear that the Hungarian political situation bears almost no relationship to their fears. There is open and vigorous debate in Hungary. The Hungarian media, for instance, are chock-full of criticisms of the government. Left-wing papers in particular have aggressively pursued stories of corruption (for instance, the denial of U.S. visas to officials and others suspected of corruption) that embarrass the government. They are eagerly read and discussed by people of all political persuasions. And far from lowering their voices in order to attack the government, ordinary Hungarians vent their discontents loudly and angrily, sometimes accosting tourists in order to do so. There is the opposite of an atmosphere of

fear and conformity in society.

As for democracy, that was celebrated last year, perhaps excessively, with no fewer than three sets of elections—national, local, and European—in all of which Fidesz candidates achieved between 45 and 51 per cent of the national total vote. Some attempt was made by the opposition to suggest that Orbán’s two-thirds parliamentary majority had been achieved by “gerrymandering” the electoral system. But Orbán had achieved the same super-majority under the previous system, and if the elections had been held under the Anglo-American “first past the post” electoral system, he would have achieved an even larger one. Since Anglo-America is an important market for alarmism about Hungary, that charge was quietly dropped.

As memory of the elections faded, however, Orbán’s opponents recalled that he was an authoritarian. Demonstrations erupted against his rule on a range of issues. All these protests were shepherded peacefully by police through Budapest to the square outside Parliament, where there is now a semi-permanent anti-Orbán protest tent. (It has a companion in nearby Freedom Square.) The largest of these demonstrations objected to a proposed new tax on internet usage. Orbán promptly withdrew the tax. Protests continued on other issues. In short, there has been a rolling festival of left-liberal protest in Budapest since before Christmas that the government has tolerated, and that has even changed official policy. Such things don’t happen under authoritarian regimes.

Encouraged by this “resistance”, however, some opposition leaders make fiery speeches against the Prime Minister, even calling for “Europe” to take “action” against him. These calls are occasionally echoed by sympathetic socialist Euro-MPs, or by left-wing think-tanks in Brussels or Berlin. After that, nothing much happens. The reason is that no-one, inside or outside Hungary, can make a serious case that Orbán wields powers not granted him by the constitution. He may occasionally claim to be leading a “revolution”, but that is political rhetoric. It means no more than he is carrying out

extensive political change by passing laws in a thoroughly constitutional way. Hungary’s executive, legislature, and court system are all still *in situ* and acting in accord with democratic and constitutional norms. It is even the case that the constitutional court sometimes overturns laws and regulations, and that Orbán accepts their judgments.

Now, some actions by the government are open to criticism. Two instances are an advertising penalty tax that is apparently aimed at a politically hostile television station, and a raid on an NGO financed by Norway’s official wealth fund that the government feels is, in effect, a single-issue opposition party. Both actions have caused the government a degree of embarrassment that plainly outweighs any possible gain. Its larger reforms—for instance its press regulations—are well within the mainstream of European legislation. Supporters of America’s First Amendment, like me, may believe that the entire edifice of media regulation is wrong and dangerous. Europe disagrees. And Hungary is in Europe

To borrow a line from Mark Twain: the death of liberal democracy in Hungary has been greatly exaggerated.

When I say this to people outside Hungary, I can see that they are disappointed and suspicious. Disappointed because, after all, they quite enjoyed standing up to an authoritarian right-wing dictator—it flattered their mental self-image as fighters for democracy and social justice. They will rather miss not having Viktor Orbán to kick around if he turns out to be just another politician. Suspicious because my account runs counter to almost everything they have read in the *New York Times* or the *Guardian*. Surely I must be mistaken, or perhaps venal, or maybe extreme in my opinions? Some may say behind their hands: “He’s a notorious conservative, you know.” Or ask: “Is he religious?” After which nothing I say need be taken seriously ever again. So I should add that a similar unillusioned line of argument was advanced by the Nobel Prize-Winner Imre Kertész in the *Hungarian Quarterly*. He described the experience of being interviewed about Hungary by a *New York Times* reporter thus:

He had come with the intention of getting me to say that

Hungary is a dictatorship today, which it isn't. That only means that he has no idea what a dictatorship is. If you can write, speak openly, openly disagree, even leave the country, it is absurd to speak of dictatorship. And this is what I said. I am not pleased with everything happening in Hungary today, I do not think there was ever a time when I was pleased with everything happening here, but certainly Hungary is no dictatorship. This is empty, ideological language, to call Hungary a dictatorship today! And the interview was never published. Which a friend of mine very accurately said is a kind of censorship, if someone gives an answer you don't expect, then you don't publish it.

Notice what Mr. Kertész did *not* say in this passage. He did not praise the Orbán government or recommend its policies in some areas. Indeed, he hinted at some disagreement with it—and similar hints will pop up throughout this introduction. But Kertész did dismiss the view, widespread outside Central Europe, especially on the Left and among intellectuals, that the Orbán government is authoritarian, increasingly hostile to democracy, and in some sense, illegitimate. Though held by some indisputably intelligent people, this view is simply false. It thrives outside Hungary in large part because of ignorance—and inside Hungary because of the extreme partisanship that still pervades Hungarian political life, including its journalism and culture, as several contributors to this book document. And it constitutes a massive obstacle to any true understanding of modern Hungarian politics, of Prime Minister Orbán, and of “Orbánism” (if such a philosophy exists.) Thus it obscures the failings and contradictions of Orbánism as much as its successes and insights.

This book is an attempt to deliver a first draft of history on Orbán and Orbánism. It necessarily spends some time in helping to clear the ground of the mythic obstacle to understanding them examined above—but not much time. The great majority of its essays are concerned with the realities

of Hungarian politics in the 26 years since 1989. These include the rise of Viktor Orbán, the political experiences that shaped him and the Fidesz movement in which he was the dominant founder, their movement from a Left-liberal ideology to a national-conservative one, above all the record of Orbán's second term in government, 2010 to 2014, and, finally, some predictions about the course of his third term of office. All of the topics covered are highly controversial in Hungarian public life, not always on a conventional left-right axis. Our purpose is to produce a modestly comprehensive analysis of the man and his ideas in terms both of topics and standpoints. We have therefore invited a large variety of contributors, some who admire Orbán and some who oppose him, some who deal with domestic Orbánism and some with its foreign policy implications, some who believe him to be a conservative of some kind and some who take his assertion of "plebeian" values to be a better guide to his policies, some who see an underlying consistency in his politics and some who detect a roving unprincipled pragmatism.

All these essays are recommended to you as serious insights into Orbán and his ideas. I will not outline here the arguments advanced in each essay. It would make no sense for me to describe briefly what you can read in full by turning a few pages. Nor do I have any intention of debating with the contributors. It follows from the fact that they have a range of often conflicting views that if I agree with some, then I must disagree with others. But I invited all of them to represent the views they write down in this book. And it would be a poor return on their generosity and efforts if I were now to mount a critique of any one author's thesis when I enjoy the editorial prerogative of the last word.

That said, let me sketch a general theory of Orbán that reflects my reading and reflecting on these essays. As the conventional acknowledgment always says, of course, any errors of fact or interpretation are mine alone. My broad suggestion is that Orbán's politics reflects the influence of six events, some of long duration, others single incidents, in his life and career.

The first is his life under Communism. That bred in him a fierce visceral rejection of Communism that has infused his politics until today. He believes that the political Left in Hungary is the heir of the Communist party—indeed, often not the heir but the paterfamilias himself in light democratic disguise—and that it is therefore not a fully legitimate democratic party.

Many things flow from that conviction. Along with others he feels that the social peace treaty of 1989 left the structures of the Communist state at least half-intact, and that the privatisations that transformed the communist nomenklatura into a capitalist elite completed the process of building a morally questionable semi-democracy. His attempts in his 1998-2002 administration to live within the rules of that semi-democracy—one in which the bureaucracy was fundamentally in post-Communist hands—convinced him that it would have to be massively transformed. (It also gave him a more favorable view of the first democratic Antall government.) His ambitious reform program in his second administration is the result: a comprehensive attempt to build a Hungarian state on unambiguously anti-totalitarian foundations. That may not be how the world sees it; but it is how Orbán sees it.

His fervent anti-Communism also explains why Orbán is often mis-perceived in Western Europe. Most West Europeans cannot really understand, let alone share, his view of Communism as a deeply evil phenomenon, and thus something to be utterly defeated. His willingness to devote resources, time, and reputation to memorializing the victims of communism is simply not in their political DNA. They would prefer not to be reminded of crimes in which many of them (and of their political forbears) were implicated. It makes them wary of him. It is inevitable, however, that European opinion will come round, however slowly, to Orbán's point of view. It seems to take a generation and a half for nations to take their post-revolutionary social peace for granted, and so to confront the unquiet ghosts in their history. Such a confrontation is due about now in Europe—it

may even be accelerated by Russia's invasion of Ukraine.

His second epiphany occurred in 1993-94, when the Alliance of Free Democrats, (SZDSZ), Hungary's main Liberal party and elder brother to Fidesz, moved towards the post-communist Socialists and eventually formed a coalition with them against the Antall conservatives. In the Fidesz internal debate Orbán led the victorious faction that rejected any cooperation with the post-communists, and broke with the Free Democrats. Under his leadership Fidesz began its gradual journey from a libertarian student radical party to a broad national civic alliance of the center-right. That journey was made easier by the weakness of the Antall party after his death, and its defeat in the 1994 election. Fidesz walked through an open door, and four years later Orbán became prime minister. What is significant, however, is that in the first great political crisis after 1989, Orbán rejected the idea that Liberals had an obligation to keep out the Right at all costs even if it meant an alliance with ex-Communists. He sensed then a weakness in Liberalism that would make him increasingly skeptical of it as time went on.

Third, Orbán's defeat in 2002, when by any normal political calculation he deserved a clear victory, was traumatic, as is generally known. He disappeared to a mountaintop, communed with nature, and returned with a new political strategy. Having been defeated because most of the institutions of society, privatized industry and media in particular, were in post-Communist hands, as he thought, he determined that Fidesz would have to build up its own institutions—think tanks, media, universities, civic bodies—to give it something like equality in the political struggle. In Balázs Szolomayer's essay the story is told that Orbán approached the former Socialist prime minister, Péter Medgyessy, with the suggestion that each of the two main political blocs should be given control of a broadcasting network. (Italy used to have such a system.) Medgyessy told him that if he wanted a television station, he would have to buy one. In effect, that is what Orbán did—and not just in television. He created an entire parallel political organization

in opposition to the post-Communists. And when he won the election, he took the same attitude to state television as Socialist prime ministers have done.

Fourth, the 2008 financial crisis had a marked effect on Orbán's broad economic philosophy. Already skeptical of social liberalism, he now began to suspect that the economic liberalism of Reagan and Thatcher had been shown to have feet of clay as well. I have not found that view elsewhere, but I believe it to be true on the basis of some private information. And it would not be surprising, since that was the almost universal view of most European politicians, left and right, in the aftermath of the financial crash. That the origins of the crisis were in government policies that systematically encouraged banks and housing associations to lend to borrowers with low credit ratings who would probably be unable to make their payments was hardly discussed at the time, and is still not given enough weight. But the consequences for Orbán were that he became more critical of "orthodox" capitalist economics, and more prepared to consider imposing direct state regulation, control, and even ownership to attain his larger objectives.

Fifth, on coming into power in 2010, Orbán discovered that the socialist-liberal coalition had left behind a mountain of debt as a result of the over-borrowing, lies, and what Gyurcsány admitted were "tricks" employed to win the 2006 election. Antall's government had inherited a similarly disastrous debt burden from the Communists, making his government what even he called a "suicide mission." Leaving such a poisoned inheritance has almost become a conscious post-Communist strategy for winning the next election but one. Orbán's epiphany here was a realisation that he could not realistically go to the Hungarian voters and ask them to add a further instalment of austerity to those they had already swallowed twice. It would destroy his government before it had even started. He would have to find a method of paying down the debt that avoided hitting the voters (and that might even serve to lighten some of their economic burdens.) His method was borrowed from the legal ingenuity of America's



tort lawyers: like them, he would look for people and institutions with “deep pockets”, and impose some of the costs of debt repayment on them. Over the next few years the deep pockets of the banks, the owners of private pensions, foreign-owned utilities, and others were all pick-pocketed by the Orbán government in order to pay down debt without alienating the electorate. In the short term it has worked quite well; but there is a serious risk that it would deter the foreign investment Hungary needs if it were to be continued.

Sixth, when Orbán turned to the European Union for help in extending Hungary’s credit and reducing the harshness of its repayment terms, he was treated brusquely. The institutions that had lent money quite recklessly to the post-communist socialists—and even concealed the extent of Hungary’s debt prior to the 2010 election—suddenly started behaving like stern provincial bank managers. Orbán would have been justified in suspecting that European Union bureaucrats, even conservative ones such as Manuel Barroso, felt more comfortable dealing with the familiar post-communist officials who had been educated alongside them in Western elite schools during the long years of Communist rule, rather than with rough conservative newcomers who wanted to change things. Moreover, Orbán did change things. Despite strong resistance to his methods from both the IMF and the EU, Orbán succeeded in paying down the debt and, after a shaky start, of reviving growth. After all, Orbán’s unorthodox ideas did not extend merely to finance. As a strong Hungarian patriot, he was skeptical towards ideas of supranationalism and global governance that underpin the European Union itself. He was treated therefore as a maverick in European company, and he repaid this treatment by becoming one. He is a rare example among politicians of a leader who has become more critical of elites the higher he has risen. As he next rose internationally, he became more suspicious of European and global elites too. Whether or not that skepticism is the source of the “plebeian” values he claims, it is a serious influence on his distinctive approach to international politics.

If all these experiences marked him, as I believe, they

left an impression on some very tough material. That is why the portrait of Orbán by the distinguished Anglo-Hungarian novelist (and Orbán's old friend), Tibor Fischer, is the foundation stone of this collection of essays. It shows, quite simply, a formidable character: a natural leader, determined, far-sighted, ruthless at times, charming, eloquent in a combative way, all in all a kind of human bulldozer in politics. That is the public image of Orbán as well as the private reality. Time and circumstance, however, have revealed another quality, one dangerous in a political leader. He is intellectually adventurous. He gets bored by having to stick to the same political "line" day after day. He wants to explore new ideas. He is prepared to take some risks in doing so. He likes spontaneity. He speculates in public. And, of course, he gets into trouble.

He did so last summer, when at a country rally of young supporters he threw out the idea that in a changing world "liberal democracy" might be failing to provide good and effective government, and that we might consider "illiberal democracy" instead. As soon as I heard that I knew that this phrase would be hung around his neck forever, just as "there is no such thing as society" had been hung around Mrs. Thatcher's. It fell into the category of remark of which the distinguished American political theorist, Wilmore Kendall, once said: "There's nothing wrong with that remark that couldn't be put right by a hundred thousand well-chosen words." In fact by liberal democracy Orbán meant a system of government that in modern Europe is gradually replacing old-fashioned majoritarian democracy. This system is one in which "rights", devised and enforced by courts and international agencies, are placed beyond the control of elected parliaments, so that over time the voters lose influence over how they are governed. That is indeed objectionable, but it isn't liberal democracy as the phrase would have been understood by statesmen such as Churchill and FDR. A better name for it would be "undemocratic liberalism." By this time, however, getting such points rightly understood is a lost cause. It is now an established "fact" that Orbán has admitted

to being both illiberal and undemocratic.

Such are the penalties of spontaneous thought in an age of instant communication. Orbán may be more cautious in future or he may not. It scarcely matters. He has translated the six experiences examined above into a series of broad policy objectives—a society based on work and workfare, the construction of a broad Hungarian middle class as an engine of stable growth, the defense of national sovereignty against the creeping domination of global bureaucracies, an opening to the East in trade policy and (perhaps) in strategic direction, the subordination of the logic of classical economics to the national interest—that are controversial in themselves, but that open up other questions too.

Both Orbán and Orbánism are therefore embarking on a road that proceeds by way of numerous forks and crossroads in his third term. Among the choices they will confront along the way are the following:

1. Are the government's "unorthodox" fiscal and economic policies in the nature of emergency measures taken to deal with the specific inheritance of debt and repayments in 2010—and therefore likely to be gradually phased out if and when the Hungarian budget and economy return to a more stable path? Or are they expressions of a new and distinct economic philosophy, relying on greater state intervention than classical liberal economics would recommend, but doing so on nationalist rather than on social or egalitarian grounds? The temptation to make economic unorthodoxy into a new ideology is a strong one. Among other reasons it allows a government to ignore the irksome restraints that both "neo-liberalism" and EU membership impose on government policy. But these restraints are there for a purpose: to reduce the economic risks that tempt *all* governments to overspend. And where is the stopping point of a philosophy of unorthodoxy? At one point the discussion between András Lánçzi and Gyula Tellér suggests that it could go quite a long way towards making an enemy of international capital. That,

too, would have serious risks. For instance, where would Hungary get the external investment it needs if it made foreign investors fear that their property rights were insecure?

2. What is the purpose of seeking particular levels of domestic ownership in particular industries such as banking and energy utilities? How far should such a policy go? For it is hard to see who benefits from it. If the state is the domestic investor, the industry will be subject to all the vagaries of loss, misdirected investment, and lack of innovation that flourished under Communism. If the owner is a domestic capitalist rather than foreign one, that will not change much for other Hungarians. And if he has secured his investment as a result of political influence, then all the costs associated with crony capitalism, notably corruption, are likely to emerge and thereby raise prices for the domestic consumer. Neither taxpayer profits, nor strategic control are advanced by a policy of artificially promoting domestic ownership. The British have a saying that a nationalised industry is not owned by the nation; rather the industry owns the nation. Its losses have to be met by the taxpayer; its market share has to be defended against rival companies (thus reducing competition and raising prices); its appetite for fresh investment greatly complicates national budgeting; its profits (if any) tend to disappear into privileges for the management and unions; and, finally, it very often becomes politically unpopular and damages the reputation of the government. It is hard to see how any of these things are in the national interest. But if a government nonetheless wishes (for ideological reasons) to increase national ownership in a way that minimises such risks, then as Jack Hollihan, a US specialist in privatised industries, has explained, the way forward is to combine public ownership with service contracts for multinational utilities that would actually manage the businesses. But why pursue a highly questionable policy because there is a way of making it less damaging?

3. How will the Orbán government set about building up the great Hungarian middle class that almost everyone agrees is needed as an instrument of growth? There are basically two methods. The first is to establish a framework of economic stability, offer general incentives for work, saving, and human capital growth (tax cuts, apprenticeships, etc.), and then stand back and allow people to make use of what opportunities exist. The second is to give out monopolies to government supporters, protect native industries with tariffs, etc., and increase government employment. The first rewards energy, ability and newcomers; the second rewards established interests, political connections, and those looking for an easy life. Both may produce a middle class, but one will be a class of workers and entrepreneurs, the other a class of parasites (some called oligarchs) reliant on various kinds of subsidy. Only the first middle class is likely to be an engine of growth; the second is certain to be an engine of covert re-distribution. It should be a no-brainer; it never is.
4. How will an Orbán government reconcile its resistance to governance by supra-national elites with its considerable dependence on European Union subsidies? Despite its fiscal vulnerability on this issue, the Orbán government has a good case: Euro-elites and their fellows in the UN and other global institutions have silently acquired a great deal of unaccountable power without many people noticing. Orbán is one of the few politicians who has challenged this unaccountable power both practically and in principle. The prolonged crisis over the Euro, however, has both revealed their failure and created the circumstances for its correction. Whether or not we see a “Grexit”, there will have to be a re-distribution of powers between Brussels and national parliaments in the next few years in order to achieve fiscal order at a European level. Orbán will have important allies in his campaign to protect Hungary’s national sovereignty within a reformed EU.

5. How will Orbán exit from his present extraordinary balancing act between Russia and the U.S.? This apparent equidistance between Moscow and Washington is a 180-degree turn from the policy of his first administration, when he led Hungary into NATO and during the Balkan crisis denied Russian troops passage through Hungary. How do we explain it? Almost everyone who has worked closely with Orbán, including ex-Ministers now free to speak, regards the idea that he would be an ideological or strategic ally of a Chekist as absurd. They attribute his strengthening of economic and energy links with Russia to the pursuit of Hungary's national interests and, furthermore, point out that Hungary has abided by the NATO and EU sanctions even though they plainly damage its economy. His (economic) nationalism and his anti-Communism pull him in different directions in the Ukraine crisis, they argue, but so far he has managed to stay on the tightrope. Even if that is so, however, it seems inadequate in explaining a diplomacy that contradicts so much else in Orbán's political character. The explanation must be sought at a deeper level: perhaps he has lost faith in the U.S. as a guarantor of Hungary's security and as a friend. If so, that would not be altogether surprising. Radek Sikorski, another strong Atlanticist, was recently overheard (in a leaked conversation) describing the American alliance as "worthless" for Poland. Both men have strategic and personal reasons for losing faith in Washington. They were disturbed by the psychological withdrawal of America from Central Europe under President Obama—evidenced by the cancellation of the U.S. anti-missile installations in Poland and the Czech Republic, the lack of response to the historic letter from 22 regional leaders (including Lech Walesa and Vaclav Havel) appealing for America's re-commitment, and the Obama administration's Russian reset policy. Sikorski was also personally affronted by America's refusal to ease visa conditions for Poles for which he had campaigned vigorously, just as Orbán has been wounded by personal

insults from both Senator John McCain and President Obama against a background of ideological hectoring from the American Embassy in Budapest. There the resemblance ends, however. Sikorski led European resistance to Russia and Putin over Ukraine; Orbán, while sticking to his NATO and EU obligations, has hosted Putin in Budapest even as Russian troops crossed into Ukraine. This Janus-faced policy seems unsustainable. If the personal factor is important, then both Orbán and Obama should seek to heal relations in the much wider interest of Western solidarity. If Orbán has lost faith in America as an ally, however, things are much more serious. Orbán will need to take many hard decisions in the next few years even if he hopes that 2016 might bring a stronger American President credibly committed to the defense of the whole of Europe.

All of the decisions outlined above are fraught with risk. Nor do they exhaust the difficult choices facing Viktor Orbán in his third term of office. None of them can be avoided, however, even if Orbán wished to avoid them—which he plainly does not. Joseph Chamberlain was once asked to define the difference between himself and his great rival Arthur Balfour. He replied: “Arthur hates difficulties. I love ‘em.” Orbán belongs very clearly in the Chamberlain camp. But a relish for taking hard decisions does not guarantee reaching the right ones. So a statesman faced with a range of dilemmas should bear two cautionary principles in mind, especially if he has a taste for intellectual adventure. The first such principle is to distrust novelty, especially novelty in ideas. Properly speaking, there are no new ideas in ethics, politics, or social theory, merely what Chesterton called “broken fragments of the old ideas.” If they seem new, that is probably because we have forgotten why we discarded them. The second such principle is to set aside the fact that a particular policies are popular and concentrate instead on whether they have worked in the past and look likely to work in the future. For, even on the most cynical calculation, what

matters in the end is not the popularity of a policy but the popularity of its consequences.

Viktor Orbán has three full years before he must submit his government to the judgment of the voters. He can take the long view, and they must do so. Until April 2018, however, the essays in this book will remain the best available guide to where Orbán and Hungary are both heading.



**Part I**



## The Hungarian Tiger

Tibor Fischer

On April 6, 2014, Hungary held an election. You probably didn't care. Viktor Orbán became Prime Minister for the third time, with a huge majority, a two-thirds majority, the sort of majority it's virtually impossible to get in a democracy. It's fantasy politics. It made Orbán the most important Hungarian politician since 1848, when you could go and listen to Liszt tickling the ivories. That's not bad going.



“The tiger can't help being born the way it is, living off meat, and not green leaves. Viktor Orbán has a tiger's nature. A soft tread. He circles his victim. He plays with it. Pitilessly kills it. There are those who don't like that lack of pity. There are those who don't like tigers. That's a matter of taste.”

That's not even from a fan. That's László Lengyel, Hungary's leading political commentator (and, of course, Ex-Communist; it's remarkable how many in elevated positions, whether financial, academic or media, had that little booklet from the MSZMP, the Hungarian Socialist Workers' Party) Lengyel made that bestial comparison in 1994. And he's really not a fan.

Orbán was a young MP then, the leader of a small party that was in opposition. Lengyel spent the subsequent years writing more about Orbán, striving to categorise him, to list his contents like a tin of bean soup. De Gaulle comes up (French commentators have made that comparison too) as well as Napoleon (Orbán isn't tall).

Lengyel's clever, but I'd rate him even more highly if he hadn't waited four more years, until 1998, when Orbán became Prime Minister at the age of 35 (the youngest

democratically elected Prime Minister in Hungarian history and at the time the youngest Prime Minister in Europe) to add:

“Orbán has no limits in Hungary. Indeed no opposition of any kind stops a politician like him.”

What’s funny is that Lengyel had no idea how right he was.

One of the drawbacks of thinking for yourself as Orbán does, is that it causes upset because it invites, sometimes obliges, others to think too.

Thinking has never been popular. If you can’t reach for a label to slap on something, but have to compose one, that takes effort. No one likes that. Something new confuses. When you go to the shop, you generally want an apple or an orange or a plum. You don’t want to be perplexed by something that looks a bit orangey, smells a bit appley and tastes a bit plummy that the vendor says is a hayberry. Let’s call it an orange anyway. Orbán isn’t about right or left. Orbán is all about Orbán. Orbán is about winning.

The only difference, I’d suggest, between the younger Orbán and the current one is that he can’t be bothered to play with his victims anymore.

No one hugely cares about Hungary, but let me tell you about it anyway.



The year 1982

*The joke: Breznev is hosting a meeting of the Warsaw Pact. Before the meeting he places some pins under the chair cushions. The East German comes in, sits down, colours slightly, but is otherwise impassive. The Pole comes in, sits down, screams. The Hungarian comes in, sweeps the pin away, sits down and then screams.*

I went to Hungary for the first time when I was twenty-two. It was odd flying into a country, chardonnay in hand, my parents had left on foot, risking their lives to do so. They and 200,000 other Hungarians had fled after the 1956 revolution had been crushed by the Soviet Union.

The Russians never trusted the Poles. The Russians never trusted the Hungarians after 1956. The East Germans, naturally, loved being told what to do and they even followed their masters into Afghanistan.

Hungary wasn't a terrible place to live. No one starved. There were no Soviet-style queues for toilet rolls. There was subsistence capitalism or goulash Communism — allotments, taxis, restaurants, cigarette kiosks, lingerie boutiques. There was cabaret. Not very good cabaret, but there was cabaret. East Germans flocked every summer to the Lake Balaton to provide sexual fodder.

If you behaved, every few years you had a chance to travel in the West, to stay with an uncle in Cleveland or Sydney. A sixteen year-old girl in a mini-skirt could have walked home across Budapest at three in the morning without any fear of molestation.

Western journalists rolled up to scoff the goose liver, fried or cold, and took their turn with the cliché of the 'happiest barracks' in the Soviet camp. They all took pictures of the swimmers at the Széchenyi baths playing chess (as journalists do to this very day — seriously, why strain?).

János Kádár who had been installed by the Soviet tanks in 1956 and who had presided over the murder of his fellow Hungarians was generally praised by the Western hacks for doing well for his country. This is the thing about being on the Left (even if you really aren't) is that you get cut slack. Hardly anyone in the West believed in the notion of workers' paradise, but still there was a residual, bathetic sympathy for anything redolent of socialism.

One of my teachers said to me: "But at least there's no rat race there." Not understanding that the rats had to race even harder because there was less cheese.

There was no television on Mondays (Kádár didn't like

it). Even in the very centre of Budapest, the buildings were peppered with bullet-holes, some from the Second World War, most from the 1956 revolution, when, for a while, the Soviet army had been bested by a bunch of teenagers.

I changed 20 pounds into forints. I went to a couple of expensive restaurants where the waiters warned me that the duck ‘was really fat’. The second-hand bookshops were the best I’d ever seen (as long as you didn’t want anything published after 1940). I bought enough books to fill my suitcase. My pockets were still jammed with forints when I left.

The thin haze of affluence originated from loans from Western banks not because of Kádár’s enlightenment.. Hungarians were aware of the trade union Solidarity in Poland; a few admired it, more were worried about it. No one wanted a second 1956. But Hungarians were a short drive from Austria, they visited their uncles in Cleveland and Sydney – they knew perfectly well what they were missing out on.

My uncle, one of the few survivors of the Hungarian Second Army that fought on the Eastern Front, a very hard man of few words said: “It will take a generation.” He meant change. He was right, but not in the way he meant it. It certainly seemed to me that life could go on like this for another 20 years. Or more.



#### The year 1987

*The joke: A peasant is nagged by his family about keeping his savings in a jar, buried around the back of the cottage. Finally, he announces that he will talk to the bank, but refuses to make any promises.*

*“I’m worried about leaving money here,” he says to his local bank manager. “What guarantee do I have that you won’t get robbed or that you’ll go out of business, and I’ll lose my money?”*

*“None of that is very likely,” replies the bank manager. “But, if anything were to happen to this branch, we’re supported by the Head Office in Budapest.”*

*“But suppose,” continues the peasant, “something were to happen to your Head Office. I’ll lose my money.”*

*“That’s inconceivable,” says the manager. “But if there were problems with the Head Office, the government would step in.”*

*“But suppose the Head Office, has problems, and the government falls apart, then I’ll lose my money.”*

*“How could that happen?” says the manager. “But in case of some unimaginable crisis, our head office and the government collapsing, Hungary is part of the Warsaw Pact. Our fraternal partners, the Soviet Union would surely step in to help.”*

*“I understand this is very unlikely,” insists the peasant, “but if your bank goes down, the government goes down and the Russians decide to leave, I’ll lose my money.”*

*The bank manager leans across his desk: “Wouldn’t it be worth it?”*

Károly Grósz becomes Prime Minister.

No one hugely cares outside of Hungary. No one hugely cares in Hungary. But a significant change has happened. This is a new generation. Kádár remains as the General Secretary, the position of real power, but Grósz is a different generation. Kádár was a prewar Communist, a generation that was hunted, a generation that was prepared to kill to obtain and retain power. Grósz isn’t that much younger, 18 years, but he and his back-up dancers have had a very different life and a different outlook.

Some of the younger comrades had suggested retirement to Kádár in the early eighties. They had deeply regretted their suggestion. But by 1987 Kádár is ill and almost gaga. He’s drooling his way to the exit. And the young plotters have a powerful ally.

The real change is further away in Moscow. Gorbachev has been the Man since 1985. He wants to keep the system,

but realises it badly needs reform. It's hello to the so-called Sinatra doctrine. Do it your way. The Russians are getting tired of telling everyone what to do all the time, of micro-management. The message from Moscow is: sort out your own shit.

Just before Christmas, I walk along the underground concourse by the Nyugati railway station. I see a small gathering around a man further ahead. Flowers, vegetables, embroidery, all sorts of knick-knacks would be sold by enterprising individuals.

As I get closer I can see he's selling something, something colourful, some book or magazine. Finally, I get close enough to see that he is selling lavishly illustrated sex manuals, with the most engaging pictures helpfully displayed. It is the definition of the vulvas and the shamelessness of his hawking that makes me think a change is truly afoot.

Porn will play its part in the cracking of the Soviet bloc. But just as in the West it starts under the shelter of education. We're not just wanking here, we're improving ourselves. When the Wall came down all the East Berliners wanted was bananas and porn.

Communists (real ones) just don't like profit or rumpy-pumpy, or anything that's enjoyable. I decide I should spend more time in Hungary.

Months earlier, there had been a meeting in the countryside, in a village called Lakitelek. An entity called the MDF (the Hungarian Democratic Forum) had come into being. Note that the meeting took place in the back of beyond. Note the word Forum. We're talking about talking. This is not a political party. Absolutely not. If the founders of the MDF had been a little wittier, they could have called their organisation Absolutely Not A Political Party, No Way.

The MDF is sponsored by a senior member of the Communist party, Imre Pozsgay who wants to boost his position by reaching out to society, by trying to acquire some genuine, good-old-fashioned, honest-to-God, popularity. The gathering is made up of writers, academics, many easy-going Communists, but also István Csurka, who will later be a big



figure in the far-right (how he loved his pork scratchings).  
Hindsight: so clear, so amusing.

No one really cared at the time.



The year 1988

*The joke: A peasant digs up a lamp. When he opens it, a grateful genie emerges and offers the peasant three wishes, anything he wants, wealth, women.*

*“Don’t be shy,” says the genie. “Anything you want. Nothing can shock me.”*

*The peasant reflects. “I’d like the Chinese to invade Hungary.”*

*“Sorry?” says the genie.*

*“I’d like the Chinese to invade Hungary.”*

*The genie grants the wish. The Chinese invade Hungary, destroy everything and leave.*

*“Now,” says the genie, “you want the wealth and women.”*

*“No, actually, I’d like the Chinese to invade Hungary.”*

*So the Chinese invade again, then leave.*

*“Now,” says the genie. “Now, you must want the wealth and women, right?”*

*The peasant pauses for a moment.*

*“No, I’d like the Chinese to invade Hungary.”*

*The Chinese turn up for a third time, and when they leave the country is nothing much more than muddy tank tracks.*

*“I’m off,” says the genie. “This is none of my business, but wealth, women are usually the number one choice. How come you wanted the Chinese to invade?”*

*“Every time they invade Hungary, they have to go through the Soviet Union twice.”*

I first met Orbán in the summer of 1988. I was working as a researcher on a series of documentary films for television about the “other Europe”, the satellite countries of the Soviet Union. Word reached me that Orbán was in London and I

invited him in to our office for a chat.

In March Orbán and 36 other students and recent graduates had formed an independent youth organisation, Fidesz (the Alliance of Young Democrats). It's the sort of event that in the West would have been vying for space in a local newspaper with a story about a missing cat.

The stiff, plastic prose of their founding declaration patently demonstrates the prevalence of lawyers (such as Orbán) and economists. The poets missed out.

But the last time students had done anything independent in Hungary had been in 1956. And that had started a revolution.

Five of the founders of Fidesz, Orbán included, were invited to attend a police station. To this day, it's a subject of discussion as to why those five were picked out of the thirty-seven. Some say the police were too lazy to track down more than five of them. Perhaps the bosses at III/III, the Ministry of the Interior's internal security department, knew talent when they saw it. They not only invited in a future Prime Minister, but a future head of the intelligence services, László Kövér.

The intimidation wasn't that intimidating. An uneasy fat police sergeant (all sergeants were fat in those days) explained to Orbán that they had broken the law by setting up Fidesz.

"I see," said Orbán. "And which law exactly have we broken?"

"How should I know?" the sergeant replied. "You're the bloody lawyer. You tell me."

That was that. The great terrormachine created by Stalin that had engulfed half of Europe, had just spluttered out.



I wasn't that surprised that Orbán was out in London. It was a technique the Communists had learned. They didn't really want to arrest or beat trouble-makers any more.

By this point, the Hungarian Communists wanted to be loved. Not by the workers and peasants though. What use were they?

At the White House on the Danube, the Communists' headquarters, it was a break-out. They wanted to be cantering to the canapés at the Canadian embassy, checking the chicks at the Crazy Horse, doing degustation in Dijon, going to a go-go in Goa. They wanted to be orating to ovations at the Oxford Union, they wanted to be silking up in Savile Row.

They didn't really want to be Communists at all. At all. Bollocks to that. They knew how dreary Soviet politicians were and... tedious. Even Gorby with his fucking glasnost. Their teeth. The halitosis. Anti-Dühring. Those shoes. Those essays by Engels. The heavy Hungarian-Russian dictionaries. Bollocks.

The stock figure of the carefree Hungarian hussar from operetta, carousing, sozzled, urging on gypsy violinists to greater excesses, has a fantastic amount of truth in it. There was a carefree hussar inside those Communists.

That carefree hussar inside, with the loosened collar, gave the lead fiddle, the primás a big tip, and wanted to get those toes tapping and those fingers snapping...to hey, Rigó, Rigó... (an upbeat song about an everyday Hungarian tale of a hard-drinking horse, Rigó, and his hard-drinking owner and the harrowing plight they find themselves in when they've drunk all the money ear-marked for oats).

But of course as they loosened their collars and reached for the champagne and encouraged women to start dancing on the tables, and threw banknotes at the primás, the Communists realised they had a problem. They didn't want to be one of those carefree hussars who blew out his brains in the morning because he had no money left.

They wanted to be loved, they wanted to hang out with the cool politicians and celebrities in the West. But of course, they liked the power too. They liked the custard, the madártej the view from the top of Hungarian society, the view from the Rózsadomb, the splendid view from those lush, manicured districts of the hallowed II and XII, the best of Buda. Oh, they wanted to stay there.

So one tactic they used, which they probably picked up from the Soviets (and the Cubans) was to give persistent

trouble-makers a passport. Usually seen as a privilege, the deal was they hoped the fleshpots would lure the bearded petition-signers and Kant-translators away, away, out of sight. The oxygen of the Outside would hook them.

So when they let Orbán out they doubtless had their fingers crossed he'd stay in London.

We had just finished our documentaries and there was a huge shelf of books in the office, including several on Solidarity. Orbán was doing research into Solidarity (the Hungarian opposition were awestruck by Solidarnosc who were ripping great holes in the fabric of Communism) and I suggested he could take the books (several were painfully expensive academic studies). He refused. I thought this was courtesy or pride.

I insisted that he'd be doing us a favour by taking them. He refused again with a dark look. I discovered later that he had spent the last of his money buying these books the day before. Luck.

We went to have lunch. There were two television producers, and this was

an era when television producers were almost royalty (most people would do just about anything to get on television). There was also our presenter, Jacques Rupnik, a most urbane French professor, an acknowledged authority on Eastern Europe (as it then was).

Orbán's English wasn't great then. He had to search for words... but he would find them. He was at this point, a recent graduate in worn, no-name jeans, a member of a youth organisation that had at best a few hundred members, and whose executive consisted chiefly of hippies and nerds, the kids who'd been regularly beaten up at school. And remember, no one really cared about Hungary.

It soon became obvious Orbán wasn't having lunch with us. We were having lunch with Orbán.

Back in the office one of the producers said to me: "Christ. How long before he's running the country? Twenty years?"

"More like ten," I countered. I wish I'd taken out a bet.

I can't claim especial clairvoyancy. Most observers who

knew Hungary tipped Orbán. His success, then and now, is a combination of his qualities, and the fact that his competition is often amateurish, shambolic, carefree hussars with loosened collars, itching to summon the gypsies. If Orbán has an inner hussar, he's under arrest with bread and water.

Opposition in Hungary was tiny. There are a lot of Hungarians now, in their fifties, sixties, seventies who have big mouths, who bang on about the nation and how much they love it, just how deeply, excitedly Hungarian they are, how incurably democratic they are.

They were very quiet in the 80s. Very quiet and very... invisible. I don't remember seeing them at Demszky's, buying their George Orwell, or round at Jenő Nagy's picking up the latest issue of *Demokrata*. I don't remember seeing their names on the petitions. I don't remember seeing them at section 301 of the Kerepesi cemetery, where the executed of 1956 are buried, on the anniversaries.

The opposition called themselves the Democratic Opposition. They disliked the word dissident, because there's a verb 'disszidálni' in Hungarian, which means to leave the country and has the connotation of deserting your post.

The Democratic Opposition, the D, was tiny, a handful of Budapest intellectuals, nearly all drawn from the far-left, Miklós Haraszti, a former Trotskyite, Gábor Demszky, a former Maoist, András Hegedus, a former Stalinist. Those with political views from the centre or the right are principally dead or exiled, raising pigs in Arizona.

The one exception is Tibor Pákh, a man so hard, even the hardcases of Budapest just shake their heads in disbelief (Pákh was also the only member of the D to insist on buying me a drink. I usually picked up the tab). Many of the most militant are now forgotten, including, ironically the arty *Inconnu* group.

Curiously in a way it's hard for the authorities to deal with the D, because for a long time their complaint is not against Communism, but that the Communism isn't communist enough.

They publish samizdat, which they do fairly openly.

They sign petitions. They do this openly because, mainly, the authorities know who they are. The D is riddled with informers and their flats are bugged. They are harassed, arrested, fined, but only persecuted mildly, because unlike in Poland, the intellectuals have no contact with the workers, and the workers have no interest in contact with the authors of articles such as “Prerequisites for Resolving the Political Crisis”.

I was friendly (and still am) with many in the D. I write that before I go on to say some of them were misfits and headcases, who would have been in opposition in any system, in any time, in any country. I’m simplifying grossly, but that’s because no one really cares about Hungary. The D didn’t tend to recruit well-rounded professional types.

Gábor Demszky has a samizdat “shop” in his flat. Like many of the opposition he lives a long way up. It’s a small, poky flat. He sells the opposition journal *Beszélo*, which will never be described as a light entertaining, unputdownable read. Too many sociologists. It’s not incendiary. The other titles are usually by those who’ve taken up opposition such as the novelist György Konrád.

I bring Demszky stencils from London and other supplies furnished by György Krassó, the much-jailed eminence grise of the D (a Jew, he once described 1944 to me, a year when Budapest was carpet-bombed by the Allies and hundreds of thousands of Jews were sent to Auschwitz, as “really exciting”). If Tibor Pákh was the most inflexible man in the opposition, Krassó was the most inventive.

There is a term in Hungarian the “kiskapu”, which translated directly means “small gate”; figuratively it means the back door, the side entrance, the secret passage, the loophole, the way round. It’s a concept dear to Hungarians that you can talk your way out, or talk your way in. Rubik it. Twist it round. Krassó was the king of the kiskapu.

I met Krassó in 1986 when he had relocated to London. Within the first five minutes of our acquaintance, he was asking me whether I could smuggle a photocopier into Hungary for him. This was a time when photocopiers were the

size of a large car. No one has as much front as a Hungarian Jew, except perhaps a New York Jew (and New York Jews are basically Hungarian Jews).

Krassó was a heavy smoker, and when I once proffered a duty-free carton of Marlboro, he thanked me courteously, but said if I wanted to give him a present he preferred Hungarian cigarettes. "The shittier the better." He had acquired the taste in prison. From then on I only brought Feckske.

The Hungarian Border Guards were the most repellent of morons. After my first contacts with the D, they were always waiting for me at the airport on my way home to search my luggage and have a chat, every single time (so I always got others to carry the clandestine goodies out). But the bizarre thing is they never once, not a single time, stopped me on my way in from London when I was carrying supplies for the D (hey Rigó, Rigó).

The look on the Border Guards' faces when they found the packets of Feckske cigarettes in my suitcase, smoked exclusively by vagrants and incontinent alcoholics, was priceless. They did do that thing of looking for microfilm or other wafer-thin contraband in the packets.

Years later when he is mayor of Budapest I remind Demszky of my deliveries from Krassó. He doesn't remember. Of course, he had visitors trooping in and out of his flat all the time, journalists, customers, carefree hussars. Those who climb rarely remember.

In 1988 I looked at Demszky and I thought: I see someone who is a bit tired of opposition, who is in a corner, a tiny corner, he has painted himself into. He's (tall) cooped up on the top floor with some copies of Kundera's *Joke*. I met a neo-Nazi once, who had also started young in extremity and I think he had the same thing; he was stuck a neo-Nazi because it was a career path that offered no way out.

Demszky has no money. He is part of the D because... there is nothing else for him to do. Others fare better. Rajk is an architect and designer. Konrád's novels are published in the West. The Germans lavish awards and grants on him, partly one supposes because they feel guilty about making

great efforts to kill Konrád and other Jews in 1944 (all that train timetabling). I also bring in money for János Kis. Kis is a non-person, but he lives in a plush flat in Buda, not in the II or the XII, but almost there, and definitely not at the top of several flights of stairs, off a smoggy, fume-rich main road.

I chose my words very carefully now. Demszky had a long run as the Mayor of Budapest, where he presided over spectacular levels of corruption, levels of corruption that belong in a farce, a musical farce to boot. Krassó did say to me once that he had no confidence in Demszky.

But in 1988, the D is linked together. On the anniversary of the execution of Imre Nagy, the Prime Minister of the 1956 revolution, on June 16, a tiny demonstration is roughed up by the police. It's the last hurrah for the truncheons, it is the last time the authorities use force, (they're worried about all those embassy canapés, the cigars and fine liqueurs, the go-gos, the Rigó-Rigós). It is also the last time the D will be united.

There are lots of Gáspárs but only one Gazsi. Gazsi, Tamás Gáspár Miklós, the polyglot philosopher king of Budapest, universally referred to as Gazsi, tries to drag Orbán from the clutches of the police. It's like a tableau of some heroic military last stand. It's the end of an era of courage, because one thing is for sure, being part of the D does nothing for the quality of your life.

It's the Big Bang. The D will become the SZDSZ, the MDF, a jumble of other letters. Every day there are more tits on the newsstands, and anyone with a telephone and a few friends thinks about siring a political party, although the word "party" is still out of fashion. No one's sure how things will turn out. You don't want to be caught in direct competition with the Communists. The SZDSZ is an Alliance of Free Democrats, not a party, you understand.



In the autumn, Orbán decides to visit his in-laws in Szolnok. I'd never been to Szolnok, so I tag along with him to have a



look and to have a chat about politics. Orbán is now in such demand from journalists, groupies and well-wishers it's hard to get him alone.

We travel by train. It's a glorious sunny day. At Szolnok station, I hop on the bus to the town centre and sit down, but I notice Orbán isn't with me. He's standing on the curb. "We have to get tickets," he says. I have to emphasise that even in Budapest, where there was some chance of meeting a ticket inspector, no one, certainly not a dangerous young intellectual would dream of paying for public transport. It wasn't an act of rebellion. You just didn't do it. You didn't even think about it.

We're in Szolnok. I doubt there's a ticket inspector within sixty kilometres of us. It's a glorious, sunny day. No one cares about tickets today, not even ticket inspectors. There's no one in sight. We're like the last men on earth. With all respect to Szolnok, it's a small provincial town, so quiet I could set myself on fire and no one would notice, and we're way out on the outskirts. It's flat and bare, a ticket inspector crawling on all fours can't even sneak up on us. We could spot one half a kilometre away.

"We have to get tickets," Orbán is adamant. "If I'm caught without one, they will use it against Fidesz." You can't buy a ticket from the driver, you have to get one elsewhere. Naturally, there is a ticket machine next to the bus. Naturally, it doesn't work, probably because no one ever uses it.

The bus driver turns up, gives us a strange look and drives off. In small, provincial towns you know it's going to be a long time before you'll see another bus. I'm getting annoyed with Orbán now. It's lunchtime and my inner hussar wants to be in a restaurant enjoying a *csongrádi marhapörkölt sztrapacskával*. I'm indifferent on the gypsies.

We're in a deserted railway station. It takes twenty minutes and a long walk before we purchase bus tickets.

And this, ladies and gentlemen, is why Viktor Orbán runs Hungary. I can categorically assure you no one else in Fidesz, no one else in the D would have bothered to get a ticket. I doubt any of them would have even thought about it.

But Orbán will never give a millimetre. The adjective intransigent doesn't cover him as far as his knees. He is the fulcrum Archimedes could move the universe on. No time off. No carelessness. He's probably averaged four hours sleep a night since 1988.

Hungarians have revolutions every hundred years or so. They're not serious enough to be Germans, or hard enough to be Poles. Hey, Rigó, Rigó... But Orbán has a Polish level of hardness, and something of the German love of order.



#### The year 1989

The joke: *Why are they digging up Imre Nagy? To make room for Imre Pozsgay.*

History is very selective. It has no choice. Ask most Hungarians about June 16th 1989 and all they will recall is Viktor Orbán's speech at the reburial of Imre Nagy (the Communist leader of an anti-Communist revolution, Hungarian history is a hoot).

Nagy was hanged and stuck in an unmarked grave. There had been endless speculation about where it was, but finally the Communists relented and disinterred him and a huge ceremony was organised at Heroes' Square.

The evening before a Fidesz group had organised a demonstration outside the Soviet Embassy. I had asked Orbán if he was going. "No," he replied. "Tomorrow will be enough."

It was a small demonstration, late in the evening. The organisers I think were surprised to get away with it. There weren't many of us there, not much over twenty is my recollection. On the other hand there were two hundred policemen in the neighbouring streets, fully kitted out for trouble, sitting in buses. The dark, imposing building showed no signs of occupancy as the shouts of "Russians go home!" rang out. It's not much fun demonstrating if there's no reaction.

The ceremony for Imre Nagy was long and we had to stand. I was with a film crew. We were in front of an American crew. The American producer asked me whom we would film from the long roll-call of speech-givers. This was an era when film was expensive and you didn't want your camera turning over for hours while eulogisers rambled on in a non-Indo-European language.

"Orbán," I replied. "No," she scolded me, with that confidence and profound knowledge of life outside of America that characterises the American journalist who's just flown into town. "Vásárhelyi, he's the important guy."

Vásárhelyi was an important figure in the D, and the representative of George Soros in Hungary. The financier's foundation did a lot of good in Hungary. It bankrolled much of the D. Orbán would have a scholarship to Oxford that autumn courtesy of Soros. Zsolt Németh, Fidesz's foreign policy department, had already had one. Soros's foundation would be right behind the SZDSZ.

Orbán's speech at the funeral is his perfect close-up, his number one hit, his wonder goal. It's the moment he came into existence for the general public, the man drinking his beer in the *kocsma*. Even his enemies constantly refer to it, although it's to highlight the contrast between the noble, suave revolutionary who has wandered out of some high-end deodorant ad, and the bloated tyrant they claim he is now. It's all that's remembered.

Everyone's forgotten Sándor Rácz, who had led the Workers' Councils in 1956 and 57, who had been jailed for many years, who also made a speech, in which he too, called for the withdrawal of the Russians. But, you know, he's a worker, he's old, he only speaks Hungarian, he doesn't live in the centre of Budapest and aside from any prejudice against Rácz's lack of cool and poor choice of postal code, history has only so much room. There just aren't that many seats. You're not on the list.

So Orbán owns that day. When he said the Soviet troops should withdraw, some of the older generation who had lived through 1956 were truly terrified. Swooning. Whitening of

hair. Orbán's speech was widely covered in the official media precisely to discredit him. Behold this crazy delinquent, the loose-collared Communists said, look how he foams. Within months the Communists were hustling the Soviets out the door.

That August, many of the East Germans who came for their holidays didn't go home. They could see that, in Hungary, it was now a stampede to the West. No sleep till democracy. It was obvious Hungary and Poland had packed their bags and were waving goodbye to the Bloc.

You can always speculate about history. None of this would have been possible without Gorbachev and his mood music. But I propose there's a strong argument that the death blow to the Soviet Bloc came from the Hungarian Communists, who allowed the East Germans out, torpedoing the most dangerous regime of all in East Berlin, bringing down Czechoslovakia and sending a chain reaction all the way back to the Kremlin. Never trust Hungarians, "masters of betrayal" as Goebbels once wrote in his diary.



#### The year 1990

The joke.

There are no jokes. The prospect of free elections seems to have killed off the wit of Budapest. There was a hiatus, there was a truce before the citizens realised that any government, whether elected or not, will provide you with some laughs.

This may not have been the first time that some honest, decent people got into the Hungarian parliament, but it may well be the last. Some of the MPs, at least, want to do something for their country. The MDF, the non-party party that was created by Imre Pozsgay, has done a Frankenstein on him, gone rogue and won the election. The MDF became the home of Mr and Mrs Average, the deputy headmaster party, the pipe-and-slippers party. Mild patriotism. Mild everything, except Communism.

The elections were preceded by the Roundtable talks, where the D and the Ex-Communists passed around power like a joint. Orbán always used to sit with József Antall, the *kende*, the supremo of the MDF, like two mischievous schoolboys at the back of the class. True operators recognise each other.

I was always surprised that Antall, when he became Prime Minister of a coalition government, didn't throw some confectionary to Orbán. I suspect Antall feared his government was on a suicide mission and he wanted to keep Orbán out of it. Antall had to work with the Smallholders (peasants who couldn't grow a turnip) and the Christian Democrats (the leeches of contemporary Hungarian politics).

Being Prime Minister is a somewhat fatal profession in Hungary – most of the Prime Ministers for the last hundred years have either been executed, murdered, committed suicide or like Antall, died in office. Some were lucky enough to end up in exile.

Antall knew he had a secret weapon. He left behind a surprise for the Ex-Communists, a posthumous present, a ticking Orbán.

Antall's government didn't cover itself in glory, but it was faced with almost insurmountable problems.

The Ex-Communists are surprised they have lost. They can't believe they've been beaten by amateurs... part-timers, bumlbers, klutzes the unqualified. Teachers. Sociologists. Historians. Philosophers for God's sake. They had changed their name, to the Hungarian Socialist Party, like fraudsters setting up a new company, but the Ex-Communists completely forgot one thing. They were hated.

Of course, in one important respect nothing has changed. The Ex-Communists may have lost some offices, but they still have nearly all the money. Their cadres have the foreign contacts from decades of diplomacy and business; they have the expertise in every important area, including the media. They, essentially, still have it all, apart from the Prime Minister's office.

Orbán is an MP. Time to hone the party machine. Time to

deal with the hippies, hussars and nincompoops.  
The tragedy is coming.



The year 1994

The joke: *If you have two Hungarians on a desert island, in a day you'll have three political parties.*

That's the great thing about democracy, like showbiz, you can always come back.

The Ex-Communists win the election and enter into a coalition government, with of all people, the SZDSZ. This is something that will be the subject of innumerable analyses by historians, but I can tell you the answer.

The party created by the old-timers of the samizdat club, ye olde D have got into bed with the party that hounded them, that jailed them, that executed their friends.

You have the spectacle of Imre Mécs, who spent time on death row after 1956, who had to listen to his comrades being taken off to be hanged, sitting with the new Prime Minister Gyula Horn, who helped to round up revolutionaries. Why did the SZDSZ do it?

Greed. The unbeatable high of money. Summon the gypsies. Loosen the collar. Hey, Rigó, Rigó. It was a masterstroke on the part of the Ex-Communists. They hadn't been in power for all those years without learning something about manipulation.

They didn't need coalition partners, but they lured them in. What might have been a proper left-leaning party, the darling party of the Budapest intelligentsia, the poets, the challenging artists, the polishers of principles, the missionaries of morality, the enragés of ethics, the desperados of dialectic, the worshippers of free speech, hopped into bed with the murderers' lackeys, the whoriest of the whores, in what was becoming a large brothel, the parliament.

It is true that many of the originals of the SZDSZ had withdrawn from politics, to use János Kis's term, because

they weren't man enough (and the thirty-five were mostly men). It's a pattern you see with left-wing intellectuals not just in Hungary, they want justice on tap, triple fairness and eternal life for everyone, now! But someone else can sort it out.

