

Radical Populism on the Rise: Promoting Hungarian Liberal Practices

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Overview:

In recent years, Hungary has experienced a decline in democratic indicators like the rule of law, independence of the judiciary, freedom of press, and civil society. Prime Minister Viktor Orbán and other notable figures have been expressing anti European Union, illiberal, and xenophobic views. Alongside the illiberal turn, Hungary has strengthened its ties with Russia as a trade partner and ally. At the same time, Hungary is the greatest beneficiary from European Union budget allocations. How should the EU, the US, and domestic and transnational liberal actors respond to the challenge of the rise of illiberal populism in Hungary and the region more broadly? I offer an analysis of available courses of action and suggest two broad policy recommendations: First, the EU should strive to tie budget allocations with improvements to rule of law practices. Second and more achievable in the near future, liberal actors promoting democracy in the region should invest in areas which are strongholds of radical populists rather than focus their efforts in the liberal urban centers alone.

The Rise of Transformative Populism in Hungary:

The 1989 political and economic transition from communism in Hungary carried a liberal promise. The transition was peaceful, accomplished through compromise between moderate communist leaders and a coalition of opposition groups.¹ In the first free elections held in 1990 the communist lost their control of government, a positive sign of things to come in the post-Soviet world.² With the promise of European Union membership on the horizon, Hungarian leaders took

¹ Arato, Andrew, and Zoltan Miklosi. "Constitution Making and Transitional Politics in Hungary." SSRN Scholarly Paper. Rochester, NY: Social Science Research Network, 2010; Elster, Jon. "Constitution-Making in Eastern Europe: Rebuilding the Boat in the Open Sea." *Public Administration* 71, no. 1–2 (1993): 169–217.

² Fish, M. Steven. "The Determinants of Economic Reform in the Post-Communist World." *East European Politics & Societies* 12, no. 1 (1997): 31–78.

steps to liberalize markets, and created programs to ensure minority rights.³ There were setbacks of course,⁴ yet for the most part, Hungary's transition was a success story. The country's economy was thriving, it held the highest measures of rule of law in the region,⁵ and it successfully integrated into the EU in 2004.

Today, twenty-seven years after the transition, the liberal promise of Hungary has significantly dimmed. In 2011 Hungarian parliament controlled by a super majority of right wing Fidesz adopted a new constitution, drafted with no input from opposition groups or civil society. The new constitution limits the role of the constitutional court, does not guarantee liberal freedoms, and defines the Hungarian people in a narrow ethno-religious manner.⁶ The government has been promoting legislation negatively affecting the Roma population, including changes in social policy, and de-facto segregation in schools. More recently, Hungary adopted some of the most restrictive policies and [discourse](#) against migrant refugees. The nationalist discourse and limitations on rights and freedoms are accompanied by clientelistic behavior. A recent study documents clientelistic electoral practices in poor communities in the country.⁷ In the economic sphere, large sections of the economy have been restructured to benefit government allies. Most notable, the state has [nationalized](#) private pensions, attempted to [force out](#) foreign companies in the media sector in particular, and benefitted party affiliates in the retail and in the energy sector.⁸ Since 2010, Hungary has experienced a decline in democratic indicators including freedom of speech, property, and government transparency.⁹ In terms of the political system, right wing populist Fidesz holds an absolute parliamentary majority, and populist far right party Jobbik is the third largest party in parliament, rapidly closing in on the second largest socialist party MSZP.

One of the notable aspects of this change is Hungary's closer ties with Russia. Following the democratic transition, Hungary like other countries in the region was quick to distance itself from Russia. The relationship normalized over the years, but has turned into a close alliance recently. One of Orbán's [stated](#) economic goals is to pursue new non-western economic

³ Ringold, Dena. *Roma and the Transition in Central and Eastern Europe: Trends and Challenges*. World Bank Publications, 2000; Stark, David, and Laszlo Bruszt. *Postsocialist Pathways: Transforming Politics and Property in East Central Europe*. Cambridge University Press, 1998.

⁴ The 1989 interim constitution was intended to serve as a legal basis for the first elections before replaced by a more comprehensive constitution. However, after the first elections there was no political consensus to allow for the drafting of a permanent constitution. Electoral laws in Hungary adopted in 1989 to fit the communists' political calculations were very complex, and the allocation of seats in parliament failed to represent parties' vote share. Arguments in the political system over the status of the Hungarian minority in kin states were prominent.