The big mouths who see themselves as a cross between Che Guevara and Wat Tyler, who constantly lament the lack of radicalism, are usually found in the cafes, bars and newspaper columns, not in parliament, discussing a subsection of paragraph 14 of a new law or whether the budget should make allowance for a rise in pensions or the purchase of school textbooks, or doing anything vaguely useful. Someone else can sort it out, and while we beckon the *primás*, we can scream that they don't care us much as us.

This is the defining moment of post-Wall politics in Hungary. *La trahison des clercs*. It's an ironic rehash of 20th-century politics when Communists all over the world suckered and punked do-gooders, vegetarians, the Dean of Canterbury, the happy-clappy Kumbaya campfire crew, peaceniks, and social democrats for their benefit.

"It's a tragedy," commented one of my friends, a Jewish journalist who had left in 1956 and then returned after the changes. Unusually for a Hungarian he didn't add anything or continue. I didn't either, although I was tempted to say that usually in a tragedy you feel sorry for someone involved. It was a pact of such stupidity and turpitude that those involved . . . they got exactly what they deserved.

The demise of the SZDSZ over the next decade is a freakish saga of gobsmacking corruption, collars loosened to the waist and over-summoned gypsies, too long to chart here, because no one really cares about Hungary, and which ended with the SZDSZ being eaten alive by charismatic Christians.

Where does this coalition leave Orbán? He has a small party in opposition. He looks like a footnote of history, and uncared-about Hungarian history at that. Many of the founders of Fidesz have left, some to join the SZDSZ. The photogenic Gábor Fodor gets a ministerial portfolio. *Primás* after *primás* is worn out by the celebrations of the new government. It

looks bad, but as so often in warfare, what at first looks like a stunning victory, is merely a very hard-to-recognize defeat.

Orbán hasn't been weakened by the defections. He's been strengthened. Like Lenin with his Bolsheviks, he now has complete mastery of Fidesz.

Hungarian political analysts have already written immensely putdownable books about why the SZDSZ and Orbán fell out, why the Budapest intellectuals didn't embrace the most talented democrat of all, and will write more. But I can give you the answer in a sentence.

It's not business, it's personal.

In all the years I've been forced to follow Hungarian politics, I've hardly seen any politics. There's very little ideological difference between most of the parliamentary parties. It's about the view from the II and XII, the madártej. It's about who gets to go to Goa. It's all personal, it's all tribal.

The leaders of the SZDSZ saw Fidesz as their youth wing, cuddly young moralists who under their guidance and more seminars on Kant would be allowed to drive the car in due course. Apprentices. Bag-carriers. Gophers. Sidekicks. Gábor Fodor, the other frontman in Fidesz and Orbán's main rival for power (tall, blonde) was groomed by János Kis and happy to take the SZDSZ yoke.

Orbán wasn't interested in carrying someone else's bags.

Orbán was, nevertheless, in a difficult position. He now had a firm grip on Fidesz, but he was surrounded. Completely cut-off. Outnumbered. The Ex-Communists still had vast resources, the crispy wonga and most of the media, and the parts of the media that weren't theirs, were sympathetic to the SZDSZ.

This was also the start of the whispering campaign against Orbán. To be precise, the whispering-and-talking-quietly campaign. Two things have been constantly levelled against Orbán since the early nineties. That he's anti-Semitic and that he's prepared to work with the far right, first MIÉP led by István Csurka and then Jobbik led by Gábor Vona.

Despite the fact that he's announced every other day



since 1994 that he won't deal with the far right in any way, this is still something that crops up in coverage in Hungary. The anti-Semitism smear has been effective too. In the mid-nineties I had a Hungarian visitor, an educated, worldly woman, who told me that she had gone off Fidesz because of their anti-Semitism.

Could she give me an example of anti-Semitic action by Orbán? No. Could she give me an example of an anti-Semitic speech by Orbán? No. I was confused. So why did she think Orbán was an anti-Semite?

"Come on, Tibor. Don't be so naïve. You don't have to do anything or say anything anti-Semitic to be anti-Semitic."

Now that Orbán has inaugurated a Holocaust memorial day, passed a Holocaust-denial law and made Holocaust education compulsory in schools, this accusation has been modified to, well, he's not doing enough about anti-Semitism.

Anti-Semitism was a problem in Hungary long before Orbán was born. To my knowledge, Hungary is the only country that had an anti-Semitic party in the nineteenth century that actually called itself the National Anti-Semitic Party to avoid any possible misunderstandings. And in the 1887 elections. The National Anti-Semitic Party found itself in competition with the Moderate Anti-Semitic Parliamentary Party. Neither did very well.

Most Hungarians Jews successfully assimilated (although Theodor Herzl, the founder of modern Zionism was born in Pest). A quarter of the population of Budapest was Jewish in 1900 and the city was sometimes referred to as "Judapest". Things weren't great in the 1930s, but it was only when the Germans occupied in 1944 that it got genocidal.

There was a curious attitude to the Holocaust under Communism. It was the fascist crime par excellence, but no one wanted to dwell on that period too much. No one up top wanted lengthy discussions or reminiscences about that or indeed the existence of Hungarian Jewry (one of the samizdat journals was deliberately called *Magyar Zsidó*, Hungarian Jew, because the authorities were so wary of the subject and the word).

Perhaps because no one comes out of that period looking good and many Communist grandees were living in lavish former Jewish homes up in the hills of Buda. In the wonderful II and XII. What a view.

So, encircled, isolated, outgunned, what does Orbán do? He gets in his car and goes to the countryside, leaving behind the choruses of Hey Rigó, Rigó. Guerilla warfare.



The year 1998

The joke: *How many Marxists does it take to change a lightbulb?*

*None. The lightbulb contains the seeds of its own change.*  
Orbán becomes Prime Minister.

He wins the election, at the age of 34, but is 35 when he takes up office. It's hard to describe how astonishing his victory is. He is fighting the entire Hungarian state and media, virtually single-handed. He won Hungary, village by village. Unlike countries like the US or Britain where it's debatable how much of an impact showing your smile in person has, Hungary with its ten million population is small enough for bespoke campaigning to work.

"He wore out chauffeurs. He wore out secretaries. He wore out advisers," one of his entourage told me. "He went to places no one had ever heard of and talked to two little old ladies and a dog for an hour. The staff at the campaign headquarters were going mad or bursting into tears. Viktor just looked a little tired."

Hungary had a two-round electoral system. After the first round, the Ex-Communists have only a small lead, and the Prime Minister, Gyula Horn, who sees himself as a worldly, sage statesman, with only a very slightly loosened collar (surely he's earned that right?) agrees to face Orbán in a live television debate. Again and again, Orbán's opponents either don't work hard enough or simply, as Horn does, underestimate him.

Everyone agrees that debate cost Horn the election.



The years 2002-2010

The joke (a reversible one):

*A Fidesz MP and a Socialist MP start chatting in a corridor of the parliament. Much to their surprise, they find they get on.*

*“Don’t tell anyone, but why don’t you come over this Saturday and have supper,” suggests the Fidesz MP. On Saturday evening the Socialist drives over and is taken aback by the size of the Fidesz MP’s villa in the glorious XII. They have a fantastic meal, with vintage wines and afterwards they watch a film on the largest plasma TV screen the Socialist has ever seen.*

*“Look,” says the Socialist. “There’s no way you can afford all this on a MP’s salary. Just between the two of us, where did you get the money?”*

*The Fidesz MP beckons him over to the window.*

*“See the bridge?” The Socialist sees the new bridge over the Danube.*

*“Yes.”*

*“Ten per cent.”*

*The next month, the Socialist returns the hospitality. As the Fidesz MP walks past the Lamborghini, the tennis court, the swimming pool and the helipad he knows he’s in for quite an evening. The food is exquisite and after the meal one of Hungary’s most popular singers performs for them.*

*“This is crazy,” says the Fidesz MP. “Just between the two of us. How did you get all this?”*

*The Socialist beckons him over to the window.*

*“Do you see a bridge?”*

*“No.”*

*“One hundred per cent.”*

*Orbán loses the next election in 2002. And again in 2006.*

*To give another indication of how much absurdity is talked about him, I heard educated, intelligent members*

of the opposition insisting that Orbán wouldn't accept the result. That he would barricade himself in the parliament, Scarface-style, with automatic weapons. That he would rather die in a hail of bullets than give up power. I'm really not making this up.

Orbán got in his car and left. Admittedly, he looked unhappy.

Hungary is fairly equally divided between those who will never, ever vote for Orbán, and those who will never, ever vote for the Ex-Communists and their hangers-on. A small, floating, despairing group of voters tends to confer power.

The secret of the Ex-Communists' success is their discipline. Formidable. No debate. No free-thinking. As in the Red Star days, you toe the line. It's an effective tactic. Their vote was as solid as a Viagra-wrought erection.

Orbán's problem is that the vote against the Ex-Communists is split. The remnants of the MDF are in his way, and again the smears of association with the far right cost him. I knew educated, intelligent voters who should have known better, who abstained because of the rumour that Orbán would work with István Csurka.

Nevertheless, Orbán only loses the next two elections by a tiny margin. He is the only politician in Hungary to command genuine affection and loyalty. And again, hindsight: so clear, so droll. It is their second victory in 2006 that pretty much destroys Orbán's opposition.

Corruption now gets completely out of hand. Those at the top are simply writing cheques for themselves. A new term comes into use. To nokia someone, that is to bribe someone using a Nokia box full of cash. This is coupled with magnificent mismanagement.

By the time they leave office in 2010, the Ex-Communists have loosened their collars so much, they are bare-chested, and even the waistband has given way. They've nokia'd the primás to the point where he can't carry the money home. They've gone to a go-go in Goa, and not come back. They so feasted themselves to death, all Orbán had to do was drag the corpses off for burial.

But they almost ruined the country, turned it into a mafia state.



The year 2010

The joke: *A fisherman is trying his luck at Lake Balaton. To his amazement, he reels in a huge shark.*

*“What are you doing here?” he asks. “There aren’t any sharks in the Balaton.”*

*“I’m a fucking magic shark,” says the shark. “Let me go and you get a wish.”*

*“Okay,” says the fisherman, letting him go. “My wish is for my dick to be long enough to reach the ground.”*

*“Done,” says the shark, and bites off the fisherman’s legs.*

I met Orbán at the official Fidesz celebration in Vörösmarty Tér. (I have to say the buffet was great).

He had just obtained an implausible majority in a democracy. And this is Hungary, where there are over forty parties to vote for.

If Hungary had a first-past-the-post electoral system, and not a mixture of that and proportional representation, the country would be a one-party state, It’s almost that anyway. And best of all the SZDSZ didn’t get enough votes to have a seat in parliament. You may hate your enemies, but the ones you really hate are the traitors. The SZDSZ is history, although their spite lives on.

The SZDSZ are a spent force, and were pretty much before the elections. Most of the original founders have distanced themselves from the party or wandered off.

There were 35 founders, 35 members of the “council” of the SZDSZ in 1988, of whom at least a quarter were of Jewish background. The standard figure given for the Jewish community in Hungary is around 100,000 (by journalists), although in the 2011 census only 10,965 put themselves down as Jewish (you did have the option of not answering the faith box). So, when the population of Hungary is ten

million, the Jewish community is somewhere between 1 per cent and 0.1 per cent.

That the SZDSZ was regarded by some as a “Jewish” political party is not an unreasonable assumption. They are not good losers, and they have been chiefly responsible for turning anti-Semitism into a political weapon, György Konrád in particular. The Chief Rabbi of Chabad Lubavitch, Baruch Oberlander made a plea for the Jews to be exempted from political warfare, but his plea was as effective as a glass of water in Nebuchadnezzar’s furnace.

There are two distinctive features in Hungarian history I’d argue. Being clobbered by powerful outsiders (Mongols, Turks, Russians) and fighting amongst themselves. Most countries only have one civil war, Hungary never seems to stop having them. If the Hungarians could stop fighting amongst themselves, they’d rule the world.

The irony of the distrust towards the Jews from extreme Hungarian nationalists is that they were there first. They were with the Romans in the Carpathian basin, long before the Magyar tribes arrived. Perhaps Israel should put in a claim.



“Egyszer volt Budán kutyavásár,” Orbán says to me, his verdict on the elections.. Once, in Buda there was a dogmarket only once, never again. He adds with Magyar melancholy, on the evening of what is his greatest triumph. “It will never be this good again.”

Orbán doesn’t do hey, Rigó, Rigó . . . His collar is barely loosened. My stick of chicken satay is no longer so tasty. I no longer want to nokia a primás. He’s right if you ponder it, when you’ve ascended Everest, all that’s left is the way down.

Orbán has been greatly helped by his enemies, but it’s still an astonishing achievement. All those concerned hand-wringers, principle-lovers in Brussels and Washington who are now preoccupied with the fairness of the media and the electoral system in Hungary, oddly weren’t when Orbán was

in opposition. He still had to fight . . . almost everything.

I was expecting he'd get a nice pat on the back from at least some of the foreign press, but no. All we got were ill-informed, sensational tales of bubbling fascism from the papers (both on the Left and Right), because I suppose small country has election isn't as good a read as Nazis on the warpath. This was chiefly because Jobbik, a party that certainly has anti-Semitic and anti-Roma elements in it, ended up as the third largest party.

I had educated, intelligent British friends coming up to me to commiserate about the awfulness in Hungary. I got quite tired explaining that Jobbik weren't in power, would never be in power, and that Fidesz would never have anything to do with them.

What would happen if Jobbik got into power? There would be lots of folk dancing, the runic alphabet would be taught in schools, Hungary would vote against Israel at the UN, and there would be more policemen in the countryside to pick up Roma drunks. That's it.

But the outside world wouldn't let it go. Why? Mostly because the Ex-Communists and the SZDSZ survivors, having lost the political argument at home went off to their chums in Brussels, London, Paris, Berlin and Washington and spread a grotesque picture of Hungary.

Part of the problem is Western notions of Right and Left don't apply in Hungary. The Ex-Communists, the Socialists are about as socialist as Al Capone. Fidesz in many ways, although it describes itself as centre-right, is as much centre-left. They're quite prepared to intervene in the economy.

And who loves fascism and anti-Semitism more than the fascists and the anti-Semites? The Left and the liberals. They love that stuff. They seek it out, like porkers after truffles, like Nazis looking for a Communist Jewish homosexual's book to burn. They adore skinheads and swastikas because they give them an opportunity to take a serious hit of righteousness, to have a workout at the conscience gym, to do a rectitudinous triple somersault. If it didn't exist, they'd have to invent it. Which is pretty much what happened in the case of Hungary.

And there is an imbalance in the media. I've worked in print, radio and television and I can tell you (that even in the right-wing outlets) there are very few who don't have the prepacked left ideals. If you're not on the left you're automatically under suspicion.

The other month I met a Liberal Peer who announced: "I like foreigners." He didn't say this in a comic, tongue-in-cheek way, an ironic riposte to some turn of conversation. I'm not hiding some beneficial context. No, this was a slogan. He said it more than once. Those fascists and bigots, they don't like foreigners, so I do. It was a certificate of his purity, a guarantee of his irreproachability, his übermenschhood. He was unaware that "I like foreigners" is the same statement as "I hate foreigners".



So Fidesz have been very unfortunate in their coverage. I remember before the 2010 elections Newsweek referred to Fidesz as a far-right party. I told several Fidesz contacts they should sue the arse off Newsweek, precisely because once one journalist has written something, it's going to appear again and again and again. Repetition makes truth. They didn't do anything, doubtless because there was some particularly tricky three-course lunch they had to digest with at Déryné's. Hey, Rigó, Rigó

So I have to waste my time writing this.

All through my life, I've had to put up with twaddle about Hungary. It's true if you know about a subject, whatever it is, whether it's skateboarding, tardigradia or snailracing, you risk being annoyed by journalism since most journalists aren't, by definition, experts. But I'm not sure everyone realises how slovenly and ignorant journalists are when they write about other countries. British journalists don't write outrageous rubbish about Britain, generally, because they live here, speak the language and know who the Prime Minister is. They may write rubbish, but rarely outrageous rubbish.





The Magyar Gárda are a good example of this woeful ignorance. Unlike most who liberally pontificate about the Magyar Gárda, I was present at the Buda castle when they formed. The Magyar Gárda are the chief bogeyman for the international press, a manifestation for them of the gambolling extremism sweeping Hungary. Again and again the Magyar Gárda are described as a “paramilitary”.

Maybe I use the wrong dictionaries, but for me, really, a key component of a paramilitary is a weapon. It might be a small weapon, it might be a humble screwdriver or a sharp stick, or a very heavy spoon, a two-week old loaf of bread, but a self-respecting paramilitary needs something in its hands. Otherwise wearers of a funny uniform are . . . the Boy Scouts, the Salvation Army, Star Wars fans, brass bands, Morris dancers.

Wearing a stupid uniform is a crime of sorts, but not one that should concern the authorities. It’s absolutely true that the aura of the Magyar Gárda was far right, and Gábor Vona was one of its leaders. One memorable figure in the crowd was wearing a “Die Deutschen Kommen” T-shirt. I don’t think he was invoking a German coach group (the castle was where the SS made their last stand in Budapest).

What amuses me about liberals and many others who style themselves as champions of democracy, the storm-troopers of liberty, is how illiberal they are. Democracy isn’t about loving everyone and everyone being lovable. We don’t love everyone and not everyone is lovable. Tolerance isn’t about loving everyone. It’s precisely the opposite. It’s accepting that are others out there who disgust or repel us, whom we don’t approve of or don’t agree with, but we accept their right to be that way, as long as they stay within the law.

Did I mention that the Magyar Gárda formed in 2007? When the Ex-Communists were in government? But curiously most of the fuss in the international press was after Orbán came to power. Not only not a paramilitary, but no longer in legal existence. They were zapped by the courts in

2009. But why let a good story about a rampaging beserker paramilitary go to waste? You still have a good chance of reading about the Magyar Gárda now. The chain of lazy, ignorant journalists goes on over the horizon.



Jobbik is the surprise political package of the 21st century. I know some Jobbik voters and they're really not neo-Nazis. I suspect many of those who have voted for Jobbik have done so as a protest. Some see Fidesz as part of the same establishment as the Ex-Communists. Orbán was at the Roundtable talks, he was part of the deal when the loosened collars were handed out.

There was never a reckoning after 1990.

The deal seemed a good one at the time. A great deal. A genius deal. But there was no reckoning. Mass murderers, those who gunned down women and kids in 1956, retired on very comfortable pensions. There was no punishment for the crimes. There wasn't even a mumbled apology. There was no reckoning (Béla Biszku, shit in a suit, the last of Kádár's clique has now been found guilty of war crimes, but as he's 92, the worst lawyer in the country should be able to keep him out of jail).

As time went on and democracy didn't offer the champagne from the taps and the non-stop hey, Rigó Rigó that everyone had hoped for, the lack of reckoning began to grate with those who weren't enjoying the excellent snacks in the parliament's buffet. There are all sorts of stories and rumours about why there was no reckoning. That all sorts of Roundtablers have awkward secrets.

This is where Jobbik has made its way. Jobbik speaks for those who weren't part of the deal that divided up the villas of the II and the XII. Gábor Vona is the second-most talented politician in Hungary. He has created a party out of nothing.

If he had been a little older, he would have been at the Roundtable, but he wasn't. Born in the wrong year. He was ten when Orbán swung into action. Vona is clever, and one

of the most perplexing things about Jobbik is that it doesn't have the usual disgruntled skinhead plumbers in its ranks (well, some). They have a lot of support from graduates.

The only question about Vona is whether he is a wholehearted opportunist, or a true believer.



The insults are fairly predictable and hackneyed. Viktor Orbán's foes go for Caesar, Napoleon, The Godfather, Putin. They call him an autocrat, a strongman, a tyrant, a dictator, the Viktator (okay, that one's quite witty). In addition to the suggestions of crypto-fascism, he also gets called a Communist, a Jew, a Gypsy, but that stuff tends to come from the general public and internet trolls.

The learned haters stress the authoritarian angle, the despot the duce, the commissar, the would-be monarch, the power junkie, the terminating tiger. And Orbán is certainly a distinguished carnivore. He slaughters pigs and makes his own sausages, and is an avid consumer of Karcagi birkapörkölt, the mutton pörkölt from Karcag, that is made from the whole sheep – every single sinewy, gonady bit.

I'm not sure they've thought through their attempts to blacken Orbán's character though. Isn't weakness or indecisiveness just about the worst accusation you can level at a leader? Is calling someone too strong, too decisive, too cunning finally such a cutting, damning remark?



The Hungarian media is another obligatory stop for the international press. When the Ex-Communists were in charge no one paid much attention to the media in Hungary. You will read sweeping statements that the Viktator has restricted the media. There's nothing like one of those, you know, in a four hundred word article, without any evidence cited. This from people who usually can't even spell Orbán's name properly.

Orbán brought in a new media law. The opposition ran

screaming to Brussels and called in an airstrike from the EU. The EU came, they saw, they grumbled a little bit for the sake of form, and then they left. The law stands, because it's perfectly in line with other media laws in the EU. Orbán and most of Fidesz's high command are lawyers after all. They have some idea about what they're doing.

It's said the state channels are supine before the government. That's true. They've been supine before every government. Oddly I don't remember the New York Times being concerned about the spinelessness of the state channels when the Ex-Communists were in charge and Orbán was in opposition.

The other obligatory stop has been Klubrádió and the loss of its Budapest licence. This was one commercial radio station that lost one of its licences, something that happens every day around the world. And something that has happened under the Ex-Communists, but again no one in Brussels was bothered at the time.

Klubrádió was characterised by the international know-alls as an "opposition" radio station. It's interesting how the champions of free speech feel it's wrong for the television to support the government, but permissible for a radio station to support the opposition. Independent journalism anyone?

Klubrádió was repeatedly described as having been shut down or banned. In fact they kept on broadcasting the whole time, appealed the decision in the courts (which the Viktor's critics claim he controls) and won.

What I've never seen, not once, not a single time, in the plethora of articles bemoaning Orbán's attack on the media is a mention of Népszabadság. That's the daily newspaper that for a long time had the largest circulation, and still has the largest circulation by far among the serious dailies. Did I mention that it's the mouthpiece for the Ex-Communists? Before that it was the mouthpiece for the Communist Party.

It was the newspaper that cheered the execution of Hungarians after the 1956 revolution. The execution of at least 250 Hungarians who had merely wanted democracy and free speech. You would have thought they could have at

least taken the trouble to change the name of the paper. Their sports coverage is quite good, but have a guess how they've treated Orbán.

This is another example of the double standard that applies to the Left. I wonder what the reaction would be if the *Völkischer Beobachter* were still in business in Germany?

Then there's *HVG*. It's the equivalent of *The Economist* or *Newsweek*. It might as well call itself the SZDSZ Weekly. It's very well-written, but since all its *clerks* are part of the *trahison* they've had it in for Orbán from the word go (the tiger-fancier László Lengyel had a piece there in 2011 prophesying the inevitable collapse of Orbán's government).

The premier literary journal *Élet és Irodalom*? They hardly write about books now, just the *Viktator*. They'd burn him at the stake and ease their bladders on his ashes given the chance.

I could go on. There are plenty of other outlets, that if you speak Hungarian and live in Hungary, you know are not just critical of Orbán but ferociously hostile. If you want the other side of the story it's not difficult to get, it's difficult to avoid.



#### The year 2014

The jokes: Hungarian football. The Hungarian Opposition.

As it turned out there was a dog-market in Buda, *twice*. Even the Fidesz people are taken aback by the result. In the 2014 elections, Fidesz again wins a two-thirds majority. As before, Orbán has been greatly helped by his enemies, but still.

The Western media was replete with jeremiads about Orbán and Jobbik, but curiously nothing about the Vice-President of the Socialist Party, the Ex-Communists, Gábor Simon, being caught with undeclared assets in Austria of 700,000 euros, a false African passport and an association with a known forger wanted by Interpol who died in police custody of poisoning. Talk about good copy. All that's

missing is the underage prostitute.

The odds are Orbán's already won the next election because what's left of the Left will tear itself apart in the traditional Hungarian manner. And then there's the quality of its leadership.

You have the example of former Prime Minister Gordon Bajnai, who was part of the anti-Orbán "Together" alliance, who got a parliamentary seat through the party list, (one that comes without whining constituents to look after), but who has announced that he won't take up his seat.

Having asked voters to support him or it's the end of civilization and democracy, Bajnai, the beloved of *The Economist* and the *Financial Times*, can't be bothered to do the hard work of opposition, sitting in parliament. He simply isn't man enough to hack it. Bajnai wants to carry on the fight "outside parliament". Where? A sauna? The world's fifth best restaurant? A go-go in Goa? Hey Rigó Rigó.

But of course, such overwhelming victory has its own dangers for Orbán.



If he has had great success in his political and family life, (he has five children and no divorce) there is one area where Orbán has been an unmitigated failure. It's reassuring to see that no one, not even the Hungarian tiger can have it all.

The football stadium that has been built at Felcsút is something you will be hearing about for a long time. No one really cares about Hungary, but every article about Hungary's politics for the next 20 years or so will make a reference to the stadium and its pharaonic hubris. The non-payers will pay attention to that.

Orbán grew up outside of Budapest in two villages Alcsút and Felcsút. They're not far from Budapest (what is in Hungary?), but it is the countryside. Orbán worked in the fields during harvest time, where he says he learned an important lesson. "You have to hit the rats hard the first time,

otherwise they run up the spade and bite you.” He was the first in his family to go to university. One of the causes of his lack of popularity with the Budapest intelligentsia, the *clerics*, is that he is the outsider, the self-made man who didn’t have an uncle to get him a job.

Orbán is a football fanatic. He thought seriously about giving it a go as a professional player. Even during his first term as Prime Minister, he played regularly. His position? Striker, of course.

Hungarians love to talk about football. What they don’t like to talk about is Hungarian football. In the 1950s Hungary had the best team in the world (the result of the 1954 World Cup is irrelevant), led by Ferenc Puskás, a footballing genius and perhaps the only Hungarian in recorded history to be universally loved by Hungarians.

Hungarians have all sorts of disproportionate athletic and sporting success, Hungary is the superpower of water polo for instance, but something terrible happened to football.

Perhaps it’s just inevitable that after a period of supremacy, of towering, unassailable ascendancy, there has to be a downfall. Hungarian football has been risible, a joke since the 1960s. And I can assure you that one man, the Viktator, has been on a mission to rebuild it. And it’s not happening.

The Pancho Arena ( the stadium is named after Puskás’s nickname when he played for Real Madrid) is something that wouldn’t have happened in Britain or the US, precisely because any alert politician could have seen the sneering marching down the road from afar. Too much of an own goal.

It has to be said that for most of us in the Anglo-Saxon world, the word stadium conjures up thirty or forty thousand spectators, not the four thousand that the Pancho Arena holds, the same as Accrington Stanley. Thus a good-sized football ground.

But I know why Orbán did it. Precisely because he could. And it’s because of the vicious vilification he has received from the opposition (way beyond anything that goes on in Britain or the more established democracies) that he’s doing it.

There's ill feeling in any parliament. There's conflict. Friction. Thoughtlessness. I showed the conservative MP Sir Peter Tapsell around Budapest decades ago, introduced him to politicians. "They really hate each other," he observed. "Don't they in Westminster?" "No."

In a way Orbán can't win. If he builds a "stadium", it's deranged conceit, Albert Speer-like mausoleum madness. If he did nothing in Felcsút you can be sure there would packs of journalists roaming around hunting for bitter quotes about how the high and mighty Orbán has distanced himself from his roots.

There's an everyday phrase in Hungarian (with many variations): *lófasz a valagadba*. A horseprick up your fundament. Essentially, what Orbán is doing in Felcsút is ramming four thousand seats up his enemies and their screams only heighten his pleasure. I admire it in a way, but the fact that the Pancho Arena is at the bottom of the garden of Orbán's country house is a windfall for Hungary's comedians. The Hungarian Football academy is also at the bottom of his garden.

I met Orbán at his daughter's wedding reception, the day after Hungary lost to Romania in an especially humiliating football defeat. For Hungary there is no country it's worse to lose to. Slovakia, Russia, Chinese invasion, they don't come close.

I couldn't resist it. "And the football?"

"Tonight, we only talk of cheerful things." He's always good on his feet. His teeth were unusually clenched though.



The one question I've wanted to ask him, but haven't been able to ask him as I've never been able to catch him alone this decade (and he might not want to answer it anyway) is: the circle. Orbán has surrounded himself with some unimpressive people and made some odd appointments.

The split is basically a chronological one. Say what you like about Orbán, and his close associates at the top of Fidesz,



Tamás Deutsch, László Kövér and Zsolt Nemeth, József Szajer, when they signed the founding declaration of Fidesz in March 1988, it didn't look like a get-rich-quick scheme.

They acted on principle. There was a good chance they would finish up like Demszky, hunched and bitter at the top of a long staircase, eking it, dreaming of foreign travel, knowing their kids would never get into university.

In fact signing the declaration was a great career move. A dazzling, hard-to-beat career move. Within 18 months, the boys were superstars for a hundred miles around Budapest. Two years later they were MPs, and it has to be said that being an MP in Hungary isn't a bad deal. You're not paid a lot. You don't coin it like a lawyer or banker, but you don't get paid like a Primary School teacher either.

First of all, if you get in on the Party List, you don't have a constituency. That's right you don't have to listen to complaints about leaky boilers and court cases about the pruning of quince trees, or sympathise with a lady who insists Zulus keep on breaking into her flat, moving her sideboard and stealing her copy of the TV guide. Indeed, you don't have to do anything.

Except: go on fact-finding tours abroad, mingle with fellow parliamentarians in well-spa'd hotels, check which embassy is ahead in the canapé wars or act as an observer at elections in Thailand or Paraguay. You may not drive a Rolls, but you'll never have to pay for lunch or travel again, or indeed get out of bed early.

But funnily enough some MPs actually do drive remarkably expensive cars. Those who came into the Fidesz after 1990, are for the most part music stands you could put any score on: opportunists who would be happy in any party that benefited them, whether Nazi or Communist or lynching (Gábor Vona was briefly in Fidesz, but then saw the long queue of princelings between him and Orbán's arse and decided to cut out on his own).

Pure suits and dullards abound, and some knuckleheads like József Balogh who coined a term that will live forever in Hungarian culture, when he claimed that he hadn't beaten

his wife, but that she had tripped over their “blind komondor” (a breed of Hungarian guard dog). Just say a blind komondor did it.

There are lot of people close to Orbán whom I wouldn't trust with a ten pound note and a request to go down the shops to buy a bar of chocolate. And I am questioning both their probity and their competence.

If I know about the dodginess of some of his entourage, most of Budapest must know, let alone Orbán. So why does he keep them on? Is it the traditional pitfall for any leader, that you succumb to the yeses of the yes-men, and dispense with the discomfort of the not-sure-about-this men? Power is the drug that destroys the strong.

Or is it that he just can't find better people? The appointment of Dr Pál Schmitt as President (he couldn't spell and didn't write his doctorate) was a fiasco that suggests a small gene pool. Or is it that better people want nothing to do with politics? Of course, it's easy for me, and others to hiss from the comfort of the back seat.

Fidesz needed reform at the beginning. It was an appalling talking shop, even by the standards of Magyar maundering. Twenty five years on, I can make myself ill by evoking those pointless meetings about meetings. Orbán needed to recruit some go-getters, enforcers, hustlers and show the wooly ones the door.

Power is the drug that destroys the strong, and no one has ever willingly kicked the habit.



At his international press conference the day after the 2014 election, Orbán started in English, then announced as he was the Hungarian Prime Minister in Hungary he was going to continue in Hungarian. Maybe he was simply tired, but maybe he was making a point. That the majority of journalists in that room wouldn't understand him because they didn't have enough Hungarian to order a beer, let alone handle a press conference.

If ever a man has been dumped on by the international press, it's Orbán.

No one really cares about Hungary. Growing up in Britain, I got used to pictures or footage of a Danish foreign minister or Slovak bobsleighter being passed off as the picture of a Hungarian Prime Minister. Budapest and Bucharest do sound similar.

No one really cares about Hungary. That's fine. There's no need to pay attention to Hungary. There's really no requirement for non-Hungarians to be familiar with Hungarian history or its state. But non-payers of attention shouldn't pretend they're payers.

Americans or Britons would find it absurd if a Hungarian who didn't speak a word of English, who'd spent a weekend visiting their countries started pontificating about their nations.

But that's exactly the sort of condescension American, British, German and French journalists unleash on Orbán and Hungary. In private, when they're pissed, many journalists will concede how little they know, what incredible hokum they've propagated (often unintentionally). But not in public.

Most readers have no idea how poor journalists are, because British journalists do a reasonable job on Britain, American journalists do a reasonable job in the US, because it's where they live. I've come to despise most journalists precisely because of this dishonesty, and I'm not talking about the tabloid, phone-hacking, foot-in-the door red top thugs who have long been the target of contempt and satire. I'm talking about the ones who see themselves as the deep thinkers, the sophisticates, the world-shapers.

I attended a press conference three years ago in London when the deputy Prime Minister Tibor Navrasics got a rough ride from the qualities over the new Hungarian constitution. Journalists were outraged that Hungary was no longer a republic (simply not true, simply totally false, simply stated in black and white in the new constitution if you can read) and derided references to the crown of St Stephen (Hungary's first king) as if it were some African fetish.

This from British journalists, journalists from a country with no written constitution, where the head of state comes from an election, not an election, and where malefactors in the dock are prosecuted by the Crown. You read literature and you feel it deals principally with the past, but it is timeless. I didn't believe Swift and his line about the confederacy of dunces, but it's true. I just didn't believe there could be so many dunces, and that they work in the media.

The coverage is one sided, and with a double standard. It's interesting how the far right excite column inches. Marine Le Pen, Geert Wilders and others provoke incessant fulminations, but no one finds it odd that a former Maoist, José Manuel Barroso, is President of the European Commission, or that the European parliament is littered with far-left debris.

Or take the Roma question. It's curious how selective outside interest is in law and order in Hungary. If a Roma is stabbed by a non-Roma, there is breast-beating in Brussels, Amnesty International gets filing, and columnists wax wrathfully about injustice. If a Roma stabs a non-Roma, there's no interest, no waxing, no workout at the conscience gym. Why is that?

My favourite falsehood about Hungary is the *Financial Times* running a story years ago about Rezső Nyeri being picked as Prime Minister. He didn't. It's true everyone was expecting him to become Prime Minister, but he didn't. The *Financial Times* remains a fiction factory when it comes to Hungary.

The attacks on Orbán now continue on a familiar basis. He's not far right, but he's not doing enough about them. Enter Miklós Horthy. Horthy has become another topos, another essential ingredient for current articles on Hungary.

Admiral Horthy who was the Regent of Hungary between 1920 and 1944 is one of the weirdest figures in Hungary's history (an Admiral in a landlocked country and a regent without a king, you can imagine the jokes).

Lazy, ignorant journalists used to refer to him as a fascist dictator (rehashing Communist propaganda). When it was pointed out he wasn't a fascist or a dictator, the tag 'allied

with Hitler' or "allied with Nazi Germany' is now the standard phrase to dismiss him, to more or less get back to the idea that he was a fascist dictator.

Horthy's record is a very complicated business. But if you look at the map in 1939, Hitler on one side, Stalin on the other, the options weren't great. Also at various points Britain, France, the Soviet Union and Poland sided with Hitler. Horthy wasn't the only one to think he could do a deal with Adolf, but he banned the Hungarian Nazi Party and jailed its leader, Szálasi.

The Germans eventually occupied Hungary in 1944 and that's when the deportations to Auschwitz began. *Arbeit macht frei* is a German, not a Hungarian phrase. Goebbels deplored Horthy as "Pro-Jew", and Horthy claimed in his memoirs that if he had his sidearm with him at his last meeting with Hitler, he would have shot him.

I'd also remind American and British journalists who sneer at Horthy's Hungary that in the 1930s Britain and the US were hardly perfections of social justice. Britain had, oh look, an empire, and down south in the US black folk were hanging from trees.



One of the oldest jokes that knocked around the Soviet bloc was the line. Capitalism is the exploitation of man by man - socialism is the opposite. That formula has stayed true.

There are two major problems in Hungary I'd argue. Corruption is one. There is a disgusting cartel of nouveau riche in the tennis clubs up in the Buda hills, who like the rest of the world don't care much about who the Hungarian Prime Minister is, because you can always nokia your way in or out. You also find the most beautiful women in the II and XII districts - there's this strange link between the callipygian and affluence.

The other problem is the grand canyon. Some people do care who the Hungarian Prime Minister is. Budapest is a village where everyone is known. An undertaker will be

chosen because of how he votes. While there is also sizeable voter apathy or fatigue, there are two camps in the country that could not be more opposed to each other. If it weren't for the hey Rigó Rigó and the charms of Esterházy torta, Hungary would have a proper civil war, but that's a lot of effort and someone's Rolex might get scratched.

There's an unhealthy, unwavering split in Hungarian society. It won't go away for a long time.



How has Orbán changed since the bearded years?

It's a little sad to see the freedom fighter shaking hands with Putin, the Chinese, the Saudis, the exceedingly evil. But that's the job of a Prime Minister. You get full value with Orbán, he slaughters his own pigs, and there's no squeamishness about realpolitik.

He's also got God which has come as surprise to those of us who knew him then. Not in any dropping-to-his-knees, hallelujah American way, but he does go to church. He's a Calvinist, while his wife is a devout Catholic. It's almost like some medieval dynasty placating a schismed populace.

His choice has a logic. The Catholic Church had its collar badly loosened during the Communist era. The Jesuits were expelled, and while there was some stalwart behaviour, the Catholic hierarchy didn't cover itself in glory. This wasn't Poland.

Only one million Hungarians are members of the Reformed Church, yet for reasons that make no sense to me, Debrecen is often referred to as the Calvinist Rome (has this really been thought through?). Calvinism is just harder. It's more bare-knuckle, more refusenik, more Transylvanian (therefore harder), more hair-shirt, more full-contact, more head-butt, more honey-badger, more what-are-you-looking-at. Just harder.

In the valley of death, the Calvinists don't fear anything, because they're the Calvinists. László Tökés, the Hungarian priest who brought down the Ceausescu regime in Romania?

Calvinist. I once went to visit a Calvinist minister in Transylvania in the bad old days, who far from being bowled over by a British visitor gave me a stern dressing-down on my poor Hungarian and my generally being a weak bitch.

So Orbán's choice of religion isn't surprising. That he chose is.



There was another era-demolishing Orbán in 1453 too. It's not certain he was a Hungarian, but his behaviour suggests he was. He went to the Byzantine Emperor Constantine XI and offered to build him a supergun. The Emperor apparently didn't have the readies.

So Orbán went to the Ottoman Sultan and told him he could build a supergun that would breach the hitherto unbreachable walls of Constantinople. The Sultan coughed up and on 29 May 1453, Constantinople fell to the Ottomans. It was the end of the long-running Roman Empire and for some historians the end of the Middle Ages.

It's hard to explain to non-payers, just how unbeatable Orbán is. There was a great Hungarian boxer, László Papp, whom you probably haven't heard of unless you're a hardcore boxing fan. There are those who regard him as the greatest of all time, because he never lost, never, (and remember Ali did lose a couple). He usually knocked his opponent out, in the first round. The Communists didn't let him follow a professional career but he won gold medals at three successive Olympics. He was a small man.

There's a long list of figures from the Right and the Left who've taken Orbán on (I won't list them because you probably don't care about Hungarian politicians, after all most Hungarians don't). Most of them had smarts and support, but one by one, politically, they were found dead in a ditch (even a British MP, Denis MacShane, who wrote an ill-informed piece in *Newsweek*, ended up in jail). Orbán keeps his friends close, and his enemies pickled in a jar.

The EU really went for Orbán. He's not famous for his

forgiving, turn-the-other-cheek nature. I don't think he's got to that bit in the Bible. He's got four years to play with and if I were in the EU apparatus I'd be worried.



For many politicians in Europe, I suspect Orbán is a secret hero. He's the bad boy who gets away with it, the school hooligan who pulls all the stunts. Like a giant Robin Hood, he takes a big dump on big business and the banks. Smiles. And does it again. Like a swaggering, bejewelled rapper, when the EU and the IMF appear to admonish him, he directs them to his crotch.

His enemies line up in front of him and commit harakiri. He's vilified in the world's media, and he just gets more votes. More votes than any politician knows what to do with. Daydream majorities. A glutton's supermajority. What's not to like?



Thus Viktor Orbán is the most important Hungarian politician for a hundred and sixty years or so (depending exactly where you start counting) but certainly since the generation of politicians that led the 1848 revolution. The 1848 group is the yardstick by which national merit, your Magyar magnitude is measured. The square-namers, Kossuth, Batthyány, Széchenyi, Deák were, though, all from the nobility, and the 1848 revolution was a failure. Hungary's history is largely a celebration of failure. One of the most popular national songs starts: "Lajos Kossuth has sent word, that his regiment is no more."

Granted, being the most important politician in Hungary, it's like being the funniest man in Germany, or the most tolerant man in Afghanistan. It's an accolade with a proviso.

Yet if Orbán had been born a year later or a year earlier, he probably wouldn't be where he is. He'd have been too familiated up or too young to have made an impression in



politics, to have been the Sun-God in Fidesz. He'd have been an assured success, an assured lawyer, an assured brain surgeon, an assured infantry officer, an assured football coach, but even if he had still chosen politics he probably wouldn't be where he is.

If he'd been born two years later or two years earlier, he definitely wouldn't be.

Luck. It was a rare opportunity for a rare individual.



There is such a thing as bad publicity in politics. But even in politics bad publicity isn't necessarily completely bad.

To all the Belgian socialists, French cartoonists, German Greens, Luxembourgish Foreign Ministers, monolingual newsmongers, poet-bloggers, Princeton sociologists, Swedish cyberthieves who have convulsed and triple somersaulted about Orbán, I say you've not only been the dupes of the Ex-Communists. You've been double-duped. You've been yoked. You've been bag-carrying. On behalf of Viktor Orbán.

Because while no one really cares about Hungary, they might care a little bit now. Without you, no one in New York, or London or Berlin or Paris would know about Orbán. Now they do. The Viktator says thank you.



## Part II



## CHAPTER 1

### **The Struggle for Sovereignty**

Bálint Ablonczy

In Hungary, everything is about history. It is worth keeping this dictum in mind when assessing the work of Viktor Orbán's government since 2010. For if we seek to understand not only the government's specific decisions but also their full political context as well as the changes in Hungarian society, we must retrace our steps at least to June 16, 1989. This was the day when the martyr Prime Minister Imre Nagy, whose execution had been ordered by János Kádár in 1958, was reburied. The name of the legitimate Prime Minister of the 1956 Revolution and War of Independence had been taboo under the Communist dictatorship. Textbooks would label the former Communist politician a counter-revolutionist traitor and he was even denied the right to a decent grave. He was buried in a remote corner of a cemetery in Budapest, and the anniversaries of his death were overseen by a baton-wielding police force bent on preventing his commemoration. At the reburial of Nagy and his fellow martyrs, organised by the last Communist government in 1989, the majority of those who rose to speak talked about the importance of reconciliation and stayed clear of disparaging the Soviet Union. However, a student leader, 26 years old at the time and unknown to most Hungarians, struck a far more stringent note as he cited the ideal of national sovereignty in censuring the Soviet occupiers and their Hungarian vassals. This speech instantly earned a reputation for the young orator, named Viktor Orbán, in Hungary and abroad. "If we believe in our own strength, we will be able to end the Communist dictatorship. If we are determined enough, we will be able to coerce the ruling party to submit to free elections. If we

refuse to lose sight of the ideals of '56, we will be able to elect a government for ourselves that will quickly move to talks about the urgent withdrawal of Russian troops. If we have the guts to will all of this, then, and only then, we shall fulfil the destiny of our Revolution," said the young man who is now Hungary's Prime Minister.

The Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) has changed a great deal since then. From a group of dissident students, in 1990 it blossomed into a full-blown parliamentary party at a pace that took everyone, themselves included, by surprise, and became the ruthless detractor of the Hungarian Democratic Forum (*Magyar Demokrata Fórum*, MDF), the first party to rise to power on a centre-right platform. Yet its critical stance toward the government did not mean Fidesz sided with the Hungarian Socialist Party (*Magyar Szocialista Párt*, MSZP), the socialist successor of the Communist party so it remained in opposition when MSZP carried the elections in 1994. This period of opposition, the period in government from 1998 to 2002, the period in opposition between 2002 and 2010, and finally the period since it resumed office in 2010, all differ from one another in several ways. Yet one aspect has been constant since the group formed in 1989 and Viktor Orbán delivered his speech at the reburial of Imre Nagy. This is the commitment to the cause of national sovereignty and the fight against post-Communist structures — a fight that has demanded mercilessness and has been incompatible with compromise with the opponent.

This has been one of the leitmotifs of Fidesz's last four years — and of the four it has just embarked upon. Sympathizers and detractors of the government, re-elected on April 6, 2014, agree on one thing: that the party and Viktor Orbán have the habit of setting clear-sighted aims and doing everything in their power to accomplish them. The difference lies in the judgement of this approach, which the supporters cheer to the end while the opponents decry as leading the country to its ruin. More than anything else, it is precisely this readiness to take action that sets the party's

recently fulfilled four years apart from the period between 2002 and 2010. Then power had been held by the Left, legally legitimate but rapidly losing its political clout and opposed by Fidesz, which lacked official authority but was drew considerable power from its broad support base.

This situation turned around in 2010 with MSZP suffering a blow more devastating than that sustained by any governing party since 1990 other than MDF, which shouldered a kamikaze role in the wake of the first free elections. Ever since 2010, Fidesz has continued to do what it had always done: to fight. Before 1990, it had fought against Communist rule; after the first free elections, it struggled against the lethal embrace of the liberal big brother, SZDSZ; after 1994, for leadership of the Right; between 1998 and 2002, against the post-Communist networks that remained powerful. From 2002 to 2010 it carried on tirelessly chipping away at MSZP. Finally, having secured two thirds of the seats in Parliament, Fidesz went on to tackle external foes including the International Monetary Fund, the European Union, and multinational corporations.

The economic and political constraints following the landslide victory of 2010 reached back not only to the 2008 meltdown but all the way to the democratic turn. In one of the cardinal moments of the transition, Miklós Németh, the Prime Minister of the last Communist government, confessed that the gross foreign debt of the country would scale \$20 billion by the end of 1989. In the same breath, he admitted that the country's leaders had been publishing fraudulent data about the stock of government debt since the mid-1980s for fear of deterring foreign lenders.

Hungary's role as poster boy for the transition from Communism meant all of this was glossed over. Banking on its track record of comparative openness, the country implemented almost all the reforms recommended by foreign advisors or otherwise deemed beneficial for foreign enterprise. These included a host of measures indispensable for building up the market economy. Many foreign businesses imported massive know-how and capital. Others,

however, were barefaced about buying markets, acquiring underpriced companies that could be quite competitive with minimal revamping (such as in the food industry, a sector that remained successful throughout the dictatorship) with the aim of simply shutting them down to make room for their own products and services. Over time, the policy of focusing exclusively on luring capital with liberalisation, deregulation and privatisation caused first disappointment, then frustration on a massive scale, and failed to capture the imagination of Hungarians. This is quite apart from the fact that something was not quite right about the praise heaped upon the “good students,” as early post-transition governments were recognised by international financial organisations or Western governments. Those in this mindset took it for granted that the nature of the relationship could only be conceived as between educators (i.e. developed Western democracies and international organizations) and students (Hungary, along with the other states in East-Central Europe). In time, the initially benign proponents of this view grew somewhat impatient when the students made less progress with their homework than expected while attitudes alien to the West remained. This perception simply failed to take into account the burdensome legacy of Communism, let alone certain historical, economic and social fixations that were even more deeply rooted. During the first decade after the transition, nobody in Hungary — apart from a handful of isolated, half-hearted and quickly marginalised voices — considered the possibility of an alternative to speedy denationalisation or of the need, in certain cases, to mount a more potent defence of national interests. Everybody failed to ask the essential questions, the Right because its gratitude for the defeat of the repressive Communist regime, and the Left because of its investment in relations, first made under the single-party rule in the mid-1980s, and for fear of squandering the Western perception of it as a legitimate “reformist” force. During Hungary’s not unsuccessful rush forwards, with milestones such as its succession to NATO in 1999 and to the EU in 2004, social



tension continued to smoulder. The rapid transition from Communist planned economy to parliamentary democracy and free capitalism left hundreds of thousands without a job, and saw entire industries collapse in a matter of weeks. The suddenly unemployed masses (many of them of the Roma minority) looked in vain to a state busy with the worries of transformation for much needed help, work opportunities, and adequate training and education. This deprivation meant entire groups of society felt thoroughly disadvantaged by democracy and free competition, and increasingly lost their faith in the new system, including in the politicians forming and running its institutions.

In the typical right-wing assessment of the situation — in many ways controvertible but advocated consistently by Fidesz — one reason for ambivalence towards the transition to democracy had to do with the fact that, in Hungary, the overthrow of the old regime did not go hand in hand with the adoption of a new constitution. This alone explains why Fidesz, which in 2010 and 2011 won the two-thirds majority required to mount a constitutional assembly, insisted on drafting and enshrining a new constitution, even after opposition parties, having at first participated in the work of the parliamentary committees, walked out of the process.

These, then, are the factors that ultimately defined the ascendancy of Viktor Orbán and the Fidesz government between 2010 and 2014, and have continued to define it since their recent re-election. Inevitably, this development raises the question of how one can find a common theme among the thousands of government measures and the more than 800 new laws passed during the last four years. But that task is not impossible. Orbán and other Fidesz leaders frequently invoke their pet theme, tracing most government measures back to the struggle for Hungary's economic and political self-determination. This struggle is none other than the famous "war of independence" waged by the government on the European Union, the large energy providers, and banks, or on the indebtedness of households, municipalities, and the state itself. In fact, the drive for autonomy has made

itself felt in social policy as well, in that the real beneficiaries of Fidesz's four years in power have been middle-class working families raising children and capable of caring for themselves.

As the government's 2010 program put it, "[t]he structure of society will not assume the attributes characterising that of Western Europe unless a middle class, bolstered by property and knowledge, attains at least a two-third majority. This will consolidate the economy, bring about and maintain a socially-oriented welfare state, and guarantee adherence to constitutional norms." From this conception followed many things after 2010, from the introduction of family-based taxation to the subsidisation of women quickly returning to work after childbirth. (Surveys had identified women's fear of losing their jobs if they started a family as one of the main reasons behind the country's dismal demographic situation.) Looking at the structure of Hungarian society in terms of income level, we find that, a citizen with annual earnings of USD 18,000 will inhabit the upper echelons of society, even though such an income is at best only good enough for a lower-middle class existence even in a not-so-affluent Western state. At the same time, this is the social group that pays the bulk of the treasury's receipts in personal income tax, which may go some way toward explaining why Orbán late last year began to talk about lowering the personal income tax rate to 9 per cent. In the opinion of Minister of National Economy Mihály Varga, depending on the prevailing economic conditions, this proposal should be put up for debate when the 2015 tax laws are drafted. This emphasis on the middle class, a leitmotif of Orbán's government, may also be one of the reasons for victory at the last elections; a party capable of providing its followers and constituency with a clear-cut narrative they can easily relate to will always do well. On the other hand, most of the blows the ruling party sustained during this cycle came in response to its fierce voluntarism, verging on aggression, which laid it bare to several conflicts at home and abroad.

To map the trajectory of Orbán's second administration,

it is worthwhile to recall the beginnings. At the end of May 2010, the first thing the new Parliament did was pass the law on Simplified Naturalisation. Next, on June 2, Viktor Orbán met with European Commission President Jose Manuel Barroso in Brussels. Orbán's visit to Brussels right at the beginning of the government cycle had special significance in light of the Commission's striking indulgence of the previous left-wing government. In May 2006, having won the elections in the spring, the left-wing Prime Minister Ferenc Gyurcsány delivered a speech to his socialist faction in closed chambers, admitting that they had been lying to their voters about the state of the country, and that they had only managed to survive the past period by resorting to "ruses by the hundred". Even though it was past the deadline, the European Commission — specifically Joaquín Almunia, then responsible for economic and monetary affairs — allowed the socialist government to wait until after the elections to submit its convergence program to Brussels. Hungary's socialist Minister of Finance failed to disclose Hungary's economic data, an act later found by the courts to have been in violation of the law. In this way, the fact that Hungary's budget deficit was not 4.6 but more than 9 percent only came to light after the elections. Consequently, the winning socialist-liberal coalition had to adopt austerity measures. But the leaking out of Gyurcsány's closet speech and the ensuing protests meant the government no longer had the strength to implement a consistent program of reforms.

Orbán's 2010 row with Barroso in Brussels was particularly important as it turned out that the Commission would not allow the new government any elbow room, rejecting a request to have the deficit waived. This marked the start of Hungary's arm-wrestling over economic policy with the European Union, in which Brussels showed no mercy in holding the country accountable for its budgetary numbers. In fact, Economic Commissioner Olli Rehn more than once overestimated Hungary's deficit, forcing the cabinet to adopt new measures to improve the balance. As a result, the government assumed an increasingly militant stance, with

Orbán publicly likening Brussels to Moscow. The conflict ended in an armistice, if not a full-blown reconciliation. In recognition of its disciplined fiscal policy, in June 2013, the EU lifted the excessive deficit procedure to which Hungary had been subjected at the time of its accession in 2004. Shelving its formerly gloomy predictions, the Commission today anticipates Hungary's GDP will grow by over 2.3 percent in 2014. All other indicators have improved as well.

According to Bloomberg, the leading business news agency, Hungary's business confidence was at a 16-year high in April 2014. Moreover, new home construction, one of the most reliable indices of economic health and both for individual households and the economy as a whole, shows signs of recovery. According to the Hungarian Central Statistical Office (*Központi Statisztikai Hivatal*, KSH), in the first quarter of 2014, 51 percent more homes were built than in the previous year. Of course, this figure must put into perspective: recent construction permits only amount to 18 percent of those issued in the first quarter of 2008, the last "year of peace".

We are still miles away from the government's avowed goal of full employment (i.e. an unemployment rate not higher than about 4 percent). In the first quarter of 2014, job seekers still represented 8.3 percent, but this figure is down 3.4 percent from the same time last year. Between January and March, the number of persons aged 15 to 74 with a job rose to over four million, a figure not seen since 1992. Without a doubt, these impressive data have a lot to do with community service jobs, aided in part by a recent government decree mandating full-time employment in community work for 200,000 people by the end of the year. The point of this scheme is to reserve eligibility for welfare to those — except individuals permanently incapacitated by ill health — who complete a minimum of 30 days of community work a year. Many of those performing community work in agriculture, flood control, forestry, and even offices receive skilled training (for instance as a gardener, or nurse), while others simply must be taught basic literacy and numeracy.

Their compensation exceeds the amount of unemployment benefits. This program alone is obviously incapable of filling the entire gap in the job market, but it does help regions that had been thrust into poverty by a dearth of working capital. The administration did not want a second generation to be grow up without seeing their parents leave for work in the morning. The basic principle espoused by the government, but dismissed by the opposition as guilty of “discriminating against the poor”, is that welfare is not an inalienable right but a benefit for which effort must be made, and that the country cannot afford the luxury of dispensing with the endeavour of individuals to improve their own lot.

The country’s increasingly bright economic prospects have been corroborated not only by Brussels but by the markets themselves. Indeed, the ratings agencies — the government’s archenemies in its freedom-fighting mythology — have recognised how far Hungary has come. Standard and Poor’s has raised Hungary’s long-term anticipated credit rating from negative to stable, and is widely expected to further improve this grade.

The series of clashes with Brussels over economic management, judicial reform, and the Media Act was fascinating, not least because it was at the climax of the conflict that the Prime Minister, under fire from the international press, chose to mount his defence before a European forum. “I have sensed that this debate about Hungary has had a European aspect, a kind of ideological debate,” Viktor Orbán said during the European parliamentary debate on Hungary, held in Brussels in January 2012. “People of my kind and our community should realise that, regrettably, the ideas we stand for do not enjoy the support of the majority in this house. To be sure, our ideas are Christian and are built on the responsibility of the individual; we think that national sentiment is important and positive, and we regard the family as the token for the future. It may be that many think differently about these things, but that does not mean that this point of view is not European. We may be a minority in Europe, but that does not make our view non-European,

and we are free to stand by this opinion. You may not agree with what I am going to quote, but personally I concur with Schuman who said that European democracy would either be Christian or would not be at all.” David Cameron spoke in much the same spirit recently when he pointed out Britain’s fundamentally Christian nature and roots.

The debate, televised in Hungary, caused consternation and confusion far beyond the government’s followers, reaching those who until then knew little or held a positive view of the European Parliament. The factual errors made by Daniel-Cohn Bendit, the French-German green representative who delivered a red-faced diatribe at Orbán, and by other left-wing politicians demonstrated their unfamiliarity with Hungary. Bendit and co were met with revulsion in Hungary and seemed to lend legitimacy to Orbán in his quarrel with Brussels, something the government has made the most of in domestic politics.

One of the most decisive battles of the “War of Sovereignty” that has marked the past four years revolved around the issue of private pension funds after the Orbán government had moved to nationalise a portion of the three-pillar retirement system. Since the pension reforms of 1997, fully private funds had co-existed with fully national funds and privately owned funds subsidised by the state. It was the losses generated by this latter segment that the state had routinely had to shoulder. This contributed to the rising deficit, and the state had to borrow to keep the loss-making system up and running.

This single issue seemed to distil the essence of the many battles waged during the governing cycle, on fronts as diverse as balancing the budget, international market interests, and European-wide unrest. Unlike many other confrontations during this period, however, European institutions sided with Orbán on pensions. In January 2013, the European Court of Human Rights threw out a complaint filed by a Hungarian citizen against the nationalisation of the pension funds, ruling that the plaintiff’s right to private property had not been violated, as he would remain entitled to his pension

after his contributions made to the system during his years of employment, whether those contributions were collected by a state-owned or a privately owned pension fund. Then, in February 2014, Fritz von Nordheim, the pension expert for the Commission's Directorate General for Employment, determined that the model used to finance Hungarian and Polish private pension funds had been flawed from the start and that Brussels therefore had no qualms with Hungary's restoration of the old system. It cannot be a coincidence that, since then, Poland has moved to abolish its own expensive scheme, and that, on the recommendation of the IMF, both the Czech Republic and Romania are contemplating reforms similar to Orbán's.

Other distinguishing traits of the "freedom-fighting" cycle were the fanfare with which the government would launch policies and the reticence with which it would beat a retreat. The massive student protest that erupted at the end of 2012 was a case in point. Demonstrations followed a government proposal to cut the number of fully state-financed university seats to 10,000, relegating the majority, more than 40,000 admission-seeking students, to the so-called partial-waiver list had come to light. Being beset by thousands of desperate students became a political embarrassment for Fidesz, a party whose very name incorporates the word "young" and that had initiated a referendum against mandatory tuition in 2008. Under the popular pressure, a proposal for the abolition of tuition-waived admission quotas was submitted to Parliament in just a few days.

The judicial reform, including the powers vested in the president of the National Judiciary Office (*Országos Bírósági Hivatal*, OBH), and the new media law turned out to be more protracted affairs, but emerged as chief evidence of the "autocratic" leanings of the Hungarian regime. At long last, a sort of cease-fire was achieved on these issues, and the Hungarian government amended the measures on several counts. In January 2013, Thorbjorn Jagland, Secretary General of the Council of Europe, voiced his satisfaction with the government's revision of the rules to the effect of

prohibiting the president of the OBH from being re-elected for a second term and from automatically remaining in office upon the expiry of his mandate until a successor is elected. An agreement was also reached that, in the future, the president of the National Media and Infocommunications Authority would be appointed by the President of the Republic on the recommendation of the Prime Minister, rather than directly by the Prime Minister himself. In line with the covenant, the National Assembly passed an amendment to the Media Act, enshrining the requirement that the presidents and members of the Media Authority and the Media Council must not be re-elected for a second term.

Fidesz caused a stir in January 2013 when it rescinded the mandatory registration to vote that had been binding for every Hungarian citizen. True enough, the gesture came after the Constitutional Court had overruled several sections of the Elections Act, including those providing for the mandatory registration of voters. (At the same time, the judges voiced no objection against the registration for election purposes of foreign residents without a permanent home address in Hungary and of those who happen to be staying abroad on election day.) Even in light of the Constitutional Court's decision, the ruling two-thirds majority would have been at liberty to enshrine the voter registration in the Basic Law of Hungary (as the Constitution is now called), but Fidesz surprised everyone by practicing self-restraint this time. The latter served as rebuttal to the claim that Fidesz seeks out confrontation almost as a matter of principle, and demonstrated that generosity and readiness to compromise may sometimes pay political dividends in their own way. By desisting from voter registration, a proposition easily refuted on both legal and practical grounds, Fidesz certainly accomplished one thing: it confused the opposition, which had considered the introduction of the measure a foregone conclusion. For months, the Left had been confident that the enactment of mandatory voter registration would deliver to their hands a banner under which to rally the masses, from the poor Roma suspecting another tool of discrimination to



middle-class citizens indignant about the latest instance of official insolence and vexatious paperwork.

Ever since the adoption of the Media Act in 2010, and quite possibly since before that date, the Orbán government has been pigeonholed as “autocratic,” “populist,” and “coquetting with the extreme right.” The voice of detractors has become so hostile as to border on the absurd, with well-regarded international papers often depicting Hungary as a country poised on the brink of fascism. The abandonment of moderation has gone hand-in-hand with the near-disappearance of sober and well-founded criticism from the international press. The gross oversimplifications, rampant in reports and articles, sometimes comparing the country (instead of its government) to a “malignant tumour”, certainly merit attention — and not just because they violate Hungarian national sentiment. More importantly, they illustrate the truth — also pointed out by the reputed French daily *Le Figaro* recently — that, ten years after the first round of EU enlargement, decision-making and opinion-forming circles in the West have no understanding of Central Europe. In this way, the grain of fully justified criticism becomes difficult to separate from the chaff of misconception, ignorance, and the kind of name-calling that borders on hate speech (routinely eschewed when the subject is another country) — all fuelled by the oversight of historic context.

Admittedly, the improving economic indicators have helped to turn the tide in this area as well. The media analysis firm, Nézőpont Médiaműhely, has examined some 7,000 publications in 12 countries, and found that, in 2013, while the number of positive reports about Hungary had not increased, reports painting a negative picture were down 13 percent (from 46 to 33) compared to the previous year. The share of neutrally voiced assessments increased from 48 to 62 percent, with the state of the Hungarian economy being the most discussed subject.

This change of direction in the press made itself felt in the political arena, too. Whereas Germany’s Ministry of Foreign Affairs had frequently censured Hungary for

the implemented changes in the past, the Social Democrat minister Frank-Walter Steinmeier now followed up his meeting with János Martonyi in Budapest just before the elections of 2014 by a press conference, where he declared everything to be just fine in German-Hungarian relations.

## CHAPTER 2

Preludes

### **The Leftist Experiments**

Balázs Szolomayer

Hungarian political and social developments gave way to a peculiar political culture along with the political transition, the essence of which is alternation of power between post-communist forces and those aiming to surpass post-communism. The fight is acrimonious to the extent that each election is not merely a question of which political side will govern but rather one of which of the two forces will manage to transform social, economic and media relations so as to ensure a prolonged period in power. Besides the election of 2010, one of the most important stages of this was the voting of 2002 that offered an opportunity to the coalition of the Hungarian Socialist Party (*Magyar Szocialista Párt*, MSZP) and the Alliance of Free Democrats (*Szabad Demokraták Szövetsége*, SZDSZ) to create their own course.

In 2002, the coalition of the MSZP and the SZDSZ obtained the helm of the state for the second time since the political transition. In the most ruthless election since the fall of Communism, left-liberal forces emerged victorious against the alliance of Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) and the Hungarian Democratic Forum (*Magyar Demokrata Fórum*, MDF), the chief party of the transition. The lead was minimal but the Right's disappointment was enormous.

Left-liberals conducted their campaign in a simple, populist tone. They lavished with promises parts of their voter base, including economically inactive pensioners and the unemployed, those on a minimum wage and the intellectuals.<sup>1</sup> The most important of these promises were

a pledge to elevate the healthcare system to Western European standards, a commitment to deliver public administration devoid of corruption, significant raises to public servants, the introduction of a minimum wage for graduates, tax-free status of the minimum wage and a one-time, large-scale raise of pensions. Left-liberals presented the right as a force conducting feudal, fascist and populist policies that in their opinion tacitly co-operated with the Hungarian Justice and Life Party (Magyar Igazság és Élet Pártja, MIÉP), known for its anti-Semitic tendencies. They strived to discredit the Prime Minister both in Hungary and abroad as an autocratic leader of a Christian-nationalist variety similar to that ruling Hungary in the interwar period.

On the other hand, the right-wing alliance essentially based its campaign on the economically active, the middle class and the party's "civic" base that was traditionally nationalistic and patriotic. The Right hoped that the economic indicators, significantly improving during its four-year tenure (the target date for joining the euro was 2006 back then) would be sufficient for the voters to entrust the first Orbán government with power for another four years.<sup>2</sup>

### **Causes of the Socialist Victory in 2002**

After the elections, the incoming Medgyessy government found itself restricted politically, but with ample scope for action on the economic front. The Right accused the socialists with election fraud<sup>3</sup> but the National Election Office (*Nemzeti Választási Iroda*, NVI) dismissed the claims it received. A group insignificant in numbers within the right, but all the more loud and radical, now decided to enforce a recounting of the vote, and as part of that agenda, they occupied one of the most important bridges of Budapest, the Elizabeth Bridge for a short time. But Viktor Orbán thought all this a dangerous game, and accepted the outcome of the vote. The Right began to ask itself why it had lost.

The 2002 election was in every respect the most important election in Hungarian politics after 1990, not only because of the especially intensified election fight, as mentioned above,

but also because the outcome of 2002 set in motion processes on both sides that continue to determine the general situation in Hungary today. This most of all concerns the Right, as the reflexes created back then have been most decisive both in the behaviour of the leading right-wing politicians, and in the attitudes of its civic camp generally. The civic side launched an immense mobilisation between the two election rounds, almost managing to overturn the outcome of the first round in the run-off election. Hundreds of thousands took to the streets to support Fidesz. Viktor Orbán channelled the suddenly increased civic activity to the Fidesz hinterland by launching the civic circles movement in May 2002, and by transforming the Fidesz into a people's party in 2003. This was when working off the Right's organizational lag began.

It was clearly the socialist-liberal camp that brought innovation to the campaign. Hungarian elections saw their first character assassination, as well as a negative campaign and a large-scale mobilisation campaign for the first time in 2002. For the first time, the socialists hired foreign campaign consultants. When trying to defend the government's record, the civic forces had to face immense enmity from the media. Still, public opinion polls predicted the victory of Fidesz-MDF.<sup>4</sup>

The parties embarked upon the decisive election in different conditions. The Right underestimated the resolution and organization of the socialists and free democrats. Let's not forget that the Socialist Party is successor to the Hungarian Socialist Workers' Party (*Magyar Szocialista Munkáspárt*, MSZMP), the Communist state-party ruling before the transition. Therefore it was embedded into Hungarian society to an exceptionally high degree. Even more crucial was the fact that the socialists had campaign tools at their disposal that were completely beyond the reach of the right. The MSZP had lists like the list of the names of ex-MSZMP party members, a catalogue of the members of the state security authorities, a list of III/III department agents.<sup>5</sup> These significantly facilitated the door-to-door campaign and the phone mobilization employed on the day

of voting. Before the campaign, Péter Medgyessy sent 2.8 and then 3.8 million letters to his potential voters, to which two hundred thousand replies arrived – an action such as this would not have been possible without considerable databases at their disposal.<sup>6,7</sup>

SZDSZ, the ally of the Socialist Party, was backed by a significant portion of the intelligentsia, had strong positions in the media – and had exquisite connections to foreign press dignitaries.<sup>8,9</sup> Some significant capitalists also threw their weight behind the MSZP and the SZDSZ – these came by considerable state property during the privatisation process undertaken before and after the transition and during the earlier Horn government (1994-1998) of the MSZP-SZDSZ duo.<sup>10</sup> A further difficulty besetting the organization of the Right was the lack of experts needed for governance. As a result, the Right had to leave in place people in mid-level managerial positions who did not support its policies, to the extent that the government often found itself unable to carry out measures as they were blocked by socialists in the ministries themselves, or the socialists acquired information that offered them significant advantages in forming their opposition policies.<sup>11</sup> Hungarian public administration was loyal to the earlier party rather than to the government of the day.

The right could not draw on assets like that at all, but during the exploration of the causes of the electoral defeat, they recognized these factors. The policies of the second Orbán government owe their provenance to this to a non-negligible degree. However, it remains true that the first cabinet led by Viktor Orbán aimed at inducing transformations within Hungarian society so momentous that society was not prepared to accept, thus often reacting to these policies with hostility. The government wanted too much and too quickly without having the power necessary for transformations of this magnitude. They supported the economically active population too much, making themselves look socially indifferent, and they allowed left-liberal forces to depict national patriotism as kitsch or as

Kulturkampf. On top of it all, power groups of the Socialist Party, which is basically built on a multipolar structure, reached an agreement in the year preceding the election and they set an external (i.e. weak) candidate to run for Prime Minister, Péter Medgyessy, a “technocrat” who corresponded to a popular character of the soft dictatorship of the 1980s.

### **The 100-day Agenda**

The programme of the socialists was centred around the “welfare transition”, mentioned above, the aim of which was for Hungary to catch up with Western European living standards. Socialists campaigned on the promise that with greater expertise and better policies they could offer even more welfare measures to the population. In 2001, when MSZP created their election programme entitled “Hungary Belongs to Us All”, they did not have any excessive promises such as those included in the 100-day agenda that they would publish in 2002, before the election. In the final spurt of the campaign, the promises were repeatedly expanded, and the related costs also bloated. So much so that, according to some sources, measures in the draft were expanded half an hour before they were announced at a press conference.<sup>12</sup> The agenda included measures such as increasing the wages of public employees by 50 per cent, increasing family allowance by 50 per cent, providing a one-time benefit of EUR 62/USD 85 to pensioners, and a significant raise of the lowest pensions. These measures strained the budget considerably. However, pressure mounted on the socialists from two sides. One was the bridge occupation action of the right-wing radicals, mentioned above. The other was Fidesz’s declaration that they intended to vote for the welfare package announced by the Socialists, so neither the SZDSZ nor the MSZP could back out – our information is contradictory as to whether the two parties wanted to do so at all.<sup>13</sup> Moreover, let’s not forget that traditionally, parliamentary elections were due in Hungary every four years in the spring with the municipal elections scheduled for the autumn (according to the new

Fundamental Law, citizens elected local representatives for a 5-year cycle at the municipal elections of 2014). Therefore, the scope of action of the government used to be extremely limited between the spring and the autumn.

The 100-day agenda was received extremely well by the population, but experts began to point out that the budget deficit might bloat. The summer saw exploding a crucial scandal based on an article of the right-wing *Magyar Nemzet*.<sup>14</sup> Prime Minister Péter Medgyessy had been a counter-intelligence officer of department III/II under the Kádár regime, with registration number D-209 – and this was allegedly leaked by former socialist Prime Minister Gyula Horn.<sup>15</sup> The uncovering of Medgyessy's secret past also shook the coalition of the socialists and free democrats. The case was especially embarrassing for the liberal party, as SZDSZ was, at the time of the transition, the most stridently anti-Communist party – though the socialists held the parliamentary majority alone – they entered into the government as partners of the post-communist party. The SZDSZ, similar to their previous behaviour, at first demanded the Prime Minister to step down, but they withdrew this in a few days. From this time on, the coalition tried to pass Medgyessy's past off saying that he had in fact work for reform and to weaken the dictatorship already back in the socialist era. The “D-209 scandal” broke the illusion that the free democrats could step back from supporting the socialists just on principles.

Enthusiastic about the success of the 100-day agenda, and to stem the loss of popularity after the D-209 scandal<sup>16</sup>, the government decreed its second 100-day agenda. Their unconcealed objective was to ensure that coalition parties won the municipal elections in the autumn. The agenda further expanded welfare benefits and provided extra resources to townships and villages. This latter measure was important as the Socialist Party was traditionally weaker in villages.

Handing more out brought about the expected effect, the MSZP-SZDSZ won an enormous victory at the municipal



elections. They won almost three quarters of cities with county rights and secured an almost two-thirds majority in the Budapest Council. The liberal mayor Gábor Demszky, who shrewdly made the most of the antagonism between Budapest and the right-wing government, was allowed to begin his fourth cycle. However, the two 100-day agendas also brought about negative consequences. For instance, the budget deficit soared<sup>17</sup> (to 9.5 per cent) and GDP growth gradually began to lose momentum.<sup>18</sup> An even more serious development was the fact that the government disregarded an unwritten rule of the Hungarian political elite by financing welfare spending on credit, not even to ensure election victory. This was the first time this restriction of principle was transgressed by a political force to such a degree, and the outcome led to a severe lack of trust between the two political camps.

#### **Cabinet Crisis and Blairism**

After a ten-year wait, the date of Hungary's accession to the European Union was fixed. The final date was set as May 1, 2004, the referendum confirming the accession took place almost a year earlier, in April 2003. The turnout at the plebiscite was a rather low 45 per cent – that lack of enthusiasm did not go unnoticed. One year later, the first European Parliamentary elections took place in Hungary. Prime Minister Péter Medgyessy came up with the doomed idea that all parliamentary parties should run with a united list at the European elections. The idea was a mistake; the Prime Minister was attacked by his own party and the intellectuals surrounding it. The result was a clear-cut failure; the right won 13 of the 24 seats, whereas the MSZP and the SZDSZ could send 9 and 2 representatives to the European Parliament, respectively. It was obvious that the left-liberal coalition needed to change in order to overturn the unfavourable tendencies in the polls. The Prime Minister provided the *casus belli* when he fell out with Minister of the Economy István Csillag, demanding the minister's dismissal. The deterioration of the relationship eventually

became public, the head of the government openly declared that the SZDSZ was “full of corruption cases”.<sup>19</sup> The MSZP considered it more important to uphold the coalition than the person of the Prime Minister, so as a result of a deal concluded with the SZDSZ in the background, Péter Medgyessy was forced to tender his resignation. The first “casting of prime minister candidates” begin on the left-liberal side.

Two aspirants fought a bitter fight for the empty position, both of a different left-wing mentality. First was Péter Kiss, a reform Communist similar to the former Prime Minister Gyula Horn. Kiss was ideologically a traditional socialist politician; he climbed up through each step in the hierarchy until he became Minister of Employment and Labour in the Medgyessy government. The other aspirant was the more liberal and radical Ferenc Gyurcsány. Gyurcsány was considerably younger than his rival, he had not been a member of the MSZMP, and in his youth he set himself to reform the Hungarian Young Communist League (*Magyar Kommunista Ifjúsági Szövetség*, KISZ). After the transition, he married into one of the most influential leftist-Communist families, the Apró clan.<sup>20,21</sup> First, Gyurcsány transformed the family’s social connections to economic power after the transition, establishing a considerable corporate empire for himself. Then he decided the time was ripe to employ his social and economic capital for political purposes. He played an important role in the election of Péter Medgyessy as a personal advisor to the Prime Minister candidate. He is credited with the creation of the “rope speech” affair,<sup>22</sup> distorting a speech delivered by László Kövér, a leading Fidesz politician, in the final spurt of the 2002 campaign. They highlighted some sentences from Kövér’s speech without context, and the passage, with its meaning changed this way, played a crucial role in the socialists’ negative campaign in 2002. Gyurcsány was Minister of Youth and Sport in the MSZP-SZDSZ government from mid-2003. According to some sources, he himself prepared the grounds for overthrowing Medgyessy.<sup>23</sup>

The leaders of the MSZP proposed Péter Kiss for Prime

Minister, but the MSZP congress elected Ferenc Gyurcsány for the position. Gyurcsány not only managed to convince the deputies, he also threw himself into the government work with huge momentum. Crucial among his goals were reforming the MSZP, doing away with Kádarian traditions, breaking the centres of power, and stopping the gradual aging of the socialist voter base. Gyurcsány's ideal was British Labour Prime Minister Tony Blair, who reorganized and led the Labour Party to unprecedented success. Similar to Blair, Gyurcsány promoted considerably more liberal policies than the old traditional, hard-line socialists. He was a supporter of the free market that also showed sensibility to social issues. He tried to imitate the English model throughout his governance. This was especially true as regards appearances: he delivered his speech at the MSZP congress sitting on a bar chair and the party's campaign was characterized by dynamism and exceptionally good design. There were also some similarities of content, the Prime Minister tried to approach the middle class and the economically active population as well. He intended to replace the memory of Kádár in leftist policies with that of Imre Nagy, the martyr Prime Minister of 1956.

Ferenc Gyurcsány, after being elected Prime Minister by the MSZP-SZDSZ coalition, had to face a plebiscite first. The World Federation of Hungarians (*Magyarok Világszövetsége*, MVSZ) began collecting signatures to grant citizenship to ethnic Hungarians living "beyond the borders". The dictated Trianon peace treaty of 1920 stripped Hungary of two thirds of its territory with about 3 million Hungarians forced to live in foreign countries.<sup>24</sup> This number in 2004, together with the exiles of 1956 reached about 5 million – being half of the population within Hungarian borders. The Treaty of Trianon is perceived from different perspectives by the two political poles. While the right sees it as the greatest tragedy of the nation, mainly laying the blame on Entente powers, the left throws the blame on nationalism and the Hungarians' mistaken domestic policies for the dismemberment of the country. One of the

main causes for this difference in attitudes is that Trianon was prohibited to mention during the years of communism, and the authoritarian system in the 26 years of the interwar period was identified with the arrow-cross Nazi dictatorship of 1944-45.

Hungarian Prime Ministers after the transition (József Antall, Viktor Orbán and Péter Medgyessy), as a symbol of the unity of the nation, therefore often referred to themselves as “Prime Ministers of 15 million Hungarians”. However, the Left and especially its liberal ally conducted anti-nationalistic policies – the “government of the national centre”, often repeated in 2002, remained but a slogan employed to counter the Right’s accusations of internationalism against the Left. In 2001, the first Orbán government already made an attempt with the so-called “status law” at providing extra rights to Hungarians beyond the borders, but this led to negative reactions by the left-liberals, arguing that provocation of neighbouring countries must be avoided. Fidesz at the beginning did not support the plebiscite initiative, but after a while it became clear that no explanation was viable as to why the party would not endorse the proposition. As they eventually did, the socialists put the topic to party political use, and relying on welfare demagoguery, with the leadership of Gyurcsány, they made sure the plebiscite failed. They frightened the voters by saying that so many people would assume Hungarian citizenship that the Hungarian healthcare and pension systems would collapse. The referendum was unsuccessful because of the low turnout. Fidesz and the right-wing forces still consider December 5, 2004 a day of high treason and a betrayal of ethnic Hungarians beyond the borders. The plebiscite would have offered an outstanding opportunity for the left-liberal camp to break away with its traditions and take a patriotic turn, thus creating a national minimum in the issue of the support of Hungarians beyond the borders. For a long time after the vote, socialist politicians did not travel to the disannexed portions of the nation. In 2013 Attila Mesterházy, president of the MSZP asked for the forgiveness of Hungarians living abroad on

behalf of the Socialist Party – but it must also be said that one of the first actions of Fidesz was to establish a simplified naturalization process in 2010, and citizenship entails voting rights (for party lists). Ferenc Gyurcsány upholds his former opinion – the case was the first success of the Gyurcsány government in 2004. There was only one socialist politician who encouraged a yes vote back then: Katalin Szili, chairman of Parliament.

### **Election of the President of the Republic**

Katalin Szili, like Péter Kiss, was an old-school socialist politician. She became a member of the state party in 1983, and was an MSZP MP from 1990. She was one of the few who wanted to shift Socialist policies to a patriotic direction, and also professed her opinion in these matters openly. For her commitment to national interests, she was many times labelled a traitor and a rightist, especially by the liberal intelligentsia. This denunciation was unfounded, for in all crisis situations between the Left and the Right, Szili never broke party discipline. However, she remained a prominent leader in the socialist party, backed by the socialists of Pécs, a traditionally leftist industrial and mining city, one of the mightiest socialist strongholds until 2008. Against the will of Ferenc Gyurcsány, the MSZP congress nominated Katalin Szili for President of the Republic.

The socialists aimed at installing a politician committed to the nation to the highest public office, one whom also the right could have accepted as head of state. In addition, it would have been possible to get rid of Szili as a prominent socialist leader. This was in the interest of the socialist power centres – the head of state in Hungary only has weak authority. However, Szili was caught up in friendly fire.<sup>25</sup> The liberal party declared that they would not back a party politician. Consequently, the right did not back Szili's nomination either, and entered a candidate of their own. The Hungarian head of state is elected by Parliament, with a two-thirds majority of MPs needed. According to the previous rules, if this proved fruitless two times, the simple

majority of all MPs also became sufficient. Szili failed in the first two rounds, so in the third round the candidate of the right, László Sólyom, the first chairman of the Constitutional Court (*Alkotmánybíróság*, AB) and one of the leading personalities of the transition emerged as head of state.<sup>26</sup> The liberals and the socialists blamed each other, but the result was unambiguous: the socialist party lost ground and the vision of a national Left also failed.

### **The 100 Steps Agenda**

The 100 steps agenda was aimed at preventing the negative trend emerging in public opinion polls. The programme, also inspired by Tony Blair's governance, was intended to succeed the 100-day agenda. It was announced in the summer of 2005<sup>27</sup>, and consisted of further welfare measures promised by the socialists and liberals. Most important of these were the "nest-building" programme, similar to the interest subsidy programme offered by the first Orbán government to support first home acquisition; an abolishment of local business tax; envisaging a gradual reduction of the personal income tax by 2010; and reducing value-added tax from 25 to 20 per cent. No information about the revenues and expenditures related to the planned measures was published. The downward spiral was overturned successfully; from September 2005 popularity data took a favourable turn for the socialists again. However, as it became known after the election, when the MSZP-SZDSZ government had taken these measures, Gyurcsány and the elite around him were already aware of the fact that the country was on the brink of bankruptcy and very serious austerity measures would be necessary after the election.

### **The Election of 2006**

The 100 steps agenda and the pretence of an able government allowed the left-liberal coalition to close the considerable gap in support between them and the Right, catching up in time for the 2006 parliamentary election. Ferenc Gyurcsány conducted an energetic and ruthless campaign and put

forward the image of a renewed party. He transformed the MSZP from being a party of the “little men”, Horn Gyula style, to a progressive leftist people’s party, while the ideological differences between the MSZP and the SZDSZ became harder to spot. The left-liberals spent vast amounts on the campaign, also drawing on government resources<sup>28</sup>, to obtain victory. The New Hungary Development Plan – mostly a façade for developments funded by European Union resources – was intended to showcase the permanent development of the country.

The Right was continuously beset by division as the MDF declared its unwillingness to run jointly with Fidesz. Fidesz intended to subjugate the party once prominent in the transition, in keeping with the “one camp, one flag” principle (the way it did all right-wing parties), as Viktor Orbán thought a contest between right-wing candidates would only benefit the socialists. The MDF resisted and aspired for the “balance of power” position. They did not run jointly with Fidesz, what was seen by the senior right-wing party and its electoral base as betrayal.<sup>29</sup> Still, Fidesz tried to make a gesture right to the last moment to the MDF. In 2006, between the two electoral rounds, Orbán himself stood down as a Prime Ministerial candidate and nominated Péter Ákos Bod for the position to avoid being an obstacle to the agreement, but the MDF remained intransigent.

The governing parties built their campaign on the claim that Hungary was the top country in Central-Eastern Europe, and on track with its catch up to the European Union’s standard of living. As opposed, the main message of the Right was “We’re worse off than 4 years ago”, which, as a matter of fact, was not true.<sup>30</sup> Thanks to the considerable borrowing (especially cheap credit in foreign currencies)<sup>31</sup>, the livelihood of the average citizen was continually improving. Against the background of steadily rising wages and pensions, the Right’s message was ineffective. It gave the impression that Fidesz was unwilling to acknowledge the government’s accomplishments. In reality, however, the MSZP-SZDSZ coalition consciously concealed budgetary

data, even (like Greece) falsifying<sup>32</sup> them to the European Union. The fact that they got away with this led to grave disillusionment in the pro-EU right-wing elite and electoral base. The quarterly reports of the Central Statistical Office (*Központi Statisztikai Hivatal*, KSH) were withheld with regard to the election,<sup>33</sup> so that they could not influence the campaign. As a result, the Right proved unable to support its arguments with facts, and the warnings of Viktor Orbán were not well-received. Nonetheless, the head of Fidesz submitted himself to a debate with the other Prime Ministerial candidate, Ferenc Gyurcsány. The MSZP's candidate accused the former Prime Minister of being unable to acknowledge the country's economic successes. The president of Fidesz prognosticated that a significant austerity package is to be expected after the election, and measures like healthcare co-payment will be introduced;<sup>34</sup> however, the Prime Minister denied this in the live broadcast and accused Orbán of lying. Orbán, after losing the debate against his opponent,<sup>35</sup> never again undertook a TV debate with the socialists, either in 2010 or in 2014. For that matter, the Gyurcsány government introduced healthcare co-payment in the summer of 2006.<sup>36</sup>

### **“Őszöd Speech”**

By the summer after the 2006 elections, it became clear that the left-liberal coalition not only lied to the voters in the campaign but in fact carried out the exact opposite of the policies they had promised during the spring. The situation proved so grave that in the spring–autumn period of the election year, when governments would traditionally embark on the handouts that would win the autumn municipal elections, austerity had to be introduced already during the summer. The popularity of the MSZP-SZDSZ coalition began to plunge abruptly.<sup>37</sup> Still, the left-liberals presented the great challenges awaiting them as a necessary evil, and communicated large-scale structural reorganization as if the spending had to be cut so that Hungarians could live even better later. They also said



they were brave enough to accomplish the immense reorganization that would have been due ever since the transition. The reform agenda kept to be based on this motif throughout.

On September 17, 2006, a private speech Gyurcsány, later infamously cited as the “Őszöd speech” was leaked. Speaking to the socialist parliamentary group after the elections, the Prime Minister that the true depth of the trouble the country was in had only been known to the narrowest party and intellectual elite. The speech caused a public outrage. Gyurcsány openly admitted that they had only aimed at making it until the election: “I almost died of having to pretend for one and a half years that we were governing. Instead, we lied morning, night and evening”. Concerningly, he considered his party peers and the intellectuals supporting the party unable to carry out the reforms and austerity needed. He, however, argued that if the coalition failed to accomplish all this, it would be done by Fidesz. “My personal story is that let’s change this fucking country, for who else will do it, Viktor Orbán with his team?”<sup>38</sup>

After the speech was leaked, protests began in front of Parliament. Two days later, extremists appeared in Kossuth Square, later marching into the headquarters of Hungarian Television<sup>39</sup> to have their petition broadcasted. A limited minority tried to break into the headquarters. Police tried, in vain, to prevent this in a disorganized manner, without the proper equipment. The night that later became notorious as “the siege of the television” (and that was a conscious provocation according to the Right) reinforced the idea that while left-liberals represent calm and professional governance, the right-wing opposition represents extremities. Their calculations only paid off in Budapest where the liberal mayor Gábor Demszky succeeded to keep his seat during the municipal elections; however, the mayoral positions in two thirds of cities with county rights were won by the Fidesz. Some traditional left-wing strongholds also fell, like Érd and the mining town

Tatabánya<sup>40</sup>, developments nobody had expected before. Voters sent an unambiguous message to the government.

### **The 50th Anniversary of 1956**

It was in such an environment that the country celebrated the 50th anniversary of the revolution of October 23, 1956. The Left's understanding of 1956 had always been ambivalent. This is because a significant proportion of left-wing voters look back nostalgically on János Kádár, who was in charge when the Soviet Empire suppressed the revolt, and hundreds of death sentences were dealt out. However, he improved the lives of these voters significantly, first by redistributing wealth, later with Western credit. Most of the leaders of the MSZP also began their political career as apparatchiks of the state party—and none of them ever felt ashamed. Under these circumstances many right-wing supporters and victims felt it inappropriate for the same people who were important supporters of cruel system to celebrate the anniversary. The situation was further aggravated by ongoing protests and demonstrations against the austerity measures of the Gyurcsány government. The 50th anniversary saw several political rallies in Budapest. One rally was organized by Fidesz, with some nearby rallies held by right-wing extremists. The members of radical right-wing organizations not only expressed their opinions about the reigning power by peaceful means, so police began to disperse them. Opinions are divided as to whether it happened deliberately or not, but the outcome was that they were gradually driven by police into the people leaving the Fidesz rally. The resulting crowd was dispersed with tear gas, rubber bullets, expandable batons and blows with the flats of swords.<sup>41</sup> Policemen did not even wear identification tags. The “celebration” was one of the key events of the Gyurcsány era, and brought about a complete loss of faith in Hungarian government bodies among the Right, as well as in European public opinion and elites, as the European Union failed to voice any concerns about the infringements of citizens' rights. A consequence that applies right to

the present was that the rightist camp became immune to concerns about Western-style democracy in Hungary from that day.

### **Reforms**

Large structural reforms were undertaken in line with the Blairist policy mentioned above. However, reforms did not enjoy the support of society, professional organizations<sup>42</sup> or stakeholders. The population only understood large-scale reforms as privatisation, decreasing wages and rising prices. Fidesz kept confronting the government with its previous promises and was successful in explaining that while the right passed on a Hungary set on a rising course, left-liberals exhausted all opportunities and ruined Hungary that, once a model country of the transition, now became the laggard of Central-Eastern Europe. However, it was not structural reforms that caused most damage, not even the question of privatization – plans of which changed haphazardly, even from day to day, most of all because of the lobby groups behind the liberal party.<sup>43</sup> Most damage was caused by the fact that the left-liberal government's austerity measures directly affected the man on the street. These measures meant an onerous encroachment upon people's everyday lives. No doubt, the government's goal was to promote citizens' sense of responsibility, but the population only experienced this responsibility as extra costs. This was particularly damaging as Hungarians are traditionally statist and extremely individualistic at the same time.

Co-payment was introduced in healthcare, with patients paying to visit the doctor. This decimated the core base of the Left as pensioners were the ones most effected. A similar measure was the daily fee to be paid in hospitals, and the tuition fee that the Horn government had once instituted, and that was later abolished by the first Orbán government. These three measures became symbolic, but reforms brought about a large-scale rise of prices everywhere. Austerity included the closure of small post offices and railway branch lines in the country, as well as a considerable reduction of

the government subsidy of railway fares. This was the beginning of a process that by today has led to the total annihilation of the socialists' base in townships and villages. This is one of the main causes behind the surge of The Movement for a Better Hungary (Jobbik), an extremist party. The government also wanted to transform healthcare financing through the introduction of a multi-insurer system, which Fidesz did not support.<sup>44</sup> Reforming of the system would again have benefited liberal lobby groups and deteriorated the situation of the socialist base. Fidesz aimed at holding a plebiscite.

### **Welfare Plebiscite**

Fidesz initiated a plebiscite about several questions, with the ones pertaining to co-payment, daily hospital fees and tuition fees approved by the Constitutional Court. The idea of proclaiming a welfare plebiscite was Orbán's. Few in the Fidesz leadership or indeed among party members expected the initiative to succeed. Success was rather hopeless for several reasons. First, according to the Constitution, it was not possible to hold a plebiscite in matters pertaining to the budget. Even when the Court approved some of the questions, the chance of failure remained. In Hungary, a plebiscite could be successful in two ways: if more than 50 per cent of all voters participate at the referendum, or, failing that, if at least 25 per cent of all (8 million) voters cast the same vote.

Fidesz supported the abolition of the symbolic measures, whereas the MSZP and MDF conducted no campaign at all, and called their supporters to boycott the vote to make it unsuccessful. SZDSZ carried out an active campaign, the chief message of which was that Fidesz intended to restore nostalgia for the Kádár system. Liberals and intellectuals behind them have tried to convey this very message right to this day in every forum possible – this meets with success abroad, however in Hungary they have been unable to challenge the image upheld by voters that in the political arena Fidesz remains the staunchest anti-communist party

to the present. The plebiscite offered an excellent opportunity for Fidesz to prove that they were a socially sensitive party that also understands the problems of the poor and the lower-middle class—groups that traditionally had not been part of the right-wing party's core base. Fidesz skilfully exploited weaknesses of Blairism. The plebiscite was a resounding success with more than 50 per cent of all voters casting their ballots, and the proportion of votes for annulling the measures was above 80 per cent in all questions. Fidesz, encouraged by the success, aimed at attacking the multi-insurer system at another referendum, should the government not withdraw its introduction. This resulted in the disintegration of the governing coalition and the withdrawal of the law in question.

#### **Minority Government**

After the welfare plebiscite, it was the state secretary responsible for maintaining the coalition who, albeit inadvertently, best summarised the voters' opinion of the message that the vote had conveyed. While listening to Ferenc Gyurcsány's ill-conceived explanations, Gábor Horn, a leading SZDSZ politician, said in front of a television camera that people unambiguously declared that Gyurcsány should step down as Prime Minister. This was not realized but the governing coalition collapsed. The Gyurcsány government, now in minority, was supported by the SZDSZ and MDF from the outside, from vote to vote. Fidesz tried to attain holding an early election throughout the minority government period, in vain. An important milestone in the process could have been winning over the SZDSZ, for as it became public, the party's leadership became home to notable disagreements concerning the party's relationship with the socialists. Two candidates aspired to the position of the outgoing Gábor Kuncze (who led liberals to victory in 2002): János Kóka<sup>45</sup>, supported by the SZDSZ's parliamentary group, was a resolute supporter of the government, whereas Gábor Fodor<sup>46</sup> envisioned a liberal party that kept equal distance from both the Fidesz and the MSZP. The first

round of their contest resulted in a tied vote. János Kóka won the rerun. This happened in 2007, before the welfare plebiscite. However, Hír TV, a television channel close to Fidesz, uncovered that fraud had occurred during the vote.<sup>47</sup> The repeated congress brought about the victory of Gábor Fodor. SZDSZ ended up in a situation where Fodor, within the party, was urging on the liberals to distance themselves from the socialists, whereas Kóka had majority in the parliamentary group, and kept supporting Gyurcsány from the outside. Power relations, of course, came in question not only in the liberal party. Within MSZP, the county chairmen whom Gyurcsány temporarily managed to thrust into the background regained their strength. With the outbreak of the worldwide economic crisis, Hungary's situation became intolerable in the autumn of 2008. Austerity was no longer sufficient for the country to avoid a default. Negotiations began with the European Union and the IMF about borrowing a considerable amount. However, this required a new face.

#### **The Government of “Technocrats”**

At the MSZP congress, Ferenc Gyurcsány announced his resignation as Prime Minister, he was, however, confirmed in his position as party chairman. Gyurcsány set out to find his successor, but his candidates either refused the candidacy or they failed to meet the sympathy of the socialist party's top leadership.<sup>48</sup> This led to Gyurcsány being also removed as party chairman a week later. As Prime Minister, he stepped down with a vote of constructive non-confidence – this was chiefly intended to prevent an early election, steadily demanded by Fidesz ever since the Őszöd speech was leaked. After the socialists got rid of the Prime Minister, they went on with the “casting of Prime Minister candidates”, an utter fiasco for the left-liberal camp. New names kept emerging for weeks about who could be a suitable candidate.

Eventually Gordon Bajnai became this candidate. Gordon Bajnai was the university classmate friend and business partner of Ferenc Gyurcsány. After the transition, thanks to

his parents – and also his past in the state party – he accumulated considerable wealth and played an important role in the privatization of several state companies. His career ran a course very similar to that of Gyurcsány – he transformed his economic capital to political power. From 2007, he was Minister of Local Government and Regional Development in the Gyurcsány government, and then worked as Minister of National Development and Economy until 2009.

Bajnai formed a minority government that he labelled “technocratic”. The government was supported from the outside by the SZDSZ permanently, and by the MDF on a case by case basis. As to what extent this indeed was a “technocratic” government, all is clearly shown by the fact that 30 of its 39 “technocratic” ministers and “technocratic” state secretaries were closely associated with the Socialist Party (most of them being party members and/or MPs), with 32 of them actively participating in the work of the Gyurcsány governments in leading positions.<sup>49</sup>

The Prime Minister’s mission was avoiding bankruptcy. For this, the Bajnai government requested credit from the IMF and the European Union that they spent on operational expenditures. In exchange for the loan, they reduced pensions, raised the retirement age, reduced the salaries of public servants, and curtailed the system of family allowances.<sup>50</sup>

Fidesz won an immense victory at the 2009 European Parliamentary election with 56 per cent of the vote. The socialists only received 17, and the liberals got 2 per cent. Some new anti-establishment parties also appeared at the election, the right-wing radical Jobbik received 15 per cent of the vote, whereas Politics Can Be Different (*Lehet Más a Politika*, LMP), the Hungarian green party obtained 2 per cent, surpassing the SZDSZ. The liberal electoral base was practically annihilated. At the 2010 parliamentary election, the SZDSZ run with the MDF but even together they failed to reach the 5 per cent limit necessary for getting into the Parliament. Even more painful for the Left was the result of the mid-term mayoral election in Pécs. The city used to

be one of the most powerful socialist strongholds; still Szili Katalin, candidate and prominent party leader suffered an exceptionally humiliating defeat, with the Fidesz candidate receiving almost two thirds of the vote. Besides the austerity, the left-liberals were now also afflicted with corruption scandals, mostly concerning the left-liberal coalition that still persisted in the Budapest local government.

### Summary

The left-liberal victory of 2002 was due to the fact that the MSZP-SZDSZ duo was in a better position than its opponents in every respect. Their social ties, their media connections, their communication, and in the regards of the supporting intelligentsia, they surpassed Fidesz-MDF by a long way. The Right, however, worked systematically to overcome these drawbacks, under all circumstances clearly favouring their opponents. Fidesz and its allies, in the long run, proved capable of adapting to social, economic and media conditions, and to alter them to their advantage. The culmination of this process was the two-thirds victory of 2010, an empowerment that allowed Fidesz to transform the Hungarian landscape according to their own vision. Voters legitimized the new structures in 2014, and also declared that they wanted no more of what the Left had to offer—as the reform of the Left succeeded only partially, and their leading politicians remained mostly unchanged.

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- for the last one and a half-two years”, in: *Origo*, 17/09/2006, see: <http://www.origo.hu/itthon/20060917tragarsagokkal.html> (last visited: 14/05/2014)
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41. Könyvgazt, vízágyút és gumilövedékeket is bevetettek a tüntetők ellen [*Tear gas, water cannon and rubber bullet were put into action against protesters*], in: *Magyar Nemzet* 23/10/2006, see: <http://mno.hu/migr/konyvgazt-vizagyut-es-gumilovedekeket-is-bevetettek-a-tuntetok-ellen-+ujabb-friss-kepriportok-474636> (last visited: 14/05/2014)
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45. János Kóka was also one of the politicians who got rich under suspicious circumstances, he was/is engaged in several common businesses with Ferenc Gyurcsány.
46. Gábor Fodor was a founding member of Fidesz, a room-mate of Viktor Orbán in the university halls of residence. Fodor was defeated in their fight for the party chairmanship, Orbán aimed at positioning Fidesz to the right, whereas Fodor was a proponent of the alliance with the SZDSZ. Orbán won, and Fodor and his allies first left Fidesz, later to join the SZDSZ. Fodor was Minister of Education for a year in the Horn government, and Minister of Environment and Water in the Gyurcsány government, up until the collapse of the coalition.
47. Fodor Gábornak harmadszorra sikerült [*Fodor Gábor did it for the third time*], in: *Index* 07/06/2008, see: <http://index.hu/belfold/szfg0607/> (last visited: 14/05/2014)
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## CHAPTER 3

### State and Democracy **The World as Will**

Márk Szabó

On Wednesday, March 26 2014, Prime Minister Viktor Orbán held an impromptu press conference in the Parliament building, announcing that the Government of Hungary had repatriated seven elements of what are known as the “Seuso treasure”, an ancient Roman hoard of silver objects. The silverware was unearthed in Hungary during the 1970s but had disappeared under mysterious circumstances and all subsequent efforts by Hungary to reclaim it from their private owner have thus far proved ineffective. “It has always belonged to Hungary. This is Hungary’s family silver”, said the Prime Minister about the EUR 15 million/c. USD 20 million deal.

The reclaiming of the treasure, although part of the general election campaign, embodies in a single move the overarching narrative the ruling government has been constructing since it assumed office after victory in 2010. The brief, three-sentence announcement by the Prime Minister symbolised the government’s “can-do” philosophy. Over the past quarter-century previous governments’ efforts to reacquire the treasure had proved futile. These attempts failed either because of a lack of will, insufficient parliamentary majority, or an aversion to risk.

Viktor Orbán’s single aim was, from the very beginning of his second government, to prove that unlike all of his predecessors, he *can* accomplish things in government. Whether it is cutting household utility prices or drafting a new constitution and two-thirds laws, the message was clear: the consensus defining the first 20 years of Hungarian

democracy no longer apply. A new setup was needed and the “supermajority” was intended to redesign Hungary’s political and economic framework.

Voluntarism, activism and leadership – these three terms help explain how the government and the Prime Minister saw the role of the government vis-à-vis the institutions of the state. This effort may be compared to the ambitions of France’s former President Charles de Gaulle who, upon returning to power in 1958, fundamentally changed the republic’s functioning. It remains to be seen whether the effects of the policies initiated by the second Orbán government will prove as long-lasting as those of de Gaulle, yet an early assessment may be drawn up based on what has been carried out in the years leading up to the 2014 general elections.

This essay argues that the state and its democratic institutions were seen as key elements in the broader reform programme of the second Orbán government. This explains the need for both a fundamentally new institutional system, including a new constitution, and a more “mechanical” aspect, a top-down public administration reform. In fact, the paper argues that the second Orbán government’s view of the reform of the state was twofold, having “visionary” as well as more “technocratic” goals. The former encompasses the fundamental constitutional changes, while the latter refers to the reform of Hungary’s administrative system.

I argue that the second Orbán government signals a clear and decisive move towards a “popular” version of democracy. In terms of institutional balance, this means a strengthened legislative branch within which the government, relying on its (super)majority, assumes a leading role. In a way, this is the purest version of the parliamentary model there is. It grants a strengthened role to the Prime Minister who, as in the British democratic setup, has effective control of the government and the governing majority party. Being the charismatic leader he is, Prime Minister Viktor Orbán is a case study in “leadership democracy”.

### **The Road Travelled between 2010 and 2014**

On the eve of the second round of the 2010 general election, it became clear that Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) and the Christian Democratic People's Party (*Kereszténydemokrata Néppárt*, KDNP) did secure the two-thirds majority in Parliament, enough to change Hungary's constitutional framework without having to rely on any cross-party support. Though not a novelty, as the socialists and the liberals between 1994 and 1998 had an even larger majority in Parliament<sup>1</sup>, this time the political and ideological coherence of the government was unquestioned.

In spite of the lack of explicit mention, let alone promise during the campaign of adopting a new constitution, the Prime Minister made no secret of his intention of drafting a new fundamental law for Hungary right afterwards. On May 25, 2010, he began presenting his government's programme in Parliament by declaring that the country's constitution will be replaced by a new text by no later than 2012. Speaking of the failures of the past two decades, Orbán said "Hungary could not achieve proper self-determination. Perhaps it is because of this that history judged that these ineffective parties should be annihilated."<sup>2</sup> The cornerstone of Hungary's new constitutional framework was thus defined as a belated decision to replace the 1989 fundamental law, itself explicitly devised to be a "temporary" text until a new one is adopted, by a democratically elected legislature.

In Orbán's vision, the 2010 elections ushered in a completely new era of Hungarian politics, ending the post-1989 consensus. Ironically, Orbán played a crucial role in the roundtable negotiations leading up to the democratic transition. But by 2010 he viewed those agreements as obstacles to untangling the institutions from the compromises which constituted the "post-communist" nature of Hungarian politics.

The changes that were carried out by the second Orbán government were therefore meant to completely replace the "dysfunctional" institutions of the 1989 negotiations.

These included – in addition to the new constitution – new “cardinal laws” (or two-thirds laws); a new electoral system; a new relationship between the state and the market economy, the Hungarian state and the ethnic Hungarians living outside Hungary, the state and the churches, the state and the media and Hungary’s position vis-à-vis the European Union. The common denominator of all of the reforms was a determination to demonstrate that the government had the capacity to carry out fundamental changes and that with enough political will (and the necessary majority) it was possible to reshape the state and its institutions. Put simply: there were no taboos.

From the beginning, the government’s effort to re-strengthen the state constituted a twofold effort. First, symbolic and “visionary” changes—a new fundamental law replacing the “interim”, “Stalinist”, “outdated” one; new foreign and neighbourhood policies—were necessary. Then a more pragmatic process was begun to complement these major changes: the institutions of the state had to be reformed, including, firstly, the entire public administration, from the central-government level to its provincial institutions; new civil and penal codes were drafted as well as legislation to provide for the uninterrupted functioning of the new institutions. The former work was carried out by the Prime Minister, his advisers and ad-hoc expert groups; the latter took place mainly within the newly created Ministry of Public Administration and Justice (*Közigazgatási és Igazságügyi Minisztérium*, KIM), led by Deputy Prime Minister Tibor Navracsics. The former was about building state capacity and inventing new tools for the government to rebalance state-market relations, the latter provided for delivering effective government. Within this new governmental division of labour, Orbán’s role was to define the areas where the state had to increase its weight while his deputy was entrusted with the creation of the necessary legal environment to implement the changes.

In this regard, the most important changes that took place during the second Orbán government include the new

constitution, adopted in April 2011 and in effect since January 2012; the granting of dual citizenship to ethnic Hungarians living outside the country; the introduction of unorthodox economic policies to avoid the austerity measures prescribed by international financial institutions (including, inter alia, special taxes, the nationalisation of private pension fund assets and the reduction in household utility prices); the scrapping of special pension regimes; the reduction of the number of MPs and local municipality councillors; the introduction of a large scale public work scheme; and a new public administration system from the central to the local government level. The sheer number of major changes introduced in public policies does not permit to even superficially explain the details but the underlying governmental approach can be summarised as a desire to grant more power (economic and legislative) to the executive over other branches and institutions of the state. In the Prime Minister's understanding, the shortcomings and failures of the previous governments resulted from the institutional deadlock created by the post-1989 consensus and the lack of political will, or capacity, for the state to initiate the changes needed to establish effective government.

#### **A New Constitution to Buttress the Reforms**

Logically, then, to mark a new beginning, the very symbolic act of drafting a new constitution and thereby scrapping what had been constructed by fundamentally rewriting every article of Act 20 of the 1949 fundamental law, had to be carried out. The governing parties had the necessary majority and the ideological cohesion to do so. Despite some attempts to involve the opposition, it soon turned out that the task would mainly be an internal process for Fidesz and KDNP. The result, adopted in parliament in April 2011 solely by MPs belonging to the governing two-thirds majority, was a new fundamental law which symbolically ended Hungary's post-communist constitutional history.<sup>3</sup> It includes an "avowal of faith" which refers to the role of Christianity in "preserving nationhood"; denies "any statute



of limitations for the inhuman crimes committed [...] under the national socialist and communist dictatorships”; dates the restoration of Hungary’s self-determination, lost in March 1944 as a result of German occupation, to May 1990; calls for “prudent use” of the country’s material, intellectual and natural resources; and proclaims that the “Fundamental Law shall be the basis” of the country’s legal order.

In addition to the “avowal of faith”, the new fundamental law is, in itself, a symbolic novelty. In fact, there is more to symbolism in it than to systemic institutional changes. Though it introduced new ideas to Hungarian constitutionalism—its very name (“Fundamental Law”, after the German *Grundgesetz*, instead of the previous “Constitution”), concepts such as protection for Hungarian Sign Language (Article H), the definition of a marriage as “the union of a man and a woman” (Article L), the protection of “embryonic and foetal life [...] from the moment of conception” (Article II) and enshrining the cap on public debt at 50% of GDP (Article 36)—the fundamental law itself left the parliamentary system of Hungary unchanged. The country, despite seeing its name changed from “Republic of Hungary” to “Hungary”, had its political system fundamentally unchanged. A Hungarian government is still led by the Prime Minister who is responsible to the Parliament and who may only be removed through the procedure of a “constructive” vote of no confidence (Article 20/2b). There remains a largely symbolic role for the president and a set of “cardinal” laws guaranteeing constitutional stability.

In fact, the new fundamental law, adopted last among post-communist Central and Eastern European countries, was more a *symbol* of the capacity of the government to draw a line under Hungary’s recent past. As set out by the deputy prime minister, “[I]t provides a foundation for the spiritual and intellectual renewal of Hungary. It reflects the past, present and future of the nation, and the fundamental values of the Hungarian people.”<sup>4</sup>

With the adoption of Hungary’s “Easter constitution”, the second Orbán government then set out to draft the

necessary cardinal laws (two-thirds laws). These pieces of legislation were no fundamental novelty either. The idea that the institutions deemed most important for the country's constitutional framework should be protected with laws requiring a supermajority dates from the country's democratic transition. The peculiarity of the second Orbán government was that, as opposed to the original constitutional and political intentions of the early 1990s, to require a cross-partisan majority for certain areas of the body politic to be changed, it had both the will and the political unity to freely alter the constitutional setup. And it relied frequently, freely and heavily on this capacity.