⁵ Fortin, Jessica. 2010. "A Tool to Evaluate State Capacity in Post-Communist Countries, 1989–2006." *European Journal of Political Research* 49(5): 654–686. The index is a composite measures of tax revenue, corruption, infrastructure reform, property rights and contract intensive money.

⁶ Szikra, Dorottya. "Democracy and Welfare in Hard Times: The Social Policy of the Orbán Government in Hungary between 2010 and 2014." *Journal of European Social Policy*, September 10, 2014; Toth, G.A. (ed.) (2012) *Constitution for a Disunited Nation: On Hungary's 2011 Fundamental Law*. Budapest and New York: Central European University Press.

⁷ Mares, Isabela, and Lauren E. Young. "The Core Voter's Curse: Coercion and Clientelism in Hungarian Elections," 2016. http://www.laurenyoung.com/wp-content/uploads/2016/05/Hungary_Paper_v2.pdf.

⁸ US Department of State. "2015 Investment Climate Statement – Hungary". May 2015.

⁹ Freedom House Country Reports Hungary 2010-2015

opportunities. This goal was accompanied by a restructuring of the office for economic planning.¹⁰ In his famous 2014 [“illiberal democracy” speech](#), Orban expressed admiration toward Russia’s economic performance and system of government, alarming many in the west. The most notable material benefit of the relationship with Russia came in the form of a multi billions [energy deal](#). The strategy of opening to the East can be viewed as a clever play by Hungary on the East-West divide in the international system. By aligning with both Russia and the West, Hungary is courted by both sides. However, the main winner in this relationship is Russia, which has been actively pursuing allies within the EU in attempt to divide and weaken EU negotiation position over energy and security. As part of these efforts, Russia has been [supporting](#) far right parties throughout Europe, including Hungarian Jobbik.

Hungary is not alone in forming new ties with Russia, including admiration for the Russian system of government. However, for the Central European region these ties are more consequential. Democratic systems in the region are less stable than Western democracies, and the region has long been a buffer zone between East and West, but rather than benefitting from the status, often suffered the consequences of power struggle. The recent backslide of democracy might be another such consequence.

Courses of Action to Target the Decline in Rule of Law and Democracy:

Considering Central Europe’s geopolitical importance, and great potential for economic and political success, many actors have been investing in the region since the democratic transition. This includes the EU, international organizations, and transnational organizations such as George Soros’ Open Society Foundations. Soros, himself a Hungarian émigré, invested significantly in the development of Hungarian liberal democracy. In recent years, he has been one of the sources of an extensive backlash campaign in Hungary (and elsewhere) which has marginalized liberal rights promotion efforts in the country. Considering the thwarted efforts and the decline in democratic and liberal practices in the country, how should liberal actors interested in Hungary proceed? In this section I evaluate four possible courses of action.

1. EU Sanctions

Prior to joining the European Union all countries in the former Soviet Bloc had to meet a series of [conditions](#) including economic and political liberalization, and the guarantee of minority rights.¹¹ However, once a part of the EU there is no mechanism to guarantee countries continue to abide by liberal democracy and rule of law practices. This is at the heart of the behavior of Hungary, as well as Poland and other EU members. With no fear of sanctions, populist leaders are able to attack the EU and court Russia while maintaining the benefits of EU membership. Politicians throughout the continent use Brussels as a cause to mobilize support around. Though

¹⁰ Notably, Hungary does not trade outside the west more than other EU members, but this is a part of the “illiberal democracy” rhetoric.

¹¹ Hughes, James, and Gwendolyn Sasse. “Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs.” *JEMIE*, 2003, i.

in the English case there were certainly implications to populist mobilization in the form of Brexit, Hungary has no intentions of parting with the union. Instead, the dangerous rhetoric and actions put Hungarian democracy at risk, and the continued anti-European sentiment is threatening the integrity of the EU.

The EU did express concern on several occasions over developments in Hungary including a European Parliament resolution [criticizing](#) the constitutional changes in Hungary in 2011, and criticism over racism and xenophobia in the country. These responses have been meek, in particular compared to Orbán's frequent attacks on Brussels. Moreover, the criticism did not alter Hungary's course.