### **Increasing State Capacity**

In addition to the new fundamental law and the cardinal laws, the cabinet and the governing majority embarked on a series of policy changes aimed at increasing the state's capacity, creating internal and external manoeuvring space and, in the cabinet's view, regaining self-determination.

First in this line was the decision to amend the citizenship law to allow ethnic Hungarians living outside the borders to become dual citizens. The parliamentary vote took place six years after a 2004 referendum in which turnout was too low for it to be valid. Though sparking an immediate debate with neighbouring Slovakia, the vote was almost unanimously passed in the Hungarian Parliament. The move was complemented by the new electoral law granting voting rights to non-resident ethnic Hungarians. The granting of dual citizenship with voting right "attached" ended a two decade-old debate in Hungarian politics. The issue had been hotly contested issue for years but the government's step was publicly opposed only by former Prime Minister Ferenc Gyurcsány's party, Democratic Coalition (*Demokratikus Koalíció*, DK).

The politics and policies of regaining Hungary's self-determination inside and outside involved a series of more controversial decisions as well, most of them related to the economy. As early as the summer of 2010, the government

decided to end negotiations with the International Monetary Fund (IMF). The abrupt move was followed by the introduction of “unorthodox” economic policy measures, such as the nationalisation of private pension fund assets, the introduction of special (crisis) taxes on banks and private sector players, and led to heated clashes with the European Commission. Without going into detail about the specific measures, it suffices to note that they are true to the government’s wider strategy of increasing its fiscal manoeuvring space. The “economic freedom fight”, as it was often referred to by the Prime Minister and members of his government, was thus about the deliberate effort to break taboos and allow Budapest to go its own way in managing the crisis and reforming the economy.

Two basic elements constituted the core of this economic voluntarism: to balance the budget and escape Brussels’s excessive deficit procedure (EDP) which had been in place since the country’s accession to the EU, and to avoid the introduction of direct austerity measures. The narrative of the state’s capacity to reduce the financial burdens of its citizens was given a boost when a series of measures to cut household energy prices began in 2013. In policy after policy, the underlying conceptual framework remained the same: with a two-thirds majority, the political will to regain self-determination, and assert sovereignty by strengthening the state can translate directly into economic reality.

To be sure, this “muscular” understanding of the role of the state provoked fierce debate. The decision, for example, made in October 2010, to curb the right of the Constitutional Court in questions related to tax and budgetary issues (until the state debt is decreased to below 50% of GDP) in order to be able to retroactively impose a 98% tax on severance payments called into question the government’s commitment to the basic principles of the rule of law. Similarly, some asked whether nationalising EUR 9 billion/USD 12 billion of accumulated private pension fund assets to balance the budget was a breach of private property.

The “yes, we can” philosophy behind the government’s

decisions completely redrew not only the institutions of Hungary's democracy but the nature of the political discourse. The steps, for example, to scrap special pension regimes, or to introduce mass-scale public work programmes in place of unconditional social welfare payments, substantially changed the framework of political debate. In this sense, the second Orbán government did draw a line under Hungary's first two decades of democracy; it is nearly impossible to return to the pre-2010 narrative, let alone "roll back" the most important constitutional, economic and social policy changes.

### **The Results of the Changes**

"First, the radical changes. If I take my conservatism seriously, I can say that radicalism may create as many problems as it solves. Secondly, retroactive decisions, which breach the concept of equality before the law. Thirdly, that the government, for a long time, seemed incapable of handling our relations with foreign audiences, and this surely has a high price. No political community can be conceived to be so autochthon, so closed." Asked to cite three elements of the government's reforms that he disagrees with, conservative political philosopher and chairman of Századvég Foundation, a conservative think-tank that supports the government, András Láncki spoke of his concerns in 2012.<sup>5</sup> His points fit well with the questions one may raise regarding the state-boosting policies of the second Orbán government: whether the radicalism inherent in every major decision was necessary, whether sacrificing the commitment to the rule of law is too high a price to pay for achieving political success, and whether the struggle to regain sovereignty entails losing too many friends and supporters without whom the broader narrative the government attempts to build falters amid waves of international criticism.

In terms of the constitutional "reset", it is hardly debatable whether the government succeeded in its fundamental reforms. The sheer number of laws drafted and amended, alongside the new constitution itself, show that the

government was capable of overhauling an institutional setup it viewed dysfunctional. The problematic aspect is that the fundamental law, which was described as “engraved in stone” by the Prime Minister, underwent five subsequent amendments during one and a half years, seemingly vindicating critics of the pace with which the original text was adopted in April 2011. Also, the lack of cross-partisan support for the fundamental law and the cardinal laws means the new institutional system can be labelled “biased” in favour of Fidesz. This makes consolidation more difficult, even if the opposition implicitly accepts the new framework within which it competes for power.<sup>6</sup>

It is also worth mentioning that despite claims of over-reach by the state, the changes brought about by the second Orbán government did have their limitations. When the former minister of the Prime Minister’s Office (during the first Orbán government) and chairman of Századvég Foundation István Stumpf was elected judge of the Constitutional Court in June 2010, the governing majority was accused of parachuting in a loyal supporter. Ironically, it turned out that Judge Stumpf would become one of the strongest critics of the government even after the majority curtailed the Court’s rights in autumn 2010; and when, in January 2013, the Court ruled that the compulsory voter registration the governing majority wished to introduce for the 2014 elections was unconstitutional, the government backed down. It was not institutional but popular opposition that prompted the government to call a halt to its policies, in yet another case. When, during the winter of 2011/2012, mass student protests demanded that the plans to introduce university fees be withdrawn. In both cases, Fidesz would have had the constitutional opportunity to push forward – yet it did not. Similarly, President Pál Schmitt had no reason to resign in April 2012 other than to allow the cabinet and the Prime Minister to escape from the growing controversy surrounding his doctoral plagiarism case.

Claims of “state capture” and a “deliberate effort to demolish the system of checks and balances” are hardly

applicable to the second Orbán government. In fact, despite the fundamental reform of the constitutional system, the Prime Minister and the governing majority rely on the philosophy and political consensus underpinning the politics of the 1990s. The only real difference is that back then it seemed unimaginable that a homogeneous political block would ever possess the necessary majority to realign the framework of the state. Two-thirds (“cardinal”) laws were created precisely to force governments to seek cross-partisan majorities. Stripping away the revolutionary rhetoric used by the Prime Minister, his government may be viewed as one which simply “fulfilled” the constitutional provisions of the republic’s founding consensuses.

With regards to the question of democracy and constitutionalism, there is a substantial shift in the ideas and actions of the second Orbán government. Clearly, popular legitimacy and parliamentary sovereignty outweighed the arguments built on the “invisible constitution”, a title coined by former President László Sólyom (2005-2010), the first chairman of the Constitutional Court (1990-1998). Whereas the former stipulates that a parliamentary (super)majority is entitled to the final say in questions related to governance, the latter, stemming from legal and political fears of “overpower”, emphasise the role of independent institutions, such as constitutional courts. The second Orbán government openly opted to rely on its popular legitimacy and favour parliamentary sovereignty over other forms of institutional/constitutional control.

Yet it is misleading to portray this as a systematic disassembling of the “checks and balances” – in a parliamentary democracy, a governing majority has few, if any, built-in checks and balances, a term that is applied in presidential systems. The style with which the government and the Prime Minister used the idea of parliamentary sovereignty may be questionable, but not its legitimacy. The same general qualification applies to the institutional overhaul. Had the government or the governing majority spent a fraction of its energy on formulating coherent

arguments, a considerable amount of controversy could have been avoided.

### **Battles Lost and Won**

The way the Prime Minister interprets politics is fairly simple: it is a constant struggle in which one must stay on the offensive; no opportunity to strike can be missed. Such a combative understanding of politics is not new. It also makes the assessment of the Prime Minister and his government's results easier. If the main goal was to regain Hungary's self-determination and its sovereignty, both external and internal, the list of "battles" lost and won may be drawn up.

The "state-building" endeavour succeeded because its visionary part has been underpinned by the technocratic work led by the Ministry of Public Administration and Justice. Public administration reform was not self-serving; instead, its main aim was to ensure that both the newly established and the fully revamped democratic institutions work according to their functions. By this measure, the institutional "reset" seems to have passed the test.

On financial sovereignty, the government has achieved considerable results – but not without a few problems. Fiscal consolidation policies have resulted in the European Union closing the excessive deficit procedure (EDP) in June 2013, in place since Hungary's accession to the EU in 2004. The decision was an explicit acknowledgement that the "unorthodox" measures, such as the nationalisation of private pension fund assets and the crisis taxes, provided a fiscal manoeuvring space for the cabinet to keep the budget deficit under control at a level below 3 per cent of GDP. And whereas sceptics warned of the unsustainable nature the government's fiscal policies, the latest reports indicate a 2.2 per cent deficit for 2013.<sup>7</sup> Soon after the EDP announcement was made, the government also decided that it would repay Hungary's remaining IMF-loan from 2008, a sum of EUR 2.2 billion/ca. USD 3 billion, ahead of schedule, originally due for March 2014. (The loan was part of a bailout package the then-socialist-liberal government had asked for in the wake

of the 2008 financial crisis.) The move starkly contrasted with the idea of another IMF loan, announced by the government in November 2011. In terms of the country's exposure to international financial institutions, the second Orbán government did manage to assert Hungary's sovereignty.

“A nation may be deprived of its independence in two ways: it may lose it by the sword, or by debt”, said the Prime Minister, quoting former US President John Adams, in his regular Friday morning interviews on public radio in June 2011.<sup>8</sup> In his usual combative rhetoric, Viktor Orbán announced that a portion of the nationalised private pension fund assets would be used to decrease the level of the country's public debt, a government priority. This policy shares the logic of the fiscal consolidation programme. But this time, the second Orbán government did not live up to its own expectations, it failed to significantly decrease Hungary's debt-to-GDP ratio. According to the Government Debt Management Agency (*Államadósság Kezelő Központ, ÁKK*) figures, the level of public debt to GDP was 82.2 per cent in the fourth quarter of 2010, stayed just below 80 per cent throughout 2012, and is projected to be 79 per cent at the end of 2013, while it is estimated to be at 84-85 per cent in the first quarter of 2014.<sup>9</sup> Considering the nationalised private pension fund assets constitute 10 per cent of Hungary's GDP, it is obvious that in its fight against public debt, the second Orbán government lost more battles than it won.

Vis-à-vis the market economy, in its broadest sense, the second Orbán government managed to exert its regulatory power, by relying on its legislative supermajority and by nationalising wherever it was declared strategically necessary. The special taxes levied on banks, the telecoms sector, the energy sector and producers of unhealthy food are examples of the former, while cases of the latter include nationalising strategic gas storage facilities, school book publishing and automotive components manufacturing companies. The introduction of a state monopoly in tobacco retailing in July 2013 is an example of both tools being used together. Overall, the grand strategy was to “rebalance” the



relationship between the government and corporations in favour of the former. This underlying motive culminates in the plans to create not-for-profit, state-owned providers of public services such as household electricity, heating, water and waste removal services, giving the state permanent leverage to cut utility prices. The aim to create a tool for the government to directly influence (cut) utility prices is perhaps the most striking statist element in the second Orbán government's economic policies, and is part of a wider strategy to strengthen the state (perhaps not coincidentally, party manifestos of Fidesz tended to make some reference to "strength", such as an earlier programme entitled "A Stronger Hungary").

The somewhat eclectic mixture of fiscal consolidation, neo-Keynesianism and statist interventionism did secure massive popular support for the governing majority; so much so that the party was second to none in public support since July 2006. On the other hand, the radical nature of the government's reforms did cause difficulties for the cabinet and the Prime Minister abroad. Though Orbán made no secret of his willingness to accept a trade-off in which he maintains domestic popularity at the expense of foreign support, and he is right in saying that an election is won at home and not abroad, the "autochthon" trait in his understanding of politics led to some difficult moments in Hungary's relationships with other countries. Without over-emphasising the role the debates with the European Commission played in determining Hungary's foreign positions, it may be stated that a lack of strategic alliances, with the exception of the traditionally good relationship between Poland and Hungary, did not help during 2011-2012 when the constitutional, judicial, institutional and economic reforms were at their peak.

If the cliché that in contemporary diplomacy perception is as important as substance is to be believed, the second Orbán government lost an important battle: it underestimated the costs of policies that superficially restrict freedoms, such as the new media law. When confronted with the disapproval from abroad, the government did not invest enough energy

in appeasing these critics and instead wrongly portrayed the debates as ones about Hungary's sovereignty.

### **State-building and Democracy**

There are contradictory elements in the second Orbán government's understanding of democracy and the state. On the one hand, there is the constant drive to free Hungary from the last elements of post-communism while on the other, there is the relentless ambition to control previously unregulated spheres. And while the governing majority made an undisguised effort at doing away with constitutional concepts questioning parliamentary sovereignty (even at the expense of curtailing the Constitutional Court's powers) in a number of cases it backed off and changed its original policies upon the Court's rulings.

Ironically, the best characterisation of the second Orbán government's policies vis-à-vis the state and its democratic institutions in light of the road travelled since Hungary's democratic transition may be taken from the title of the *first* Orbán's first government programme: "more than a change of government, less than a system change". Certainly, the depth of the reforms carried out, especially in terms of institutions, amount to more than a difference in policies. All the while, however, the *fundamental* nature of Hungary's parliamentary democracy, established in 1989, remains unchanged, even if the political landscape has been altered.

### **Endnotes**

1. The socialist-liberal coalition altogether had 272 MPs after the 1994 elections but due to the ideological differences between the two governing parties, they never succeeded at reaching a consensus on a wholly new constitution.
2. See a minute-by-minute (Hungarian language) account of the debate in parliament: [http://index.hu/belfold/2010/05/25/orban\\_expozejavaal\\_nyit\\_a\\_parlament/?p=2](http://index.hu/belfold/2010/05/25/orban_expozejavaal_nyit_a_parlament/?p=2) (last visited: 01/04/2014)
3. The English translation of the constitution can be accessed here: <http://www.kormany.hu/download/4/c3/30000/THE%20FUNDAMENTAL%20LAW%20OF%20HUNGARY.pdf> (last visited: 01/04/2014)
4. Navracsics Tibor: A New Constitution for Hungary, in: *The Wall Street Journal*, 2011, see: <http://online.wsj.com/news/articles/SB10001424052748704004004576270911634291304> (last visited: 03/04/2014)
5. Láncai András: Könyörgöm, a politika nem erről szól. [*I Beg You to Understand*,

*Politics is not about this...*], in: HVG, 2012, see: [http://hvg.hu/itthon/20120608\\_lanczi\\_interju\\_seres](http://hvg.hu/itthon/20120608_lanczi_interju_seres) (last visited: 03/04/2014)

6. The situation may be somewhat similar to the 5th French republic where François Mitterrand ran on a platform opposing the Gaullist constitutional reforms until he was elected president in 1981, after which his initial promises of overthrowing his predecessor's changes swiftly disappeared. It is therefore noteworthy that the constitutional consolidation in France took more than two decades and necessitated that the opposition was voted into power.

7. Hungary 2013 ESA budget gap 2.2% of GDP, in: portfolio.hu, 2014, see: [http://www.portfolio.hu/en/economy/hungary\\_2013\\_esa\\_budget\\_gap\\_22\\_of\\_gdp.27576.html](http://www.portfolio.hu/en/economy/hungary_2013_esa_budget_gap_22_of_gdp.27576.html) (last visited: 03/04/2014)

8. 1345 milliárddal csökken az államadósság [*Public Debt Decreases by HUF 1345bn*], in: miniszterelnok.hu, 2011, see: [http://www.miniszterelnok.hu/interju/1345\\_milliarddal\\_csokken\\_az\\_allamadossag](http://www.miniszterelnok.hu/interju/1345_milliarddal_csokken_az_allamadossag) (last visited: 03/04/2014)

9. Hungary 2013 ESA budget gap 2.2% of GDP, in: portfolio.hu, 2014, 9.see: [http://www.portfolio.hu/en/economy/hungary\\_2013\\_esa\\_budget\\_gap\\_22\\_of\\_gdp.27576.html](http://www.portfolio.hu/en/economy/hungary_2013_esa_budget_gap_22_of_gdp.27576.html) (last visited: 03/04/2014); ÁKK, 2014, see: <http://www.akk.hu/object.F3B37ED2-4DEE-4082-B4D3-00F4C9E27293.ivy> (last visited: 03/04/2014)

## CHAPTER 4

Foreign Policy

### **Towards the Centre or the Peripheries?**

Ferenc Gazdag – László J. Kiss

It can be safely stated that the years in power of the second Orbán government (2010-2014) will go down in the 21st century history of Hungary as the most turbulent and debated period of Hungarian foreign policy in the 25 years after the political and economic transformation. The debates are related to the country's traditional international relations only to a lesser extent; for the most part, they concern Hungary's political system as a whole, its economic future and geopolitical positioning. Undoubtedly, the most important events of the past four years were the steps taken to transform public institutions and overcome the economic crisis. The former resulted in Hungary's switching to the majoritarian model of parliamentary democracy with a new Constitution, a National Assembly (Országgyűlés) halved in size, and a new electoral system. As regards overcoming the economic crisis, results have so far been limited. The transformation has been closely followed from abroad, not least thanks to Hungary's EU membership.

This paper attempts to contribute to the interpretation of the foreign policy of the last four turbulent years and, in a broader sense, to evaluate the 25 years since the political changeover by unravelling a thread that has so far been presented to public opinion only in an indirect fashion: that of the foreign policy of indebtedness, its stages and consequences to domestic policy legitimacy.

#### **Perceptions and methodological considerations**

It is a political given that Hungary was a pioneer of the

transition to a market economy as well as the dismantling of the Communist political system. The opening of the border between Hungary and Austria to allow masses of East German tourists to cross into Austria is generally remembered as a symbol of this. With the slogan “Back to Europe!”, Hungary was among the first to declare its intent to join the Euro-Atlantic institutions, a goal not only supported by domestic consensus but adopted by neighbouring countries. The tremendously powerful motivation of return was society’s expectation that Hungary would continue to briskly move closer to the welfare models of the developed Western European states along neoliberal economic patterns. It did not happen. Since the political changeover, Hungary has lost some of its competitiveness. According to the calculations of the World Economic Forum, out of 140 states examined in 2001, Hungary ranked 29<sup>th</sup>; in the 2013 ranking, we were 63<sup>rd</sup>.<sup>1</sup>

The question that inevitably arises is whether the idea of Hungary as a front runner in the late Kádár era was based on realistic elements. Was it not just an advantage in alignment of a Communist regime fleeing forward politically – an advantage that was dissipated after a political changeover took place elsewhere? Was the advantage not a real comparative advantage but only a difference in phase of movement driven by the failures of the Communist leadership? In fact, it was these paradoxically successful failures that could make large masses of the population believe in the image of a successful (reform Communist) Hungary during and even after the first democratically elected government led by Prime Minister József Antall. In this sense, Hungarian society was a victim of success: this perception was thought to be credible even when in a regional comparison the disadvantages on the Hungarian side became increasingly conspicuous.

Another methodological-theoretical point to consider is related to the frames of reference of Hungarian foreign policy. It is easy to see that the behaviour of small states does not readily fit into the framework of pure theoretical schemes. Historical determination and also the Euro-Atlantic

framework present additional theoretical and conceptual difficulties for the analysis of the Central European transition states, and particularly Hungary. The absence of a theoretical background keeps analyses at the level of daily political improvisation, hiding from recognition and interpretation the trends that, after two and a half decades, are becoming clearer. It is therefore useful to suggest that for the theoretical interpretation of Hungarian foreign policy a certain eclecticism should be adopted, drawing on the classic triad of international relations theory (realism, liberalism, constructivism), for the elements of sometimes one, sometimes the other theories come into the foreground as problems arise.

The neorealist perspective shows how the scope of movement and choices of the self-interested Hungarian foreign policy is historically determined by the international system as the system of the great powers. The (neo)liberal emphasis is on the impact of adaptation to international institutions as a result of Euro-Atlantic integration, on the cost-benefit relations of institutional membership, and on the non-public, transnational resources of foreign policy. Constructivism focuses on the consideration how identity and discursive factors as well as the socialising effect of international standards shape foreign policy in the process of international community building. Besides, joining the European Union meant an end to the traditional separation of internal and international affairs: more and more domestic policy areas involve some integration, which means that in the context of EU policy, an increasing number of issues can be construed simultaneously as domestic and foreign policy issues. Moreover, building European balances as an extension of domestic power relations has become part and parcel of policy making, which raises the question from time to time where the boundaries of EU competencies are and what kind of Europe we want to build.

Based on all this, the past 25 years can be best characterised by being the period of postmodern small-state realism in which pre-integration processes gave prominence

to adherence to norms in the foreground while values-driven actions, and in the context of Euro-Atlantic integration, increasingly interest-driven actions also played an important role. At the same time, the government term that started in 2010 marks a clearly identifiable break. Several key elements of the second Orbán government's programme, including closure of the post-Communist era, new public law, an unorthodox economic policy, the majoritarian democracy model, and a reinterpretation of the relationship between European integration and national sovereignty all rely on the concept of discontinuity while they give greater scope for national-interest-led foreign policy in order to expand the room for manoeuvre in foreign policy.

Finally, it is to be noted that while this paper attempts to shed light on the evolution of foreign policy, it is focused on a foreign policy with an increasing economic content as a result of mounting public debt, and the consequences of such policy, where closing the gap and national community building go hand in hand.

### **The foreign policy of indebtedness I**

The Hungarian foreign policy of indebtedness is born of decades of history. The economic structure of the late 1970s, incapable of renewal, and hence uncompetitive, due to its ideological and political limitations, increased the deficit, much like the political system, which also resisted sweeping changes. Maintaining the status quo without reforms piled up debts and left Hungary on the brink of bankruptcy; the only way out was joining the International Monetary Fund and the World Bank in 1982. Opting for this course meant that the Hungarian reform Communist politicians yielded some of the country's sovereignty to international organisations that, at the time, were considered alien to the system, and the younger generation of the reform Communist establishment took the first step on the path of "fleeing forward" which offered them an opportunity to become advocates for the requirements of Western international institutions dominated mainly by the United States. The so-called reform economists tolerated by

the regime also considered this step to be appropriate, as did the then-illegal liberal opposition.

Rapidly mounting public debt pushed Hungary into the debt trap<sup>2</sup> and, paradoxically, created one of the rare characteristics of the late Kádár era's international policy: debt-service foreign policy. Paradoxically, in the hierarchic Communist world order with Moscow keeping small states on a tight rein, indebtedness to the West expanded foreign policy's room for manoeuvring, which led to the development of a long-term strategy of breaking out of the closed system of Soviet dominance and the preferences of Western lenders appearing as a permanent feature in the Kádár machinery of decision-making. Naturally, the prominence of proponents of indebtedness (János Fekete, József Marjai, Mátyás Tímár) did not preclude conflicts between reform Communist advocates of opening to the West and the Kádarian leadership, as shown by the failing attempt in the early 1980 that Hungary should sign a free trade agreement with the EC in accordance with GATT principles.<sup>3</sup>

This process cast sharper light on Hungary's triple adaptation conflict of foreign policy that was conspicuous from the late 1960s: adaptation to the Council for Mutual Economic Assistance (CMEA) as well as to the Western economic and monetary world, and falling in line with the domestic policy expectations of the party. Even though the perspectives were not necessarily seen with clarity in time it became evident that deepening dependence on the non-communist world gave Western economic and monetary institutions a legitimate basis for controlling and influencing the Hungarian (foreign) policy and economic policy. The same was recommended to the party leaders by the reform economists of the opposition.<sup>4</sup>

All this contributed to the Hungarian Socialist Workers' Party (MSZMP) to pose as the vanguard of "fleeing forward" on the way to reforms and renewal rather than the cause of failure in the 1980s, in harmony with the policies of Western institutions and governments. This is the explanation for why Western political establishments saw the MSZMP as the only



reasonable and controllable way of delivering transformation and considered a reform Communist-led state party to promise stability, as opposed to the re-emerged Conservative forces which might threaten uncertainty, instability and the resurrection of an unsettled nationalist past. Conspicuous to date, this perception was underscored by the leftist-liberal coalition elected to government in 1994. Instead of opting for a truly social democratic programme, the government espoused a neoliberal programme suited to the functionalist logic of globalisation, which mostly started out from a post-national logic where stronger representation of national interests and national politics only had a secondary role to play.

Supported by the Western institutions and realised in the context of the Western institutions, the policy of “fleeing forward” by way of top-down reforms meant at the same time the legitimation of the reform Communist forces by the West, and thus created a legitimate basis for retaining power amidst changing conditions, or more precisely, for converting political power to economic power, then reconvertng it to political power. This peaceful way of transformation was acceptable for both the West and the first democratically elected Antall government, as surrounded by three Communist federations in the state of dissolution — the Soviet Union, Yugoslavia and Czechoslovakia — a stable Hungary free of civil war was the strongest promise to protect and implement Hungarian interests. It was therefore by no chance that the process known as peaceful transformation passed unnoticed by large masses of the Hungarian public and what the man in the street saw as the “stolen regime change” could take place with the full support of the West. This bargain with the establishment type transformation became the state party’s tool of survival and upgrading its power strategies rather than a tool for building democracy after a clean break. The new post-Communist political structure branded democratic was only a re-labelling of the surviving forms of the party state machinery (the judiciary, public administration and law enforcement organisations) added to which were the media,

a new element, controlled predominantly by the liberals and the Left. This process preserved the values of the paternalistic Kádár regime and, without Kádár, managed to convince society that the “Hungarian way” was successful even when after the inevitable collapse of the East European hard liner regimes Budapest had lost its previous political sex appeal.

### **Euro-Atlantic integration at all costs**

Hungarian foreign policy of the 1990s was hallmarked by Western integration. Imported from the West, the frequently quoted slogan of the transformation was that democratic development and a transition to a market economy would be a panacea to all economic and social problems, and that the large Western international organisations provided the framework of development and the patterns of rule of law that should be embraced as soon as possible. The recommendations of the Council of Europe following Hungary’s accession (on November 6, 1990) were adopted in an ultra-liberal version, setting aside the usable elements of the development of Hungarian law. Hungary was admitted to the OECD in 1996, to NATO in 1999, and joined the EU in 2004 after a decade’s waiting. Driven by the urgency of accession at all costs, in the negotiations preceding membership the Hungarian party often undertook unfulfillable commitments—to NATO Hungary offered the entire armed forces; spending 1.8% of the GDP on defence—or accepted solutions that were disadvantageous for the country (agricultural market discipline imposed by the EU). Meeting the criteria for institutional membership became the overarching goal of Hungarian foreign policy; only traces were left of the original vision of memberships as a tool.

As with other countries in the region, the broad consensus regarding NATO and EU accession was more related to the strategic direction than to content.<sup>5</sup> Accession had not been preceded by in-depth reviews which could have addressed issues such as the potential consequences of the de-industrialisation resulting from EU membership or how Hungarian producers and manufacturers would

survive in the developed common market, having been accustomed to CMEA markets of rather low standards. Nor was the possibility of an adaptation crisis in the wake of accession or the strategic differences between the EU and the United States that surfaced during the Iraqi intervention contemplated. Another shortcoming of the strategy was that up until accession the Hungarian political establishment handled formal EU membership as a tool for maximising the achievable welfare gains and considered it only as a foreign policy priority, neglecting the “integration of integrations” side, i.e. the consequences of integration in domestic policy. This state of affairs was reflected in the campaign focused on popularisation instead of meaningful discussions before the referendum confirming accession. It was a rude awakening when the integration process came to a halt, primarily with the failing constitutional treaty (2005) and the inevitable redrafting of the Lisbon strategy envisioning a knowledge based society (2000).

Securing formal membership reinforced the perception that apart from solving regional problems Euro-Atlantic integration also provided a projection surface which would indirectly promote the implementation of Hungarian interests on a global level. With some exaggeration, the dominant expectation was that the Euro-Atlantic frameworks would replace Hungarian foreign policy. Besides the financial problems, this was the reason why the leftist-liberal governments simply discontinued a non-negligible part of Hungary’s diplomatic representation beyond Europe.

At the same time, NATO membership as a guarantee for security and EU membership as a pledge of prosperity meant a new field for ambitions and new patterns of legitimacy for the political establishment.

In the background of the institutional membership-driven foreign policy, practical implementation of liberalisation was going on as urged by globalisation and European integration alike. Finding themselves on the same track, formerly party-state turned neoliberal reform economists and the opposition labelling itself democratic were

convinced that only they were suitable for leading the Hungarian integration and that the strategy of “less state” would automatically lead to the much-desired liberal democracy, moreover, to the strengthening of civil society. In their views, deregulation and privatisation would automatically generate its ideal political structure: political liberalisation. Instead, political and social aspects of liberalisation (granting democratic rights, development of democratic institutions) were summarily superseded by economic considerations (privatisation), and the Hungarian liberal practice veered to internal disunity (market versus political freedoms and social rights). The Hungarian liberal experiment was gradually narrowed down to an elitist programme; its intransigent politicians and theoreticians (rejecting any opinion differing from theirs as irrational) alienated growing numbers of people and thus barred the emergence of a veritable civil society. However, dissecting society into those who are enlightened and those who do not understand the modern age resulted in misconstruing the problems of Hungarian society. Large groups of the public perceived as a threat the very changes in the wake of the neoliberal economic reforms. As Umut Korkut, himself a liberal, put it, “a progressive liberalism went hand in hand with the moral agency of the elite. This fostered a context where freedom seeking and enhancing efforts of the liberals translated into freedom curbing elitism”<sup>6</sup>. By radically cutting welfare services and institutionalising the hegemony of the market (the latter primarily meaning unscrupulous privatisation), liberalism made a conscious effort to “disarm” society.

### **Foreign policy of indebtedness II**

The opportunities brought by the EU accession (2004) was first exploited by the successive Medgyessy, Gyurcsány and Bajnai governments taking power in 2002. Giving in to the temptation of abundance of funds in the international money markets, and believing that the fond concept of a welfare state could be realised as part of the left-wing

modernisation, they turned again to indebtedness policy, none the least in the interest of retaining their power. In this way, similarly to other countries, by extending loans to Hungary, the lenders again had the chance to convert economic dependence to political influence.

From 2002, the Medgyessy government gave up the unwritten, though keenly observed clause of the National Round Table talks whereby the country should never again adopt a policy relying on over-indebtedness. In the context of the government programme titled “Welfare Transformation”, wages and salaries in the public sector were radically increased (by 50%) and other benefits were expanded. The irresponsible economic policy that allowed foreign investors to pocket unconscionably high profits led to rising budget deficit and quickly mounting debts. During the first Alliance of Young Democrats (Fiatal Demokraták Szövetsége, Fidesz) government, Hungary’s external debt amounted to 57 per cent of the GDP. After 2002, it started to grow rapidly and in a few years reached 80 per cent. Following EU accession in 2004, due to the excessive budget deficit piled up during the terms of the leftist-liberal government Hungary was constantly under the excessive deficit procedure. Magnified by the 2008 global financial and economic crisis, the threat of national bankruptcy inevitably required help from the IMF once again. While Hungary was not alone in the EU with the excessive deficit procedure, despite the rhetoric, ongoing infringement of the Maastricht criteria since the beginning of membership could result in criticism of the government’s much-flouted commitment to “European modernisation” and the “European civilisation model”. Even more conspicuous was the direction of the policy: after two decades the Hungarian left wing threw reason to the wind and led the country on the path to indebtedness.

This second line of (foreign) policy of indebtedness between 2002 and 2010 differed from the first in terms of both international and domestic socio-economic context. The two were obviously similar in that in both cases the government turned to the IMF only when things hit rock

bottom. The financial balance of the Hungarian economy had been weakened even before the global financial and economic crisis that hit in 2008: it had been in a kind of crisis before the crisis, so to speak. Unlike in the 1980s, the leftist-liberal policy of indebtedness did not expand but limited Hungary's room for manoeuvre in foreign policy. The loan package extended by the IMF and the EU and the concurrent austerity policy drastically augmented dependence from the International Monetary Fund. At the same time, it was an alibi for the government's policy. The global financial and economic crisis lent a reference framework to the policy of the government then in power; moreover, the austerity policy also promised that the IMF policy was the only credible way to go as opposed to any national "go-it-alone" alternative. While this does not entirely absolve the government policy, at least it divides responsibility between the government and an international institution. However, the Hungarian voters' response was strong rejection and the government leading the country to a downhill slope was ousted in the 2010 elections.

In any case, it is hard to find a reasonable explanation for this second indebtedness turn of the leftist-liberal leadership. With the 2004 EU accession, Hungary undertook a commitment to observe the Maastricht criteria including keeping the budget deficit, inflation and external debt under control. At the outset it seemed that Hungary was rapidly closing the gap to reach the EU average but with his back-to-back hundred-day programmes Prime Minister Péter Medgyessy, who had promised the introduction of the euro by 2008, derailed Hungary from the tracks leading to euro introduction in the first round. With his attempt to outsource the motorway construction programme, Ferenc Gyurcsány evoked Brussels' mistrust which soon became permanent suspicion vis-à-vis Hungary. In addition, Gyurcsány's rather convoluted neoliberal policies tinted by numerous communist reminiscences reinforced the practice of growth from debt. The MSZP and SZDSZ were in government when they turned a blind eye to Community regulations.

In fact, the misconception was not dropped even after the coalition's failure in the 2010 elections. The policy represented in and by the international organisations and institutions remained indispensable for the Hungarian left, primarily for the MSZP even in opposition. From the perspective of the left national-conservative, Fidesz with its two-thirds majority and a system of checks and balances declared non-existent it was the European Parliament and the Commission that provided counterweight. As MEP Kinga Göncz, former Socialist minister of foreign affairs put it, the only counterweight of the two-thirds majority is the EU.<sup>7</sup> The Socialist interpretation was underpinned when European policy did away with the sharp division between domestic and foreign policy, and further with the crisis management policy of the euro zone, which favoured a federalist approach and thus supported the deepening of integration policy. In this process, according to the position of Fidesz, the Commission as well as the European Parliament extended their influence to areas beyond their strict competence in the spirit of stealthy centralisation, thereby adding a European dimension to what had been Hungarian domestic issues.

This bad strategic decision was coupled with a great deal of political malevolence. The leftist-liberal coalition that negotiated the loan agreements was by 2009 supposedly aware of the possibility of losing political power and wanted to put the onus of bankruptcy onto the next (Fidesz) government. The scheduling of repayment of the IMF-EU loan was a political booby trap under the next government's feet.<sup>8</sup>

### **The Orbán Turn in 2010**

After the 2010 elections, Viktor Orbán set the goal of reversing liberalisation and mitigating the damages it had caused. The components of his government programme (closure of the post-communist era, new public law beginning, an unorthodox economic policy, the majoritarian democracy model, reinterpretation of the relationship between European

integration and national sovereignty) meant a radical break with the policies in the previous government term. Excessive public debt seemed to be the biggest obstacle to political manoeuvring – an obstacle that could not be removed in the short run, therefore logically, its reduction was given the highest political priority. Afraid of a repetition of the Greek economic and financial crisis, President Barroso did not grant permission to the newly elected Orbán government to increase the deficit. Thus the Orbán government was faced with two options: either continue along the EU's and the IMF's preferred path of austerity with drastic cuts and a greater burden on the public, or they should search for an alternative. In the context of the economic policy called unorthodox and drawing on the Nordic countries' crisis management experience, the government expanded the burden of stabilising the budget to new actors (banks and multinational companies).

For Orbán, repayment of the IMF loan and getting out of the excessive deficit procedure (July 2013) became the starting point of a new patriotic economic policy that was based on greater self-determination, and he cleverly sold it as a “freedom fight” to the Hungarian public. According to this philosophy, the EU should serve for the survival of nation states rather than growing beyond them. In other words, the resources provided by the EU should promote the welfare of the Hungarian state and through this, loyalty to the Hungarian state.

Orbán reversed the leftist-liberal logic: he did not deduce national policies from the international institutions but he made national policies and interest the key factors when assessing the “usefulness” of the international institutions. The Hungarian Prime Minister set himself a task that he could not have ventured in 1990, not even in 1998: the task of determining the boundaries of national interests and national sovereignty in an EU member state. At the time of the transformation, there was no clearly defined model for the national assertion of interests (all forces opposed to communism, from globalist-liberal to national-conservative



and radical-popular, were considered as a single element); according to the desires of the Western countries, external assertion of national interests was articulated along the lines of neoliberal dogmas. In 2010, Orbán turned his back on the mainstream attitude. Advocating for national priorities led to criticism of the Orbán policy mainly in countries like Germany, where the roots of post-nationalist traditions after a past of national socialism are deep and the “historical lesson” has been embraced.

Apart from the elements directly useable for political purposes, another undoubted achievement of the second Orbán government is that the Hungarian economy’s downward spiral has been stopped (albeit by disputable methods), and unemployment has also been decreasing. If the budget deficit is sustainably kept under 3%, and at the same time the economy returns to a growth track, the Brussels critics will not be able to invoke the excessive deficit procedure in the long term. Economic growth has been steady since the second quarter of 2013, and a number of international analysts are of the opinion that the GDP is on a sustainable growth track. Conversely, there has been no notable decrease in sovereign debt and there are experts regarding the growth path as not sustainable, as well.

Developing the new public structures (new Constitution, smaller National Assembly, reformed election system and a revamped government model favouring the executive power) also have built-in elements to prevent recourse to a debt service-based (foreign) policy. Article 36(4) of the Fundamental Law (Alaptörvény) provides that the National Assembly may not adopt an Act on the central budget as a result of which “state debt would exceed half of the Gross Domestic Product”. The debt level of Hungary is not that high but the conservative government’s intent is clear as to debt reduction.

In the field of national policy outside the scope of foreign policy, Orbán has attempted to relieve the tension between the policy of integration and national policy and to promote national level community building by using European

structures. To this end, he intended to “Europeanise” national policy goals in one way or another, that is to say, he tried to implement the goal of national unification in a European framework, should it be about putting the names of Hungarian members of neighbouring countries’ organisations on the government party list in the European parliamentary elections or about the implementation of economic and development policy to be deployed in the context of the economic cooperation in the Carpathian Basin initiative or about transnational actors that can be supported from state and EU funds alike. His concept of Carpathian Basin cooperation is closely linked to a broader Central European cooperation primarily with the participation of the Visegrád Group (V4) countries.

### **Central Europe and Opening to the East**

The Central European region and the policy of “opening to the East” have been given a special role. What was put on a backburner at the time of the accession and was expected to be replaced by EU policy has become a direct and stated focus of Hungarian foreign policy after 2010. With the dissolution of the three Communist federations — the Soviet Union, Yugoslavia and Czechoslovakia — Central Europe has become both the epicentre of geopolitical changes and at the same time an area of overlapping sub-regional cooperation forms that reinforce each other. As the first concentric circle of Hungarian foreign policy, it is a region where neighbourhood policy, national policy and EU policy collide. Central Europe is a part-Europe with changing (imagined) spaces and changing projects, a part that must be determined by politics from time to time.

A recurrent topic in Orbán’s rhetoric is the successful crisis management in Central Europe as opposed to the southern states of the euro zone and the image of Central Europe as a potential growth area, and in this context, the rising of Hungary, now last among the countries of the region. According to this concept, Central Europe is a part-Europe primarily consisting of the V4 states, although the

agenda of co-operation contains not only intra-regional items but also issues related to shaping the Eastern environment of the EU in the context of a “wider Central Europe” which includes the Eastern Partnership and the Ukraine crisis. The importance of the region is indicated by the fact that the Orbán government handled the dual Hungarian presidency of the V4 and the Central European Initiative and the energy security cooperation of the V4 countries as a single issue. At the same time, the delicate points of this policy appear in Hungary’s attitude to the Ukraine crisis. On one hand, as an EU member state, Hungary supports the democratic processes in Ukraine. On the other hand, it demands that the Ukrainian government grant the Hungarian minority in Ukraine minority rights, promoting use of the Hungarian language, dual citizenship and autonomy. Moreover, maintenance of (trade) relations with Russia is also in Hungary’s interest.

For Budapest, the successive Hungarian and Polish presidency strategically appreciated the Hungarian-Polish relations. From the Hungarian perspective, the successive presidencies were a prime opportunity to put Central Europe in the forefront of the EU’s attention. The dual presidency provided a unique opportunity for the two countries to more efficiently coordinate their respective EU policies with the Czech Republic and Slovakia.

While regional concepts emerged in the mid-1990s, *inter alia* in relation to the Commonwealth of Independent States (CIS), the Mediterranean region and the Balkans, and the international relations strategy drafted in 2008 reconsidered the main strategic lines of Hungary’s foreign policy, it was the Orbán government that first formulated the “opening to the East” programme in 2010. The programme emphasised Hungary’s need for a new opening in the global economy, and it meant an opening to the East, while the advantages stemming from EU membership would be retained. Obviously, opening stems partly from the necessity that due to the low European growth rate export expansion offers greater opportunities in other regions. The government

programme formulated the goal of coupling Hungary with the fast-developing economies of China, Russia, India and the other South-East Asian emerging countries. In December 2011, Foreign Minister János Martonyi preferred “global opening” to “opening to the East” but the document is essentially a summary of the strategic elements adopted by the Orbán government since taking office.<sup>9</sup> “Global opening” promised the rejuvenation of relations in the directions that had been neglected or dropped from the focus of the Hungarian foreign policy during the leftist-liberal era. It also expressed a readiness to tackle global challenges in order to boost Hungary’s activity. In geographic terms, five priority areas were identified (Asia, the Middle East and North Africa, Sub-Saharan Africa and the Sahel, and Latin-America). In functional terms, priority was given to issues that have been valorised in international life (terrorism, global health care, feeding the world, the ecological state of the seas, etc.).

#### **Towards the Centre or the Peripheries?**

From the perspective of the rhetoric of the divisive opposition parties, the “freedom fight” against the international institutions is proof of getting away from the centre. In Orbán’s communication, the rejection of the self-limiting and over-adaptive foreign policy, of the “let’s dare to be small” concept can be traced back to the Kádár era, and taking an unequivocal stand for national values. In the EU proceedings against Hungary due to its breach of obligations, the government indicated its readiness to make amends but rejected any reference to “European values” as a sign of the EU taking over national competencies. After the 2014 European Parliament elections, a straightforward outcome of this policy was that besides David Cameron, the Hungarian Prime Minister was the only head of government who voted against the Luxembourg candidate Jean-Claude Juncker, who is considered to be a federalist. Orbán rejected both the candidate and the nomination procedure, which, as he noted, was a transgression of the boundaries of the EU Treaty. Orbán’s policy is also closely linked to the criticism

of the EU in the context of the global economic transformation, from immigration policy to crisis management, demanding a Europe of nations. These overtones were akin to the Hungarian political traditions inherent in the historical examples of patriotic opposition to external power. This policy was made easier by the leftist-liberal opposition's lack of an independent proactive Europe policy narrative that could be presented as an alternative. The EU appeared in the opposition's rhetoric only to the extent they criticised Orbán's Europe policy as a negative distinction, and raised the criticism to a European level in the Brussels and Strasbourg.

The "opening to the East" programme put the issue of the relationship with the "centre" into a different perspective. Indirectly, the programme also suggests that in the process of global economic transformation, the traditional "periphery" can become the "centre". In a given instance China, a country that considers itself to be part of the developing world along with many other emerging countries, can be a strategic centre of economic growth. Consequently, deepening relations with such centres of development should contribute to Hungary's convergence within the EU and more specifically, within the Central European region. On the other hand, deepening relations with autocratic regimes which, nevertheless, are pioneers of economic growth are seen by Orbán's opposition as a strengthening of interest-based rather than value-based foreign policy and a negative synergy of political systems despite the fact that many Western countries make foreign policy choices that also reflect the dilemma of choice between trade interests and human rights values.

Orbán's reformulation and implementation of national values have led to an unprecedented international pressure. The international public had concerns about the radical political and institutional revamping and the unorthodox economic policy alike. Debates that in the normal course of events were purely domestic soon grew to be international. Hungarian domestic policy has become "external domestic policy" within the EU and the subject of broad ideological

deliberations between the left and the right in the international arena.

On the whole, the West failed to grasp what Orbán was doing.<sup>11</sup> For the West, transformation was a single and concluded process that resulted in a manageable Central Europe which depended on the Western states in every respect and which had rotating governments and political parties that accepted the dominance of the centre in every walk of life. In reality, however, the asymmetric power relations of the “historical Europe” models have been restored at the level of shared community of interests of alliance and integration, and below the surface of formal legal equality, the differences in the dimensions of capabilities have been perpetuated. The nine signatories of the letter dated February 2003, still before the enlargement, backing the United States’ position on Iraq were served a good example by French President Jacques Chirac, when instead of outlining the position of France on the perception of security, Mr Chirac’s message was “They missed a great opportunity to shut up.” Understandably, Orbán’s policy aimed at changing Hungary’s geopolitical situation triggered widespread suspicion and dissent.

However, all Orbán is doing is assessing the room he has for manoeuvre in accordance with Hungary’s historical and geopolitical determinateness. As a recently published American analysis put it, “This discussion, like all discussions regarding Budapest,” must be understood from the “tenuous position of Hungary in the world.” (...) “Hungary is in the east, in the borderland between the European Peninsula and Russia. The Ukraine crisis indicates that the tension in the region is nearing a flashpoint.” Consequently, the government must balance its situation and options in a reasonable fashion.<sup>12</sup> According to Orbán, the EU is in a crisis, and crisis management on the southern peripheries has so far produced unsatisfactory results. In Hungary, as in other new member states, the popularity of the integration has shrunk at the same rate as Hungarian society has been faced with facts and figures showing backsliding instead of closing the gap, as

envisioned. As in other countries, disappointment feeds anti-integration movements nurtured by shared values.

The American relation is not encouraging either: for the past four years, Washington has addressed Budapest a host of criticisms veiled in the guise of protecting democracy, pointing out grievances suffered by American investors. In many cases, bilateral talks were taken up mostly by issues related to anti-Semitism and the ascent of Movement for a Better Hungary (Jobbik Magyarországért Mozgalom, Jobbik) instead of addressing the cooperation at hand.

On the side of the East, the re-emergence of Russian politics cannot be neglected. In the Ukraine crisis, in an effort to support pro-Russia groups within Ukraine, Russia has supplemented the arsenal of pre-modern power politics (annexation of the Crimean Peninsula) by practices of the “Orange Revolutions” believed externally controlled. The question the American analyst Friedman puts is: who will help the Central European states?

In the geopolitical game between West and East, Orbán follows classical procedures: his two-thirds majority in Parliament gives him an opportunity to strengthen his power over the state (new Constitution, new public structures, centralised political field of power), and by reinterpreting and protecting national sovereignty he brought about a turn in the history of Hungarian democracy similar to the one created by de Gaulle, when he constituted the Fifth Republic in 1958.<sup>13</sup>

Conscious of the capabilities of the country, Orbán has to make gestures and protestations to both sides: on one hand, he has to condemn Russia; on the other hand, he has to oppose sanctions and support Poland and Romania in their strive to enhance their security, while at the same time he has to make it clear that Hungary’s dependence on Russian oil is an insurmountable obstacle for Budapest.

### **Tentative Outlook**

Other questions can also be formulated about the foreign policy the Fidesz government returned in 2014, again

securing a two-thirds majority in Parliament. One of the most difficult questions is how national self-determination and Hungary's role in the international institutions can be balanced and underpinned by social majority in such a way that it promote Hungary's social and economic convergence. In terms of national development, Hungary is one of the language and culture nations of Central Europe with its national will handicapped by a seemingly unresolvable internal divisiveness. However, alignment with the three-tier national-European-global integration is impossible without a minimum of national integration. The common minimum should first appear in foreign and security policy, otherwise the flood of discussion on the Hungarian government's internal and European policies inspired by the opposition will be unstoppable.

How to relate to the foreign policy of indebtedness described above is also a cardinal question. A country is only capable of "growing out" of its debt if its sustainable economic growth is over 3 per cent. Due to Hungary's integration and economic openness, this is only feasible in the context of the EU and through joining the eurozone as soon as possible.

Finally, mention should be made of an issue the Orbán policy put in the limelight, specifically, the reinforcement of the role of the state. Weakened in economic policy, the liberal perceptions still have strongholds, and one of the critical elements of progress will be the role of the state. In this respect, Viktor Orbán apparently caught on a yet latent international phenomenon: the growing role of states in the economy.<sup>14</sup> The economic success of countries (generally controlled by autocratic regimes) comes into the focus of international attention to the extent that foreign policy gains an economic dimension. In the globalised world, the liberal democracy model has bowed out to an efficient, centralised, state-controlled capitalism model. Can the Central European nation states turn to a strong state model without actually achieving the status of welfare state, expressly under the pressure of a need for social welfare? Could it be that



the Orbán government in its ongoing grapple with crisis symptoms have found an international pattern for other countries to follow?

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Repayment was to end in 2013, when only a 50 billion line was to be renewed. The Orbán government repaid this tranche in the autumn of 2013 before the due date.

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## CHAPTER 5

Economy

### **Non-Conventional Measures**

Péter Ákos Bod

The financial turbulences of 2008 hit Europe's peripheral economies particularly hard and the ensuing sovereign debt panic put indebted European governments under severe trial. Hungary, a trade-dependent and financially open economy, with the highest national debt ratio of new member states, fell prey to these dual shocks. Weeks after the collapse of Lehman Brothers, in October 2008, Hungary became the first member state to turn to the IMF for financial help in EU history when cross border financial flows grinded to a halt.

With the benefit of hindsight, it may be obvious what happened to Hungary, a financially vulnerable country. Still, it came as a surprise for some as Hungary had been a poster child for the transition from planned to market economy. Under the leadership of Prime Minister József Antall (1990-1993), Hungary was the first to recreate the institutions of the market economy. Antall steered the Magyars through a complex period of "creative destruction" a term coined by Austrian-American economist Joseph Schumpeter to describe the contradictory nature of capitalism. The term fits perfectly with what happened to the Hungarian economy: old industries such as steel, coal, heavy chemical, shipbuilding, and textile shrank due to market opening and subsidy cuts, while brand new industries such as automotive components and car assembly, consumer electronics and information technology sprang up mostly as a result of foreign direct investment (FDI).

The Antall government launched an orderly but speedy privatisation process, which was continued in a somewhat

distorted manner under the next administration of communists turned socialists. Privatisation, market opening, and the penetration of FDI changed the economy beyond recognition – but with that came mixed social and political consequences. In a country short of domestic savings, state-owned enterprises (SOEs) and publicly owned banks could only be sold to cash-rich foreign investors or be offered at a concessional rate to domestic entrepreneurs, many of whom had been part of the old regime's nomenclatura. The Antall government favoured the latter avenue to privatisation, and tried to build a new entrepreneurial class through financial incentives like offering cheap loans to domestic businesses. The moderate conservative coalition, however, was not given a second chance by a disillusioned electorate. The incoming left-liberal second administration from 1994 on also favoured the latter option but was short of cash and so sold big chunks of state assets, such as banks and utilities, to western investors.

The Fidesz - Hungarian Civic Alliance (*Fiatal Demokraták Szövetsége* or Fidesz), transformed from youth movement to liberal party to center-Right party and, led by Viktor Orbán, won a surprise victory in the 1998 general election. On entering office, Orbán was faced with a complex economic situation; Hungary's production and export figures were healthy but the economy had excessively gained a dual character, consisting on the one hand, of a foreign owned section functioning mostly as an island within the country, and on the other hand, of a part owned mostly by the nomenclature and former SOEs executives—never too friendly to non-socialist parties. This led to a confusing situation: the domestic business elite with Communist party roots as well as local executives of foreign firms had more affinity with the (nominally left-wing) Socialists than with anti-communist “bourgeois” (conservative) parties.

Orbán lost power to the Hungarian Socialists Party (*Magyar Szocialista Párt*, MSZP) in 2002, again somewhat unexpectedly. He concluded that should he win again, the business elite would have to be replaced by business people

of different backgrounds. Also, there would have to be less foreign ownership in order to increase the room to manoeuvre for a national government.

But for the following eight years, Fidesz remained in opposition, busy building support from various segments of Hungarian society that had grown increasingly unhappy with the policies of the ruling Socialists—but also with the regime of peripheral capitalism. Stubbornly high unemployment, the marginalisation of certain sections of society (particularly the Roma), increasing income and wealth inequality and, above all, rampant corruption—these all fuelled antipathy towards the government and perhaps capitalism as such.

During the eight years of Socialist-Liberal rule between 2002-2010, the Government pursued a roller-coaster fiscal policy going from reckless government deficits exceeding 10 per cent of GDP (the Socialist PM boasted to his party's faction to have bought the 2006 elections through government spending and applying "hundreds of tricks" to mask the reality of public finance) to an equally reckless EU-ordered austerity package.

Soon the financial crisis hit Hungary. At that time the ruling Socialist Party was led by Ferenc Gyurcsány, a former Young Communist League functionary turned entrepreneur turned socialist politician, who had used up his political capital surviving various scandals, including proven cases of corruption, lies and broken promises. Fidesz declared its ambitions in the run-up to the 2010 general election to accomplish "more than a change in government". What they were calling for was a profound revision of the whole 20 year transition era was needed.

The Hungarian economy suffered particularly heavily in the recession of 2008/2009: GDP contracted by nearly 7 per cent in 2009—the deepest decline of all Central Eastern European countries. In the post-Lehman climate, investors lost their appetite for Hungarian government bonds; with a huge national debt to roll over, Hungary drifted to the brink of sovereign default. The MSZP government turned to the EU and the International Monetary Fund (IMF) for help.

The IMF-EU duo quickly put together a stand-by facility of EUR 20 billion / c. USD 25 billion in November 2008, a sum more than enough to refill the international reserves of the Hungarian Central Bank (*Magyar Nemzeti Bank*, MNB) and thus able to save the country from default. The loan conditions, tough but not excessively so, were obviously in contradiction with Gyurcsány's generous election promises of low taxes and further public spending. The scandal-hit PM finally resigned, passing the baton to Gordon Bajnai, a technocratic economics minister. He led the government up until the elections – which the Socialist Party lost dramatically.

### **Policy Changes After the 2010 Elections**

The second Orbán cabinet was formed in May 2010, without a portfolio for European Affairs and without a Ministry of Finance—a symbolic act. Finance had become associated with *austerity*—the term which became associated, as in many developed countries from the US, France, Japan and the UK, also in Hungary with the vagaries of financial orthodoxy—was eradicated for good from the vocabulary of Fidesz. The new ministerial line-up obviously did not correspond with customary European administrative structures. This caused some organizational complications later, particularly when it was Hungary's turn to have the presidency of the EU in 2011. Orbán chose György Matolcsy, a pro-growth economist who had already served in his first cabinet to run the newly created Ministry for National Economy (*Nemzetgazdasági Minisztérium*, NGM). Matolcsy was known to be a champion of flat personal income tax (PIT) as a measure to bolster economic growth. His ministerial portfolio included representing Hungary in the EcoFin Council, the decision making body of the European Union, and dealing with international financial institutions such as the IMF.

The flat tax was one of the very few concrete election promises of the Fidesz party; the new Parliament did not waste much time before writing it into the tax code. But the original policy plan to stimulate the economy through

tax cuts, whatever the short-term budgetary consequences, was met with resistance from the EU Commission, whose head, J.M. Barroso, reminded the Hungarian prime minister on his first official visit to Brussels that Hungary had been under the Excess Deficit Procedure (EDP) since 2004 for systematically exceeding the 3 per cent deficit limit, and the EU expected the new government to make good on the promises of the outgoing Socialist government to stay within the annual deficit target of 3.8 per cent of GDP. However, the whole economic policy plan of PM Orbán assumed an initial fiscal stimulus package with a flat tax to kick-start the economy—and to avoid repeating the patterns of previous governments that had promised growth in their election manifestoes but once elected, applied austerity measures. Orbán's plan seemed to be sinking at the very start.

But Orbán did not give it up: he declared to go on with the PIT-reduction as promised to the electorate, as well as with corporate tax reduction in order to accelerate economic growth and to create hundreds of thousands of jobs—another election promise. Analysts and leading economists, however, warned that tax cuts would not have much impact on short-term performance in a weak international business environment, while the public sector deficit might immediately explode.

Unperturbed, the government went on with its original plan, cutting both corporate and personal tax rates in the middle of the year, but suddenly introducing a sizable one-off levy on banks, financial firms and insurance companies (worth around 0.7 per cent of GDP, the highest bank tax in Europe). The measure went down well with the electorate that, like taxpayers in many developed countries, was in an anti-banking mood. That mood was understandable: every second Hungarian household was indebted in hard currency mortgages and consumption loans to banks, mostly owned by foreigners, and the depreciation of the Hungarian currency (HUF) during the financial crisis increased the loan service burden on household budgets. The IMF view was that the government relied excessively on the bank tax which was

distortionary and detrimental to growth potential, and advised that more attention be paid to the spending side (read: apply spending cuts instead).

The debate became increasingly heated: government officials called the IMF a “trade union activist for banks” and ministers used the term “financial freedom fight”. Orbán reluctantly agreed to meet the 2010 budget deficit target of 3.8 per cent of GDP, as obliged under the inherited financing plan agreed with the IMF and the EU, but added that the Fund had no say in how the government was to accomplish it. He also declared that the government would not negotiate a new IMF agreement once the loan expired; Hungary would rather talk to the EU alone about the 2011 budget—with the intention of softening up the 3 per cent deficit ceiling which, he did not fail to notice, was not respected by half of the member states at the time. “Hungary will not break its back to reduce its budget deficit to 2.8 per cent of GDP in 2011 just to please a few financial experts in distant offices”, added Minister Matolcsy on Hungarian TV. He put it this way in another programme: “the cabinet remains intent on maintaining the country’s financial independence and regaining economic self-determination”.

This episode with the IMF, followed by other similar incidents, reveals a lot about the attitudes, values and tactics of the second Orbán administration. While the previous Socialist-Liberal coalitions were seen as too soft with international finance and the EU, hesitant to stand up on sovereignty issues, governments on the political right had always been more determined to advocate the national interest. The PM could now claim to have the overwhelming support of Hungarian society, given the unambiguous election results, in his fight for taking back sovereignty lost to moneyed actors. It became clear that Orbán was not shy when it came to escalating confrontation, preferring that to compromise, and also that he puts political calculations before expert views and what he regards as conventional wisdom; hence the series of policy measures that the press, and administration personalities themselves, call “unorthodox”.



And there came a series of non-conventional measures. Such was the introduction of ‘crisis taxes’ in the second half of 2010, along the pattern of previous bank levy, this time levied on telecom, energy, and wholesale big businesses—mostly foreign owned. True, the budget needed revenues badly as the economy failed to accelerate, and the reduced PIT rate (eventually down to 16 per cent) was to sink the budget. The government tried again to renegotiate the deficit target with the EU and to change the loan conditions with the IMF, but in vain.

Was the government naive to presume that the lenders would accept an easing of the loan conditions? Well, back in 2009, noticing the deeper than expected contraction, the IMF allowed a somewhat higher deficit than originally planned. Orbán therefore had reasons to believe that strong arguments could again convince the lenders.

But by the summer of 2010, the mood had changed in Europe given the deep financial problems in Greece. The EU Council, consisting of prime ministers of the member states, did not appreciate the arguments for further softening of their fiscal consolidation program in force. The Hungarian officials felt hurt, and claimed that double standards were being applied.

The government thus had to go on with the deficit reduction program as scheduled; a further violation of the deficit ceiling would have probably triggered a punishment including a freeze of EU funds earmarked for Hungary. This is what no government would risk given the fact that over 90 per cent of public sector investment projects, ranging from a new Budapest underground M4 to small town cemeteries, were being fully or partly financed by EU grants.

Yet, Orbán did not give up his policy concepts. One more effort was made to convince the Commission to accept a revision of the deficit and debt calculation formula involving a reduction of the official figures by the amount that those insured of the public pension insurance scheme pay in their pension funds rather than in the national fund. The arguments, also promoted by the Swedish and Polish

governments, are professionally powerful: a part of social security contributions (SSC) that the insured decided to pay into the banking industry serves to relieve the social security fund in the distant future, once the insured retire. However, at present these contributions are missing from the public budget, and they make the public sector deficit look bigger than in a country where all contributions are channelled into the budget. It is a pity that the Commission remained inflexible. Perhaps it did not want to be seen as soft on data tinkering when financial markets were already aware of the Greek way of data manipulation.

What followed was, again, typical of the politicians' attitude to business affairs: the Hungarian government first enacted the diversion of all SSC into the state fund, and soon the assets (and the long term contingent liabilities in the form of pension promises) of the private pension funds were nationalised. That was met with uproar in the financial world, and millions of policyholders were puzzled; it certainly was a risky measure. But the political capital proved to be sufficient, and the general mood in 2010 was very much anti-banker and anti-market.

Public sector deficit statistics immediately improved by about one per cent of GDP annually, and the debt/GDP figure was to be reduced from 80 to 70 per cent. In reality, the debt statistics did not improve that much, for two reasons. One is that the assets taken over from the private pension funds were not all used to reduce the national debt. The government kept some of the shares in major public corporations traded on the Budapest Stock Exchange (and in certain cases, the authorities even bought more shares in strategic companies), and another part of the assets acquired was just spent on current deficit items. But what had as much impact on the debt figures was the effect of currency weakening, given that half of the government debt is denominated in foreign currencies, thus a depreciated HUF translates into higher debt ratio to GDP measured in domestic currency.

The de facto nationalisation of the pension funds, the bank levy, the sectoral crisis taxes and particularly what

happened to the foreign exchange denominated loans (addressed later) added to the uncertainties about the direction of the Hungarian economic policy. Clashes with the central bank top management, with the Constitutional Court (*Alkotmánybíróság*, AB), heated arguments about the Media Law, the abrupt passing of the new Basic Law (constitution), sudden tax measures, some retroactively — these all generated unpleasant noises concerning Hungary. Rating agencies are quick to pick up on the news: they placed Hungary on review with possible downgrade from their BBB/BBB- rating already in the autumn of 2010. Not much later the Hungary was downgraded to only one notch above junk. This was not, unfortunately, the end of the downgrades (from as high as A- in the mid-2000s): by early 2012, all major agencies rated Hungary non-investment grade. When Fitch downgraded the sovereign in January 2012, its press release referred to “further deterioration in the country’s fiscal and external financing environment and growth outlook, caused in part by further unorthodox economic policies which are undermining investor confidence and complicating the agreement of a new IMF/EU deal.”

To make sense of the worries of the rating agencies, let us look at the state of the financial sector, at Hungary’s relations with international financial institutions, and at growth results.

As for the banking industry, its state was much determined by a rather peculiar circumstance: the widespread use of foreign exchange (FX) in business and retail lending. When the domestic currency depreciates, debt service burden immediately increases, causing difficulties to families and small and medium sized enterprises (SMEs) whose revenues are predominantly in HUF. The politicians sensed the problem but they did not find any simple solution. The incoming Orbán government de-legalised further FX retail loans, and urged the banks to come up with sensible solutions. Meanwhile, families’ rising debt service expenditure was identified as the main reason why the deep cut in PIT rates failed to boost aggregate demand and, consequently, economic growth. The economy was planned to grow by 3 per cent or more in 2011,

but it turned out to be a modest a year with 1 per cent growth in spite of throwing in considerable public funds by using up some of the private pension fund assets. The government came to the conclusion that the indebtedness of the taxpayers and the uncertainty that goes with FX debts are to blame for the growth failure.

Though unexpected, there was inevitability to the government's decision to step in. In early September 2011, Fidesz politicians announced that the government was working on a scheme to let homeowners repay FX mortgages at government-determined exchange rates. Parliament passed the proposal into law in September with the votes of Fidesz and the opposition Movement for a Better Hungary (*Jobbik Magyarországért Mozgalom*, Jobbik) party. Under the Act, borrowers could repay their mortgage loans in a lump sum at a preferential exchange rate, provided they originally took out the loans at lower exchange rates. Losses on the transactions were to be assumed by the banks. The exchange rates set by law were 20 to 25 per cent below market rates at the time; later the gap between the legal rate and the actual even widened as the HUF, partly because of this very measure, depreciated further.

The catch was that not every client could take this generous offer, only those with enough savings or with access to newer loans, thus the less privileged remained unprotected until additional government interventions were contrived. The gain of the borrowers comes at the expense of the banks, and this expense is not trivial: the Act caused massive losses in the banking industry. Rating agencies noted the deterioration of the banks' lending capacity and willingness to lend, and pointed out the link between the growth performance of the economy and the health of the banking sector.

As for another sensitive issue, the public sector deficit figures showed some consolidation. The deficit in 2010 was modest: 4.3 per cent of GDP. What is more, year 2011 ended with sizable budget surplus. Yet Hungary remained under the Excess Deficit Procedure that year and also in year 2012. The Commission established that "in 2011, the

general government balance turned into surplus, but only thanks to one-off revenues of 9.75 per cent of GDP linked to the transfer of the pension assets from the private pension schemes to the state pillar and of 0.9 per cent of GDP from sector-specific levies (on telecom, energy, retail and financial sectors). Without one-off measures the deficit would have reached around 6 per cent of GDP and by far surpassed the 3 per cent of GDP reference value.” Put simply: the Hungarian government could claim a convincing turnaround in the public sector balance from sizable deficit to an impressive surplus in year 2011, but the same fiscal figures could be read differently: had it not been for a series of one-off measures, the balance would have remained in deficit.

It took one more year, 2012, for the budget deficit to remain below the mandatory 3 per cent without significant asset transfers (but retaining the “one-off” taxes, turning them into a lasting component of the tax regime). The European Council decided in 2013 that Hungary could be released from the EDP—a feat that the government party publicised extensively in the 2014 election campaign. The government also made the most of the fact it had repaid the loans from the IMF in full (and some months before the original schedule).

### **The Record of the Four Years in Office**

Measured against the preceding four to six years, Hungary’s growth performance over the last four years has not been bad. GDP grew by just under 1 per cent per year during the second Orbán government, with an improving outlook as compared with depression and stagnation in the years before the 2010 election. This is a meagre result, however, if we compare Hungarian data with those of other CEE countries, or with a global average which is double Hungary’s rate of growth. It is certainly not something that a growth-oriented government can boast about. True, as seen above, the international environment was not growth-friendly after 2010. Also, the legacy of the Socialist-Liberal Governments (including the one led by G. Bajnai) constituted a heavy burden on the Hungarian economy. One can still conclude

that the non-conventional measures aimed at loosening the government from the restrictions and policy expectations of the EU/ IMF duo turned out to be rather costly in terms of economic growth.

The overall tax rate remained high. In fact, Hungary has the highest public expenditure and revenue ratio in the whole CEE region. Budgetary deficit consolidation relied much more on new and increased taxes than on expenditure cuts, although when necessary, the Orbán cabinet did not hesitate to decimate the budgetary outlays. But that dreaded word, austerity, is mostly identified with wage, pension, and entitlement cuts—and they were avoided. To reduce the deficit, the government resorted to tax increases, particularly in the form of indirect taxation whereby tax is paid in by the seller but borne by the customer who pays higher retail prices. It is easy to see why the government prefers indirect taxes to direct taxes: the Hungarian consumer who pays the highest rate of VAT in Europe (27 per cent) blames the shops for the high prices, not fully understanding the technicalities of turnover taxation. Similarly, Hungarians pay a lot for using banking accounts and ATMs because of Europe's highest financial transaction tax—and they are mad with the “greedy banks”. While politically clever, such a tax regime will always cause friction with the business community. However, it works: the reallocation of the burden from direct taxes to indirect taxes contributed considerably to the maintenance of the popularity of the Fidesz party even if the overall tax load still remained the same. The steep reduction of utility rates the year before the election turned out to be particularly popular among low-income voters—again, the sustainability of such reduction of regulated prices is questionable.

Inflation, measured by the consumer price index (CPI), has come down to record lows of somewhere below 1 per cent by year-end 2013, mostly due to good harvests and reduced regulated prices. The case looks different using the seasonally adjusted core inflation figure, that is, disregarding volatile items and government administered prices: that figure is above 3 per cent. It may be premature to declare

the death of inflationary pressure in Hungary, in spite of the impressive headline inflation data.

Hungary has posted a trade surplus, contributing to the overall surplus in current account, since the onset of the 2009 crisis. The capital account data reflect the impact of significant EU funds flowing into Hungary: the net surplus amounts to 2 to 3 per cent of GDP—something that government officials are not too keen to communicate. As a result, external indebtedness of the public and the private sector combined is declining. This is a positive trend, given the country's history of indebtedness, even if bank deleveraging is one of the factors behind it. Financial institutions, Hungarian- and foreign-owned alike, have been reducing net lending. That in turn leads to probably the most critical aspect of the policies pursued during these four years: the weak investment activity. Too many unorthodox or simply improvised measures of this period had obviously weakened business confidence, among external as well as domestic players.

It is peculiar that when so much has changed in economic policy, making the Hungarian budgetary redistribution ratio, already excessive compared to competitors, maintain the same high level. Knowing Orbán's determination to increase the presence of the state in sectors that he regards as strategic, one cannot count on a measurable decrease of the government's share in primary incomes of the economy. Sectors targeted so far by the PM include the energy sector, banking, textbook publishing, utilities, and truck production. Nationalisation via buy-outs or through the stock exchange will require a non-negligible chunk of the government's revenues in the years to come.

Some analysts feel that a number of non-conventional government measures have weakened the growth capacity of the economy. Growth potential was already rather poor in 2010 and has remained since that: the unpleasant fact is that the GDP level of the Hungarian economy in year 2014 is still not higher than in 2006, while the government's declared program has been to grow out the inherited public debt and the stubborn structural weaknesses. Others, like political

scientist P. Tölgyessy, criticize the perceived tendencies leading to what he calls “organized national capitalism”. This may be an exaggeration but the completion of the original project (replacing the old, nomenclature-based domestic business class with new actors, and rebalancing the over-privatised sectors with national businesses) is hard to imagine without the extensive use of government powers in business affairs. Such governance leads, as we have witnessed, to clashes with particular sectors and businesses, mostly foreigners, and indirectly with foreign governments, as well as to a feeling of uncertainty among potential investors, local and foreign alike.

This is why analysts argue that these four years of constant change should be followed by a period of consolidation and organic construction. Yet it is hard to see why the third Orbán government would soften its tone and reach out to the big business. The self-evaluation of the government is positive on the results of the “policy unorthodoxy”. Hungary is now out of the excess deficit procedure, the IMF loan has been paid back in full, government bond issuance is successful, and employment statistics register an upturn.

As for the latter, two qualifications have to be added: the legal status of the unemployed was redefined so as to force the jobless into public work programmes. This resulted in a reclassification of those involved as “active on the labour market”. It remains to be seen what percentage of public workers would get real wage earning jobs on the labour market. Second: employment statistics curiously include those having a migrant job outside the country without becoming foreign residents. The intensity of economic migration has been increasing in recent years—a trend that has helped various indicators but that may well cause headaches in sectors where employers seek young and educated labour.

“Opening to the East” was a policy initiative aimed partly at replacing stagnant European markets with dynamic partners east of Hungary: particularly Russia, the Middle East, China, India, and Japan. The PM’s visits to these



countries and the increased number of financial and trade road-shows are part of this initiative. So far not much has materialised in terms of increased interest in financing Hungarian sovereign debt: bonds are still predominantly placed through the traditional (Western) market channels. The Chinese government proposed to finance (and build) a Serbia-Hungary railway—the details are not known yet. In a surprise move, soon before the 2014 general election, Orbán signed a deal with President Putin to expand the Paks nuclear power plant in South Hungary, financed by a USD 13 billion/EUR 10 billion Russian loan. The opposition criticised the very short time left for studying the complex deal, questioned the rationale behind enlarging the plant capacity beyond the future needs of the country, and demanded more information about the contract. The government used its majority to pass the law speedily. This was before the conflict in Eastern Ukraine; analysts did not fail to notice that the Hungarian government was not among those who sought to harden European sanctions against Russia.

The trade volume between Hungary and the BRICS has certainly increased. But it is important to remember that the vast majority of Hungarian trade is with countries in the Eurozone with whom Hungary has reached a very significant trade surplus in recent years.

Another initiative of the government seeks to “reindustrialize” Hungary, turning it into “a labour-based country with the industry accounting for the highest share of GDP”. In fact, industry’s contribution to GDP is already well above the European average. Policy documents express the government’s preference for industrial foreign investments over “speculative” activities, and the Government signed well publicised “strategic cooperation agreements” with leading corporations, mostly in industry. However, major business service providers (e.g. shared service centres) have also received government incentive funds for investing in Hungary—a sign that the pro-industry reorientation will not exclude support to service sector job creation. Still, the allocation of education spending on engineering, at the

expense of legal and economics faculties, indicate that there is more to this initiative than words. It remains to be seen whether such a structural policy line will have a lasting impact on the composition of the Hungarian economy.

Another similar issue concerns the doctrine of “increasing the share of national property in banking above the 50 per cent mark”. With about 60 per cent of the banking assets belonging to foreign investors, Hungary is not an extreme case of foreign dominance in the financial sector. What analysts find crucial is how fast and in what way the Hungarian government will want to achieve such a goal; if some major western banks feel they are forced to leave by high taxes and unfriendly market conditions, the impact on Hungary’s business climate would be negative. Capital increases in existing local banks or in the saving and loan industry would deliver the announced goal without much disturbance in the market.

Such an active role for the administration in macro-economic management and in shaping industry structures raises serious questions about the long-term efficiency of the Hungarian economy. Yet some new approaches have to be applied when the poor performance of European economies generally and high unemployment and public debt burden in most of the European countries have reduced the credibility of the conventional economic policy models. The crucial aspect of any policy experimentation, as exemplified by numerous cases of recent Hungarian economic history, is whether decision makers recognise in time what works and what do not. Non-conventional measures and policy improvisations can be effective, but only if basic values concerning market economy, open trade, checks and balances in politics, and transatlantic bonds are fully respected.

## CHAPTER 6

Social Policy

### **The Art of Equilibrium**

Anita Élő

It is impossible to understand the social policy of the second Orbán government without knowing about a crime perpetrated in 2006, four years before Viktor Orbán's party first clinched a two-third majority in Hungary's Parliament.

Walking among the former royal vineyards of Tokaj, one is reminded of Hungary's national symbolism. It is home to the country's most special wine, a wine so revered that it has been immortalised in our national anthem ("*In the grape fields of Tokaj/You dripped sweet nectar*"). Occupying the fringes of the former Communist heavy industry zone, this is also the part of the country most beset by social tension. In mid-October 2006, it was here that a schoolteacher set out to visit friends with his two daughters. No sooner had they driven into the village of Olaszliszka than they noticed a little girl running across the road right in front of their car, then falling into the ditch off the shoulder. The schoolteacher pulled over to see if she was all right. He had no time to get out of the car, because an infuriated man, who thought the child had been run over, jumped on the hood and smashed in the windshield with his fist. In the blink of an eye, five more men appeared. They dragged Lajos Szögi out of the car, and began showering him with kicks and blows, as the mother stood by and shouted, "Kill the Hungarian!" In reality, the car had not even brushed the child, but the crowd that had gathered paid no heed. One of the men ran off to fetch an axe to behead the driver.<sup>1</sup> Szögi was beaten to death in front of his children. The official report says he suffered more than 45 kicks and blows. According to the court papers, as he was

begging for the lives for his children, his attackers yelled they were going to kill him and then rape his daughters. The latter never came to pass, because the mob were taken aback when they saw that their victim stirred no more. While they were covering up the tracks, and the two girls managed to flee the scene.

The public uproar raised by the crime was especially frenzied as the perpetrators disputed who among them had been the murderer. Three men, including a local representative for the Roma minority and a high-school student who did well in school, confessed to have participated in the murder. The group figured that the accused would be regarded by the court as one-time delinquents and would thus get away with a few years in jail. The felons, each with a substantial criminal record, went home, washed up, and burned their blood-stained clothes and shoes. The police swallowed the bait, and at first everything went as planned by the criminals.

But the children of Lajos Szögi knew full well what had happened, and the friends of the schoolteacher, aided by a lawyer hired by the family, began to investigate. The lawyer succeeded in taping an interview with an elderly eyewitness, who told him what she saw that day. An entire country held its breath, watching the bewildering twists of the case unfold over several years. Olaszliszka became a household name, and now a memorial is going to be erected on the spot where Lajos Szögi died. At long last, eight people were sentenced in the case, three of them receiving life. The first-instance verdict was handed down in 2009, during the protracted political campaign that ultimately netted a two-thirds majority for Viktor Orbán's party.

The case transformed Hungary in many ways, from criminal law to social policy. Each of the killers being a member of the Roma ethnic minority, political responses voiced in a simplistic racist tone were inevitably quick to materialise, although these were not supplied by the Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) but the Movement for a Better Hungary (*Jobbik*

*Magyarországért Mozgalom, Jobbik*) party, its most powerful rival in the North Hungarian region. Demonstrations orchestrated by the far-right party, with all the usual paraphernalia of army boots, red-and-white stripes, and slogans clamoring about “gypsy crime” became the order of the day.

What Fidesz perceived behind the bestial killing was a complex web of problems including poor education, enduring unemployment, and deep poverty. Orbán realized that the woes of the Eastern Hungarian crisis zone had proliferated to the point where they could no longer be ignored and called for intervention by general policy. If left unaddressed, these problems would continue to weaken any government while strengthening the racist radical right, and Jobbik in particular.

In the wake of losing the elections to the left in 2002, Viktor Orbán came to the conclusion that his cabinet had suffered defeat because they had focused exclusively on the interests of the middle class. As a result, the second Orbán cabinet made great efforts to cast itself as a government for the entire nation, including the marginalised groups. Starting from 2010, this realisation has informed a social policy prioritising active intervention to scale back unemployment, under-education, and abject poverty.<sup>2</sup>

When, in 2010, the second Orbán government stood up, Hungary had drifted to the brink of bankruptcy, and the only question remaining seemed when exactly it would go the way of Greece and Spain before it. The paucity of funds simply did not permit the government to implement a major turnabout in social policy. Ironically, the landslide victory of Fidesz was not due to the fact that the Left, which had governed for eight years, had plunged the country into bankruptcy, so much as to the general social crisis that followed. This crisis was multi-faceted. Firstly, there was a crisis in family policy. The number of live births had been declining steadily, while more and more of the ever fewer newborns were born into destitute families. The situation cried out for reforming the system of family subsidies.

Secondly, there was a crisis in employment policy. A nation of 10 million was supported by 3.8 million active earners, with barely more than half of all able-bodied citizens actually working. The employment rate among those aged 15 to 64 stood at 55 per cent, nearly 10 per cent lower than the EU-27 average. To put this in a narrower context, this figure is 70 per cent in the United Kingdom. Thirdly, there was a crisis in education. The majority of youth in the crisis zones failed to complete secondary education despite the fact that public education is free in Hungary, and children from needy families receive textbooks and three meals a day free of charge.<sup>3</sup> To what extent dropping out of high school or never attending one in the first place seals their fate is evident from the fact that only one out of four citizens completing eight grades of elementary school will find employment, compared to the EU-27 figure of 46 per cent.<sup>4</sup> Finally, there was a crisis in health. Previous governments had channeled enormous funds out of health care, while low wages forced doctors to emigrate en masse to England and Germany.<sup>5</sup>

During his protracted, eight-year-long retreat in opposition, Orbán learned a great deal about the state of Hungarian society. He set up a number of task groups, and engaged independent workshops to develop professional programs to deal with each specific problem area. He launched a series of national consultation whereby he personally met with experts in each field. And after he carried the elections in 2010, his newly-won two-third majority enabled his cabinet to enact virtually any legislation to bring the situation under control, as long as it remained in conformity with EU law.

In 2010, then, the all-important question was no longer whether the new government saw the problems for what they were, and whether it had it in it find and propose solutions to handle them, but from where, in the midst of crisis, it would source the funds to finance the large-scale overhaul of social policy that had been neglected for twenty years.

### **Pension Policy: Billions of Dollars Nationalised**

It is for good reason, then, that one of the first measures implemented by the Orbán cabinet was to wind up the private pension funds, in a move that netted the treasury the equivalent of 12.3 billion US dollars.

The measure targeted mandatory pension contributions, of which roughly a third had ended up mostly on the hands of private pension funds established by banks and insurance companies. Since 1998, the country had been phasing out the age-old, purely contribution/distribution-based pension system in favour of a mixed private-public scheme in a process orchestrated by the then governing Left. Up until then, the pensions of retired citizens in Hungary had been financed solely from the contributions paid by the prevailing age group of active earners. In the revised system, entrant earners were required to set aside one third of their contribution for themselves, while the middle-aged remained free to choose between the old and the new model.

The use of public funds to fill the gaping holes in the funds available for paying pensions for the elderly thrust the country ever deeper into debt. To make things worse, the situation was rendered even more lopsided by the governing left's decision to resort to expensive foreign loans to finance the switch-over to the mixed scheme, while the private funds were unable to produce sufficient profit from their portfolios to cover the costs that the state incurred in securing these loans from international finance markets.

With a series of measures introduced in 2010, the Orbán cabinet effectively abolished the private pension funds and “nationalised” their accounts.<sup>6</sup> (It was careful to do so only after amending the Constitution and restricting the powers of the Constitutional Court in order to prevent precisely such measures from being overturned.) As it happened, none of this undermined Orbán's support base, since the majority of the population had long been enraged by the low returns generated by the private pension funds. Sentiments against them were further incensed when the management of certain private funds came under legal suspicion. The Hungarian

subsidiaries of certain multinational corporations turned out to have used the contributed funds to double their own investment costs, enriching the parent company. The banking supervision responded by ordering these funds to repay 20.5 million US dollars they had claimed in costs subsequently found to be unjustifiable.<sup>7</sup>

The members themselves were free to decide whether to return to the fold of the purely state-run pension system or stay with the mixed scheme. This decision, however, was academic at best, given that the government put the re-converts at such an advantage (including the ability to withdraw in cash the real interest return on their in-payments for the past 15 years), and imposed such severe deterrents on those electing to stay with their private funds (including the elimination of state guarantee and of state contributions to the pension) that, of the three million fund members, barely more than 100,000 ultimately decided to stick to their private funds.

The manoeuvring room available to the government increased significantly owing to the re-appropriation of the 12.3 billion US dollars. The bulk of these funds was spent on reducing the national debt, saving the second Orbán government from the disgrace of filing for bankruptcy protection in the months directly following its formation. Not only that, but the government made its payments before the due dates, and by 2013 it paid off the last penny of the 8 billion euro loan that the previous government had taken out from the IMF in 2008. This removed the government's obligation to adopt the crisis management guidelines prescribed by international financial organisations, leaving it free to implement its own program at will. In 2013, Poland, which had been struggling with similar ailments, followed the Hungarian example in stabilising its national budget.<sup>8</sup>

Although the wholesale liquidation of the private pension funds obviously violated the interests of banks and insurance companies, it stopped short of pitting the population against Orbán. Yet all of this constituted just one element, albeit a major one, of the new pension policy. The Prime Minister of



Hungary has set his sights on forging a work-based society. His vision makes no room for a scenario, familiar not only in Hungary but in a number of Western European countries, that allows firefighters, members of the armed forces, police officers and miners to retire at the age of 40 or 45. Adopting a measure subsequently sustained by the Strasbourg-based European Court of Human Rights in July 2014, the Orbán government eradicated this phenomenon by re-categorising under-age service pensions as a form of social allowance or aid, effectively making it unlawful for recipients to simultaneously accept employment.<sup>9</sup> This ended the common practice whereby former policemen, soldiers and firefighters, already entitled to retirement benefits three times as high as the average pension, would continue to hold a job for decades, for instance as a security guard, making a far better living on two incomes than “average” pensioners who supported them with their former contributions. In essence, the solution the government came up with satisfied constitutional norms and enjoyed the support of the majority of society, discounting of course those affected adversely by the measure.

In a move questionable on sheer professional grounds, while the official retirement age was being raised gradually and uniformly to 65 in Hungary, as of 2011 the legislature permitted the retirement of women with at least 40 years of completed employment, regardless of actual age. Public opinion was in favour of the break in view of the high employment rate among older job-seekers, particularly women, despite the fact that the measure lacked solid foundation in professional terms. Ultimately, more than 100,000 women availed themselves of the early retirement option.<sup>10</sup>

Be that as it may, the government certainly lost one of its most highly touted battles precisely in the same arena when it was raked over the coals and had to atone for its attempts to force judges into retirement. To understand why Orbán, an avid proponent of work-based society, insisted on sending judges into retirement as soon as they reached

the age, we must take a step back and revisit the events of September 2006.

This was the time when riots broke out in Budapest after someone leaked a tape of former Prime Minister Ferenc Gyurcsány's speech, delivered at a Socialist Party convention in Balatonőszöd, in which he admitted to his caucus that he had defeated Viktor Orbán at the elections by dint of lies. The airing of the tape in public radio triggered a string of demonstrations across the country. Exasperated by Gyurcsány's refusal to resign, on September 18, 2006, the demonstrators stormed the building of public television. What followed were the most disgraceful days in the latter-day history of Hungarian democracy. With a mandate to "gain control over the situation" and desperate to identify offenders, the police spent the nights from the September 19-23 rounding up innocent people in the street, including university students walking home after a party and fathers celebrating the birth of a child, on drummed-up charges of assaulting officers on duty.<sup>11</sup>

But what does any of this have to do with the pension policy of a government that took office four years later? Well, these events involved nothing less than the arraignment of hundreds of innocently accused individuals — most of them young people with no criminal record who were badly beaten and bleeding from multiple wounds — followed by pre-trial detention orders churned out by the courts as if on an assembly line. The events shook public trust in constitutional law and order. The matter was not helped much when, in the outcome of a lengthy legal process, the victims were finally cleared and awarded damages. Apparently, though, Fidesz leaders remained unshaken in their conviction that the arrests had been ordered by an old guard of judges who had earned their degrees under the single-party dictatorship and nurtured close ties with the Left.<sup>12</sup>

The Orbán government — starting from a false premise and choosing equally misguided means to implement the measure — proceeded to retire judges of legal retirement age practically overnight, drawing ire from the influential Venice

Commission and the European Commission. Then it followed up, in an attempt to fend off charges of discrimination, by applying the same retirement policy in health care, education, and other public sectors. This proved to be a grave mistake. The European Court of Justice found Hungary guilty of violating the ban of age discrimination.<sup>13</sup> Those judges who wanted to return to the bench were then allowed to do so, but the damage was done: the perception of both Hungary and its head of government both suffered. At the end of the day, nobody stood to gain from the ordeal.

The conflict is nevertheless instructive in highlighting two traits of Orbán's leadership: his fierce anti-Communism and exceptional obstinacy. He has been widely known for the former ever since he demanded the withdrawal of occupying Soviet troops in 1989. As to the latter, he goes to great lengths to explain, in a book portrait published in 1994, why he thinks that perseverance, stubbornness or resilience is a highly desirable quality. As he relates, his grandfather — a role model for Orbán — had precisely these character traits to thank for his ability to walk the long way home during World War II, first from the Soviet Union and then from American captivity, carrying a bag of salt he had got by way of wages for his work. In a country drained of all resources during the final siege, that bag of salt proved to be such a treasure that it paid for a small rural estate for the family.<sup>14</sup> Of course, Orbán is not a refugee always one step ahead of the frontline, but the leader of a free and democratic country, whose decisions will inevitably include good ones and bad ones. The easiest way for him to mitigate the number and consequences of the latter is by paying heed to the feedback he receives.

### **Employment Policy: Work for the Poor**

For the government, the overhaul of the pension system was one of two ways of raising funds; the other consisted in the radical revision of the unemployment benefits scheme. As hinted earlier in this chapter, the lynching in Olaszliszka warned the government to seek new means of dealing with

deep poverty. Left decrepit by the collapse of the former Communist heavy industries, the crisis zones of Hungary were now rearing the second or third generation of families without a single member in employment. This phenomenon must have been a formative experience for Orbán who, along with other senior members of his party, took a starkly contrasted view of work and individual performance. Three key politicians of the Orbán era, speaker of the house László Kövér, now head of state János Áder, and the Prime Minister himself hail from the economically more advanced counties west of the Danube, and each was born into a family of first-generation white collar workers.<sup>15</sup> All three have been successful self-made men. Being from a small village, Orbán has built a career that serves as living proof for the belief that hindrances rooted in one's background can be overcome by sheer will, hard work and intelligence.

In other words, what transpires in Eastern Hungary must have appeared utterly irrational in the eyes of Orbán and the members of the Fidesz generation, who pulled themselves up by their own bootstraps. Thus one of the cornerstones Orbán's thinking is the conviction that the dream of a modern Hungary cannot be realised without embracing and lifting up the poor, and that this will inevitably imply work and nothing else. As to the single-mindedness of purpose such an enterprise will take, Orbán had already given ample evidence of that capacity in his drive for the timely retirement of the old bench.

The question of how to help the poor without depriving them of the will and power to act for themselves is a perennial quandary in social policy. When Orbán took the helm for the second time, he had to face the consequences of a large number of ill-advised decisions made by the outgoing Gyurcsány and Bajnai cabinets in this regard. Chief among these had been the restructuring of the welfare system in such a way that ultimately discouraged families from undertaking lawful employment while encouraging them to undertake as many children as possible, even as it was obvious ahead of time that they would lack the income to bring them up

properly. In short, the policy of the previous governments effectively perpetuated poverty by sentencing generations to it — not out of any malevolence, to be sure, but by unwittingly opting for the wrong means to aid the needy. These mistakes helped create a social tension between economically active and inactive segments of society, which soon escalated to nearly unbearable heights.

It was precisely for this reason that Orbán's government set out to build a society firmly grounded in work, in which citizens would rely on well-earned wages rather than welfare to support their families. Orbán's point of reference is the middle class, where he comes from. It constitutes the foundation of his political support base, and is thus the main pillar he will seek to reinforce. Yet his political defeat in 2002 made him realise that, in Hungary, it was impossible to remain in power longer than for a four-year term without winning over the masses falling by the wayside.

The hitch, of course, is the bane of all proactive social policies, namely the fact that providing the poor with employment opportunities inevitably costs a lot more than putting them on welfare. This was driven home all the harder in a country on the brink of bankruptcy, which found it increasingly difficult to shore up funds even for welfare payments. It comes as no surprise that the Left had prioritised support for inactive citizens, including pensioners and welfare recipients, who continue to make up the core of its voter base. By 2008, however, the welfare-from-foreign-loans mechanism had imploded. Let us bear in mind that, during the period from Orbán's departure as Prime Minister in 2002 to his taking of the oath again in 2010, the national debt skyrocketed from 55 to 80 per cent of the GDP. By 2010, it had become painfully obvious that the country had no room left to go further into debt. By then, poverty had become an inheritance handed down from generation to generation, to the point where the most problematic neighbourhoods in Western European cities seemed enclaves of prosperity compared to some villages in Eastern Hungary.

Employment means not only making ends meet but

provides people with a framework in which to live their lives. Conversely, its absence undermines social relations and aggravates exposure to addiction and crime. It goes without saying that Orbán did nothing extraordinary by making work the fulcrum of his government's social policy. British Prime Ministers Tony Blair and David Cameron have followed much the same vision. The question Hungary had come to face in 2010 was how to procure the funds to finance these very goals in the throes of the global meltdown.

Hardly the artist who specialises in miniatures, Orbán paints his canvas with broad, gritty brush strokes. Starting from 2012, his government reduced the unemployment benefit entitlement period from 270 days to 90 days, using the funds thus liberated to launch public community work programs.<sup>16</sup>

These measures severely contravened the interests of the middle class, his key voter base. In Hungary, the average unemployed person spends 19 months without work. Now those who lost their jobs were left without any support at the end of the third month, in the middle of an economic crisis.<sup>17</sup> Needless to say, Orbán did not intend to ruin his own social backing but to expand it. To that end, he used the funds freed up by the welfare cuts to finance public works programs on an unprecedented scale. Today, 755 million US dollars have been invested in providing work for 100,000 to 200,000 people depending on the season, among them many who had never held an officially registered job before. The vast majority of them are confined to labour requiring no special skills, such as digging drainage ditches, trimming vegetation along railroad tracks and national borders, mowing grass, planting trees or energy crops.

Community workers were tested for basic competences with a view toward devising a training module for the program. During the winter season, when outdoor work is scarce, 50,000 people were sent to school, with the aid of EU funding, "to improve their knowledge". A huge public outcry broke out when it came to light that grown people put behind the desks were being told to draw little clouds and

suns on a sheet of paper — a humiliation, according to the political opposition. As it turned out, 11 per cent of those enrolled in the program were unable to execute such a rudimentary task, simply because they could not read. For them, education must start with teaching the most basic skills.<sup>18</sup> It is impossible to find work for the illiterate.

True enough, community work programs had existed under the left-wing governments as well, but they did little more than sharpen social conflicts. This was because basic earnings in Hungary are so low that a factory worker or supermarket cashier virtually did not make more than a community worker: Both were paid the legal minimum wage. Yet while the former would work long hours without a break, the latter spent the better part of the day sitting idly by the village roads, as there was not enough meaningful work for them to fill the day.

The Orbán government dealt with this anomaly by differentiating minimum-wage categories, to the effect that a person employed in the private sector became entitled to a minimum wage comparable to 406 US dollars per month, while community workers received 317 US dollars. As of 2014, skilled workers employed in the private sector and in the community work programs must be paid a minimum of 484 US dollars and 406 US dollars respectively.<sup>19</sup>

The problem is that cutting the minimum wage of community workers by 25 per cent leaves them with earnings barely more than welfare. Why would then the poor bother to take up a job at all? In January 2012, the government also reduced monthly welfare payments from 117 US dollars to 91 US dollars, and imposed further cuts on those who refused community work. This measure hit the hardest of all, as destitute families had already found it near impossible to make ends meet even on their original welfare payments, especially during the notoriously hard Hungarian winter.

The government did not balk under the fierce attacks launched from the Left. In 2012, only 15,000, or 6.5 per cent, of the 262,000 community workers found employment in the primary market. This ratio has been called abysmal by

several sociologists, while the government has hailed it as a success that 15,000 citizens no longer have to rely on welfare to support their families.

Apart from the community work programs, the government introduced a number of incentives for companies to hire workers from the most vulnerable groups of potential employees. The unemployment rate dropped from 9.9 per cent in 2010, the year Orbán took office, to 7.9 per cent in 2014. Toward the end of 2013, the employment rate broke a historic record: for the first time in the new millennium, the number of registered jobs reached four million.

In the early days of the government cycle, the opposition held the government under a barrage of fire with accusations of creating establishments akin to Nazi labour camps, in part because the coordination of the community work programs had been assigned to the Ministry of the Interior in consultation with the local municipalities, rather than to that of social and welfare affairs. Four years after the launch of the program, three tendencies have emerged: First, people in the crisis zones do not really object to being forced to work so much as they protest the enduring scarcity of work opportunity. Community workers take turns in each public job, and have no choice but to fall back on welfare for the rest of the year. Second, the government carries on with the campaign of creating jobs, providing incentive for free industry zones in disadvantaged micro-regions starting in 2013. A business undertaking to set up camp in one of these zones will have a good chance applying for state subsidies on the order of 117,800 US dollars per new job, and will get considerable breaks on the corporate business tax and contributions payable after each employee. Third, community work and training programs are being tailored to the goal of fashioning a class of potential employees capable of performing work processes in the private sector.

### **Social Policy: Homelessness as Punishable Offense**

There is another target area of Orbán's social policy that has stirred controversy: homelessness. Prior to 2010, Budapest



had had a liberal mayor in the person of Gábor Demszky, a sociology graduate, who — like Orbán himself — had started out as an emblematic figure of the anti-Communist democratic opposition to become a prominent politician. Under Demszky, the homeless were free to use public areas. The busiest junctions of public transportation and the vicinity of the finest tourist attractions in the city swarmed with homeless people. Subway underpasses stank of urine, and the homeless were protected from being taken to a heated shelter if this was against their will, even when directly threatened by hypothermia or freezing to death. In 2010, an engineer supported by Fidesz, István Tarlós took over the helm and set about finding practical solutions for these problems. Joining forces with the legislature, he managed to ban the homeless from sites on the World Heritage list while significantly enlarging shelter capacities. Emulating a proven British model, some of the Budapest district municipalities introduced personalised programs to lead individuals out of homelessness.

The national government itself mounted an effort to “cut the supply lines” of homelessness, developing a number of proposals to intervene in the foreign currency loan crisis, widely held to be the number one root cause of homelessness since 2008. Most of the mortgage and car loans in Hungary had been taken out in Swiss francs for some time. In a first-instance verdict passed in the fall of 2014, the court ruled that the banks had been raising interest rates and fees unfairly, entrapping tens of thousands of families in a never-ending cycle of debt. Indeed, many who had bought a modest small car on Swiss franc-based credit soon found they had to spend as much as half of their monthly earnings to make the payments. And after five or six years of making those payments, tens of thousands had to face the bemusing predicament of still owing more than the principal amount of the loan they had originally taken out.

Today, the homeless are prohibited from living in the banned zones. Transgressors are fined, and those who do not pay may be sentenced to jail, as any other citizen found guilty

of a misdemeanour. These measures may have rendered Budapest a more liveable city, but have come up short of mitigating the problem of homelessness itself.

### **Education: Nationalisation for Equal Opportunity**

How can there be rampant illiteracy, so many people who barely know how to read or count to ten, in a country where elementary and specialised education is still free of charge, where one can study for decades to be a doctor or engineer without having to pay a tuition? The Orbán government identified half of the answer in the wisdom that, where the parents do not work, the children will evade school rather make an effort. Families in Hungary do not possess the kind of wealth that would enable inheritors to live on the interests. It is a country for the self-reliant, for those who take charge of their own destiny; it is a country where individual prosperity will inevitably depend first and foremost upon one's education.

As we have already mentioned, Orbán himself, and quite a few in his camp of followers, had first-hand experience of this truth, and learned their lesson well. It was the underlying consideration behind the decision — one of the first measures adopted by his government — to deny eligibility for the family allowance (the universal entitlement to a monthly benefit of 50 to 70 US dollars per child depending on the number of children in the family) to parents whose children stayed away from school. The rate of habitual truants reached 5 per cent in the Northeast, and 10 per cent in the vocational schools. One year after the revision of the child welfare system, the rate of absence from the schools declined by more than one-third.<sup>20</sup>

This intensely controversial measure highlighted differences of approach between the previous and current governments. Orbán's cabinet has founded its policy on responsible, conscientious citizens, and striven to make public allowances contingent upon individual performance. In contrast, the former government had preferred simply to hold up the needy through universal allowances, and their members continue to accuse those in power today

with implementing policies hostile to the poor rather than combating poverty.

In the next step, the government nationalised schools hitherto run by the municipalities, and even centralised textbook publication. To appreciate this measure in context, let us look at the variance between the Swedish and Hungarian models of education. In the Scandinavian countries, it makes no difference whether any given school is in a village or in the capital, because the norms prescribed centrally by a strong state guarantee equally well-equipped classrooms and equally qualified teachers regardless of the location. Hungary, on the other hand, has occupied the periphery ever since the Ottoman occupation in the 16th century, and its financial means lag far behind those of any western country that could serve as an example to follow. The Hungarian way of resolving this contradiction has been to ensure the highest European standards of education in the centres while traditionally admitting the inability to do so “on the fringes,” so to speak. Orbán had high hopes for the nationalisation of the schools as a measure that would level the grossly tilted playing field, bringing the circumstances and amenities of schools attended by children of poor families closer to those offered by the elite institutions in the capital and the county seats.

The nationalisation of the schools triggered heated debate, and we are not seeing any benefits as yet. (The measure was only implemented in 2013; it may well be that we will need to wait longer for the results to be realised.) What is clearly in sight as we speak is the negative fallout: schools are being operated by a huge bureaucratic machinery, and badly rather than well at that, for the time being.

The middle class responded with bewilderment to these measures, originally devised with disadvantaged children in mind but ultimately applied across the board on a mandatory basis. But once again, the government has refused to back down, and continues to require children to stay in school until 16:00 each day, in an attempt to chip away at the social handicap of those from marginalised families. Children

leaving early for a piano lesson or soccer practice must carry a written leave from the school, for police officers have been instructed to question kids found in the streets before four in the afternoon. The government's education policy has been debated passionately on all sides. If the Brits' pet topic of conversation is weather, the Hungarians' it is no doubt becoming education.

### **Family Policy: How to Support Our Children**

Unlike countries in Western Europe, Hungary is not the powerful centre of an archipelago composed of now independent states that once formed an empire of colonies (England, France, the Netherlands) or sphere of influence (Germany, Austria), but a solitary island. If the rate of live births in Germany or Austria drops, the numbers will be easily replenished by immigrants from Hungary, Romania, or Poland, especially now that the iron curtain has been lifted. The English need not cry national tragedy if five million subjects leave the country, because each emigrant will be matched by several prospective immigrants who would give an arm and a leg to make the UK their new home. By contrast, if the number of live births continues to decline in Hungary, in a span of 20 or 25 years this process will lead to a dwindled labour base and thus to a shrinking GDP. One thing we could certainly do would be to grant citizenship to Asian and African immigrants. But how long will it be before these immigrants, now citizens of the EU, would use Hungary as a jumping board and move on to the West — England, Germany, France — where they could avail themselves of much more lucrative social services, including welfare?

Possessing one of the lowest population growth rates in the world, Hungary must realise the key importance of boosting the number of births. Apart from Hungary, the only countries in Europe where this demographic index measures below nine in a thousand are Germany and Latvia, not to mention the fact that Budapest, despite marching far ahead of the rest of the country in terms of economic development, has a productiveness rate one third lower than that of the most

disadvantaged counties.<sup>21</sup> The phenomenon is not unique to Hungary. The dilemma all European countries face lies in the fact that it is the poor who benefit most from family support schemes, which increases the risk that the state administering that support will inadvertently contribute to the emergence or perpetuation of child poverty.

Viktor Orbán is a man of no-nonsense, large-scale social vision rather than of subtle solutions of lacework refinement. He will not be daunted by tasks involving the massive transformation of entire systems, if this is what he thinks it will take for him to achieve his goals.<sup>22</sup> We have already suggested that the difference between the social policies of the Left and the Right can be encapsulated in a simple formula: While the Hungarian Socialist Party (Magyar Szocialista Párt, MSZP) and its allies favour allowances available on a universal eligibility basis, right-wing governments have followed a social policy focused on motivating people to work. The string of relevant decisions adopted by the Right and the Left as they take turns in power is like a knitting pattern: one plain, two purl. The Left has granted support funds indiscriminately, while the right has insisted on previous employment history as a condition of eligibility for certain new benefits available under its family policy. Every time the socialists win the elections, they rescind most measures introduced by the conservatives. Then the Right, when it takes over, restores everything abolished by the socialists. Most recently, the Orbán cabinet reinstated the family tax incentive that had been discontinued by the preceding left-wing governments for all but the largest families, and even made it more generous than ever before. Mothers were once again entitled and enabled to stay out of work until their child grew three years old. One thing Orbán did not touch was the doubled amount of the family allowance, because it helped increase the birth rate among the poorest families.<sup>23</sup>

Orbán's government has refused to hike the rate of allowances available on a universal basis. Neither the family allowance nor the maternity leave pay (payable to unemployed women for three years after the birth of a child,

“GYES”) have been raised by a penny. At the same time, generous benefits have been granted to working parents, and the earnings-proportionate allowance paid to previously employed mothers for two years after the birth of a child (“GYED”) has been increased by 40 per cent since 2010. Parents with more than four children pay virtually no taxes, and those in a lower income bracket have received cuts on their mandatory contributions in addition. These measures recognise the crucial importance of advancing the number of births, particularly in view of the fact that women nearing the end of child-bearing age as we speak belong to a rather populous generation — indeed, Hungary is unlikely to ever have a larger female generation in the future — while 60 per cent of women aged 27 are still childless today.<sup>24</sup>

For the time being, it all seems to have been for nothing. The year 2010 saw a few austerity measures of the former government enter into force, which caused a setback in the birth rate by 2011. The numbers have failed to climb back to the 2010 level, albeit there are signs of improvement. In the first quarter of 2014, 3 per cent more new births were registered than in the same period of the previous year.

We have already spoken of the stubborn determination that characterises Orbán and his team. Tax breaks did not help? Then let us cut their contributions. The contribution cut did not help? Let us move on and find something else.

In 2014, the same Orbán who has been described by the Left as preferring to see women in the kitchen where they belong adopted the most liberal family policy measures of all time. His government conceded the argument that the reason why women were reluctant to give birth was because they were afraid, in this modern world of ours, that being absent from the workplace for three years would be tantamount to giving up their careers. Mothers — or fathers, as the case may be — are now free to decide whether to stay home with the child or go back to work. If they return to work one year after the birth of the child, they will be entitled to the maternity leave pay in addition to their earnings. Moreover, parents undertaking two childbirths in three years will receive leave

pay after both children. The extra income thus gained can be as high as 410 US dollars a month, an amount comparable to the legal minimum wage in Hungary.

At the time of writing, babies planned by their parents in awareness of these new conditions are yet to be born. This makes it impossible to say whether the Orbán cabinet will finally achieve success for the long haul in this area.

All we know for sure at present is that the rate of mothers (and occasionally fathers) returning to work has increased by 37 per cent since the introduction of the new measures in January 2014. The process has no doubt been helped by the government's decision to grant tax breaks to the companies taking them back. Today there are 46,000 women in Hungary who earn more on account of a child than what they made before that child was born. If the demographers are right, this may ultimately contribute to stimulating enthusiasm for childbirth. There is a measure of cunning in this argument. Time will tell.

### **Health Care: Raging Passions and Lack of Funds**

We have seen how Orbán's social experiment, although sometimes difficult to follow from an outside perspective, can essentially be described as the endeavor to turn a rather rational and simple vision of society into reality. People should work, have children, and raise them in honor. Difficult as this goal may be to attain, it seems child's play in comparison with the mandate to put the house in order in health care.

There are two reasons for this. First, there is virtually not a single citizen living in Hungary today who has not had a close family member or friend die in his or her forties from cardiac arrest, cancer, or complications of alcoholism. At the time of the democratic turn, Hungary was a country of the prematurely deceased. Second, despite spending more on health care than on national defense, the country has never had sufficient funds to modernize its hospitals as it has staggered from crisis to crisis. Neither did Orbán's left-wing predecessors, and they still undertook to modernise health care. In no small degree, this very undertaking cost them the

elections in 2010, and proved instrumental in Orbán's ability to regain power.

Ferenc Gyurcsány and his cabinet resolved, in 2006, to siphon off considerable resources from health care. To offset this measure, they introduced a so-called "visit fee," an amount comparable to 1.3 US dollars and payable every time one went to see a family doctor, as well as a "bed fee" of the same amount, payable by hospitalised patients. In addition, they had plans to engage private insurance companies to manage the population's contributions to social security. These measures and amounts may seem to have no more than symbolic significance, but the people knew full well that, once a pay-per-care scheme took root, there would be nothing to prevent the charges from being raised at will. It was precisely by taking notice and advantage of the public indignation over the constraints in health care and the privatisation of health insurance that Fidesz managed not only to recoup but to multiply its support base.

No wonder that hopes for health care rode as high as they did in 2010, when Orbán took over. As it turned out, he did not do anything people expected he would do. Instead of reopening the hospitals that had been fully or partially shut down in 2006, he chose an entirely different route.

Even though Orbán filled most key government posts with party cadres, he put someone of considerable professional reputation in charge of health care, just as he had the last time he governed. The appointed Minister of State was Miklós Szócska, Head of the Health Care Manager Training Center of the Semmelweis University in Budapest and holding a degree from the US. Realising that additional funds for health care had been frozen, he got down to work to shore up the requisite resources. His success was demonstrated by a personal visit to Budapest of WHO president Margaret Chan in 2013 to decorate the minister in recognition of his popular health program. This was no small feat for a Viktor Orbán who had been looked on unfavourably by the international community for quite some time.

In devising the new popular health program, the



government was guided by the threefold aim of improving life expectancy, raising wages for health care workers to stem the exodus of professionals to England and Germany, and improving technical amenities at the institutions. This third task proved the easiest to accomplish, with the USD 1.23 billion available in EU support funds for refurbishing hospitals around the country and supplying them with much needed instruments. (Institutions in the capital itself had been equipped well enough not to qualify for cohesion funds.) But where should the money come from to finance the wages of doctors and nurses? The first invention was a new tax, known as the chips tax, levied on the sugar content of soft drinks and flavoured beer, the salt content in chips and other snacks, and on the stimulant additives in energy drinks. The revenues were devoted to finance salary hikes for doctors, especially residents, in an attempt to put a halt to the emigration of fresh graduates.