Ideally, the EU would be able to keep member states in check in the same way it did would-be members. Hungary receives 5.32% of its GNI from EU spending, and contributes 0.89%,¹² making it the EU's greatest recipient. The EU's budget allocation keeps the country stable and thus supports the government. Attaching institutional obligations to the budget would be the most effective method to guarantee rule of law practices and minority and refugee rights. Indeed, EU membership carries a set of obligations, but these are not enforced. There are significant obstacles to pursuing this course of action: The EU never managed to achieve efficient decision making and implementation mechanisms, and it is not at a strong bargaining position at the moment vis-à-vis its member states as it is battling populist backlash throughout. Thus, reaching the type of consensus that will allow enforcement of EU principles is highly unlikely in the near future.

2. US Involvement

The US has weighed in on the situation in Hungary during the Obama administration. In 2014 President Obama named Hungary one of the countries in which the government represses civil society. The US also [denied](#) visa to six Hungarian public officials suspected of corruption, sparking tension with Hungary. These actions and further criticism from US diplomats did influence Hungarian politics beyond a backlash against the US and the west. US actions joined domestic events and led to anti government sentiment and mass street protests in the fall of 2014. The wave of discontent ceased following the government's focus on the migrant issue, and the decision to build a fence on Hungary's southern border in the spring and summer of 2015. While it is easy to incite backlash against the EU, the US does not elicit such strong resentment in Hungary, and so its criticism can be quite effective.

In general, the US served as a stabilizing force in Europe for decades. It is difficult to say if the US intends to continue in this role. The current administration has expressed intentions to turn away from democracy promotion as part of US grand strategy, and respect national sovereignty as a fundamental principle of the international system. Moreover, the nature of the relationship between the current administration and Russia has not been established yet. A closer relationship between Russia and the US could imply fewer incentive for Russia and the West to

¹² http://europa.eu/european-union/about-eu/countries/member-countries/hungary_en

pursue states like Hungary. However, it is likely Russia will continue seeking power through alliances in Europe in the near future, and Hungary has long term energy ties with Russia. Moreover, The EU is likely to remain an easy target for populist rhetoric.

3. Urban Liberal Opposition and Civil Society

As noted above, liberal actors have been investing in the region. Many of these investments focus on Budapest based civil society. Organizations like the Hungarian Civil Liberties Union, the Hungarian Helsinki Committee, and many others work hard to protect rights in Hungary through domestic and European legal channels. The challenge is that these organization are also the [target](#) of restrictive legislation and repressive government propaganda campaign. The result is both a backlash against human rights practices, and strengthening of the populist government's position as the defenders of Hungarian sovereignty. Hungary also has a budding young opposition in the form of the movement [Momentum](#), though the movement is a domestic organization and would benefit from being perceived as domestic rather than as a tool of foreign actors who wish to infringe on Hungarian sovereignty.

Civil society and thriving urban centers are both crucial to the preservation of rights and should not be abandoned. However, the power of populists is derived from peripheral areas, and as such liberal actors should consider promoting these as well.

4. Populist Strongholds – the Periphery.

As elsewhere in Europe and in the US, the strongholds of populism are not the cosmopolitan city centers, but industrial areas in the periphery. These areas depend more on the government than on the free market for services, and were the “losers” of the transitions in Central Europe.¹³ Developing these areas is difficult for a variety of reasons like language and culture barriers, and absence of networks. It is easier to contribute to the English speaking western oriented Budapest organizations and rely on their networks outside the capital. Moreover, in contributing to government strongholds, liberal actors either compete with the government endangering stability, or contribute to the government itself.

Despite these valid reasons to avoid the periphery, it would be useful for foreign actors to collaborate with domestic specialists on forming organizations that both operate and are based outside the capital. One of the problems of both domestic liberals, and the EU is the utter failure to build connections, or “win hearts and minds” beyond narrow cosmopolitan social groups. Local based organization can include education initiatives, women and minority programs, and business investment that will neither compete nor promote the government, but instead spread liberal values on the ground, and create ties for the region beyond the populist government.

¹³ Pirro, Andrea LP. “Populist Radical Right Parties in Central and Eastern Europe: The Different Context and Issues of the Prophets of the Patria.” *Government and Opposition* 49, no. 04 (2014): 600–629.

Recommendation Summary

- The EU should strive to tie budget allocations to member states with rule of law practices and just treatment of minorities.
- The US has been a stabilizing force in Europe and could continue in this role if the current administration chooses to do so.
- More realistically, liberal actors should contribute to initiatives in periphery areas that are strongholds for populists.