The measure set off a feverish reaction among manufacturers, who instantly got busy searching for new manufacturing technologies to evade the new tax or simply cut sugar and salt levels in their products. The annual production of flavoured beer dropped from 7.5 million litres to 2.7 million litres from 2012 to 2013. The consumption of energy drinks containing taurine declined from 504,000 to 75,000 litres. People began to buy less of these products not just because they had become more expensive, but also because the new measure helped them realise the harmful effects of such food products on their health.

Even more divisive was the government's move, effective January 2012, to ban smoking in all public establishments, including restaurants, public offices, workplaces, and within a five-meter radius of the entrance to such premises. The measure, already in force in several countries in Western Europe, was met with approval even among some of the smokers, and restaurateurs and bar owners came round when it turned out that it actually increased their turnover. But this was not the end of the story. The government followed up by raising tobacco prices drastically and, more influentially still,

by banning the sale of tobacco products except in specially designated outlets, a system built on the Austrian model. (Formerly, tobacco products had been sold everywhere including food stores, restaurants, and pubs.) The solution is similar to liquor stores in Scandinavia and pharmacies in Hungary and Austria, where merchants found violating the rules of sale will have their license revoked.

These constraints led to supply interruptions in the countryside, where a number of small settlements were left without any means to purchase tobacco products for months. The antagonisation of smokers, who make up one third of the adult population, led many to believe that the measure would undermine the popularity of the government, but this never came to pass. In 2014, Fidesz secured two thirds of the seats in Parliament for a second successive time. What the hard-line government measure did achieve was a 28-per-cent decline in cigarette sales in 2012, as one in three smokers dropped the habit altogether.<sup>25</sup> By 2013, cigarette sales were down 40 per cent.<sup>26</sup> Dealing in contraband cigarettes evolved into a major business along the Hungarian-Ukrainian border but that is another matter.

All of these pro-health measures made their effect felt instantly. Data surveyed by the Central Statistical Office show that the mortality rate is declining steadily throughout the country, down three per cent in the first half of 2014 on the previous year.<sup>27</sup>

Carrying on with the program launched by the previous government, vast amounts were allocated to rural hospitals to improve conditions that had been appalling by western standards. All in all, 1.23 billion US dollars in EU development funds was spent on renewing the buildings of virtually all health care centres in the country. Orbán seeks to reinforce the image of a powerful central administration — and a powerful Hungary — precisely because the Hungarian state has been viewed as being shockingly ineffectual. Under the totalitarian rule that persisted for decades, not just the police but every other organ and agency of the state had participated in the ubiquitous repression. Citizens had been made to feel

on their skin their utter vulnerability and helplessness in all transactions with state-run institutions, including matters as trivial as obtaining a driver's license or having a toenail fungus removed. In the aftermath of the fall of Communism 25 years ago, it became painfully evident that instating democratic elections and setting up a Constitutional Court of Europe-wide reputation was much easier than organising a service-oriented administration on the national and the local municipal level, in other words a government that operated to the same high standards in every part of the country.

What the Orbán cabinet sought to achieve by nationalising clinics and hospitals hitherto run by the municipalities was to standardise the quality of health care services across the country. However, the success of the government's pro-health measures was only matched by the fiasco of this latter ambition. Orbán, forever the tactician of overarching schemes, had hoped to crush the utterly corrupt system forged by the medical sector. This time, he had to acknowledge defeat.

In the wake of the failure to transform the irrationally flawed sector, it's business as usual today. Health care remains state-operated in the sense that many patients pay an advance visit to the private practice of the physician of their choice, pay him for advice on the treatment they would receive from a public institution, and, upon leaving, they discreetly slip him a white envelope containing a cash gratuity. The actual income of health care workers in Hungary still depends on the extent to which their specialisation is "gratuity-intensive." Paediatricians tend to get tipped less, while the illicit emoluments of surgeons and obstetricians can be as high as full salaries in Western Europe, even though they officially make not more than about one tenth of the legal pay of their colleagues in, say, the United Kingdom or Germany.

It was this mould that Orbán wanted to crack by nationalising the hospitals. What emerged from this drive, however, was nothing but a bureaucratic and arrogant hospital management centre which did precious little to change the status quo. Now officially employed by the state, physicians continue doing what they were always doing

while their hospitals were run by the local municipality. This is because the anomalies are generated and sustained by a chronic shortage of funds. As they take turns, each new government has sought to conform to the EU target of three-percent deficit by siphoning off enormous resources from the most costly sectors, health care being chief among them. In terms of health care allocations, Hungary lags behind not only the industrialised West but even behind the rest of the Visegrad Four, where the level of development is otherwise comparable. The Orbán cabinet continued this practice, albeit by chipping away at public subsidies on prescription medicine while forcing pharmaceutical companies to sell their products at prices prevailing in the West. As a result, both social security and the patients now pay less than previously for medication.

The way out would clearly lead through raising doctors' salaries to European levels, but this would cost an inordinate amount of money that the country simply cannot afford to spend. The government has elected to go instead with the partial solution of making a pact with young graduates studying to earn a specialisation: In return for a salary just high enough to keep them from leaving the country, they make a commitment, in individually signed contracts, not to accept gratuities from patients. This intervention has been successful. In 2013, 955 physicians, or 16 per cent fewer applied for a license for foreign employment, compared to the number of 1,111 in 2013.<sup>28</sup>

This brought about a situation in which resident physicians earn 500 to 600 US dollars more than established specialists. By the time these contract-bound candidates graduate with a specialisation in the next two years, the wages of established specialists will have to have been increased significantly as well.

Yet the government seems to have its hands tied regarding the gratuities, for two reasons. Firstly, the custom of patient gratuities in health care is nourished by the general shortage of funds, and perpetuated by each successive government by draining resources out of health care. Secondly, it is

impossible to keep track of cash transactions carried out in private with the mutual tacit approval of both physicians and their patients.

Ironically, it seems that the operation of the system is being checked precisely by the predominantly young doctors working in England and Germany, along with their clientele. The “envelope habit” is humiliating for everyone involved, and has been increasingly frowned upon by generations reared after the democratic turn. The cracks in the system are evidenced by the declining gratuity amounts and a number of criminal proceedings brought against doctors who named their prices when their patients were reluctant to “pay up.” Under Hungarian law, accepting gratuity is unlawful unless the patient offers it of his own free will; extorting such payments is a felony that can be prosecuted to the full extent of the law.

Indeed, it is often the loathsome gratuity syndrome that drives so many young physicians to take up work abroad. These days, however, more and more of them decide not to permanently settle in England or Germany but to share their time, for instance by working one week each month in England. In return, they refuse to accept gratuities in their practice in the home country. One noted doctor runs a department at the Hungarian Oncology Institute for part of the week, and spends the rest of the week working at the AKH, the Vienna General Hospital. Hospital directors have come to favor and encourage such time-sharing solutions, which keep them from losing their professionals while facilitating the import of organisational knowledge. For example, the head physician mentioned above will be one of the professionals in charge of implementing a lung transplant program to be launched in the near future.

### **Conclusion**

As we have seen in this chapter, the Orbán governments have introduced vast, often controversial reforms in several fields of social policy. The aims themselves — a work-based society, fewer citizens of welfare, higher birth rates,

a stronger middle class, a more competitive economy, and reducing social inequalities through measures in public education and health care — tally with the objectives set by Western European countries, although the methods frequently differ. These differences, however, are not rooted in Orbán's deviant political disposition, hunger for power or some other cause routinely invoked by Orbán's domestic opposition and detractors in the western media, but in the unique challenge of having to devise a program that will be simultaneously viable in the three East-Hungarian regions (among the 20 poorest regions in the Union) and in the Northwest, including the capital, where conditions are more comparable to those in the developed countries of Europe.

These reforms have elicited intense professional debate, but most of them continue to enjoy the support of the decisive majority of the general population. It was precisely on account of the social crisis that Orbán and his allies won a two-third majority in 2010, and the exigencies and chosen methods of managing that crisis made a vital contribution to his ability to retain that majority in 2014.

The reevaluation of social policy and its elevation to the rank of "high politics" took place because Orbán realised that the masses left behind inevitably comprise protest voters who will always vote against the government that happens to be in power, and that therefore the right had no chance to govern for more than a single four-year term unless it extended programs to the poor.

By 2010, for the first time since the fall of Communism, social policy had ceased to be thought of as a reservoir from which funds could or should be drained and re-channeled to heal the wounds of the crisis elsewhere, or, for that matter, as the hobby-horse of a single minister — both of them perceptions that would have jeopardised victory at the impending next elections. All of this would appear to suggest that Orbán holds sway over the entire political arena. After all, each modernisation effort since 2010 has been underpinned by the Prime Minister's person — a person of great popularity (and rejection among the now fragmented

opposition) and authority (and of a character demonised by his detractors, particularly those who had to relinquish political power after eight years in the limelight).

These reforms set off enormous waves across society. Their success is well-documented in some fields (employment, rate of active earners, mortality) but too early to call (birth rate, education reform etc.) or proven dead-ends (such as the retirement of judges or the nationalisation of hospitals).

The social policy of the second Orbán government diverges from that of the first on one important count, in that it seeks to bolster the middle class by lifting up and empowering the classes fallen by the wayside. The highest political goal is certainly in the bag: For the first time in the history of Hungary, a democratically elected government has managed to secure two-thirds of the seats in Parliament twice in a row.

All of this may go a long way toward closing a long chapter of social policy disasters in Hungary. The prospects will appear all the brighter considering that, being in the position to govern in two consecutive parliamentary cycles for the first time in 70 years, the Right may finally have the time it takes to attain success in family and education affairs.

### Endnotes

1. Attila Nagy, *Három életfogytiglan az olaszliszka lincselőknek* (“Three life sentences for the Olaszliszka killers”), in: Index, 13/11/2009, see: [http://index.hu/bulvar/2009/11/13/olaszliszka\\_masodfok\\_itelet/](http://index.hu/bulvar/2009/11/13/olaszliszka_masodfok_itelet/) (last visited: 10/09/2014)

2. Although all of the killers of Olaszliszka and most of the marginalized groups in North-East Hungary are Roma, from this point onward we will refrain from mentioning ethnicity in this essay, as the problems are not rooted in the ethnicity of the poor but in the unemployment perpetuated by under-education, the failure to restructure the industry, and the sheer absence of income. It is a fact that 80 to 90 percent of the Roma live in deep poverty. Nevertheless, in this study we will comply with the recommendation of the commissioner for minority rights and discuss social groups solely on the basis of their social status. Cf. Ernő Kállai, *Beszámoló a nemzeti és etnikai kisebbségi jogok országgyűlési biztosának tevékenységéről*. (“Report on the Activities of the Parliamentary Commissioner for the Rights of National and Ethnic Minorities”) Budapest, 2011, see: <http://www.kisebbségiombudsman.hu/data/files/205796771.pdf>, last visited: 10/09/2014)

3. *Munkaerő-piaci helyzetkép 2009* (“Situation Report on the Labor Market, 2009”), in: *Statisztikai Tükör*, Vol. IV. No. 14., Budapest: Központi Statisztikai Hivatal, 2010, see: <http://www.ksh.hu/docs/hun/xftp/idoszaki/munkerohelyz/munkerohelyz09>.

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11. Cf. Chapter 2 of this volume — Balázs Szolomayer: *Letfist Experiment*.

12. We have no citation to support this claim. It is based on information from sources close to the judiciary and the government.

13. *Bírák nyugdíjazása – Hivatalosan megszüntették az eljárást Magyarország ellen* (“The retirement of judges — process against Hungary officially ended”), in: [hvg.hu](http://hvg.hu), see: [http://hvg.hu/itthon/20131120\\_Birak\\_nyugdijazasa\\_\\_Hivatalosan\\_megszunt](http://hvg.hu/itthon/20131120_Birak_nyugdijazasa__Hivatalosan_megszunt), last visited 10/09/2014

14. László Kéri, *Orbán Viktor*, Budapest: Századvég Kiadó, 1994 pp.11-30.

15. Orbán’s mother and father completed higher education as adults later in life. The would-be Prime Minister was the first in the family to attend university as a full-time student and to graduate with a law degree.

16. The various measures of crisis management were spelled out in the Széll Kálmán Plan, cf. <http://www.polgariszemle.hu/app/data/szellkalmanterv.pdf>, last visited: 10/09/2014

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18. *Az alapkompétencia oktatás tapasztalatai számokban* (“Experiences of basic competence teaching, in numbers”), Türr István Institute for Training and Research,



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20. *Elemzés az iskoláztatási támogatás bevezetésének tapasztalatairól* (“Study on the effects of the recently introduced schooling subsidy”), Tárki-Tudok, Budapest, 2011, see: [http://www.t-tudok.hu/files/isktam\\_zaro.pdf](http://www.t-tudok.hu/files/isktam_zaro.pdf), last visited: 10/09/2014

21. KSH, *Születési arányszám, termékenység* (“Rate of births and productivity”), in: [piackutatasok.hu](http://piackutatasok.hu), 22/11/2012, see: <http://www.piackutatasok.hu/2012/11/ksh-szuletesi-aranyszam-termekenysege.html>, last visited: 10/09/2014

22. Every time we link a government program to his name, we assume an entire team of experts working behind the scenes.

23. Not infrequently among the most destitute, families of eight or 10 share damp dwellings on a floor space of a mere 25-30 square meters, without the most rudimentary hygienic amenities. The more children, the higher the amount of the allowance.

24. *Gyermektelenség* (“Childlessness”), in: Központi Statisztikai hivatal, see: [http://www.ksh.hu/statnap10\\_gyermektelenseg](http://www.ksh.hu/statnap10_gyermektelenseg), last visited: 10/09/2014

25. *Vágni a füstöt* (“Cutting through the smoke”), in *Heti Válasz* 12/03/2014, see: <http://valasz.hu/reflektor/vagni-a-fustot-74143> (last visited: 10/09/2014)

26. *Közül 40 százalékot zuhant a cigarettaforgalom* (“Cigarette sales plummet by nearly 40 percent”), in: *Index* 20/09/2013, see: [http://index.hu/gazdasag/2013/09/20/kozel\\_40\\_szazalekot\\_zuhant\\_a\\_cigarettaforgalom/](http://index.hu/gazdasag/2013/09/20/kozel_40_szazalekot_zuhant_a_cigarettaforgalom/) (last visited: 10/09/2014)

27. *Több születés, kevesebb halálozás, mérsékeltbb természetes fogyás* (“Higher birth rate, lower mortality, fewer deaths from natural causes”), KSH Snapshot Report, 21/08/2014, see: <http://www.ksh.hu/docs/hun/xftp/gyor/nep/nep21406.pdf>, last visited: 10/09/2014

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## CHAPTER 7

Cultural Policy

### **Intellectual Conflict At Home and Abroad**

András Stumpf

Centralization, art censorship, dictatorial ambitions, culture wars, politically motivated, violent replacement of the elite, state-sponsored propagation of extremist right-wing ideas, bleeding culture to death — these are some of the catch-phrases used to condemn the cultural policies of the second Orbán administration and its relations with the intelligentsia. They have been uttered by critics at home and abroad, most — but not all — of whom have been on the Left. In the chapter that follows we will attempt to determine which of these accusations have at least some foundation in reality. This essay will also describe the backdrop against which the often-hysterical struggle that has raged in Hungary between Orbán’s supporters and detractors for nearly a decade and a half.

The reasons for this clash are manifold, with the colors of vested interests in *Weltanschauung*, power, and finance all distinctly visible on the banners of both sides. As for material interests among the intelligentsia, these are patently obvious in a country with an internal market too small for culture to be profitable. In Hungary, even “independent” theatre companies operate on a budget with a 40-50 percent ratio of public funds.<sup>1</sup> The culture sector swallows roughly USD 455 million/EUR 330 million in public funds annually. As a result, the slightest revision of the subsidization scheme leaves creative artists in dire straits. As we are going to see shortly, the hysterical reactions have more than a little to do with the struggle for sheer survival.

But let us first take a look at the background of the

ideologically motivated altercations, a cursory understanding of which is needed to chart the battles lines in Hungary. Clashes between conservative and progressive forces, Christians and secularists, nationalists and cosmopolitans will come as no surprise to readers in the West.<sup>2</sup> In East-Central Europe, however, these clashes have been compounded by a much more emphatic conflict between Communists and anti-Communists after 40 years of Soviet occupation and Communist dictatorship. This is not to say that any political force to reckon with would today identify with that legacy. The Hungarian Socialist Party (*Magyar Szocialista Párt*, MSZP), the successor to the former Hungarian Socialist Workers' Party (*Magyar Szocialista Munkáspárt*, MSZMP) and the most powerful opposition party today, wasted no time after the first free elections in 1990 in casting itself in the mould of a Western-minded social democratic formation. For all these efforts, the party remained a bunch of Communists in the eyes of conservative intellectuals. This was hardly surprising in the 1990s, with leftist leaders at the helm such as Gyula Horn, Prime Minister of the socialist-liberal government from 1994 to 1998, who had fought on the side of the Soviet occupiers in 1956, made a career in the single ruling party, and actively participated in running the soft dictatorship.

Twenty-five years later, identifying one's political foes as Communists remains a common in the parlance of leaders on the Right, including Viktor Orbán or Speaker of the House László Kövér. In this narrative, the label "Communist" or "leftist" does not signify a former or present member of a specific party, but someone without national sentiment or a traitor of national interests. "The Left will scheme to ruin its own nation whenever it can. This is certainly the course being taken by the Left in Hungary today, but they will have no choice but to implement a national change in the future," said Viktor Orbán in 2005 in the Transylvanian village of Tusnádfürdő.<sup>3</sup> On October 23 2013, in his ceremonial address, he followed up by suggesting "they would do it again if only they had a way."<sup>4</sup>

The Communist/anti-Communist fault line — who belongs to which side according to the Right — was not based on Communist party membership alone, but was also influenced by a historic division among Hungary's intelligentsia, where one stood in the so-called “populist vs. urbane” debate.<sup>5</sup> Although many commentators today question the sense of talking about the lasting effect of a debate that took place 80 to 90 years ago, it is certainly true that the aftermath of that debate continued to make itself felt well into the years directly preceding the democratic transition. The dissenting intelligentsia under the Communist regime remained split along much the same lines as recently as the 1980s. It is for a reason that, as soon as the opportunity presented itself, those loyal to the legacy of the populist writers gathered in the fold of the Hungarian Democratic Forum (*Magyar Demokrata Fórum*, MDF), which came to form the first free government, while the spiritual heirs of the urbane writers rallied behind the Alliance of Free Democrats (*Szabad Demokraták Szövetsége*, SZDSZ). The persisting chasm between the two largest parties of the transition is vividly demonstrated by the attitude of the Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) when it came into being in 1988 as a party of the liberal youth. At the time, they referred to themselves as the “children of divorced parents,” affirming their common ground with the values of both large anti-Communist groups. Back in 1989, Orbán et al. still aimed at closing and moving beyond the populist vs. urbane debate, which they had come to think of as fruitless.

Given that MDF, which carried the first free elections, comprised not only representatives of the nationalist Christian middle class but also of the radical populist front churning out anti-Semitic slogans until their expulsion in 1993,<sup>6</sup> SZDSZ as the largest opposition party already began to identify the right wing with Nazism and racism, and to label them anti-democratic. All of this supplied sufficient ideological grounds for SZDSZ to join forces with the Communist-successor MSZP, at first in the guise of a “civilian” grass-roots movement,<sup>7</sup> with an all-out coalition

between MSZP and SZDSZ to follow after the socialist victory in 1994. Fidesz, by then clearly under the direction of Viktor Orbán, made a timely exit from the movement that legitimated the successor of the Communist party by mimicking the European social democratic alliance. This move, however, suddenly transformed Fidesz from the darling of the liberal intelligentsia into a loathed pariah that barely made it into Parliament in 1994, just a year after it had been seen as the most popular political force in Hungary. This is when Orbán first felt the power of the liberal intelligentsia and the media, and would not forget the experience two decades later. Instead of enlisting with the socialist-liberal coalition, they strove to fill the void created by the devastating, fragmenting defeat of the Right. To do this, the former liberal youths desperately needed to win round right-wing intellectuals, and he managed to accomplish this by 1996 with the help of the Christian Democratic People's Party (*Kereszténydemokrata Néppárt*, KDNP) and the Catholic Church. Running on what it called a "civic" platform, Fidesz won the 1998 election and by the end of that term had become the uncontested leader of the Right, adopting into the fold several key figures of the populist movement that had founded MDF as well as members of of the rural left, some of whom had been senior party functionaries before the democratic turn but were repulsed by the urbane line represented by SZDSZ. This explains why the slanderous adjective "Communist" — a stigma frequently invoked in Fidesz discourse — does not simply mean former membership in the Communist party, but must be rather understood in the context of the populist-urbane dichotomy. To this day, Fidesz, includes a stratum of members with a bourgeois, urbane, and liberal outlook on the economy and more generally.

Under the first Fidesz government, the liberal intellectual elite once again accused the cabinet and the country of condoning racism, even before international fora,<sup>8</sup> but this elite gradually lost its leverage in public affairs under a new cycle of socialist-liberal governance that began in 2002 and lasted for eight years. Having made their name

as staunch defenders of democracy, the liberals' credibility was dented in 2006 when almost all of them stood up for Ferenc Gyurcsány, the socialist Prime Minister at the time, even as a tape leaked to the media revealed that he had told a private meeting of his faction they had won the election by intentionally misleading the public. Finally, the elite suffered a particularly significant setback during the crisis into which the socialist-liberal government supported by them had steered Hungary by 2009.

This was precisely what Orbán invoked to explain the elite's loss of integrity, in his often-quoted 2009 speech in Kötöcske.<sup>9</sup> Assessing the role of culture and intellectuals, Orbán suggested that, in the eyes of the public, the socialists' failure dragged down with it the "neoliberal elite"<sup>10</sup> supporting them, creating an opening, as he put it, not only to supersede the "dual-party force field" that had characterized Hungary "until very recently," but to remedy its impact on culture. "Of course, culture did not remain immune to this dualistic force field. It is not simply that the actors of culture had to position themselves within this force field (although they did), but more importantly, it is about the constant debate over values, which inevitably forms part and parcel of such a force field. There is not a single value or shared goal that both parties would readily embrace. Instead, the most elemental issues are subject to ceaseless controversy. If we say, let's support the family, they will abolish it; if we say, dual citizenship, they will say we will have 23 million Romanians invading us. There will be no end to the dispute", Orbán expounded. The Left responded to the solution proposed by Orbán in Kötöcske — the establishment of what he called a "centralized force field" — by equating it with his dictatorial ambitions, an attempt to resurrect the Horthy system, and glossed over the aspects of the message suggesting that, starting from 2010, Fidesz should not settle for value contests or "counter-administration" but concentrate on governing in the national interest "as naturally follows from its nature," leaving arguments about values to the intellectual discourse.

By 2010, everything was in place to create that centralized force field as promised in the campaign — a rightist administration that is normal, common-sensical, and founded on principles of values, quality, and performance. Here was an opportunity, at long last, to shut the door on never-ending arguments. Fidesz netted two thirds of the seats while the liberals were eliminated from the National Assembly, and the Left imploded. Moreover, much had emerged that a conservative-nationalist government would have found it easy to capitalise on. By then, the populist/urbane conflict had long been dissolved in real-world culture, yielding to a modern and very Hungarian amalgamation that reconciled the populist with the urbane. Famous folk groups released records featuring famous rock bands. Folk music and dance reconnected, even in popular clubs with an “alternative” badge. In other words, it became trendy to be patriotic, to reach back to everything Hungarian, to use it rather than nurturing it, naturally and without hang-ups, in the 21st century.<sup>11</sup> All of this heralded the demise of the mindset that labeled everyone thinking in terms of the nation as “Hungaro-chauvinist,” “non-European” and, at the end of the day, as anti-Semitic and fascist. In a telling move, even MSZP — the very party that had warned of an impending an invasion by 23 million Romanians, and had campaigned for a “no” on the referendum in 2004 — now came round and voted to pass the law vesting Hungarians across the border with dual citizenship. In this way, the Trianon Treaty, which mutilated the country in 1920, was made right, at least symbolically, by dint of an Act of Parliament.

And yet 2010 failed to usher in a period of peace, of a serene, prudent building of cultural bridges. One reason for this had to do with the state the country was in, one of deep economic crisis. That culture would not be a top priority in the early phases of the cycle soon became plain to see. Although Fidesz politicians had, in 2009, drafted a document outlining the main directions of a possible cultural strategy,<sup>12</sup> the government program in 2010 said nothing about the sector. Even a cursory glance at the structure of the cabinet

would have confirmed the sector's inability to defend its own interests. Revising the previously accepted policy whereby culture was either granted a dedicated ministry or lumped together with education affairs, but was in any event overseen by a minister, in 2010 the government created a huge "super-ministry" under the name of Ministry of National Resources (*Nemzeti Erőforrás Minisztérium*, NEFMI)<sup>13</sup> which, by the end of the cycle, came to incorporate six secretariats responsible for health, social affairs, sports, church affairs, culture and education. Gathering these "money-grabbing" sectors under the aegis of a joint ministry created a situation in which the respective executives had to fight for public resources in-house, and only one of the eight ministers in the cabinet meeting specialized in humanities. He did not stand a chance of enlisting the help of colleagues, an option always left open to his predecessors in the first Orbán cabinet between 1998 and 2002, when the ministers — each with his own discretionary portfolio — frequently conspired, to the annoyance of the Minister of National Economy.<sup>14</sup> The political rationale for this decision in 2010 is easily appreciated in a country hovering on the brink of state bankruptcy. The person of the first secretary further enfeebled the already ailing culture sector. As a poet and intellectual, Géza Szócs had long been recognized in conservative circles in Hungary and maintained a friendship with Viktor Orbán, but his provenance from Transylvania precluded him settling properly in Budapest's Parliament. His ineptitude showed in several areas. Despite his avowed intentions to put the house in order in Hungary's film industry as one of his main goals, Orbán appointed Hollywood producer Andy Vajna to oversee the sector, removing it from the secretariat's powers of supervision. It was much the same story with the Balassi Institute (*Balassi Intézet*), a formation akin to the British Council or the Goethe Institut, intended to oversee outposts of Hungarian culture abroad. Operating independently from this has been the National Cultural Fund (*Nemzeti Kulturális Alap*, NKA), by far the most prominent institution of Hungarian culture financing



since the democratic transition, which distributes grant funds on the order of USD 45 million/EUR 32 million a year in an application-based system — a considerable sum even when measured by the agency’s massive public resources, amounting as it does to two thirds of its total annual budget.

What we find, then, is that the web of cultural institutions has been characterized, since the inception of the government cycle, by a process of decentralization that has been in turns spontaneous and intentional, motivated by considerations of techniques of governance. In the latter scenario, the leverage of individual politicians has been all important in deciding where each field of action is to be grouped. (For instance, the mentioned cultural institutions stationed abroad were subsumed under the Ministry of Public Administration and Justice (*Közgazgatási és Igazságügyi Minisztérium*, KIM) headed by Tibor Navracsics, then widely regarded as one of the most influential politicians of Fidesz.)

The “plundered” state of culture provided the opposition with a natural opportunity to talk about the drive “to bleed culture to death,” and indeed there is no denying the setback in the sector, especially if one compares the budget of the former culture ministries with that of the secretariat. It is also true that, until 2013, the secretariat had less money to spend on running the system of institutions; its budget rose only in the last full year of the government cycle.<sup>15</sup> However, looking at the overall spending on culture in Hungary, one will see a slight rise toward the end of the cycle from the initial level, following a downturn that had lasted for two years.<sup>16</sup>

Therefore, there is nothing to justify the claim that Fidesz has “bled culture to death” by freezing funding, although it remains the case that under Szócs — the secretary who failed to carry the day even in the legislation — the sector hit a low point in its ability to enforce its interests. The major provisions, including a controversial amendment on the performing arts,<sup>17</sup> were all drafted and shepherded through the legislature by Fidesz MP, László L. Simon, a poet whom Viktor Orbán called “the enfant terrible of Hungarian cultural policy”<sup>18</sup>. A politician full of ambition, Simon had secured

for himself the chair of the National Assembly's Committee on Culture and Media by the fall of 2011, and took the helm of the NKA, becoming an unignorable force in cultural policy.

By then, however, the cultural policy of the ruling party found itself in an international crossfire, through no fault of either Szócs or Simon. The first in a series of scandals erupted around the replacement of a theater director in Budapest in the fall of 2011, when the city appointed the actor György Dörner to the helm of the *Új Színház* (New Theatre). An avowed supporter of the far-right MIÉP party, Dörner had filed an application that failed to meet the minimum requirements, unless lashing out at "liberals" is to be regarded as grounds for eligibility. Officially, the government cannot have had anything to do with awarding the post; the theatre in question was maintained by the citymunicipality. This fact notwithstanding, and because this was the first time in 20 years Fidesz led the city, public opinion in Hungary and abroad censured the ruling party for courting the far right, launching a wholesale attack amidst rampant charges of "*kulturkampf*". All of this took place despite the fact that the swapping out of the elite never took place, albeit senior officials both local and national, certainly had the opportunity to perform such an overhaul. As it happened, more than 20 theaters in the capital were allowed to keep their directors appointed during the socialist-liberal era.

On the national level, the government had to face an even more absurd predicament. Fidesz had never had to worry about any meaningful opposition from the Right of it<sup>19</sup> until 2010, when The Movement for a better Hungary (*Jobbik Magyarországért Mozgalom*, Jobbik) party rode into Parliament with 17 per cent of the vote and quickly proceeded to get involved in a few issues of symbolic significance. From the moment they occupied their seats in the House, Jobbik members pressed for the removal of the director of Hungary's publicly funded National Theater (*Nemzeti Színház*), who had been appointed by the socialists in 2008. The arguments against Róbert Alföldi varied, but some of the performances he directed were consistently and

reliably branded as unpatriotic and distasteful. Ironically, some of the Christian democrats and Fidesz members sitting in the ruling faction happened to agree with this assessment. As befits an out-and-out people's party, the ruling party is supported by a voter base and therefore representatives with widely varying tastes. The cultural decision-makers, including Szócs and Simon, would not lend a hand to a politically motivated removal of Alföldi, whose fixed-term contract would not expire until the summer of 2013. Yet some senior Fidesz members made a case on grounds other than those of sheer taste. In 2011 I had the opportunity to talk to several politicians — none of them responsible for community affairs — who marshaled decidedly political arguments against Alföldi. They reasoned that leaving him to fulfill his mandate would not give a new director time to build a successful theatre before the 2014 elections. These politicians also anticipated continued resistance from the liberal Left in case a new tender should be won by their insider candidate instead of Alföldi, no matter how clean the procedure. In short, there would eventually be no escaping the usual name-calling (“dictators”), the harping on right-wing intrusions, and international hysteria, even if the new appointment were to be deferred, except that all of this would happen much closer to election day, and this was certainly not what Fidesz wanted.

Despite all these preliminaries, the powers that be observed the rules of fair play and refrained from dethroning Alföldi from the National Theatre, allowing him to serve his contractual term in full. Then, lo and behold, reality fulfilled the prophecy of those politicians I had spoken to. This single affair goes a long way to explain why administrative decisions in the cultural arena thereafter would be dictated by political logic.

But what really happened? Alföldi did run for the position reopened in late 2012, and it was indeed not awarded to him but to Attila Vidnyánszky, a director with intimate ties to Fidesz and in charge of the Hungarian Theatrical Society (*Magyar Teátrumi Társaság*).<sup>20</sup> His appointment obviously

must have had something to do with his connections and values, which show a strong resemblance to the family- and community-centric, nationally oriented mindset of Fidesz,<sup>21</sup> but it must be borne in mind that he certainly met all the professional eligibility criteria in terms of his performance and track record as an artist, director and theater founder who had managed several theaters in the past. And yet the liberal media and the foreign (especially German) press continued to talk about a cadre appointment and the politically motivated removal of Alföldi. In February 2013, Matthias Hartmann, director of the Burgtheater of Vienna, went so far as to address an open letter to Zoltán Balog, in which various Viennese intellectuals, including the Nobel-laureate Elfriede Jelinek, lectured the Minister of Human Resources on artistic freedom and censorship.<sup>22</sup>

It became an international culture scandal — when there was no scandal to talk about. All that happened was that a director's mandate expired and another director won the new tender. And all this happened precisely as it had before, for instance when Alföldi himself was appointed under the socialist government. Admittedly, in 2008 he had three years' worth of experience as a theatre executive in his pocket himself, although he had attained nationwide fame as a media celebrity, appearing on a talk show run by one of the commercial television stations, whose leftist-liberal allegiance and anti-Fidesz attitude was blatant. Of course, the tender system had been hypocritical all along, with decision-makers fond of pulling the strings from behind professional committees which, interestingly enough, never failed to nominate the Minister's preferred candidate. Surprisingly though, Alföldi's appointment did not move the liberal elite to cry political motivation or cultural dictatorship. Yet some complained, including one or two prominent proponents of the so-called "alternative" theatre scene. The reasons for this involvement were grounded both in ideology and in finance: while the previous sectoral law automatically provided independent theatre with funding, in the new mechanism they had to apply for public funds. True enough,

during the worst years of the crisis, they did not always get the resources awarded to them, or only managed to access those funds far past the due date. While existential uncertainty is admittedly a bad state to be in, it is safe to say that none of the charges leveled against the government on the culture count, from censorship (nobody ever cited a single specific example) to the obstruction of the “independents”, had any foundation in reality. The independents have continued to enjoy the benefits of taxpayers’ money, albeit in different ways.<sup>23</sup>

By early 2013, the struggle over culture had escalated to the point where sensible arguments all but vanished from the stage. For instance, the liberal intelligentsia furiously rejected a proposal to reform the hypocritical tendering system. László L. Simon, having succeeded an enfeebled and hesitant Szócs as Secretary of State for culture, made an attempt to introduce new rules under which the Minister would have the power to waive a tender procedure and reappoint for a second term anyone with proven performance, and to also forego a mandatory tender if a suitable candidate is already in view. Ultimately, it was not liberal protest that capsized the plan. Simon simply did not have the time to see it to the end, as he was relieved of his office at the end of February 2013, after having served only eight months, and his successor, János Halász, drove the Secretariat at a much lower RPM.

Brief as that eight-month period was, certain aspects of the sector did gather some strength under Simon’s tenure as Secretary of State. By agency of an amendment, he remained in charge of operating the NKA, and he even managed to discontinue the practice of recalling leftover funds from the organization. As a result, the unspent resources no longer trickled back into the central budget at the end of the year. Among his other achievements, he secured a 10 per cent budget increase for the Secretariat for 2013, and saved the rural public collections from demise by convincing the government to restore a system of cultural quotas granted to the municipalities, which the socialists had abolished.

Meanwhile, the cultural stage of Hungary saw the entry of

a new and influential actor, the Hungarian Academy of Arts (*Magyar Művészeti Akadémia*, MMA). The institution had existed for quite some time in the form of a private society, founded in 1992 by the notable architect Imre Makovecz, one of the most distinguished intellectuals of the right-wing elite. Politics had played a role in the life of the institution from the very start. Makovecz originally sought to establish a counterpoint to the Széchenyi Academy of Letters and Arts (*Széchenyi Irodalmi és Művészeti Akadémia*, SZIMA), a spin-off of the state-run Hungarian Academy of Sciences (*Magyar Tudományos Akadémia*, MTA) whose membership mostly consisted of left-leaning intellectuals. It was also his ambition to see his academy rise to fully public rank. Already seriously ill in 2011, the architect lived to see his wish fulfilled on paper (but was not granted enough time to actually take the helm). And it was not just any paper that fulfilled his dream, but the new Constitution of Hungary,<sup>24</sup> which specifically named the MMA next to the prestigious MTA as an organization whose “scientific and artistic freedom” is “protected” by Hungary. Subsequently, Parliament passed a law endowing the MMA with full public body status and providing for its funding accordingly. Having been awarded the stately time-honored building of the Vigadó Concert Hall (*Pesti Vigadó*) and the right of supervising the Kunsthalle (*Műcsarnok*), Hungary’s preeminent art exhibition institution, the MMA is often described by the opposition as a right-wing outfit designed to take over the entire art administration. In reality, the circumstances of the MMA’s creation seem more remarkable than its actual leverage: operating on public funds of USD 6.8 million/EUR 4.9 million in 2012, and USD 11 million/EUR 8.1 million in 2013, the institution has discretion over no more than 1-3 per cent of the country’s total cultural budget.

The significance of the MMA really consists in its ability to heighten the uncertainty among the actors of government by bringing forth conflicts of interest. A case in point, before the elections in 2014, was the impending winding up of the NKA as a body operating under the cultural ministry but

with discretion over grant funds in concurrence with the decision of expert boards. There were also plans to transfer some or all of the revenues from the tax on the 5/90 lottery — some USD 45 million/EUR 33 million per year — to the MMA. At the time, Minister Balog cited the imminent elections and fears of another culture scandal to mount a successful resistance, but the new government is free to take the plunge. This is all the more possible given that the proposed measure was sponsored by the same János Lázár, one of the strongest men in Fidesz colors, who runs the Prime Minister's Office (*Miniszterelnöki Hivatal*, MeH) in the rank of Secretary of State. The Prime Minister's Office sets up autonomous "power nodes" everywhere, including in the field of culture. It has been responsible for a string of impressive cultural projects and strategic plans. If there is continuity between the first Orbán government and the second, it is best felt in construction. Between 1998 and 2002, the government erected the National Theatre building, laid the cornerstone of the Palace of Arts (*Művészetek Palotája*, MŰPA), and opened the House of Terror (*Terror Háza Múzeum*), the museum commemorating the victims under the reigns of terror of the Arrow Cross Party (*Nyilaskeresztes Mozgalom*) and Communism. From the latter cycle, first come to mind the reconstruction of the portion of Castle Hill hemming the bank of the Danube and the exemplary renovation of the Music Academy (*Zeneakadémia*). Under the auspices of the Prime Minister's Office, a new strategy for classical music is being drafted, and a new extensive museum quarter is being designed under the supervision of an appointed ministerial commissioner, with turn-key delivery scheduled for the end of the new government cycle.

However, these projects, no matter how large-scale and emphatic, particularly in the second half of the cycle, have been unable to silence the din of arms in the cultural battlefield. If not Fidesz as a whole, some of its senior members have stepped into the ring with claims to revise the literary canon, regularly picking pointless fights. Moreover, these skirmishes seem, at least on first glance, to contravene

the dictum of “centralized force field” as explained above, and to give the lie to the stated desire to end “fruitless value disputes”. Entitled National Avowal, the preamble to the new Fundamental or Basic Law of Hungary (as the Constitution is now called), adopted in 2011, recognizes “the role of Christianity in preserving nationhood” and defines marriage “as the union of a man and a woman”. In our reading, none of these things transgresses the limits of normalcy, scandalous as they may seem to liberal detractors. Concurrently, the inevitable taunting the liberal Left has been exacerbated by the appointment of a new commissioner by the Prime Minister. Imre Kerényi has been given free reign and funds to implement various ideas along the lines of commissioning paintings for an illuminated ornamental edition and other measures designed to popularize the new Basic Law, and of launching a new series of books under the National Széchenyi Library (*Országos Széchenyi Könyvtár*, OSZK) label. The insistence on the adjective “national” has at times gone so far as to stoop to the level of travesty. Following the revamping of tobacco trade in the public concession scheme, tobacco store fronts were given a uniform look, and the outlets themselves renamed under a standardised sign that reads “national tobacco shop”. Speaker of the House László Kövér, a founding member of Fidesz, sponsored an initiative to organize the reburial of the writer József Nyíró in Transylvania. Although certainly not without works of literary merit, Nyíró’s choices in life, specifically his staunch support of the Arrow Cross, hardly make him suitable for canonization. Along with Nyíró, Albert Wass, the popular Transylvanian writer known for a host of writings published after each of the two World Wars demanding the restoration to Hungary of his homeland that had been annexed to Romania, was adopted as mandatory reading in the school curriculum, with the overt aim of hijacking the prevailing “liberal” canon. This scheme was probably motivated both by conviction as well as the political consideration of preempting a portion of the nationally inclined camp from siding with Jobbik instead of Fidesz.



In fairness, though, none of these measures amounted to any ban or restriction of the freedom to choose one's sources of culture and learning. It is essential to set this straight, particularly in view of rampant reports of censorship. It is also true that Fidesz did its best to promote its version of reality, although it did not do this along the lines of any premeditated, overarching concept. For instance, the organization and financing of the Hungarian Film Fund (*Magyar Filmalap*), along with the consolidation of the enormous debts accumulated by its predecessor, were all decisions informed by the goal of bringing prosperity to the country's motion picture industry and do not lend themselves to attempts to detect any ulterior motive behind them. Conversely, the cycle also saw the establishment of seven institutes that seem difficult to justify by recourse to any pressing public need. Most recently, these included the Hungarian Language Strategy Institute (*Magyar Nyelvstratégiai Intézet*) under the auspices of the MeH, the endowment of which was received with utter bewilderment even by the MTA. The Research Institute and Archives for the Study of the Regime Change (*A Rendszerváltás Történetét Kutató Intézet és Archivum*) is run by MDF founder Zoltán Bíró, and is likewise not difficult to identify as an attempt to offset the liberal historical narrative. Another new outfit, the Veritas Historical Research Institute (*Veritas Történetkutató Intézet*) was created by the government in the fall of 2013 for the task of "advancing national cohesion by the suitable presentation of Hungary's public law traditions and the scholarly, authentic and undistorted analysis of the crucial political and social events of the past century and a half, for the purpose of [...] bolstering national awareness and identity". The head of the institute, in one of the first interviews he granted, happened to utter a statement that made international waves. Sándor Szakály drew ire from Hungarian Jewish organizations and some of public opinion at large, liberal or not, by dismissing the deportations of 1941 as "a matter of immigration law enforcement procedure". In reality, the official deportation of foreign nationals was used as a foil for removing many

Jews of Hungarian citizenship in one stride, who were later executed by the SS in the Ukraine. Szakály's apology for his ambiguous words came too late to stop the unfolding fight over issues of remembrance policy. Adding insult to injury in the eyes of many, in December the government unexpectedly decided on erecting in Budapest a monument commemorating the victims of the German occupation of 1944. The opposition interpreted the proposed statue as a falsification of history and a "part of the government's double-talk", for even as several government officials, including the Prime Minister himself, made public apologies in the name of the state for Hungary's responsibility during the Holocaust, the planned statue would depict the German imperial eagle preying on an innocent Archangel Gabriel intended to allegorize Hungary. The Left has seen this as an attempt to shun responsibility by shifting it to Germany alone — in short, as a gesture to the far Right. Indeed, certain opposition party contributors to the increasingly frantic debate went so far as to refer to the memorial as a "piece of Nazi sculpture" — quite a remarkable way of characterising a work clearly depicting the German occupiers in the role of the aggressor. In any case, the Jewish organizations declared a boycott of the events under the aegis of the Holocaust Remembrance Year, sponsored by the government. The cabinet postponed the actual building of the memorial, and the Prime Minister pledged to schedule a consultation after the elections. Work on the concrete foundations began directly the day after the elections, rekindling the debate.

The battles over remembrance policy, waged in the highest echelons of politics, undoubtedly contradict the gist of Orbán's 2009 speech in Kötöcsé in which he sought to relegate value disputes to salons of the intelligentsia. But it could be argued that they do fit in with the logic of the "centralized force field." On the one hand, it is true that these themes are heavy with the legacy of patently false interpretations dating back to the Communist era, but this alone can hardly justify the erection of memorials not particularly expected by Hungarian society. On the other hand, a government

hell-bent on toppling leftist taboos and stepping on the opposition's toes has every reason to expect excessive, frenzied, and hysterical reactions: it had it coming. For all intents and purposes, such a scenario does put into practice the oft-quoted principle of the centralized force field, with a grossly extremist, blindly chauvinistic Jobbik on the far Right, and a bunch of desperate, hysterical detractors on the Left, who see a Nazi on every corner and are always ready to pick a fight. All the while, the center is occupied by a huge ruling party, which represents national interests "as naturally follows from its nature".

And given that Viktor Orbán's party spelled out its campaign message in the rather terse words of "We will carry on", it would hardly make sense to expect anything new on this front as the government embarks on its second term ending in 2018.

### Endnotes

1. According to Béla Pintér, dramatist, director, actor and company leader, perhaps the most distinguished creative force in independent Hungarian theatre today, as of the end of 2013 his company relied on government funding for 40 percent of its total budget. (A tehetség győzedelmeskedik a közepszerűség felett [*Talent prevail over mediocrity*] in: Magyar Narancs, see: <http://magyarnarancs.hu/szinhasz2/a-tehetseg-gyozedelmeskedik-a-kozepszeruseg-felett-86634>)
2. Suffice it to recall David Cameron's pronunciations regarding Christianity in 2014, and the ensuing protest by the intelligentsia.
3. Orbán regularly delivers a grand informal speech of sweeping perspective addressing an audience of free university staff and encamped students at an event held in Transylvania every summer since 1990. (Tusnádfürdő is part of Romania as Băile Tușnad today.) Hungarians living beyond the country's borders have been important for the Fidesz since the formation of the party in 1988.
4. In 2005, the apropos for this seemingly harsh judgement was undoubtedly supplied by the real world. In late 2004, a referendum had been held in Hungary to decide whether citizenship should be granted to Hungarians who had found themselves outside the borders of their home country dismembered in 1920. The left that happened to govern at the time voted "no" on the proposal. Certain politicians in power raised the chimera of Hungary being invaded by "23 million Romanians," and the referendum was declared void, inflicting a gashing wound on Hungarian-Hungarian relations.
5. The "populist/urbane debate" refers to a rift in literary attitudes and perspectives on society that divided Hungarian intelligentsia in the 1920s and 1930s. The movement of "populist" writers sought to found the nation's future on the rural segment — simply, the peasantry — of what was then a predominantly agrarian country. This group was simultaneously pitted against the aristocrats who ruled

the country under Horthy and against their radical bourgeois opposition known as the “urbane” camp. The Communist dictatorship eradicated some of the populist movement while co-opting the rest. This is how certain leaders of the populist left wing of the Party, such as Imre Pozsgay, found themselves in intimate proximity to MDF during the democratic transition.

6. Following his exclusion from MDF, István Csurka founded his own extreme right party, Hungarian Justice and Life Party (Magyar Igazság és Élet Pártja, MIÉP), which in 1998 earned enough votes to make it to Parliament in opposition to the Fidesz.

7. The Democratic Charter (*Demokratikus Charta*) was created in September 1991 by SZDSZ politicians.

8. In 2001, 40 intellectuals signed a letter to Prime Minister Lionel Jospin, thanking France for admitting the “persecuted” and “harassed” Roma refugees, “exposed to persecution” and “forced to flee,” as they put it, who left Hungary over alleged violations of their rights. (see: <http://www.origo.hu/itthon/20010312lionel.html>) In reality, there was no persecution of any kind.

9. A rally of Fidesz-sympathizer intellectuals is held every fall in the village of Kötöcs, where Viktor Orbán never fails to address the crowd.

10. Speech delivered by Viktor Orbán in Kötöcs, on 5th September 2009. (see: [http://tdyweb.wbteam.com/Orban\\_Megorizni.htm](http://tdyweb.wbteam.com/Orban_Megorizni.htm))

11. This process has deep roots in Hungarian culture that reach back to the 19th century and later nourished Bartók’s folk music collections and adaptations, and even the “dance hall” movement of the 1970s which, as is always the case with authentic music and dance culture in Hungary, took to wings in the capital.

12. Minőség a kultúrában. Magyarország kulturális stratégiájának alapjai. [*Quality in Culture: The Cornerstones of a Cultural Strategy for Hungary*], see: [http://static.fidesz.hu/download/\\_17/Szakpolitikai\\_fuzetek\\_2\\_BELIV\\_2009\\_02\\_17.pdf](http://static.fidesz.hu/download/_17/Szakpolitikai_fuzetek_2_BELIV_2009_02_17.pdf).

13. In 2012, Zoltán Balog, having replaced Miklós Rételyi in the velvet chair, renamed the outfit “Ministry of Human Resources”. This was when sports and church affairs were subsumed under the super-ministry, each with its own secretariat.

14. Simon, László (2014): Polgári kultúrpolitika. Eredmények és dilemmák [*Cultural Policy of the Fidesz government: Outcomes and Dilemmas*]. As reported by deputy secretary for the economy Ferenc Bathó to László L. Simon, Ráció Kiadó, p. 99

15. The funds allocated to cultural institutions amounted to approximately USD 85 million/EUR 62 million in 2010, USD 80 million/EUR 58 million in 2011, USD 71 million/EUR 52 million in 2012, and USD 103 million/EUR 75 million in 2013, respectively. Simon, László (2014): Polgári kultúrpolitika. Eredmények és dilemmák [*Cultural Policy of the Fidesz government: Outcomes and Dilemmas*], Ráció Kiadó, p. 116

16. 2010: USD 435 million/EUR 317 million; 2011: USD 355 million/EUR 258 million; 2012: USD 386 million/EUR 281 million; 2013: USD 476 million/EUR 347 million. Simon, László (2014): Polgári kultúrpolitika. Eredmények és dilemmák [*Cultural Policy of the Fidesz government: Outcomes and Dilemmas*], Ráció Kiadó, p. 117

17. For a detailed discussion, see Pápay, György: Törésvonalak ciklusa. A második Orbán-kormány kultúrpolitikája. [*Cycles of Fault-Lines: Cultural Policy of the Second Orbán Government*], In: *Kommentár*, 2014/2. As of spring 2014, this is the only objective and comprehensive study in Hungarian on the cultural policy of the cabinet.

18. Simon, László (2014): Polgári kultúrpolitika. Eredmények és dilemmák [*Cultural Policy of the Fidesz government: Outcomes and Dilemmas*], Ráció Kiadó, p.7
19. Although the radical right-wing MIÉP did have seats in Parliament between 1998 and 2002, the outfit had been getting long in the tooth and did not have anywhere near the hitting power of the young and dynamic upstart Jobbik.
20. The political dichotomy entailed similar divisions in non-governmental organizations and advocacy groups as well. The Hungarian Theatrical Society, spearheaded by Vidnyánszky and dearer to Fidesz, was created to juxtapose the almost identically named Hungarian Theatre Society (Magyar Színházi Társaság), better known for its liberal leanings.
21. It is important to note that values and social commitment do not directly translate into an artist's style and mode of expression. It would be a mistake to believe that innovative solutions are only cheered by liberals, or that experimentation, the seeking of new ways of expression, is inherently alien to conservatives. Vidnyánszky approaches his subject from a different vantage point, but the plays in his direction are not any more cheap commercial shows or any less demanding in their artistic standards than Alföldi's work. As for the artistry of State Secretary László L. Simon, his poems are so thoroughly "modern" and loose-tongued that they regularly made the politician the target of jests from his own fellow faction members.
22. Matthias Hartmann: Offener Brief an ungarischen Minister [Open letter to Hungarian Minister], in: Der Standard, see: <http://derstandard.at/1358305304583/Offener-Brief-an-ungarischen-Minister>
23. Krétakör, one of the most popular independent companies, and one known courtesy of its leaders for its hard-line stance against the alleged dictatorship and its involvement in public affairs, received USD 143,000/EUR 104,000 from the last socialist budget in 2010, while in 2012, under the Fidesz government, it netted USD 193,000/EUR 142,000.
24. The amendment of an existing Constitution or the enactment of a new is subject to holding a two-thirds majority in Parliament. Since Fidesz had the two-thirds all by itself, it had all the right to adopt a new Constitution.
25. The Arrow Cross was a racist-Hungarist party that rose to power in 1944 under the leadership of Ferenc Szálasi, on German pressure, following the occupation of Hungary. After the War, Szálasi was tried and executed.
26. The democratic turn opened up access to literature that had been banned, hushed up, or variously denounced as bourgeois, irredentist, or downright fascist under Communism. The transition brought a new-found popularity for writers of indubitable greatness, such as Sándor Márai, as well as for lesser authors nevertheless cherished for the "national sentiment" of their writings.
27. A case in point is the view of Hungary's role as "Hitler's last retainer standing."

## CHAPTER 8

### The Fidesz Phenomenon **An Alternative Approach** Ervin Csizmadia - Júlia Lakatos

Following the 25th anniversary of the founding of Fidesz, our think-tank, the Centre for Fair Political Analysis published an essay entitled “The Anatomy of the Hungarian Right”<sup>1</sup>. At the time we felt that a quarter of a century provided sufficient hindsight to be able to evaluate the party’s actions in a way that went beyond the daily struggles of politics. This chapter is based on the backbone of that essay, in part because we see it as a historical snapshot of Fidesz’s second term, but also because we feel that the conclusions reached in the analysis continue to be valid today and suitable for the future interpretation of the party.

Concerning the title of the original piece, we must make it clear that the essay focused solely on Fidesz and explaining its actions from 2010 to 2013. We wanted to map and understand the characteristics of the party; the motivations and ideology behind its actions. Our aim was not to evaluate or judge these or to take account of their success, but simply to uncover the drivers behind Fidesz’s policies and the evolution of the party’s approach to politics over time. We deliberately avoided repeating the usual criticism against Fidesz. That does not mean that we did not have critical remarks. We felt, however, that at the height of both foreign and domestic criticism, the usual approaches neither contributed to the better understanding of the underlying “secret” of the party, nor did they shed light on the essence of the existing problems. As an independent think tank we wanted to solve the Fidesz puzzle rather than join the ranks of one camp or another. So we posed the question “Why is

Fidesz the way it is, and could it be different?” We wanted to know what brought about their current state of mind; what drove them to take such a head on approach to all the foreign challenges the government and the country faced? We felt that beyond the easy authoritarian narrative there lay a conscious theoretical approach that was waiting to be mapped.

With the Orbán government being re-elected with a two-thirds majority for the second time it is more important than ever to explain, especially to foreign readers, how this situation came about. It is human nature to fear the unknown. A lack of available information and analysis concerning the nature of the Right feeds these fears. We wish to show that regardless of where ones political sympathies lie, one cannot understand Hungarian politics unless one understands a party that has been an important actor in the system for well over 20 years now.

In this analysis, we aim to examine Hungary’s so-called illiberal turn in light of the predominant international critiques, which are very well described in Erik K. Jenne and Cas Mudde’s essay, *Hungary’s Illiberal Turn: Can Outsiders Help?*<sup>2</sup> Their analysis is interesting as it looks at the whole question of the “Hungarian problem” from the point of view of foreign aid. In other words what can the international community do to counteract the rising autocratic rule? Such an approach is part of the today’s dominant narrative. It is a narrative that does not fully reflect the reality of the situation. According to the dominant understanding of events (which sees the 1989 revolutions as the consolidation of democracy) Hungary is moving away from democracy. But we favour a different approach, which does not stem from this logic and discusses the “Hungarian problem” from another aspect in which history plays a prominent role. In this chapter we will focus on the extent to which the current state of the Right is explained by the traditions that helped form it. We will also provide criteria for understanding the nature of Fidesz, in bid to generate a new debate both on the state of the Right, and the state of Hungary as well.

The chapter consists of five parts. The first focuses on the origins of this analysis. The second describes the intellectual grounding of Fidesz, while the third presents in detail the most important ideological cornerstones of the party's political strategy and governance. In the fourth part we pit these cornerstones one by one against the response from Western Europe. Finally in the fifth, we evaluate the achievements of the Hungarian Right using democratic theory and a historical approach.

**Beyond the Autocratic Narrative: Is it Possible to Write an Analysis of Fidesz?**

Despite the re-election of Fidesz, the strong anti-government emotions that have characterized public discourse since the second Orbán government came to power in 2010 constitute a force strong enough to start an analysis of the party with the question of "legitimacy". The "facts" seem to speak for themselves: a party—but primarily its leader—has gone "crazy" therefore the community of "normal" people have to bring them to order. In such a situation any analysis about the "what's and why's" of Fidesz's (and the government's) actions might seem as a pro-government apology.

We must make it clear that for us Fidesz is not an object of our sympathy but the primary source for understanding Hungary's problems. Only through the analysis of this question can we get closer to understanding the problems above and beyond Fidesz. The interpretation that sees Fidesz rule as autocratic may be a legitimate approach, but in our view it is incorrect. This narrative does not explain adequately the Fidesz phenomenon or the important question of how this autocracy came to pass in Hungary. If Hungary is a stable democracy, how can this stability suddenly come to an end one day and be replaced by despotism the next? In a country like this there had to be already a problem with the system of checks and balances, the opposition and society itself which allowed this to happen. Furthermore if this could happen, then the nature of the East-West relations was quite poor as the West did not have enough power to



avert such a change. The autocratic narrative raises too many questions and explains too few, this is why we search for an alternative interpretation.

Our approach to understanding Fidesz is that there is a reason for the “radical” aspect which can be clearly defined. Fidesz’s two-thirds majority could not have come about without the political and economic stagnation which characterised Hungary from around 2005. This stagnation was observed much earlier by the well-known economist Lajos Bokros (by no means a fan of Fidesz), who first wrote about the need for the “critical mass of reforms”<sup>3</sup>. What is this if not a way out of stagnation? Bokros and Fidesz—however strange a pair they make—are both right. The only way a transformation can be successful in Hungary is if the changes reach a certain limit—a point of no return—from which internal forces can not reverse reforms. This is at the centre of Fidesz’s government policy starting from 2010. While we do not say that Fidesz’s changes are in any way connected to Bokros’s, the starting point in both cases is that the structures behind stagnation have to be radically dismantled.

Fidesz has committed itself to uprooting everything. We have to see however that the style of governance predominant from 2010 created a constitutional crisis. This situation is not without antecedents, there have been several such cases in our history. Fidesz has consciously manoeuvred itself into a position where masses of both the foreign and domestic public cannot not find any saving grace for its actions and, see the government as a threat to liberal democracy. To be objective, we have to state that this is not unprecedented. The constitutional crisis which Hungary faced before the 2014 elections was the inverse of the one that broke out in the summer of 2006, following the leaking of the confidential Ószöd speech of the prime minister at the time, which contained the future direction of the reelected socialist-liberal government. The controversial speech, in which the prime minister stated they lied “morning, noon and night” to keep afloat was just one cause of the crisis. The second is much less frequently mentioned. Gyurcsány Ferenc was the first

Hungarian prime minister since the change of regime who proposed a program of near complete structural renewal. In the shadow of Őszöd however, it was impossible to complete this. That was just the beginning though. The constitutional crisis became complete when the new constitution written by Fidesz came into effect. We do not wish to go into detail concerning the different stages of the crisis; suffice to say that since 2011 all the fault lines that have existed since the change of regime (e.g. Left-Right or liberal-conservative) have transformed, giving way to the “historical” fault line of the “constitution protecting” opposition and the “pro-constitutional change” government. This is a deeply rooted fault line missing from the history of Western European countries, however well-known to Hungarians. Thus, we are not talking about a novelty of the post-1990 developments of Hungarian party politics, which makes it all the more justified to raise the question of what are the reasons that caused this division to resurface and strengthen, basically overriding everything else.

If the political competition is not between liberals and conservatives but between “the protectors of the constitution” and those that would “destroy it” then the party competition that normal liberal democracies are used to becomes impossible. If the opposition holds not just certain actions of the government to be incompetent but the complete existence of it to be unconstitutional then the possibility of even minimal interaction or cooperation comes to an end and the government claim prioritisation of “national unity” at the top of its priorities in 2010 will be in vain.

In times like these, is it worth writing about a government that is thought by many to be “unconstitutional”? Many public figures have come to the conclusion that it is useless to try and analyse Fidesz. According to them the right way to approach the problem is to remove the wrongdoer from power as soon as possible and, after a return to normalcy, politics and analysis can start anew. In their view it is better to wait for the storm to pass or, if one wants to write by all means, then—as is customary—one has to call Fidesz to

account for the destruction of constitutionality. As much as we understand the emotions of those who feel that the constitutional rule of law has been eradicated, there is something we hold more important than these critiques. These are the problems, mentioned already, above and beyond Fidesz. What is the reason that, not authoritarianism, but the paradigm of radical change could come about? What is the connection between stagnating and radical political periods? How does the former lead to the latter? We think the best approach to the “Fidesz question” is to examine it from the side of radicalism. If we do so, we can see at once that Fidesz’s “radical politics” did not just appear out of the blue; they have their roots in the past. We have already mentioned Bokros Lajos’s reform project and we will go on to talk about the older, historical aspect as well. Fidesz’s radical politics is nothing new in Hungary, and while it can be criticised for many things we also have to be able to say something about not just this peculiar, stagnating structure which turns radical, but also of the philosophy that stands behind it.

### **The Intellectual Self-representation of Fidesz: The Paradigm of Radical Change**

The ideological groundings of a party can be pieced together from party manifestos, speeches, interviews given by members of the party, and the work of connected think tanks and intellectuals. Whichever category we examine, Fidesz has not been active recently. Whereas following 2006 the party was active in all fields. After coming to power in 2010, the diverse activities that characterised it in opposition came to an end. Anyone trying to find a written ideological, theoretical core behind the four years of the second Orbán government will have a hard time doing so.

Since the beginning of its second term, the government has paid less than enough attention to formulating their ideas on governance and the transformation of the country. It presented the System of National Cooperation and created its Constitution, however, aside from these neither the

government, nor the right-wing think tanks or ideologists wrote texts that interpreted what was happening for the wider public (not to mention foreigners). This does not mean that the leaders of Fidesz and intellectuals close to the party are not active verbally. It is remarkable, however, to what extent members of the government avoided (and continue to avoid to this day) the topic of interpreting the government's intentions for radical change concentrating instead on another topic; that of Hungary being misunderstood by foreigners and the opposition. Fidesz can not think that the foreign and domestic critiques stem purely from "misunderstandings" or "animosity" towards the government. The external surroundings of a country are given; the prominent members of Fidesz should come to terms with the fact that it is exactly because of the Hungarian Right's radical country transforming actions that the criticism multiplied. It is interesting that the party never tried to give a more detailed answer to these—whereas, as we will see, it has a rather complex message.

If we say that Fidesz is the proponent of radical change we must define what radicalism means in this context. Fidesz is not radical the way Jobbik is (and it is not an extreme-right party). However, in its basic attitude it is radical in that it supports the radical transformation of the status quo even at the expense of changing the existing legal framework. Governments rarely attempt such a thing, as this inevitably means violating vested interests and risking popularity among a varied circle of actors that influence politics. However this is just the sphere of the "elite"; citizens are equally important. Radical governance changes the everyday lives of voters as well. While voters prefer stability we have to call attention to two things. Firstly, the 2014 elections decided to what extent the voters "rewarded" the grandiose changes. Despite the amount of changes, Fidesz's relative support has not dropped drastically. In fact, in April of 2014 it went on to be re-elected with a two thirds majority again by gaining 45 per cent of the vote and even surpassed this in the European Parliamentary elections at the end of May

with 51 per cent. Secondly, especially in light of the previous facts, it is not at all certain that stability is a trademark of governments that avoid greater transformations. Aside from the economic crisis, it is stagnation that unseated the former liberal-left government.

Looking at historical examples of this type of transformative politics, we have to mention two eras. One is the 1930s the other is the Hungarian Reform Era. The opponents of Fidesz basically only speak of the first and relate the current events to the horrible transformation of the country at the time. We understand this historical analogy, and we admit that there are several similarities concerning the “politics of independence”, economic heterodoxy, as well as the anti-bank and anti-elite politics. However we do not hold this parallel to be fully explanatory. The claim for radical transformation is much older, coming from the Reform Era, even though it was only realised in the 1930’s. The notion that Hungary is in need of radical reparation, in other words of the elimination of stagnation, appears for the first time in this era.

By mentioning these historical precedents we would like to emphasise once again that the desire to radically change the country is not a curiosity, however it is also a fact that the claim for radical transformation only appeared in the second term of Fidesz. As in the Reform Era the aim was to dismantle completely the dysfunctional feudal structure. Following 2010, Fidesz wanted to surpass post-communism. This is not a new element in the party’s policy. They have been voicing it since 1996. The new element is technical, that of the two-thirds majority.

The problems connected to Fidesz stem not so much from their ideas than from the extent of their power. A government majority that surpasses two-thirds is huge temptation to fulfil the long-existing wish for change. But it is also a huge challenge. Parties and the governments they create are confronted with never before seen emotions and alliances against them. The fact that the current government has gotten into serious conflict with practically the whole of

Europe (and most of North America) can be explained by none other than the institutional triumph of the policy of radical change.

### **The Seven Cornerstones of Fidesz**

We can see that the politics of Fidesz is not at all impromptu; there are long standing theories behind them. Here we focus on the most important elements of this complex ideology. We will briefly present the ideological cornerstones of the policy for radical change in seven points.

1. *Hungary's place in the world.* We cannot understand Fidesz's actions if we do not point out that at the centre of the party's approach is a desire to fulfil a century-long mission. Instead of blindly following the West, the Hungarian political elite would like to become an active player in international politics. In order to achieve this, the world around us, especially the developed Western countries must be much more thoroughly analysed. It may seem surprising for many (though Centre for Fair Political Analysis has written about this before<sup>4</sup>) but the current chairman of the Hungarian National Bank, former head of the Ministry for National Economy summed this theory up in his book *The American Empire: Future Scenarios*.<sup>5</sup> According to Matolcsy, the Hungarian political elite not only knew less about world around it, but bamboozled itself over and over again. Instead of using reality as a compass at important historical moments it depended on the illusions constructed on their own ignorance. He went on to say that if, in 2002 when Fidesz lost the elections after its first term in office, Hungarian aspirations that were against US interests were what lead them astray, then first and foremost they need to *understand* the US. If leading European countries interests were antagonistic to those of Hungary then these too may have played a part in the outcome of the 2002 elections. At the same time, Fidesz is the only party in Hungary since the mid-1990s that has urged the renewal of the West, in that it

can only imagine Hungary's improving Western relations in connection to a changing Western Europe (European Union).

2. *The elimination of a post-Communist legacy through the transformation of public law:* The second key factor in the Orbán government's nation-transforming politics was a desire to create a completely new interpretation of public law. The idea that events from 1944 to 1990 were illegitimate, as they were not realised within the frameworks of a sovereign country, is a determining factor in the changing of Hungary today. Since Fidesz does not accept the events that happened under the power structures that came about because of German and Soviet occupation as legitimate, only one conclusion can be made. Namely that these legacies have to be eliminated, starting with the constitutional structure that is seen as the inheritance of "post-Communism". From this it follows that the 1989 temporary constitution that was based on the Stalin era Soviet-type constitution (regardless of whether it is called Stalinist or not) is not suitable for a country to be renewed, therefore a completely new one has to be created. If we continue with this logic they have to reach back to the period before 1944—basically to the old unwritten constitution. It is important to point out that this is not unique in Europe: the Baltic countries made similar breaks with their past when they seceded from the Soviet Union and created their own nation-states.
3. *Working towards multiple-term governance:* Significant changes characterise Fidesz's role in the whole of the party system. This process didn't start in 2010, nor in 1998 at the time of Fidesz's first term in office, but after 1994 when Fidesz started to establish the right-wing of Hungarian politics that had basically disappeared with the former governing conservative/right-wing party, the Hungarian Democratic Forum (*Magyar Demokrata Fórum*), MDF. This aim was fulfilled as Fidesz basically

remained the only significant party on that side. Following 2010 we can not only say that a right-wing catch-all party has evolved but we can establish the return of the *dominant* party type of Hungarian history which is mistakenly identified on the liberal-left side as a switch to a single-party system. Mistakenly, because in a single-party system there is no way for alternative parties to organise. On the contrary, in a dominant party system there is a very virulent opposition even if—and this is what makes it dominant—it is not capable of forming a government. The measure of Fidesz's success before 2014 was that it had two working in its favour: it was the only party that was capable of forming a government and the opposition was fragmented. In Central-Eastern-European democracies based on four year government cycles, the possibility of changing to a dominant party system (that is that the same party governs for several terms in a row) is a radical innovation in itself. Between 1990 and 2006 there were only one-term governments in Hungary and even though it was the liberal-left who first broke this tradition, the chance of them staying in power for a longer period of time vanished in 2010. With the victory of Fidesz in 2014 however, the guarantee of frequent changes of governments—though never early elections—may be over once and for all.

4. *“Hard governance” government philosophy based on monopolising decision-making*: Fidesz's idea of governance goes against the European trends according to which there is global governance in which national interests are subordinated and in which many economic, social and financial actors play a major role in decision making. This style of governing is called governance (multi-actor governing) and basically this was what the liberal-left governments represented between 2002 and 2010. Fidesz broke from this when it made governing a “one man show” centralising decision-making competences in the hands of government. This however



is not authoritarianism but a concept which international literature calls government. It is not Orbán and his teams' invention, nevertheless it is true that the monopolisation of decision making—let's call this hard government<sup>6</sup>—is unusual compared to earlier models of government and can cause serious conflicts of interest with social and financial partners. However, to demonstrate just how conscious this decision was, we refer to the fact that the concept of hard government was first formulated in 2007 while in opposition.<sup>7</sup> We have pointed to the origin of this idea several times in Stein Ringen's radical critique<sup>8</sup> concerning multi-actor governance which is recognisable in the steps taken by Fidesz in the past years.

5. *Unorthodox and micro-centric economic policy*: By placing György Matolcsy at the head of economic policy from 2010, a radically different line of political philosophy was established. This came about consciously with the aim of completely “rebuilding” Hungary's economic policy. Before coming to the conclusion that this is just György Matolcsy “running amuck”, we have to turn to the essay which—uniquely in the Hungarian analysis market—tried to grasp the economic ideas of Fidesz when it first came to power in 1997, as well as the radical differences compared to that of their rivals. Péter Csigó put it very well when he described Fidesz's economic philosophy as microeconomy-focused in contrast to the liberal-left philosophy which concentrates on macroeconomics.<sup>9</sup>

It is clear that the Hungarian government is familiar with the permanent debate among Western schools of economic thought and wants to take sides in this argument. György Matolcsy's book review series in the magazine *Heti Válasz* were written with the aim to inform the Hungarian readers about these debates. At the same time he selected in a way that only works of the heterodox school went into his reviews, those who permanently criticised the mainstream or neoliberal doctrine. This does not mean that on an

international level the orthodox-heterodox debate shifted towards the latter; the bastions of mainstream economy are solid both at home and abroad. Matolcsy (and the Hungarian government) obviously sought to shake these positions.

6. *Placing an emphasis on society instead of the elite:* One of the most criticised elements of the radical transformation of Fidesz's politics is its emphasis on working for the nation and the people rather than the elite. In other words that Fidesz is a populist party. Fidesz sees society as rooted in the experience that the system change that was constructed upon elite compromises did not increase, but decreased Hungary's performance and competitiveness. According to this view, perhaps the greatest guarantee of better performance is to free the resources of society. This is the reason why in 2010 Fidesz started the transformation of a wide variety of systems.

We have to mention here that the reason Fidesz is not sensitive to the liberal requirements of upholding the rule of law is because at the centre of its ideology stands a principle of accomplishment, the enhancement of which it does not see a guarantee for within the liberal institutions created by the regime changing elite. The elite, according to this argument failed to get Hungary on track for two decades. This is why the Right turned against the revolutionary achievements concerning the rule of law dominated by the liberal-left elite. Orbán has given many speeches explaining the differences between Left and Right in their perception of society and freedom, all the time emphasising that the Left wants to change society while the Right accepts society for what it is. At the same time however, the Right—while it wants to protect society from the changes proposed by the opposing camp—reaches deep into the structure of society as well, outlines preferences and goals, and wants to create a new type of social integration. In theory this could even

be productive since in the past quarter of a century not one Hungarian government has strengthened social integration and cohesion. We say “in theory” because though the improvement of social cohesion through government measures is not at all unfamiliar in Western Europe, these government endeavours build upon evolutionary processes that developed over a long period of time. Yet the essence of Fidesz’s approach is to break the influence of the “status quo elite” and social groups connected to them quickly and effectively.

7. *An emphasis on the political leader as the source of authority:* In Fidesz, the political leader has an accentuated importance; he is the final source of authority. Once again, many people see this as the exhibition of authoritarianism whereas this leader’s authority comes from a Christian tradition. In Fidesz, the political leader is not the leader the other side sees (i.e. a dictator), rather he is a person who many people see as someone who is capable of taking action, someone who can dislodge the country from its stagnation. It is not by accident that Orbán Viktor’s idols are Konrad Adenauer, Charles de Gaulle and Margaret Thatcher. They are politicians, who in their time were “great transformers” and uncompromising “fighters”. While they were controversial figures, they also became people of great authority at home and abroad.

According to the interpretation of the Right, the “good leader” is pre-eminent not in complying meticulously with criteria regarding the rule of law, but in the improvement of the nation’s comparative state. It is important to mention that for the Right, “pragmatism” is a necessary criterion of the good leader. If his dealings are not successful in the West he will swiftly change and look for other (Eastern) forms of international cooperation. It is not an accident that in spite of the criticism Orbán has received, he remains popular. He is still the same unquestionable authority as in opposition. With this, the “authoritarian”

leader figure means a constant challenge for Hungarian mainstream politics. Nowadays it is not easy to find talented and popular politicians. However strange it may be, Orbán is an exception, and one of the reasons for the opposition's poor performance is that to this day they can't find a leader of the same caliber and authority.

### **Critical Perceptions: Western Europe and Fidesz**

Previously we described the seven foundations of Fidesz's nation transforming activities. Now we move on to review the international reception of this way of governing. We do this because even the most "nationalistic" governments can not disregard what their neighbours think of them. However popular a policy might be at home, governance depends on the approval of the international community as well. Every government has to acknowledge that in a global world the aspects for evaluation transcend borders. Examples of this are the global credit rating agencies as well as international institutions examining the state of democracies, the freedom of the press, constitutional systems etc. These ratings influence the international assessment of a country. According to our view we should not be protecting the country from these but trying to bring government in line with them. This should not be foreign to the ideology of the right but actually a part of the "Matolcsy project" described earlier. It was Matolcsy himself who wrote that the historical reason for the underachievement of the Hungarian elite was the misunderstanding of the West. Isn't Fidesz making the very same mistake that Matolcsy had warned of?

Clearly the government that came to power in 2010 had a very hard time accepting these external conditions and systems of evaluation. This approach has its "intellectual" roots in the fact that throughout its history Hungary misinterpreted the West, always blaming it for the traumas that befell the country. The 2010 government also built on the same reflexes of the "protection of national sovereignty", that their predecessors had used to "protect" themselves from external "attacks". However it is erroneous to interpret this

approach as the construction of authoritarian rule. As we have discussed above, the policy of radical change is different in nature from despotism. Nevertheless we also have to acknowledge that the West can only react to it in line with their historical traditions, values and ideology. Accordingly, all seven ideological cornerstones are met with conflict and rejected almost unanimously abroad. To name just one example, the international community is appalled by the fact that Fidesz ignores completely those philosophical basics that evolved in Western-Europe over the past decades. Two fundamental schools have come about, which—referring to special domestic characteristics—the Hungarian Right does not take into consideration. One is governance, which we have already mentioned, the other is public management. Libraries of literature have been compiled in the past decades concerning both topics, yet Fidesz does not use either of these.

In light of this we have to mention that throughout its second term, the Hungarian government did not understand why its politics was evaluated “politically” and not “professionally”. What the Orbán government doesn’t understand is that the West is used to judging politics even as laymen. Fidesz holds that the work of a government should be evaluated solely on the basis of the quality of the laws. However this is not always the right approach. Sympathy plays a very important role in this as well. Such sympathy can be reached through informal relations, through the building of networks, gaining allies and friends. While the Hungarian government says that the West misunderstands its intentions, the reality is that a government which does not have enough informal clout within the international sphere will not be able to gain enough sympathy for itself in the long run and this may even lead to its downfall.

We could end our analysis here by saying that if Fidesz would like to retain its power it needs to offer not just “good governance”, but must also to win the support of the external community, or from the other side, the opposition, which is much better received internationally, needs to defeat the

currently governing party. However this is not enough. We may expect Fidesz to change its tactics but not its strategy. For the opposition to come to power it needs to change the way it does things, beginning with its interpretation of Fidesz.

### **Evaluating Fidesz's Ideological and Historical Aspects**

Even if it goes against international opinion we have to state that Fidesz has very well defined ideas about all it wishes to do in politics. As we have shown in detail it is using its whole apparatus to achieve radical change and basically wants to transform everything. That desire for change is what many object to. However, we have so far not mentioned two fundamental things. The first—which synthesises the seven cornerstones we mentioned—is Fidesz's approach to democracy. The second is the Hungarian Right's wider historical context. The final part of our analysis focuses on these two subjects. In other words, why is Fidesz's approach to democracy the way it is? If it does not follow the model of liberal democracy, what then is its approach towards democracy?

The claim for radical transformation is embedded in the Hungarian Right's approach to democracy, which appeared worldwide in the 1990s—independent of the Hungarian issues—as an answer to the newest wave of democratisation. At that time Western political scientists had to acknowledge that the process of consolidation had come to a halt and that liberal democracies had transformed. Several categories arose for their definition such as defective, populist or illiberal democracies, the last being perhaps the most well known.<sup>10</sup> How to interpret these (democratic but not liberal) competitors of liberal democracy?

The notion of liberal democracy (the organic connection of liberalism and democracy) came from the international consensus following 1945 and this connection characterised the 1989-90 Central Eastern European transformations. However the past decades have brought into doubt the sustainability of the unity of the two elements in Western Europe, not to mention Central Eastern Europe where the

risk of the separation of the two became a reality.

In this conflict Fidesz stands on the side of national sovereignty and democracy and feels that this element needs to be strengthened in the face of the other component (liberalism). In this sense the Hungarian Right comes into conflict concerning this aspect of democracy theory as well as with the Western European consensus of the past decades according to which democracy can only be liberal, if it isn't then it is no longer a democracy. This however raises the question of why (and in what direction) Fidesz wants to "develop" the system?

In order to answer this question the other important aspect to evaluate aside from the Western European transformations of democracy is the historical aspect. We must ask: Why does Fidesz remain the most popular party if its politics is rejected to such an extent? This question can not be answered from the well-known "facts", we have to turn to "softer" sociological, historical factors. Our hypothesis is that Fidesz held on to its position despite its actions because its style of governance better expresses the historical traditions than the politics of the liberal-left which is stuck in the present and at odds with traditions.

While Europe has basically rejected the radical politics of Fidesz, we have to establish that the party's strength and advantage comes from this as well. From a different aspect—that of Hungarian history—the radical break which we have outlined can in fact be considered as continuity. Continuity plays a great role in party politics. The processes of change and continuity are handled together in Western European analyses of party system change. The importance of the second element waned during the Hungarian change of regime as no one wanted to identify with their contemporary history (the Kádár era) and even less with the Horthy era. For a long time change was the watchword for all parties. Fidesz could rise above its small party entity, however, because it discovered the importance of continuity. It could play the role of the party that preserves and represents historical values.

It is very hard to "erase" history from politics. Great leaps

forward are never without recoils or U-turns. We see a very strong counteraction from the beginning of the millennium compared to 1989-90. If the elites of the Central Eastern European transitions demolished the Socialist systems under the flag of the “end of history” (in other words the global triumph of liberal democracy) then the decisive lesson from the start of the millennium was that history is far from “over”. The debate and solution of historically unsolved questions has just begun.

Without the change of this trend we could not explain the permanent failure of the Hungarian liberal-left governments, or the great gain in popularity of Fidesz following 2006, nor its victory by two-thirds in the 2010 and 2014 elections. An important part of this change is that values and ethical categories came into the forefront in face of the pragmatic (mainly macroeconomic) actions of governments. This is why a majority of the Hungarian society did not value the macroeconomic recovery activities of the Bajnai government between 2009 and 2010, and turned rather to Fidesz which preferred traditional values and the “elevation” of society. Following 2006 it became clear that if Fidesz were to win in 2010 it would not join the relative consensus of party politics preceding 2006, but would break away from them, leading the country towards solutions foreign to the Hungarian public.

In our view the liberal-left side did not and to this day does not pay enough attention to this “unexpected” return of history; it is constantly fighting against it. We can establish that a part of their problems comes from this bluntness. The liberal-left does not understand or does not want to acknowledge that history in Hungary does not just consist of the inter-war period. We have shown that the political claim for the radical change of rigid structures originates from the Reform Era, except this idea was dismissed with the change of regime since they thought the transformation complete. However—and this is exactly what Fidesz has caught on to—following 1990 and especially since after 2006 history returned. It is no wonder that in face of the liberal-left’s “conservative” approach, the “improvement” of the system



change was placed at the centre Fidesz's "new politics", starting from 2010.

The intention of the Hungarian Right to "develop" the system in order to finish the change of regime however equates to the "demolishment" of the transition for its opponents. Therefore if we pose the question of whether Fidesz's politics is successful, our answer is that while in light of the 2014 election results it is successful politically, in terms of social integration and cohesion it is definitely not. While we understand the intentions of Fidesz, nevertheless (as of now) this experiment does not have a chance of truly renewing Hungarian politics. It will only lead to the permanence of the constitutional battles for as long as the Right remains in power. We see Fidesz's experiment as grandiose but—taking into consideration the historical aspects—with a rather small chance of overall success. Not because it would lead to authoritarianism or tyranny. Because we are doubtful whether at the beginning of the 21st century it is possible to create such a type of national transformation that was suggested in the Reform Era. However we also see that Hungary cannot stay in the state it was in 2010, and we have learned from Bokros that only a critical mass of reforms can be successful.

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## CHAPTER 9

Conservative Reflections

### **Plebeianism Instead of Conservatism**

Zoltán Balázs

Conservatism comes in a wide variety of shades.<sup>1</sup> Indeed, it is often said, sometimes ironically, sometimes boastfully, that a hallmark of conservatism is that it does not exist, at least not in the form of an -ism. Of course, other political ideologies also have versions, sub-isms, so to speak. The really important difference between conservatism and other, mainly leftist, ideologies is perhaps that conservatives attribute less importance to ideas and minute differences between various principles. Instead they prioritise values, attitudes, emotions in a way that liberals, for instance, do not. In other words, it is arguable that there are as many conservatisms as there are conservatives. But this is itself a reflection on conservatism that some conservatives might disagree with. They are eager to elaborate a high-profile, politically distinct, though sufficiently pluralistic conception of conservatism. This is not the occasion to argue about the matter, I only wanted to warn the reader of the philosophical limits to any attempt of telling how conservatives do or should think.

Thus, my evaluation of the Orbán government and its policies does not imply that I represent *the* conservative point of view. However, I believe the version of conservatism I am working with is clear enough and philosophically well-established. It involves, among others, the following claims:

- 1 That though popular sovereignty is to be respected (otherwise conservatives should reject democracy), it needs to be restricted institutionally and theoretically

(by the separation of powers, the rule of law, checks and balances, and constitutionalism).

- 2 That individual merits and achievements are as important as universal rights.
- 3 That the state has limited competence.
- 4 That the constitutional and legal order as well as the direction of government should reflect sound moral principles and values that have shaped our civilisation and that have been handed down to us through history and traditions.
- 5 That national identity is important, though it has no absolute priority over other identities.

Sure, these claims are very broad and can be contradictory in certain historical and political contexts, but I think (though cannot prove it here) that they also can be formed into a coherent and democratically successful political philosophy.

In the Western media, the Orbán government is frequently described as conservative. It is crucial, then, first to state that the Prime Minister does not call himself a conservative, and conservatism is almost never mentioned in government rhetoric. Therefore, it should not come as a surprise when I say that the Orbán government and Fidesz generally are not conservative. However, it is arguable that conservatives may perhaps feel more at home in this party and find it more welcoming than the parties of the previous government. I will now consider the extent to which Orbán's government has accommodated the principles listed above over the last four years.

### **Democracy**

The Hungarian political system is unequivocally parliamentary. Popular sovereignty is considered to be represented entirely and exclusively by Parliament. Checks over it—the Constitutional Court [CC], the president, ordinary courts, ombudsmen—are either weak or have been regarded by the Orbán government as potential blocking agents. For government decisions, automatically supported by the two-

thirds majority in the legislature, are regularly justified with direct reference to the will of the people. Often this borders on revolutionary rhetoric (the 2010 elections have been often called by government politicians a “revolution of the polling stations”). All this is clearly rather Jacobinist and thus makes conservatives wary. Critics have pointed out the conspicuous disregard for the principle of the separation of powers and a decline of the rule of law in Hungary. As far as I can see, many scornful remarks made at the expense of the judiciary and the CC by politicians, as well as the arguments of CC judges elected by the current parliament also support these criticisms.

However, one should consider two things. First, parliamentary supremacy is the mainstream tradition in Hungary. A two-third majority is a rare state of affairs, which only demonstrated the Jacobinism inherent in the system.<sup>2</sup> And second, in the Basic Law that replaced the Constitution, important checks and balances have been largely preserved. Some have been weakened, others even made stronger; new ones established (a new body, the Fiscal Council, was established to control the parliament-approved state budget); the CC has been given the right to invoke the so-called Historical Constitution in its future rulings.<sup>3</sup> On the whole, I conclude, the Orbán government has not embraced conservative ideas on democracy at all, and has inclined towards a more Jacobinist approach, but that is not to say it has undermined democracy.<sup>4</sup>

### **Capitalism**

More traditional versions of conservatism cherish historical and inheritable privileges, not because their heirs have earned them but because they protect the private sphere, block central power, and emphasise natural differences between individuals. More modern versions of conservatism regard such privileges as more or less obsolete. The same ends are more efficiently achieved by encouraging capitalism and tolerating a degree social inequality (which is not the same as a lack of concern for the very poor).

What has been the Orbán government's general approach to capitalism as a socio-economic order? Of course, classical feudal privileges have long been abolished. But, oddly enough, class privileges and other group prerogatives flourished under Communism. This was true of the Kádár regime, which claimed to be the sworn enemy of feudalism and reactionary forces. These privileges have never been explicit; they have been tacitly admitted norms, but like the feudal ones, not meritocratic. The Orbán government did not hesitate to revise and often abolish them (e.g. early pensions in some professions). But it also created new privileges (women are now favoured in the pension system, membership in many professional chambers is mandatory). Yet again, by introducing flat-rate personal income tax, it has acknowledged inequalities as sometimes merited. By giving more rights to employers, it has enhanced economic freedom. By emphasising that income (social transfers included) presupposes some merit (at least public work), it has promoted a stricter work ethic. By encouraging people to pay back their loans, and keeping the central state budget and municipal budgets in control and by reducing inflation to almost nil, it has made possible a more prudent and reasonable way of making economic decisions. Finally, by reforming the Penal Code (which is now harsher, with a three-strike clause in it, individuals are given more rights to defend themselves against criminals), it has placed an emphasis on individual responsibility. A liberal approach, in which criminals are often exempted from punishment on grounds of putative or real collective and structural disadvantages they had suffered earlier, is clearly at odds with a conservative approach. Thus, generally, there is a markedly conservative strain in the economic philosophy of the Orbán government that is evident in the legal reforms it has enforced, with some notable exceptions.

This economic conservatism is basically a traditional one that is suspicious of banks, stock exchanges, currency speculations, financial investors, the third sector, and transnational firms (except, to some extent, for those

investing in industry). That capitalism, especially its most developed version, cannot do without such agents, seems to be something Mr Orbán and his economic advisors cannot swallow. He speaks about reindustrialising Hungary, disregarding the possibility that this would perhaps be a step back. Even worse, there are very alarming signs of economic favouritism (certain firms can count on special privileges granted by the government), sometimes outright corruption (e.g. in the allocation of state funds and investments), a politically motivated creation of monopolies (in commerce, in the banking sector, in agriculture). The legal reforms of the Orbán government can, thus, be mostly hailed by conservatives; but many of the actual economic-political decisions of the government, sometimes also backed by legislative actions, painfully contradict to these reforms. Finally, there is an outlandish understanding of modern capitalism in some of Orbán's speeches and rhetoric which reflects an old, partly socialist, partly traditional conservative distrust of the invisible hand.

### **State**

Although conservatives generally oppose the ubiquity of the state, the urge to enforce certain morals and norms, to defend national interests and sovereignty, and simply to govern well, make it (indeed, like almost any modern democratic ideology) prone to strengthen the state. What sort of strong state is needed is of course a matter of much debate. In crisis situations such as wars and natural catastrophes, the effective power of the state is indispensable. Otherwise, conservatives think that centralism and statism weakens, rather than strengthens the capabilities of the state. Further, and perhaps more importantly, a strong state is an obvious target of political ambitions out of which a massive abuse of power may arise. There is, thus, an inherent potential in a strong state to undermine public and private freedom.

The Orbán government has shown a clear inclination towards centralisation. State-financed TV and radio channels have been integrated and the news agency added to them.

The new institution is a gigantic media holding under tight government control. Commercial media and Internet portals were also targeted, though the government having come under international pressure, the Media Law was changed. Schools had been run by municipal governments, now they are run by the central government. Education and teaching are now more strictly controlled by state authorities, parental and other local supervision is practically non-existent. Counties have been reduced to mere administrative units (though generally they never were strong agents, either), municipalities are, again, supervised by new state offices, many of their administrative functions have also been centralised. However, local representatives have not been granted new and effective rights to control authorities. Universities are also more tightly controlled by the government. It is now a proclaimed objective of the government to nationalise public utility services and re-establish them as non-profit organisations. These measures have often been justified by the alleged financially irresponsible profit-maximising behaviour of these agents. Other reasons include improving efficiency and enforcing stricter social norms and reinforcing national identity. But it is not just such institutional reforms that can be cited, it is the whole system that seems to have shifted towards centralising decisions, with sometimes very awkward consequences. For instance, it is the Prime Minister who decides which MA or BA programs should be financed by the state; how to reorganise football; and which church should be granted extra provisions.

It hardly needs elaborate argumentation to show that such tendencies, in want of a serious crisis situation, and without any serious conception of how and why centralisation would indeed improve education, fly in the face of conservatism. Of course, the pernicious and counterproductive results of centralising the schooling system by fiat, without extra resources, clearly defined measures, or of nationalising whole sectors of services, require some explanation. What is more immediately seen is the growing impotence and decision-averting behaviour of local and



central bureaucracy in any case and area where the chief politician has not yet made up his mind. Further, centuries-old patterns of more or less conscious adaptation to the central will by evasion, passive resistance, pretension, etc. are, again, being noticeably reinforced. The outcome is a growing distrust and uncertainty that has surely contributed to the fact that so many Hungarians have decided to leave the country and find a less bureaucratic and unpredictable environment both for themselves and their undertakings.

### **Values**

Evidently, one of the main reasons why Orbán is highly popular in certain conservative circles in the West and particularly in Poland is his staunch rejection of liberalism understood as an ongoing emancipation and relinquishing certain values called “traditional”. He has often criticised the 1968 generation and thinks the value revolution they inaugurated has damaged the European civilisation greatly. He speaks about the need to cherish values related to family, religion, nation and land. The new Basic Law explicitly declares marriage a heterosexual union, protects life from the conception, makes it a duty of children to care for the ageing parents (and contains a long list of duties that citizens are expected to observe). This is clearly a strong part of a conservative agenda in terms of values and political rhetoric.

I think it is necessary to add here that many of these values are widely shared in Hungarian society. Most Hungarians are quite unwilling to accept homosexual marriage; put, at least verbally and in terms of desires, children and family on the top of their life priorities; are largely uninterested in gender issues; want a more severe penal policy; and are very concerned with national sovereignty. However, they also follow norms that are essentially inconsistent with these conservative values and attitudes. Abortion, contraception, artificial insemination are supported by the majority; cohabitation without marriage is the rule; the number of divorces remains high; religious faith has declined in the past decade.

It is, therefore, in some respects very easy to be a conservative politician in Hungary, but in others rather difficult. One should expect a truly conservative government not just to represent and talk about but actively promote its values that are less in the forefront, or less widely accepted, and thereby change and form the attitudes of society in a conservative direction. A good case in point is Margaret Thatcher's relentless politics that did not shrink from confrontation with other value systems. Now by that standard, the Orbán government has not really achieved much. Policies that would have clashed with accepted norms have not been advanced. Abortion regulations have been left untouched, cohabiting partners have been given more rights, mothers with babies are still very much unprotected in their jobs. Besides the much-awaited aggravation of legal punishments to be applied by courts (mentioned above), the only exception is the support given to churches. A compulsory new subject has been introduced to the national curriculum which, however, reflects a strange philosophy. Parents must choose between direct religious education and a secular ethics class.<sup>5</sup> No wonder that even the Catholic Church, or at least its leader, Cardinal Erdő, voiced his serious doubts and reservations about this idea.

There is no reason to suppose that either Orbán or many prominent politicians of the Fidesz are entirely opportunists, that is, promoting only those values cherished by conservatives that reflect a solid consensus of the Hungarian society. But a genuinely conservative government, especially with its two-third majority, should and could have achieved more in respect of such fundamental values.

And there is another question a conservative should always ask: apart from holding up high moral ideals, and talking about the need to return to certain traditional values, and even apart from making laws that more or less conform to these ideals or values, what can we tell about the moral quality of a government and its performance? Of course, coming up with a moral verdict of a government's sum total of actions is even more difficult than making a final judgment

of a private person's character, so I can only raise concerns and give voice to uneasy feelings. And of course, we know that there can be moral decisions which involve two, equally unsavoury options, and by making either choice, we may become morally culpable anyway. With these considerations in mind, I still think that the Orbán government made some very bad decisions that cannot be justified by the sound moral principles conservatives value. For instance, the reform of the electoral system, both the new electoral law and its implementation, is characterised by the lack of fairness (e.g. gerrymandering, the limitation of political campaign that affects the opposition more than the Fidesz, etc.). The nationalisation of private pension funds was a clear example of a mixture of coercion, blackmailing, and lying. Extraditing a criminal to Azerbaijan who murdered an Armenian comrade in Budapest, with the certainty that he would be immediately set free and celebrated as a hero at home, was a particularly repugnant, unjust, *mala fide* act.<sup>6</sup> Levying extra taxes on banks was a chain of decisions entailing numerous promises that have been easily ignored in a later phase. Examples of lying, doublespeak, blackmailing, unfairness, nepotism, and hypocrisy abound, unfortunately.<sup>7</sup> Conservatives are not naive, let it be stressed, yet they think that violating moral ideals and norms is always a serious issue, even if they are not legally prohibited or sanctioned, or perhaps just for that reason even more serious, because they shape the moral constitution of society as profoundly as legal norms and actions do. Therefore, conservatives must be especially concerned with the moral performance of any government. And there is much to be regretted about the Orbán government's record on this count.

### **Nation**

It is never and nowhere easy to integrate various political identities into a coherent worldview. Since conservatism is a political philosophy rooted deeply in philosophical reflections on human nature, society, values, principles, and so on, it is essentially a universal ideology. It emphasises the

importance of traditions and local identities but it does so because it holds that such identities, loyalties and community bonds are necessary for a good life. Nationalism is different: its basic principle is the good life of the nation. Everything depends on how this is to be understood. If it involves the subjection of other nations, or some races, casts, classes, it is clearly evil. If it does not make room for values such as individual freedom, private property, material progress, justice, peace, the free practise of religion, then it is at least questionable.

Is the Orbán government nationalistic? Or conservative with regard to the concept of nation? It is safe to say that it has never adopted the evil version of nationalism, and that its nationalist rhetoric has not really jeopardised individual freedom. But it does not follow that it has been successful in reconciling the value of national sovereignty with a reasonably critical, yet not hostile attitude towards the community of European nations. One of the reasons why Orbán is not very popular even among some conservative circles in the West is his often repeated aversion of Brussels that he compares sometimes to Moscow, and his rhetoric of freedom fight, anti-colonialism, independence and the sacrosanctity of the national interest. There are eurosceptic conservatives, of course, who applaud such views and share these emotions, but given the initial and formative influence of mainstream continental conservatism on European identity in general, and on the European political community in particular, the Orbán government's unqualified distrust of the Union and sometimes angry rejection of the putative dictates of Brussels (and Berlin) is certainly at odds with valuing European identity and consequently, with European conservatism.<sup>8</sup>

Another serious threat that arises from an unbalanced approach to the issue of the nation is the temptation to identify a party and its government with the nation. Related to the first issue discussed in this essay, the popular democratic views of the Fidesz and the Orbán government are easily compatible with a homogeneous conception of the nation

and the national interest. Elections are not merely about who should govern, and what values, principles, methods, programs citizens would like to see to be implemented in the subsequent four years, but they are a revelation of what “the nation wants”. Hence, those in the opposition are not just against the government and its program but potentially against the people. And there have been some alarming assertions from Orbán and some of his closest aides that reflect precisely this view of politics. The Fidesz victory is the victory of the nation, and the defeat of the opposing parties is the defeat of the nation’s enemies with whom political arguments should not be made. Fidesz is simply the “natural” representative of the national interest.

In view of such suggestions, conservatives who think that national identities matter a lot and can enrich everyone’s life, must also warn that political freedom entails free discussion, an acceptance of the other as the member of the political community, and political freedom is inseparably bound up with personal, individual freedom that conservatism defends and holds in high esteem.

Finally, a national identity can be cherished in various ways. Even a conservative politician is well-advised to keep national symbolism, rhetoric, gestures at bay, so as to avoid emotions exerting too strong an influence on politics. National elites in Central and Eastern Europe have a poor historical record in containing nationalist sentiments. Further, the Orbán government’s predilection for renaming institutions, central agencies, authorities “National”; its self-celebrating manners; its decision to provide support to certain reliable artists and artistic circles who represent “national traditions” more faithfully, are not necessarily outrightly nationalist, not even dangerously exclusivist, but sometimes embarrassing, tasteless, or ridiculous. Conservatism is committed to high culture and Western civilisation at its best, and must often admit that artefacts said to have been inspired by national sentiments and traditions fall miserably short of achieving not only the highest but the more modest standards of high culture.

### **Plebeianism**

Although there is a separate essay in this volume on the philosophy of the Orbán government, let me briefly sketch what I think of that, so that the contrast between it and the conservative perspective is easier to capture. Orbán has sometimes expressed his political philosophy as a plebeian one. I propose to take this label seriously. He is neither a conservative, nor a revolutionary. Neither his policies, nor his self-portrayal are fully consistent with either notion. Plebeianism is, of course, a term most people do not understand, and he uses it only on special occasions, addressing mostly intellectuals. Yet it appears to be an apt concept. It expresses (1) a conscious identification with the “masses” and their emotions, perspectives, hopes and fears, regardless of whether they belong to the “Left” or to the “Right” politically; (2) an appreciation of the gradual accumulation of wealth by hard work, a value in itself, which is often not rewarded by the market; (3) the protection of plebeian privileges (small-scale private property, social security, pension, artificial prices for certain basic services and goods—no matter how poor they are; (4) a belief in Caesar (the state, governed by the strong political leader); (5) a type of social conservatism; and (6) an uncritical sense of national pride (of historical, scientific, or sports achievements).

These are, as is often pointed out by Orbán’s critics with whom I agree on this point, very much the values and views that characterised the Kádarian “petty bourgeoisie.” Some would surely add that this ethos has even deeper historical roots. These need not be explored here. It is sufficient to point out that the Kádarian consensus arguably rested on claims that sit very well with the main tenets of plebeianism described above. It involved (1) the understanding that the legitimacy of the regime is immediately connected with the approval of the society as a whole; (2) the social idea that by working hard everyone earns a right to a better life; but that (3) welfare services should be granted to everybody automatically, to which certain ideology-based privileges are added; (4) the political idea that the authority of the political

leader is unquestionable; (5) the moral idea that norms related to security, order, equality, decency are top priorities; and (6) the common conviction that Hungary is the most successful country within the Soviet block.

There is, I believe, a strong continuity between the Kádarian consensus and the plebeian (rhetorically, strongly anti-Communist) ideology of the Orbán government. Its view of democracy is markedly anti-political, based on an identification of society with its representatives. Its favoured version of capitalism is an essentially industrialist-traditionalist one, placing high value on work. Yet it also preserves much patriarchalism, a preference for equality, but also a jealous protection of historical privileges. Its conception of the state is rather centralist, with a fatherly figure in the centre, entrusted with doing the business of politics and administering the state as one person. Its moral preferences are mixed, they are on certain issues fairly liberal, on other issues markedly conservative. Its concern with national traditions, the glorious old days, coupled with a sometimes fierce rejection of the idea that the Hungarian society and its historical elites have some moral responsibility for certain historical evils such as the Holocaust or for the defeat in the Great War, testify to an emotion-driven, unreflective approach to the national identity.

### **Conclusion**

As was said, neither Orbán, nor the senior politicians of Fidesz call themselves conservatives. This allows a conservative to keep a comfortable distance from this government, especially because it does have a more or less coherent practical political philosophy that is aptly coined as plebeianism. The version of conservatism that I represent is not at all happy with its vision of democracy; finds some sympathy with its ideas about merits and work, less, however, with its economic and social favouritism and some of its outdated views about markets; is rather critical of its statist and Caesarian tendencies; agrees with some of its fundamental moral principles but also laments that they are

in serious conflict with others; is deeply disappointed by the obviously immoral decisions of the government; and finds its national rhetoric often shallow and politically dangerous.

A final remark. Although conservatives should, in principle, be in favour of traditions, and often they are, nothing commits them to an uncritical defence of everything that exists. Kádárisism may still be alive, even be the strongest political tradition of this country, with deep roots in Hungarian history, and always there to be exploited by any strong political force and leader, yet it is not the only tradition available. Conservatives are free to criticise it, for their treasure stores the best traditions of the Western civilisation. And these traditions have never been unknown in Hungary.

### Endnotes

1. I attempted to evaluate the Orbán-government from a conservative point of view at its mid-term, that is, two years ago. The present essay builds on the insights of that paper that appeared in a Hungarian conservative bi-monthly review but it is not its translation or revision. (On Balance. The Government from a Conservative Perspective, in: *Kommentár 2* [2012]: 3-14).
2. Britain's parliamentary model is sometimes cited as a parallel to the Hungarian one, and indeed, the new electoral law has brought the Hungarian political system even closer to the British one. Defenders of the Fidesz government claim that the British system is by no means a Jacobinist one. They forget, however, that the notion of the rule of law, protecting the private sphere, plays an incomparably more substantial role in Britain than in Hungary; and that with the absence of a written constitution in Britain, the institutional structure is always more consensual than in Hungary where a written constitution is in force which can be (essentially) modified by a two-thirds, typically partisan majority.
3. Some critics have thought that this 'right' is rather (meant to be?) a restraint put on the CC. Indeed, the text literally prescribes to the CC that it should take the Historical Constitution into account in its interpretations of the Basic Law. However, there are signs that the Court may use it as an effective tool to control the 'absolute' freedom of the Parliament.
4. There is the intriguing question of how to evaluate the regulation of referenda in the new Basic Law that put more constraints on this institution. For it is inconsistent with the overwhelmingly Jacobinist, popular democratic rhetoric and politics of the Fidesz.
5. The two subjects – religious education and secular ethics – are substantially different. The former is as much about theology, church history, Biblical studies as about morals. The latter is meant to ground a minimal moral consensus among students which implies the attendance of everybody.
6. After which Armenia severed her diplomatic ties to Hungary: an unprecedented event in the EU.



7. The great victory of the Fidesz in 2010 was to a great degree surely due to the widespread perception of the leaked-out „Őszöd-speech” of the previous socialist government’s head, Ferenc Gyurcsány, as gravely immoral. It was generally considered a confession (for that matter, not open) that he lied to the public. It was not a criminal act, yet even more damaging politically. The Fidesz-victory was partly based on the tacit promise that „no more lies.”

8. Moreover, it is embarrassing to listen to such slogans and speeches in view of the fact that the European Union has been the greatest financial investor in Hungary for now more than a decade.

## CHAPTER 10

Intellectual Background

### “The Democratic Transition Is in Progress as We Speak”

An Interview with András Láncki and Gyula Tellér

by Gellért Rajcsányi

**How would you assess the journey of Viktor Orbán and Fidesz from 1990 to 2014, as the party evolved from a vanguard of young liberals into a right-wing popular party?**

**Gyula Tellér [GYT]:** Under the first government following the transition I served as parliamentary representative for the liberal Alliance of Free Democrats [*Szabad Demokraták Szövetsége*, SZDSZ], then in opposition. Just five feet in front of me and to the right sat several Fidesz leaders, including Viktor Orbán, László Kövér, and Lajos Kósa. Kósa and I sat on the same committee, so I had the opportunity to watch his personality and thinking evolve. On the face of it, the story looked something like this. It is true that the Fidesz and Orbán started out by subscribing to the ideals of the Alliance of Free Democrats. This goes back to the university days of these boys, when the dorms would be frequented by a number of the liberal network’s prominent figures, people like Miklós Szabó, János Kis and Péter Hack, who came to talk on democratic transition. The liberal mindset of these speakers had been shaped by scholarships abroad. They had been familiar with the tenets of liberal and neo-liberal social philosophy, and gave the Fidesz members lectures on the subject. For Viktor Orbán and the rest of the Fidesz elite, this was their first major intellectual influence.

### **What was the gist of this philosophy?**

**GYT:** Around 1992, János Kis published a sweeping article in the end-of-the-year special issue of *Magyar Hírlap*. In this article he explains that the “liberal” view of society as a mass of individuals assumes two forces of integration: a liberal constitution and legal system on the one hand, and the marketplace on the other. Everything in between is a private affair. Now, liberals define private affair by saying that anything is permissible as long as it does not violate the freedom of others. These people believed in the illusion that this sort of vacuum can be filled by the citizen who comes out of nowhere, suddenly comprehends his own best interests, takes a look around, forges alliances with people like him, and engages in politics. The group grows into a party, wins seats in Parliament, and joins the fight for the chief object of politics, which is discretion over the distribution of public resources. Other groups come along with their own competing private interests, and political struggle ensues. This was the theory. Meanwhile, of course, the liberal party made its position known on every specific political issue.

**András Láncki [AL]:** I had no direct involvement in public affairs before 2002. My perspective is that of the outsider. I was not a politician or a representative. But I believe that understanding the situation revolves around the question of what the democratic transition really consisted of. People in the West do not usually discuss this at all. From the get-go, the western approach, which the liberals of the SZDSZ embraced, was that here was a western model, which simply had to be adopted in the course of the transition. The vision of the liberals centered on constitutional transformation. They envisioned the transition along the lines of John Rawls’s thinking, in the belief that individuals could create a rational and just state as they would under a veil of ignorance. This was a quintessentially utopian idea of how to go about reforming society. Reality stood in stark contrast to this notion. For instance, how would one explain the fact that,

in 2009 — 20 years after the transition and before the new government took office in 2010 — one in three figures of the political elite had been a card-carrying member of the MSZMP, the former Communist Party? We have studies and data supporting this claim. This surviving web of post-Communist interests questions the very point and usefulness of the transition, and continues to raise doubts about the elite, the success of the economy, the state of society, and the orientation of foreign policy. As regards the evolution of the Fidesz, the story of Viktor Orbán is clearly the most interesting to look at. He has come a long way, and is now the only politician who remains standing 25 years after the transition began. Everyone else has either gone the way of the dodo or become a political vegetable. The story began with the democratic turn. At the time, all the bright young Fidesz things rallied behind the cause of building the kind of society envisioned by these ostensibly smart liberals. Later, they were to change this basic stance. This raises the issue of the identity crisis of Hungary's political class. Is it really our mission to scrutinize the American or German constitution and adopt certain elements from them? Or is there a special national perspective, a national interest, a constitutional experience unique to Hungary, as Orbán sees it today? This question is non-existent for the Left, for the liberals. They think that the mass of individuals will inevitably yield a good society. For all intents and purposes today, the liberal theories seem to have failed to integrate post-transition Hungarian society. There is no force of social integration to talk about.

**Are you referring to the Orbánian perception that the genuine transition has not yet come to pass?**

**AL:** This Orbánian thought can only be grasped in view of the processes set in motion at the start of the democratic turn.

**GYT:** This is precisely one reason why we need to talk about the middle period of the 25 years we have left

behind. When it turned out, around 1992-1993, that the liberal SZDSZ, then in opposition, was seeking a coalition with the post-Communist MSZP — a move tantamount to enabling post-Communists to reclaim power — Fidesz gave consideration to the SZDSZ's proposal for them to join their forces with the MSZP as well. After some deliberation, they discarded the idea. This decision not to act in unison with the liberal SZDSZ marked the single most important turning point in the transformation of Fidesz. The other important factor was a Fidesz faction leaning toward the SZDSZ and bent on overthrowing Orbán. At the 1993 Fidesz party congress in the city of Debrecen, the SZDSZ sympathizers suffered defeat, while Viktor Orbán and his group embarked on a new policy founded on new ideas. This gave a push for a major shift. The other causes of the political turn lay in the personality and psychological make-up of Fidesz leaders. The members of the Fidesz elite had all had roots in the up-and-coming class of rural blue-collar or semi-blue-collar workers, who had held on to their classic Hungarian conservative values. This was not the academic sort of conservatism acquired through learning, but part and parcel of rural society, something you just absorbed with your mother's milk. The great shift at the congress triggered a spiritual turn, whereby the deep patterns learned at home, having been freed from the shackles of neoliberal thinking, erupted on the surface. The third reason behind the transformation had to do with the political vacuum opened up in 1993 by the folding of the centre-right Hungarian Democratic Forum [*Magyar Demokrata Fórum*, MDF], the largest party presiding at the transition. Energised by the spiritual process I have mentioned, this vacuum sucked in Fidesz and Viktor Orbán shifting them to the Right in the mid-1990s.

**AL:** This shift to the right started when Fidesz broke ties with the liberal SZDSZ. Then, in 1998, Fidesz carried the elections and formed a new government, although I think the cycle from 1998 to 2002 did not yet reflect the depth

of the transformation. This was rather an evolutionary change, a slower process. The first Orbán government still made attempts to work within the constitutional system and principles inherited from the days of the transition. It is a fact that the first Orbán cycle was a healthy period of success in terms of both sectoral policy and general governance. Then, when the Fidesz lost the elections in 2002, Viktor Orbán and his followers were at a loss as to how to comprehend the egregious injustice that such a pure, morally clear-sighted governance could have been doomed to fail. In other words, 2002 marked yet another juncture at which the Prime Minister was forced to rethink and realize many things. A new policy and a new activism emerged. It dawned on him that it was not enough to take the place of the now defunct parties on the right, but that this change had to be filled with political content. A terribly harsh eight years followed, with Fidesz steadily relegated to the opposition. But Orbán rose to the challenge of massively bolstering Fidesz's organisation even in opposition. Orbán compared Fidesz to a loading dock in a shipyard where all the various forces could be received in the fold. This would lead to a new organisation that would presumably work much better than the post-Communist MSZP. And we shouldn't forget the so-called civic circles,<sup>1</sup> a means Orbán invented to link party reform to a grassroots movement and popular support. One advantage of the civic circles was that they locked in Orbán's leadership. This proved all the more crucial in 2006, when Fidesz suffered defeat a second time, and Orbán's preeminence suddenly seemed in jeopardy. Once again, Orbán found himself in the position of having to defend himself. He succeeded in consolidating his hold, not least owing to the help of the civic circles.

**GYT:** I agree with every word you have said, but let me add one more detail. Without a doubt, in 2002 and during the debates of 2006, Fidesz experienced internal tension and diverging ambitions in its highest ranks. It also became obvious that the vast majority of Fidesz supporters were

voting not for the party but for Orbán. Indeed, there was a possibility that, in the midst of the internal rivalry, Orbán might simply quit the party for the sake of the civic circles. What was the party to do then? The defection of Orbán could have cost 80 to 90 per cent of its votes for a party that had come in a close second in 2002. This threat had a sobering effect on the vying factions, and Fidesz set about rebuilding itself. As for the civic circles, they began to atrophy some time after that.

**AL:** Although the socialist-liberal pact did win the elections in 2006, the coalition suffered a lethal blow from Prime Minister Ferenc Gyurcsány’s infamous Ószöd speech a few months later, in which he admitted to having won by lying. In public affairs, the ability to profit from the mistakes of one’s opponent is very much a prerequisite of political success. This had always been a strong suit of Orbán’s. The left-wing liberal government effectively failed by the end of 2006, but its agony, its bleeding to death, dragged on until 2010.

**GYT:** Central to this process were the parliamentary debates between Ferenc Gyurcsány and Tibor Navracsics, then group chair.

**AL:** Then again, the Right had realized, even before 2010, that the transition had not been properly completed. Between 2006 and 2010, there was a growing sense that the old elite would ultimately have to be replaced, and that something had to be done to readdress privatisation. There was an urgency to reshuffle the cards that had been dealt exclusively to the hands of the post-Communists and their allies, the liberals, in the wake of 1989 and 1990, who continued to hold all the key positions in politics, the economy, and culture. Unless this was finally done, Orbán and the entire political Right in Hungary would have to content themselves with the same old bit part. A genuine transition had to be executed across the board: morally, in

politics, in the economy, in terms of identity and of standing up for our national interests. Failing this, Fidesz could have been swept aside a third time in 2014. This was the main challenge of the period after 2010.

**There were signs of this as early as in 1998: “Less than a genuine transition, more than a change of government.”**

**AL:** Indeed, Orbán’s journey can only be properly understood in the context of the transition. The international community and many western observers could not care less about what has really taken place in Hungary for the past 25 years.

**Can you think of a career in history or contemporary politics comparable to Orbán’s journey?**

**AL:** In history, each personal journey is unique. Many people like analogies; I am not one of them. Compare Hungarian history after 1945 with global history, and show me another place in the world where private property was nationalised, then made private again through privatisation, in a matter of a few decades. There was no such place. All the analogies are ideologically loaded. What is happening in Hungary today is unique. Analogies are favored by those who believe that history obeys laws. Human behavior does have recurring patterns; history only has accomplished facts.

**GYT:** In today’s playing field, Orbán has the distinctive achievement of having rediscovered national interests. Neoliberal politicians will ask, “Who is to say what the interests of the nation are?” This is silly. National interests do exist. They were even invoked by the liberal draft of the Constitution from 1989. In his Tusnád speech, Orbán made reference to certain political entities, including Putin, Erdogan and Singapore, who embrace national interests as a matter of hard-line politics.<sup>2</sup> In a world rife with the



neoliberal repudiation of national interests, Orbán subscribes to the view that not only do national interests exist, but that they must be fought for. If we fail to do so, there will be nothing to prevent the edifice of democratic transition from ultimately crumbling. National interests have always existed everywhere and been acted upon, if not always talked about.

**AL:** “Do nations exist at all?” This is a question often being asked today. Let me tell you a simple example, which may ring a bell for the English reader. Researchers from the Corvinus University in Budapest conducted a survey at the Sziget pop festival this summer. They reported a ubiquity of national symbols: At one of the most cosmopolitan events ever, French, German and British audiences camped out under their respective national flags. National identity is experiencing a resurgence as a guiding principle. Young people everywhere are embracing national identity once again, and they do it of their own rather than obeying some kind of coercion.

**GYT:** The same thing is happening everywhere in Asia, from Japan to the Philippines. National revival is in full swing.

**The dozen or so countries of Eastern Europe embarked on a new path after 1989, at the same time. Of course, certain differences have been there all along, but Hungary has clearly become a maverick since then.**

**GYT:** To judge this one would have to be more familiar with the transitional processes that took place in the other countries of Eastern Europe. One thing is for certain, though: the sense of a national state is incredibly powerful in Romania and Slovakia. In the latter country, people have begun to draw conservative theoretical conclusions from this process. And neither national identity nor the protection of national interests has really ever fallen off the radar in Serbia.

**AL:** These post-Communist countries of Eastern Europe started out together and achieved pretty similar results, each in its own way. For instance, Czech privatisation was quite different to Hungarian privatisation. The performance of Poland has been comparable as well. The question is whether it is still sufficient for a country, for a leader, to merely follow the expectations of the European Union or the United States. What are the pressures for conformity? Under Donald Tusk, Poland chose the way of the eminent student who abides by the rules and always toes the line. The Czechs are in a special position, being closest to the West, to Germany. But is all of this enough to guarantee success tomorrow? Even from Poland there were these tape leaks revealing the cynicism of Polish politicians regarding global politics.<sup>3</sup> As far as I can see, the world order established after World War II is cracking up on all sides. The Ukrainian crisis is a very clear symptom of this process, as is the rise of national identities. The basic question is how far the revival of national sentiment has come. The way I see it, a new phenomenon is emerging, and it is universal.

**GYT:** And Orbán is very much aware of this new scheme of things.

**This begs the question: What does Orbán's present-day philosophy boil down to?**

**AL:** He summed it all up in his opening speech before Parliament, and in his speech in Tusványos this past summer.

**GYT:** It's all about the moral reawakening of society, the central importance of human existence, and building a world around this new type of individual human being.

**AL:** Freedom is a cornerstone of Orbán's philosophy. The idea is present in every one of his major speeches this year. He never fails to invoke it. He is unwilling to make concessions when it comes to freedom, although he is

certainly mulling over the question of whether freedom can be equated with liberalism. Let us not forget that liberalism is but one way of looking at freedom. There is no point in trying to bring in various ideologies, they only serve the purpose of indoctrinating the people. And let us remember the new Hungarian Constitution as well: Each of the classic fundamental freedoms is enshrined in that text. Orbán spoke on the 25th anniversary of the fall of the Berlin Wall, analysing the true nature of freedom. Freedom of movement has been attained, and this is good news indeed, he said. But he also added that people crushed under the burden of a foreign currency-based loan cannot really be free. The type of debt so many Hungarians ran into is nothing short of an indenture contract, a form of slavery.

**Observers point out that the Orbánian expression of “work-based society” harks back to the spirit of interbellum Hungary. On the other hand, the notion of “workfare state” is familiar from Anglo-Saxon thought. Do you think this could be correlated with the notion of “work-based society?”**

**AL:** We are talking about a very basic thing here. The employment rate in Hungary has lagged far behind the Union-wide average, even the East European average. This is a practical problem, not an ideological one. In fact, there is nothing ideological about Orbán’s philosophy, as some make it out to be. It’s a fact of life in Hungary that a considerable part of society today subsists solely on aid and welfare. This is a huge problem, and one that Orbán is desperate to solve.

**We have talked about freedom. Intimately related to it is another important concept frequently invoked by Orbán: that of responsibility.**

**AL:** The new Hungarian Constitution proffers a new contract between the state and the citizen: Do something for yourself,

and the state will do things for you. This conjunction cannot be reversed. Citizens must first take responsibility for themselves and their actions. Unless and until they do that, they have no moral grounds to expect the state to do anything for them. This has never had anything to do with infringing on the rights of the sick and the needy. Yes, the disability allowances have been cut. But considering how that situation came about, why should the issue be immune to revision?<sup>4</sup> The interconnectedness of freedom, entitlement and responsibility means a reciprocal relationship between the state and the citizen. Responsibility does not work in one direction only. It's not like you have your rights and the state has obligations only, as if all you needed to do was claim your dues from the state.

**GYT:** The new Basic Law augmented the obligation of parents to support their children with the obligation of children to provide for their parents in need.<sup>5</sup> This is a responsibility, and a liability. It is a new mandatory element in the relationship between the individual and the community. You are responsible for the community; you cannot irresponsibly foist yourself on the community. You must care for yourself and your community. This sense of responsibility for the community will give rise to new patterns of individual behaviour.

**What are Orbán's views of democracy? His phrase "illiberal democracy" has certainly caused quite a stir.**

**AL:** Just because Fareed Zakaria endowed that phrase with a certain meaning or interpretation, this should not prevent anyone from discussing or debating the relationship between liberalism and democracy. Orbán's pronouncement can be interpreted in many ways. What I think he really wanted to say is that there may be an alternative to liberalism when we search for a force to organize society. As used by Orbán, the phrase "illiberalism" simply means a different version of the end of history to that proposed by Fukuyama.

**GYT:** Another take on this subject says that neoliberal doctrine is incapable of determining what constitutes public interest: If John Doe is victorious in both spheres, does that mean that his own private interests will be the interests of the public as well? In my view, “illiberal democracy” simply means a political power that claims to know what the public interests are. This new type of public power will strive to articulate and vindicate public interests while naturally labouring to remain in power.

**AL:** Let me add two points. One is Orbán’s personality, which bears the stamp of the young intellectual starting out that he once was, someone who wants to be more than a politician, who is still keen on elaborating his view of the world under the scrutiny of the public eye, who is determined to prevail in intellectual debate, not just in the capacity of a politician. He is at once a *débatteur*. You could say that, in this sense, he has the make-up of a 19th-century politician, sort of. As a young man he was flirting with a career in academia and teaching. Let me recommend to your readers a brief text by David Hume, entitled “That Politics May Be Reduced to Science”. Hume argues that the point is not the form of government but how it works. This is a conservative standpoint. Whether a government is formally a democracy or a dictatorship is irrelevant. There are innumerable combinations. In Singapore, the administration employs the true and tried principles of multinational companies, and is often called autocratic for that. As for Western political science, much of it is sheer ideology. There is very little about it that is not ideological. It is intellectually untenable to think dogmatically about what makes a democracy good. Orbán has a sensitive side and certain scholarly ambitions. It may well be that Hume’s ideas have always been there in the back of his mind.

**Let’s return to the nuts and bolts of Hungarian politics today. How do you see the current state of the political Right, the Left, of the radical Right?**

**GYT:** The round-table talks of 1989 produced a neoliberal Constitution and a constitutional framework. This framework was essentially an arena in which the post-Communists grappled with the forces of transition. The two sides took turns gaining the upper hand; not much else happened for 20 years. Today we are seeing signs that the post-Communist forces are eroding and taking the back seat. But they have not been completely destroyed, and would stand back on their feet over and over again. The followers of this camp continue to be recruited from post-Communist organizations, they all have roots in the Communist past. Discounting the Jobbik Party, all the forces opposed to Orbán are post-Communist in nature. The main issue at stake in the local municipal elections of 2014 was still whether the anti-Orbán Left can cast itself in a new image. For 25 years, they stood like a phalanx in opposition to the right-wing governments. When they assumed power, it was the Right's turn to reorganize their own ranks. Before 2009 or 2010, the lines of demarcation seemed to consolidate into a dual-party system. Then Jobbik asserted itself.

**AL:** The democratic transition is in progress as we speak. As part of this process, the Left is desperate to reorganize within the confines of the new constitutional framework. In 2006, the Left found itself drained of all political substance. Ferenc Gyurcsány was just one of the symptoms of this condition, albeit a terminal one. By the 2000s, the Left had nothing left to communicate. This became clear in 2010, and then again in 2014. If we accept the premise that power is tantamount to concerted action, we will see that the Left has forfeited all opportunity for concerted action. At present, the Left is in the "who is ruling whom" phase. Ferenc Gyurcsány, the former socialist Prime Minister, quit the MSZP, set up his own party, and has been undermining the Left ever since. The Left has disintegrated into rivaling personal networks, without any new ideas in sight. Confusion reigns supreme among them, and nobody has glimpsed the light at the end of the tunnel.

**Let’s talk about what you think has led to the advance of Jobbik.**

**GYT:** Jobbik is a very complex phenomenon, and the fibers are difficult to separate. How was Jobbik catapulted to the position where it could reap more than 10 per cent of the vote in 2009-2010? The liberal hold on intellectual life had imposed a sort of censorship on public affairs, so that it was not permissible to discuss certain issues. For instance, you could not talk about the fact that the Roma had a peculiar attitude to law that followed from their specific culture, and that this had certain consequences in terms of criminology. Meanwhile, citizens in North and Northeastern Hungary came face to face with this fact on a daily basis. Crime, including theft and violence, is very much a daily reality in these parts of the country. Yet it was regarded as taboo in public utterances. Jobbik’s refusal to shut up released tremendous energies and recruited many sympathisers who had experienced that reality. Jobbik was right about the need to fight censorship; Fidesz should have done it before them. Then Jobbik began to embrace irrational ideas, including irredentism, which was too risky for a normal government to endorse.

**AL:** The Jobbik phenomenon is not unique to Hungary. Censorship wrought by political correctness is alive and well across the western hemisphere, with all its attendant moral terror. The radicals have the guts to say out loud what the liberal mainstream prohibits from being said. They call a spade a spade. Jobbik emerged from a university in Budapest where the liberal stranglehold was the most stifling, and gathered strength precisely in those regions where the Left had held sway. Jobbik is a political rival of the Fidesz; the lines separating the two parties should not be blurred. Fidesz proposes an entirely different solution for the social problems. In his opening speech before Parliament in 2014, Orbán explicitly distanced himself from all forms of extremism. Incidentally, Jobbik has profited immensely

from the depletion of economic resources since the transition. Hungary made a head start 25 years ago, but it has lost much of that initial advantage. Hungary used to be associated with “goulash Communism”. I am not sure about the goulash part, but Communism we did have, for sure.

**GYT:** It was a hype sponsored by the SZDSZ that made many people believe that Hungary was the best in everything. We weren't. The second economy, the quasi-middle class that had materialised in the second half of the Kádár era, caved in after the democratic turn.

**AL:** Now, 25 years after the democratic turn, it is time to rethink the role of the government in the life of the economy. The multinationals cannot be expected to stand for national interests. The English philosopher John Gray was the only one, in the nineties, to argue that the West should stop eulogizing Eastern Europe and entertaining the illusion that the East was slowly becoming the equal of the West. He maintained that historical processes would eventually cause our region-specific problems to resurface, imposing a sort of inevitably recurrent historical burden.

**What is the shape of the Hungarian right in 2014? What are the challenges facing it today?**

**AL:** The Right can bank on the support of the portion of society that appreciates the policy goals pursued by Orbán. This is basically why they managed to clinch a two-thirds majority for the second time. The Orbánian vision we have talked about has credibility. Organisationally speaking the Right is in good shape. The machinery is up and running, aided by a healthy measure of self-confidence. That said, it would be difficult not to feel a kind of deep longing for interpretation, something that could explain why things are happening and why so fast. In this respect there is a sense of uncertainty, and some people have retreated to a more neutral position. This is one area where change is inevitably



called for, and I am sure Fidesz itself is perfectly aware of the need.

**GYT:** András Láncki has said it well. I have nothing to add.

**One of the most neuralgic points of Orbánian politics is the seemingly perpetual bickering with international circles. What is the ulterior motive behind Orbán’s penchant for conflict?**

**GYT:** It’s about public interest. Hungary is ceaselessly grappling with international capital, which marched in to take advantage of privatisation and set its own profit margins. Now, Hungary is part of an international alliance whose elite and institutions serve the interests of the same capital from which Hungary is trying to wrestle its rightful claims. The goal is to recoup at least part of the national income to finance the country’s plans of institutional and social reform. Essentially, the conflict is between the pro-capital bureaucracy of the European Union and a country determined to recover some of the revenues and profits lost to that capital. Additionally, the international institutions have been occupied by the former leaders of the 1968 student riots and their successors, who were reared on the same ideology that informed the late SZDSZ, the now defunct liberal party in Hungary. According to the Frankfurt School, it is no longer possible to mount a proletarian revolution, and therefore the entire European culture must be abolished in the interest of forcing the neoliberal doctrine onto society. Not only does the current Hungarian leadership not agree with this position, but it refuses it point-blank. In other words, some of the conflict between the global world and the Hungarian government, and Orbán in particular, is ideological in nature. Had Orbán not committed to this confrontation, he would have gone the way of Ferenc Gyurcsány, the former socialist head of government, under whom the country entered a downward spiral and ran ever deeper into debt to keep things floating.

**AL:** The question is whether the EU signifies a new phase of progress or sheer decline for Europe. The European community was created after World War II in an effort to preserve peace, and to another end many tend to forget today: to keep Russia at bay. But this post-war world order, let me repeat, is cracking at the seams. Europe responds to global developments far less effectively than other regions do, including the United States and Asia. The EU is incapable of dealing with the changes; it is at a loss to comprehend the problem. For the first time in history, we are witnessing a culture deliberately severing its own roots in the name of modernity, only saving a piece here and there in its museums, if that. In the political sense of the term, the EU has been dead for roughly ten years, since the European Constitution capsized. They haven't made a single step forward. Instead, there is disintegration everywhere. This is what Orbán realized and what he is trying to discuss, to debate with the EU: "What do you think of that? How has this come about? What do you propose to do about it?" No answer ever comes to these questions. They routinely cite a certain set of principles, but there are interests at work behind the scenes, as it invariably turns out. The strong vs. weak dichotomy has reappeared in Europe (North vs. South, East vs. West, Germany vs. France etc.) New fault lines have opened in Europe, but those who tackle the subject from an intellectual standpoint are stigmatized.

**GYT:** Yet there is something that holds this chaos together. It is the bond between North and South, the wealthy and the poor, the exploiter and the exploited, in which the resources sucked out of the weak help the strong to stand the heat of international competition. It is the interests of European big business that makes the European Union cohere. Small markets alone cannot guarantee competitiveness. In order to compete with China or Japan, the European economy needs greater production volumes, larger production units, and broader markets. Ever since its embryonic existence as the European Coal and Steel

Community, the European Union has labored to this end. It was first and foremost the interests of big business that created the organization; later, many other interests attached themselves to ride along.

**Do you think that Orbán’s “overture to the East” his turning toward Eastern countries as potential business partners, came in response to the EU’s crisis?**

**AL:** There is no causality in this. The overture to the East is simply a response to a changing situation. Those who criticize this policy have nothing but clichés to marshal against it. All the other countries are doing the same, minus the slogans. Shortly after he had been defeated at the elections, former Chancellor Gerhard Schröder accepted a seat in Gazprom. If a Hungarian politician did the same, he would be raked over the coals. This only goes to show that size — the size of a country — does matter. Apparently, the Chinese would prefer to buy Eastern Europe as a package, rather than country by country. A single country cannot make a splash all alone, but it makes a huge difference whether you are involved in the opening up of the international frontier and can thus partake of the new opportunities, or merely observe the process from the sidelines. It is an exigency that calls for a pragmatic response.

**What kind of European Union, a new European community do you think would suit Hungary?**

**AL:** Something along the lines of the British vision: a partially dismantled EU.

**GYT:** Provided that each country would participate in proportion to its vested interests.

**AL:** We should retain whatever is beneficial, for instance, freedom of movement. But having one, in fact two gigantic institutions, the Parliament and the Commission, without

having any genuine control over the really meaningful decisions they make — well, this is nonsensical.

**GYT:** Ultimately, the EU is a form of covert despotism founded on big business interests.

**AL:** Orbán has frequently referred to the need to rebuild our Christian identity. I might add to this the need to rebuild our identity rooted in antiquity as well. Without antique and Christian identity, this whole edifice will collapse. The world did not begin in the 18th century, as the Left would have it. Viktor Orbán's endeavors and philosophy form a cornerstone for the renewal of Europe.

### Endnotes

1. Created in 2004, the civic circles worked alongside Fidesz but had far closer ties to Orbán than to the party organization more generally.
2. The speech Orbán delivered at the Summer University of Tusnádfürdő elicited a heated response from the international press, not least on account of the following passage: "This, Ladies and Gentlemen, is the explanation for the fact that the most popular topic in thinking today is trying to understand how systems that are not Western, not liberal, not liberal democracies and perhaps not even democracies, can nevertheless make their nations successful. The stars of the international analysts today are Singapore, China, India, Russia and Turkey."(<http://www.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-at-the-25th-balvanyos-summer-free-university-and-student-camp>; last visited: 01/09/2014)
3. In a private conversation, foreign minister Radoslaw Sikorski explained his view that Polish-American relations were virtually worthless. "According to the excerpts, Mr Sikorski told former Finance Minister Jacek Rostowski at a restaurant in Warsaw early this year that 'the Polish-US alliance isn't worth anything.' Using vulgar language, he compared Polish subservience to the US to giving oral sex. He also warned that such a stance would cause 'conflict with the Germans, Russians.'" Poland leak: Radoslaw Sikorski scorns 'worthless' US ties, BBC News 23/06/2014; <http://www.bbc.com/news/world-europe-27973473> last visited: 01/09/2014)
4. Some people have argued that the exceptionally high number of pensioners on disability in Hungary was a result of the rampant circumvention of the welfare eligibility system.
5. "Adult children shall be obliged to take care of their parents if they are in need." (Fundamental Law of Hungary Article XVI para. (4))

## CHAPTER 11

After the 2014 Election

### **Constitutional Majority and No Opposition: a Burden or an Opportunity?**

Ferenc Hörcher

Most of the global political community reacted with surprise when, in April 2014, it learnt that Viktor Orbán and his Fidesz - Hungarian Civic Alliance (*Fidesz - Magyar Polgári Szövetség*) – with its close alliance, the Christian Democratic People's Party (*Kereszténydemokrata Néppárt*, KDNP) – once again won with an overwhelming majority in the general parliamentary election of Hungary. They won just under 45 per cent on the national party lists and in the individual constituencies Fidesz took 90 out of the 106 seats available.<sup>1</sup> Altogether they were rewarded with 133 seats out of the 199 available, giving them a thin constitutional majority for the moment. Although most commentators predicted this result, the mainstream Western media and political elite struggled to make sense of it. Their only explanation for the success of Orbán's Fidesz was unsophisticated: Hungarians were fooled by the populism of an Eastern-type tyrant, who was also cheating (for example by radically cutting the number of parliamentary seats).

As we want to avoid this sort of shortcut, and we suppose earlier essays in this book provided concrete and convincing explanations of Orbán's historically and politically conditioned success, we rather ask the following question: What are the prospects for Hungarian politics after this coalition's unprecedented second constitutional majority? When we try to review the available options, let us phrase our first question the following way: Is a two-thirds majority and no real opposition a burden or an opportunity for Fidesz to widen its and Hungary's political horizon?

There are very convincing arguments in favour of the claim that such a majority makes the life of a government more relaxed and comfortable. It opens up more room for manoeuvre when dealing with delicate issues, ones which might easily touch upon constitutional matters. On the other hand you can point out that it might in fact preoccupy the government; if you have such a majority, you will almost be forced to think about policies that might only be achieved through constitutional means. In other words, it might tempt a politician in directions which would not look so inviting had he not obtained the super majority. In the Hungarian case, it might encourage the prime minister to take further risks. This is quite a realistic assumption if we take into account the fact that Orbán is the kind of political personality who seems to enjoy sharp conflicts.

However, there is a valid counterargument against this, as well. A two-thirds majority means enlarged expectations on the side of the electorate, and heavier responsibility on the side of the governing parties.<sup>2</sup> For indeed all your deeds will be judged more severely in a political scenario when you simply do not have any serious opposition to counter-balance your legislative activities. From this perspective the interesting point is not the constitutional threshold but the fact that you can ignore dissenting voices – which might leave the impression of a democratic deficit.

All in all, if we assume their primary concern is the smooth running of government, it seems the majority is more or less an unwanted bonus for Fidesz. However, in what follows I will have a look at some more radical alternatives, one of which assumes the constitutional majority was targeted because Fidesz is planning another constitutional revision. For that scenario the constitutional majority was indeed a preliminary condition. But forecasting in Hungarian politics is almost impossible: to talk about a parliamentary term involving constitution involves many uncertainties which make any logically sound and reliable discussions of the future impossible.

**Is a Promise of “Continuity” a Government Programme?**

Let us remain for the moment on the ground, starting with a more probable, and certainly more realistic option. Viktor Orbán has summed up his programme for the next four years in the campaign in the following, rather remarkable way: “We shall continue”.<sup>3</sup> As this pronouncement might sound a bit too vague for an election programme for foreign ears, let us make it clear at the very outset: Mr. Orbán has a credit with his electorate that is quite rare in democratic politics. And what is perhaps even more interesting: this credit is in fact purely personal in its nature. To put it in simple terms: if they were asked why they support the party, most Fidesz supporters would, without hesitation answer that they are directly and personally voting for Orbán. To be sure, most of the opposition voters would similarly claim that they vote against Orbán. One has to keep in mind this directly personal element in Hungarian politics: that a single person can so exclusively determine the political life of the country means a lot. Among other things it will seriously determine the workings of the party system, and perhaps even more problematically, make voter behaviour less than rationalistic. Also, it freezes the internal dynamics of the Orbán-party. The party leader has an overwhelming power which he gains through this considerable popular mandate, the voters’ personal sympathy, which excludes any rational criticism of his deeds, only within the limits that he himself accepts. In other words: Orbán needs not to be a tyrannical leader in the traditional sense of the term. On the contrary, he gains his authority through democratic means: so far no one could compete with his popular support.

This phenomenon might be explained partly by a personal talent: Orbán is exceptionally good at setting the tone with whomever he talks to. Not only as a public speaker does he “feel” the spirit of his audience – in informal talks, discussions and debates, too, he resonates quite sensibly to the nuances of the exchange, which allows him to manoeuvre in the right time towards his own targets, before his partners can realise it and react on it. But more importantly he seems to

have understood the workings of democracy in a very deep sense, realising that, in this sort of politics, the power of a player depends on the sheer number of his or her supporters. You can be as talented as the best of your precursors was, if you did not have the necessary popular basis you will not be able to achieve anything in the age of media democracy. Orbán's uncontested leadership is guaranteed by his unparalleled public appeal. His voters seem to be convinced of his personal merits – that he knows the right way out for the country, regardless of circumstance.

What needs to be added in this context is that there is a deep dividing line in the Hungarian population, partly cultural, partly political, as far as the relationship to the Communist past is concerned. This post-Communist schism creates a camp which looks at Orbán as the leader who is uncompromisingly determined to cut off all the links that connects today's politics, economy and culture with the pre-1990 world, while the Left is viewed by this camp as the natural heirs to the morally illegitimate Communist past. On the other side we have those who are either fierce opponents of any democratic *tabula rasa*, or just do not see why it matters at all. Representing this circle is an ever smaller leftist intelligentsia and political elite which is interested in defending these connections and which hinders any democratic renaissance on the Left. Orbán's success provides deep roots for Fidesz in society, creating a stable background of social support for the anti-Communist agenda, which he can rely on, but which is also reinforced by his own political persona. On the other side, the Left is unable to keep its camp together, partly because this camp is growing old, and partly because they became disillusioned with their leaders after the total failure and corruption of the eight years of leftist government between 2002 and 2010.

To sum up this point, it is due to his long established personal charisma that now Orbán is not required to present a fully fledged party programme in order to win support. He has got a firm moral standing in the eyes of his voters which overwrites any practical political considerations. That



is why accusations of particular faults, of scandals of various sorts – bribery, corruption, misguided policy decisions or unconventional moves in the international arena – cannot hurt his reputation, which is based on personal trust and long-term loyalty on the side of his voters. And this position will remain unchallenged as long as his moral standing remains the same – old-fashioned character assassination does not work, as he survived so many attacks by his competitors that he is almost untouchable in this respect in the eyes of his followers – or until another competitor with a comparable personal charisma appears on the scene.

#### **“Political” Governance**

But surely, even if we only have a government programme which consists of the promise “we shall continue”, there are certain things that can be known about governmental priorities in this term. The most interesting of these priorities is that apparently he would like to be the leader of a “political” government. This expression seems to mean a government consisting of party members, as opposed to experts of the different policy fields in the seats of ministers of state and state secretaries.<sup>4</sup>

Earlier, Orbán had a practice of employing ministers with hardly any political experience – i.e. experts instead of professional politicians. This was meant to ensure that his voice would be heard and his leadership followed by his government. Ministers without any political background experience and political support other than him were only dependent on him, and their ministerial operations did not represent any challenge against his own vision. However, in the last term some of the members of the government did not consider their role simply as taking the message of the prime minister and applying it to their own field of expertise; instead, they saw themselves as having a duty to take the messages of their own policy area and bringing it to the government, and more specifically to Orbán himself. This phenomenon caused substantial delays and postponements in government decisions, and made Orbán’s leadership

less effective – at least that seems to be his own personal assessment of this development. He seems not to want this to happen again. Already in his former, 2010 government, he introduced a distinction between junior and senior members of the government, narrowing down the number of people with whom he had to keep contact on a daily basis. He seems to be determined to keep this governmental structure, and this time empty positions will be filled up according to this idea of “political” governance in an effort to make government more efficient, as in most cases there will be no need for political debate: party members are obliged to follow the party line most of the time decided by the prime minister himself.

At the moment of writing (Summer 2014), the names and particular policy areas of the members of government are not known. However, it is clear that this sort of government will have to confront serious obstacles without any experience in the field, without necessary leadership qualities, and without wiggle earned by respect commanded in a given policy. If this is true, then the whole government might be perceived as amateurish and ideological. Orbán will not mind that criticism however, as he is well accustomed to accusations of these sorts, and so his followers are likely to tolerate this – at least in the short run and so long as economy is rising.

There is another problem that could emerge. Some of the ministers, if they are talented enough to sell their ideas to Orbán, start to build themselves up as possible young rivals of an aging leader. This could become healthy competition, as members of the inner circle of the party, including the prime minister, have been involved in politics for decades and they might be getting less motivated to look for innovations and even less able to adapt to unprecedented situations. The challenge might have an effect on the prime minister’s popularity in the medium and long run. But as it stands, potential challengers, like secretary of state at the PM’s office, János Lázár, and parliamentary fraction leader, Antal Rogán, do not have the personal charisma required to become leader. Other competitors for the post include Lajos

Kósa, vice-president of the party, and Tibor Navracsics, vice-PM in the second Orbán government<sup>5</sup>, and yet none of them directly hinted at the possibility to stand up as challengers of the position. So he can still feel comparatively safe among his officers. All in all, one can accept his claim that if Orbán keeps the majority of his ministers in office, one will hardly notice that this is a new term. But the next four years will surely differ from 2010-2014, so the government might be forced to reposition itself and, given Orbán's pragmatism, he will not hesitate to reconfigure his government's policies if that was needed.

### **Fears of Further Conflicts**

When the prime minister promises to keep his second government on track for the first term after Fidesz's overwhelming majority, his critics are quite ready to conclude that he in fact is determined to continue the kind of "civil war" that he waged within the country's borders against those whom he regarded as "the Communists" or representatives of foreign power, and to push the further international dimension of the tension through his own anti-Brussels rhetoric.

There are good reasons to suppose, however, that this is a rather dangerous path for him to follow. For internal conflict can result in a kind of national animosity – if fragmented opposite forces are both interested in keeping up tension and therefore in fuelling conflict, large groups within society might become alienated, making all sorts of social interactions thoroughly dysfunctional. While Orbán has won the power game and can decide the political direction of the country, he has to be aware of the fact that the public atmosphere is tense, and that large groups within society will feel they have lost, fostering a bitterness which might distort the healthy workings of civil society.

Most of his critics agree that risks like these ones do not usually make Orbán hesitant. One of his foremost character traits is an ability to convince himself and then others that his agenda is worth following. And in fact, he will most

probably read his second term victory as a reaffirmation by the electorate of his policy choices, and as an argument against his opponents' views. What is more – he might take this historic opportunity to destroy the last bastions of what he regards as post-Communist powers, including institutional and non-formal personal networks and anachronistic state sub-systems, like the institutional framework of higher education or healthcare.

One could certainly present arguments against the rationale of this policy. And there is indeed an alternative to it. After the second two-thirds majority victory and remaining on the battlefield without any real opponents, he could relax and revise his own targets. He could define as his task to pacify those large segments of society that are dissatisfied, frightened and disillusioned by the result of the election or his government's earlier policies. This alternative strategic political aim is usually labelled as consolidation.

#### **Expectations of “Consolidation”**

There are voices even within the prime minister's own camp that would welcome slight alterations in the political direction, and not less importantly, in the style in which government is conducted. Already in the campaign, the leader of the Fidesz fraction in parliament, Antal Rogán, pronounced that in case of a convincing victory, a calmer political atmosphere is to be expected. Similarly, after the election, the economic and fiscal analyst and owner of one of the chief advisory think tanks of the government, Századvég, Péter Heim claimed that now it is high time to fine-tune the voice and activity of the government, as that would be quite helpful in the context of the financial markets.<sup>6</sup> He also called attention to the fact that there are still very difficult measures for the government to take, and therefore it would be counterproductive if Fidesz would alienate further segments of society.

But why is this conflict-seeking strategy still pursued? Foreign readers at this point have to realise that Hungary is a good example of how the majority of the population

in Central and Eastern European countries feel towards Europe after 40 years of Soviet occupation. They are rather cautious in their expectations from their democratic partners, as historical examples, including the end and aftermath of World War II, taught them that they should not expect much help from the European countries (except for cases of expressing solidarity, like in 1956). The same feeling was reinforced at the transition period when a large number of Western companies appeared on the scene to take over large portions of the opened markets without maintaining the required standards of their services. Also, the caution displayed by the European Union towards the new countries' entry led to disillusionment among their populations. Therefore, the European model of consensual democracies is not found particularly appealing in these countries. Hungary, for example, seems to be quite far away from being ready for an atmosphere of co-operation and compromise. On the contrary: as a result of Communist strategies of divide and conquer, they are accustomed to segmentation not only in the political realm, but even in civil society.

Significantly, Orbán and his voters realised in 2002 that they lost the elections because of this segmented nature of the groups of right-wing voters, and therefore they embarked on a movement to establish what was called citizens's circles. This was a united effort of party activists and supportive members of the public, which resulted among others in setting up a network of campaign activists who were responsible to organise local support. In this way the nationalist Right has dug deep roots in society while the Left remained imprisoned in the customary ways of social segmentation and disintegration.

### **Expectations of “Uniting the Nation”**

It is in connection with this fact that a further potential development calls our attention. In his campaign interview the prime minister talked about his mission to unite the nation.<sup>7</sup> While in one sense this is a natural aspiration on the side of any national political leader, in Orbán's case

this campaign-message sounds rather noteworthy. One only needs to recall that it was him who decided to unite his voters in one (virtual) camp where they can feel themselves at home, enjoying the sympathy of like-minded voters, and stirring up hatred of the other camp. As with all good democratic (i.e. populist) leaders, he successfully caught his followers' attention by raising their passions, and awakening their enthusiasm. His natural desire to hold his own camp together resulted – as in historical examples of religious disputes usually – in public animosity, a politicisation of civil society that – reverberated by similar political tacts on the other political side – in its most heated moments threatened with a breakdown of the whole edifice of society.

It is in this context that one needs to appreciate the prime minister's new agenda of uniting the nation. It is definitely a new rhetoric, although perhaps connected to an earlier expression used by him, referring to the monopoly of Fidesz as building up a new political system on the assumption that they have taken over the "central field of force".<sup>8</sup> Arguably the idea now is to use this overtake of the central political role in a way to widen it up and cover ever larger portions of society.

Yet how can one achieve something like this? The first and most obvious suggestion is that you need to make clever bargains, partly by corrupting your particular partners, letting them feel that they can get their share from supporting the particular political regime. It is, however, rather unclear how to maintain the level of voluntarist decision making, if you have to satisfy newly won portions of society.

Most probably, Orbán will make use of the same techniques that he relied on earlier when uniting his own supporters. In other words, he will try to address their passionate selves, providing them ways to identify with his system, and with handy visions of an enemy. In this case, however, the enemy will have to be outside of the borders of the country. This means that furnishing the people with the enemy can actually cause serious external problems for the government. But this is again not an invention of Orbán,

leaders were always happy with external enemies, as it always helps to unite the nation. Just think about the role of the Falkland War in the process of stabilising Margaret Thatcher's position in the eyes of British citizens.

All in all, one wonders, whether uniting the nation is really such a promising target. Given the fact that Hungary is in need of urgent economic development, creating further external enemies does not sound too convincing as a programme for a brighter future.

### **Towards a Presidential System?**

Uniting the nation might be important if a politician aims at a less politically demanding job than the one Orbán has won in the national election. Just think about the role of the president of a state. This position is designed to be loved by the people – if you look at the results of opinion polls, presidents of the state are usually on the top of the popularity lists in Hungary.<sup>9</sup> And this fact is only interesting because it might be seen as an argument strengthening rumours which are quite widespread that Orbán might be interested in exchanging the president's role with that of the prime minister, when president Áder's term is over in 2017.

Certainly, the political prestige of the president is lower than that of the prime minister in the Hungarian political system, so far. This is due to the fact that the prerogatives and spheres of action of the president are much narrower than those of the PM. But this arrangement itself might be open to change: if it is true that Orbán is interested in the president's office, and if therefore it is in his interest that the president's competencies be widened up, than the strive to get once again a 2/3 majority becomes much more understandable than it would seem without these pre-conditions.

One should of course be rather cautious with rumours in politics. The more so in Orbán's case, and even more with this kind of accusation – for it has been circulated about him already earlier, and no actual proofs were ever presented to substantiate it. But of course with the prime minister's

courageous and risk-taking character, one should also be cautious to exclude this possibility.

So let us examine the scenario with the necessary precautions. Surely, the president's job itself is much less tiresome and exhausting than that of the PM, and as Orbán has taken part in fierce political struggles since quarter of a century, one could very well imagine that he looks for a position which allows more time for relaxation. Yet he would certainly never withdraw if he – in one sense or another – cannot gain on that. In other words, surely, the system itself has to be adapted to him in case he shows an interest in the position. Yet strengthening the president would markedly change the whole Hungarian constitutional arrangement as far as the relationship between different organs of the state are concerned. Hungary would then almost necessarily turn into at least a semi-presidential system. And then the question should be raised: is this compatible with the Hungarian constitutional tradition?

Well, except for a short period during the second half of the 20th century, Hungary's constitutional form used to be monarchical. No doubt the fact that the last dynasty of the country was the Habsburgs, in other words a foreign family, which made it a must for the independence-fanatical Hungarian political elites, well versed in the Rákóczi-Kossuth tradition of freedom fight to circumscribe the monarch's powers till it existed, and to forget all patriarch when gaining independence. After all, since the Werbőczy collection of Hungarian customary laws from the 16th century, generally speaking in the whole Hungarian constitutional tradition the main emphasis was on the central importance of Hungarians' liberty, guaranteed by (and effectively also against) the king or – since Maria Theresia – the Queen.

However, in spite of all the dramatic changes of its constitutional regimes, the nation's insistence on liberty, in the last 150 years, Hungary had three first leaders of the country with a rather long term in office, who therefore had some legends around them as father-figures: the last long reigning Habsburg king, Franz-Joseph, Miklós Horthy, the



governor in the interwar period, and also the first secretary of the workers' party: János Kádár during the Soviet occupation. The common feature of their genius, which held them in office so long, was that in a Machiavellian way they could make themselves be first feared and then loved. We should also note, that these leaders – all of them highly appreciated by most of the citizenry most of the times – had an authority in spite (or because?) of their decidedly non-democratic way of ruling, and that they in a way conditioned Hungarian citizens to accept political rule based on these non-democratic foundations.

One can argue with some cogency that Orbán's unparalleled success in a perhaps not yet fully fledged democratic context – that he got elected the third time, out of which his political party won two times with an overwhelming majority – is based on his insight that the political reflexes of Hungarian citizens are not yet disconnected from an admiration for authority. Although one should avoid to judge voters' democratic potentials, it is necessary to note that during these 25 years of democratic learning process (from the beginning of the roundtable-talks in 1989 to the national election of 2014) politicians succeeded to let voters' critical potential target mostly the opposite camp, and avoid any serious investigations into the political responsibility of leaders of their own political "side". This success was achieved by the sharpening of political conflicts, which led to an unprecedented political division within that part of society which was involved in political matters at all.

As a result of this "camp-mentality", it is perhaps not an exaggeration to claim that instead of a democratic control over the political elite by the electorate, we witness a strategic use of hatred and other forms of antagonistic enthusiasm against opponents by political leaders, and a kind of blind adoration and devotion for one's own "leaders" on behalf of the followers. This is not a specific Hungarian development, however. Earlier, it was András Körösi who – following Max Weber's ideas, and inspired by Carl Schmitt, too – presented arguments in favour of the claim that recent media

politics made birth to what he called leader democracy.<sup>11</sup> Here it is not simply party programmes or the personal preferences of individual voters that decide the outcome of elections but the charisma of the leaders, who compete in controlling public opinion and in building up a kind of atmosphere where voters would follow the common sentiments of their surroundings without much reflections on actual merits of particular actors (e.g. parliamentary representatives) on a case by case basis.

Apparently, Orbán was exceptionally successful in learning that technique of building up political trust without much critical reflection within his own camp. It seems quite logical that perhaps a next step could be to build up the same feeling of authority towards him in the whole (or majority) of the body politic. Perhaps he might find useful the position of the president to achieve this, in order to stabilise the system he was able to hammer out by the two third majority, learning about the political instincts of the Hungarian population from the successful examples of the king, the governor and the first secretary before him, and to guarantee this way his role in the grand narratives of history books about Hungarian politics.

#### **Towards an Orbán-cult?**

There are further ways one could follow if a politician and his party wants to establish the sort of authority we speak about. There are obvious signs that Orbán's PR and marketing team, usually designated after his chief adviser in political communication, Árpád Habony<sup>12</sup>, is thinking about moving one step further in affirming the leader's reputation: they seem to be determined to configure a kind of Orbán-cult not only among his fans – where it surely flourishes already – but on a national and if possible, on an international level. The nation in his case would also involve those groups of Hungarian minorities living in the surrounding countries and in emigrants' communities. While statesmen of exceptional stature even in democratic countries enjoy that sort of popularity which is usually ascribed in the popular culture

of consumer societies to film stars, pop idols, artists or other social celebrities, the cult of political leaders is of course a rather debatable practice which needs the heavy counterbalancing forces, like a healthy opposition and powerful state organs to save the rare values of a parliamentary democratic system. On the other hand, if we look at Britain and the United States, we can see that in fact the cult of the great leaders (like that of a Lincoln, Kennedy, Churchill or Thatcher) already started during their actual term in power, and it did not lead to any deflections as far as democratic standards are concerned. On the contrary, it was helpful to unite a population which is otherwise heavily divided and even fragmented, this way making the use of force or forms of state intervention unnecessary, and this way their cult in fact could even help to fuel the economy, too, by building up trust in investors, too.

However, in a post-communist country, where memories of the cult of party leaders is still alive, political strategists should be careful with this technique of power, as it can turn out to be counterproductive. For example, it can alienate members of the community who remember the threat posed by the official cult of party leaders in the totalitarian regime, and youngsters who would find it awkward and anachronistic. All in all, it would promise to be a rather risky enterprise to establish a kind of politically heated Orbán-cult in a divided country which rather needs moderation and calming down instead of any sort of political enthusiasm.

### **Politics: an Open Ended Game**

Most analysts agree that Orbán's Fidesz won the 2014 election because it had a powerful story which had been very convincingly communicated by the prime minister himself while the united left-liberal opposition had no story other than to oust Orbán, a less then compelling story communicated by a bunch of discredited people (including the most unpopular earlier prime minister, Ferenc Gyurcsány) who could not even agree among themselves. Orbán's imago is that of an honest country boy (his government was labelled

“plebeian” in its nature by himself<sup>13</sup>), who entered politics by an uncompromising freedom speech against the Russian army on Hero’s Square (*Hősök tere*) in 1989 in communist Hungary<sup>14</sup>, and who became the leader of the forefront (not to use the word *avant-garde*) of freedom fight in the new world of leftist European political correctness and global economic and financial oppression after 2010. He is a man of the people, in constant fight against transnational powers: global banks, financial institutions, transnational networks of bureaucrats and media elites. This was a story which could unite and mobilise his supporters, and – together with the reshaped election law – brought him again a 2/3 majority.

However, one should also admit that his government’s performance was not altogether without its moments of success, first preventing state bankruptcy but then also lifting the European excessive deficit procedure against the country and paying out the IMF loans borrowed by Gyurcsány at the beginning of the world economic crisis. Also they could stop the increasing inflation and could at least keep the level of unemployment on the earlier level. The introduction of the flat tax as well as cutting the costs of household services encouraged internal consumption and the financial schemes of the Central Bank of Hungary (*Magyar Nemzeti Bank*, MNB) did have a good effect on small and medium sized companies.

But the election campaign is over. And when members of the new government have sworn an oath in the Parliament, the Prime Minister will have to confront new challenges. The four years of the term of the Parliament is really too long for the commentator to give a comparatively reliable forecast of politically relevant future events. What we can do is to have a look at the potential threats of the near future.

Among the internal challenges one should start with the opposition. The left liberal opposition between 2010 and 2014 proved to be incompetent and impotent. They could not capitalize on earlier partly spontaneous student demonstrations and anti-establishment movements, and certainly could not renew their own personnel or political

programmes. As a result, they suffered a humiliating loss at the 2014 election. This dramatic failure might result in a kind of shock reaction which might contribute to a total restructuring of the opposition parties, possibly with a generational transition. As soon as that happens, Orbán's Fidesz has to prepare for a new type of struggle where the demographic layout is not on their side any more.

The same is true as far as Movement for a Better Hungary (*Jobbik Magyarországért Mozgalom*, Jobbik) is concerned. According to unnamed sources Fidesz leaders now take the challenge of Jobbik seriously but cannot yet find political means to tackle it. They want to take over the initiative from Jobbik and steel some of their key propaganda slogans, too. Also, they try to make use of their two front struggle and mobilise the central position of Fidesz on the Hungarian political palette to present the two sides of the opposition as two forms of the very same political extremity.

Finally, Orbán should also be aware that the question of succession will sooner or later be raised within his own party. Although still in his middle age, he is already a political veteran who has been worn out in the never ending line of battles. The party might also need political innovation and refreshment and internal political problems can dissolve the spell of Orbán's personal charisma. Yet for the moment, a convincing victory at the national election (as well as at the European and local election) and the status quo backs him and it will take time for any inside or outside contender to collect power and to challenge him.

There are also opinions that the future of the Orbán-system depends on the economic performance of the national economy and the financial sector. Yet this latter two depends on external conditions, so the challenge against the Orbán regime might come from beyond the borders.

To be sure, the number and nature of external challenges are again hard to foretell. However, there are certain factors that seem to be constantly on the agenda in the next term: the European economic performance has a direct effect upon the Hungarian economy, and more particularly

Germany's fate is in close connection with Hungary's one. The results of the European elections might also have an effect on Orbán's policy, although the most probable scenario is that he keeps on fighting Europe for his home audience while playing a useful role as leader of one of the influential national teams of the parliamentary fraction of the European People's Party in the European Parliament.

Hungarian performance is also heavily dependent on how the Central-European region itself performs: a number of home companies's activities lean across Hungarian borders, and therefore their good or bad fortune abroad will be felt in Hungary, too. In the region, the fate of the Ukraine is also relevant for Hungary's performance. In its policy of "Eastern opening", the Hungarian government tried to reach out and negotiate an economic deal with Russia's Putin, yet Orbán's diplomacy tries to keep the balance, and seems to be loyal to European common stances in his handling of the political conflict between Russia and the West.

There is no more space here to give a full account of potential problem sources in the new geopolitical context. All in all, one would expect a conflict seeking strategy on his part at home, and seeking out for potential allies abroad – mainly in the East –, as this is what he learnt from experience and that he seems to cherish as a political personality. And yet there is still a slight chance that he might turn into the benevolent patriarchal figure towards his people we described above, in connection with the traditional Hungarian perception of the authoritarian national leader turning into a father figure.

Let us add to these two different possible personae (the rebellious and the pater familias) a third one. According to this one, Orbán is satisfied that he has already won the struggle against what he calls the communist past. It is high time therefore to turn away from the past and direct his attention to his daughters' and son's generation. Among the youngsters both an attraction with Jobbik and a strategic decision to leave the country and try one's fortune abroad is quite popular, which should make him reflect upon the less

welcome consequences of his conflict ridden policies and perhaps encourage him to open up the field of negotiation with civil society as well. His advantage in public support and his monopoly of political power would make it possible for him to control the process of winning civil peace after he had already won the “civil war”.

But politics is the art of the contingent. So the political commentator should put an end to his political forecast here, in order not to sound like the oracle of Delphoi.

(October 2014)

### Endnotes

1. On February 22nd 2015, as this publication was being prepared for printing, the Government lost its supermajority as a result of a by-election in Veszprém, a town south-west of Budapest in which Zoltan Kész, an independent candidate supported by left wing parties, defeated the Fidesz candidate, Lajos Némedi.
2. It was Germany's Angela Merkel who sent the message that such a large majority means the larger responsibility. (See: Merkel tells Orbán to use large majority soberly and sensitively, in: *politics.hu*, 11/04/2014, see: <http://www.politics.hu/20140411/merkel-tells-Orban-to-use-large-majority-soberly-and-sensitively/>)
3. Szakács Gergely, Than Krisztina: Hungary re-elects PM, far-right opposition gains, in: *reuters.com*, 07/04/2014, see: <http://uk.reuters.com/article/2014/04/07/uk-hungary-election-idUKBREA360ET20140407> (last visited: 14/05/2014). This report quotes the newly re-elected PM claiming to “continue what we have started”.
4. Hazafi Zsolt: Politikai kormányzás a köbön [*Political governance cubed*], in: *Hetek* 18/04/2014, see: [http://hetek.hu/belfold/201404/politikai\\_kormanyzas\\_a\\_kobon](http://hetek.hu/belfold/201404/politikai_kormanyzas_a_kobon) (last visited: 14/05/2014)
5. He is out of the competition for the moment, as he is going to join the Juncker-Commission soon.
6. Gyüre József: Elmentünk a falig [*We reached the wall*], in: *Heti Válasz* 21/04/2014, see: <http://hetivalasz.hu/uzlet/elmentunk-a-falig-75595> (last visited: 14/05/2014)
7. Orbán Viktor: “I am building the national community, which will include the left as well, and which, through the programme of the unification of the nation, crosses the borders of the country.” Csermely Péter: Csak a Fidesz [*Only the Fidesz*], in: *Magyar Nemzet*, 05/04/2014, see: [http://mno.hu/magyar\\_nemzet\\_belfoldi\\_hirei/csak-a-fidesz-1219787](http://mno.hu/magyar_nemzet_belfoldi_hirei/csak-a-fidesz-1219787) (last visited: 14/05/2014)
8. For an analysis of this concept of the Prime minister, see: Fidesz isn't the first super-party and it may not last Interview with Ervin Csizmadia, in: *The Budapest Times*, 18/04/2014, see: <http://budapesttimes.hu/2014/04/18/fidesz-isnt-the-first-super-party-and-it-may-not-last/> (last visited: 14/05/2014)
9. Popularity of presidents of the Hungarian Republic until 2012, see: <http://elemzoblog.hvg.hu/upload/2012/04/schmitt.png> (last visited: 14/05/2014)
10. Stephen Werbőczy: *The Customary Law of the Renowned Kingdom of Hungary: A Work in Three Parts Rendered by Stephen Werbőczy*, ed., transl. and critical apparatus: János Bak, Péter Banyó, Martyn Rady. Idyllwild (CA, US), Charles Schlacks, 2005. For an assessment of the reconsideration of the Hungarian

Constitutional tradition in the new Basic Law created by the Orbán-regime, see Ferenc Hörcher: The National Avowal, In: Schanda Balázs, Varga Zs András, Csink Lóránt (ed.) *The basic law of Hungary: A First Commentary*. Dublin: Clarus Press, 2012. pp. 25-46

11. Körösnéyi, András (2003): Political Representation in Leader Democracy. Paper presented at the ECPR Joint Sessions of Workshops, University of Edinburgh, 28 March-2 April 2003.

12. He is called by The Economist: „a mysterious communications adviser who has no party or government position and who is credited with manufacturing the prime minister’s cocky man-of-the-people image”.

The long march of Fidesz, in: *Economist*, see: <http://www.economist.com/node/21542422> (last visited: 14/05/2014)

13. Prime Minister’s Office: Prime Minister Viktor Orbán speaks at the cabinet meeting in Fertőd, Website of the Hungarian Government, 19/06/2013, see: <http://www.kormany.hu/en/prime-minister-s-office/news/prime-minister-viktor-orban-speaks-at-the-cabinet-meeting-in-fertod> (last visited: 14/05/2014)

14. Orbán, Viktor: „The Reburial of Imre Nagy.” in: Ravitch, Diane / Thernstrom, Abigail (1992): *The Democracy Reader*, New York: HarperCollins, p.249



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