The origins and the challenges of the newly elected Fidesz-government in 2010 were basically the same: the social and economic crisis, which demanded an adequate response. However, Viktor Orbán also had a long-standing, mildly radical ambition: to set a new political stage, where his conservative camp has the institutional advantage, and where the political landscape favors rather them rather than others. He has launched an unprecedented—since 1990 in Central-Eastern Europe—constitutional transformation and the new system was mainly set up by the end of 2011. However, the government has only partly met the expectations of the population on the political front, while it obviously failed on the economic one. Thus apathy has reached unprecedented levels in the country and the Fidesz-government failed to set its new order on a wide social fundament.

Introduction

In the parliamentary elections held in April 2010 the conservative Fidesz Hungarian Civic Alliance got 53% of the votes and won a two-third majority of the mandates. After the first round of the elections, Party leader Viktor Orbán described the victory as “revolution in the polling booths”, sending a strong signal that his government would use its new constitutional majority pretty extensively¹. Since then the new government has changed the “old Republic” dramatically. In the wake of Viktor Orbán’s anti-liberal turn all fundamental laws have been rewritten, including the Constitution itself; a new, “unorthodox” economic policy has been launched, with milestones like forced nationalization of private pension funds and excessive taxation of multinational companies in some selected sectors; the nation has been symbolically reunified by granting citizenship and voting rights to all Hungarians living abroad; the focus of the foreign policy has been shifted under the slogan “Eastern winds” and an accompanied rhetoric about the “decline of the West”.

These massive changes have raised understandable criticism thorough

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the Western hemisphere. There were no legal barriers for a two-thirds parliamentary majority in Hungary, since the founders of the 1989 Republic could not imagine a situation, when a single political force would win such overwhelming support. The unlimited power and the wish of a significant part of the Fidesz-electorate to form a new constitutional setting automatically posed a considerable threat to the democratic image of the country. As Kai-Olaf Lang has put it rightly, unlike in domestic politics, the two-third majority was a major handicap in relations with the West\(^2\). The fact that the Fidesz-government used its new powers so excessively, exclusively and in all cases in its own interest, in a semi-authoritarian manner, has justified most of these initial fears. Nevertheless and for the future more importantly, the domestic response also seems to be negative. According to opinion polls, in two years the Fidesz has lost more than half of its 2010 voters\(^3\). The conservative camp has reached a low unprecedented since 1998. One reason for this is that Viktor Orbán has not publicized its “revolutionist” program during the campaign in order to maximize its support. His revolution caught many of the Fidesz-voters, who wanted some sort of “return to normality”, by surprise. Notwithstanding, Fidesz seems to be failing to gain overwhelming support for its policies and still has to prove that the new order rests on consensual, or at least massively social fundaments.

1. The Crisis of the “1989 Republic” and its Historical Patterns

Hungary had been in political crisis much before 2010. The population has been dissatisfied with most of the political parties, institutions and the existing political order in general. The 2010 elections proved to be critical\(^4\), setting a new landscape for party politics. Two parties, the liberal *Alliance of Free Democrats* and the moderate conservative *Hungarian Democratic Forum*, that played a dominant role during the 1990 transition and permanently represented in all parliaments since then, practically disappeared. The *Hungarian Socialist Party*, being the left pole of Hungarian politics since 1994, giving the

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\(^2\) Lecture at CEU, CENS, 5 April 2011.

\(^3\) According to Medián its support fell from 50% in May 2010 to 22% in May 2012. According to Ipsos from 42% to 16%, according to Tarki from 45% to 16%. Internet: http://torokgaborelemez.blog.hu/2012/06/06/459_fej_iras. Accessed: 03.09.12.

majority (in coalition with the liberals) for three terms (1994-98, 2002-10) got only 15.28% of the mandates. However, a right-wing radical party, the Jobbik, capitalizing on its combative anti-Gipsy rhetoric, could take an astonishing 12.18% of the seats. A newly established green-liberal party, the Politics can be different, could also form its tiny fraction. In the light of the spectrum of parties almost unchanged since 2000, these shifts demonstrate very well that Hungarian society had a deep mistrust of its political class. Accordingly Orbán’s promise to change for the better and his hope to get approval for its anti-liberal turn was very well calculated. The crisis of the “1989 Republic” was manifold and to some extent repeated some patterns of the past. Three main factors are worth mentioning in this respect.

1.1. The Notion of Consensual Politics

As András Bozóki describes\(^5\), the founders of the 1989 Republic deeply entrenched the constitutional order. A high number of fundamental laws were put behind the “fence of constitutional majority”. What is more, the Hungarian Constitutional Court had the most extensive activity among its counterparts in the post-Socialist states, becoming a semi-actor of the political process. The powers of the executive branch were limited by a high number of constitutional laws and their extensive interpretation, sharing the governmental responsibility with the opposition. At the same time the founding fathers established a strong government that practically cannot be overthrown by the opposition. All this provided an obvious contradiction between the governments’ ability to survive politically and their legal capabilities to manage large scale issues. There was an underlying disparity between the visible stability of Hungarian politics – all the elected governments remained in office for their full term after 1990, and their performance, their potential for bigger achievements and ability to pursue reforms.

The legal formula of strong executive vis-à-vis opposition-limited constitutional powers very much resided in the history of Hungarian parliamentary\(^6\). The 1867 reconciliation with Austria was based on the concept of a strong ruling party defending the dualist order from the pro-independence opposition and population. As a last resort of constitutional guarantee the ruler, Franz

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Joseph, had the right to intervene, as it happened when the opposition won in the 1905 elections. Hungary also had a strong party of power in the mid-war period and Governor Horthy’s controlling role was further strengthened as the right-wing radical pressure grew after the early 1930’s. But these systems proved to be inflexible, non-adaptive and in the longer run lost their social support. Not surprisingly the number of eligible voters was one of the lowest in pre-WWI Europe (around 6% of the population), while the Horthy-regime also had the lowest ranking of legitimate elections among multi-party systems in Europe (around 27% of the population was eligible between 1926 and 1930, but 80% of the votes were given in an open ballot on the countryside)\(^7\). In both periods the existing constitutional setting and rule of the dominant party have been incompatible with broader electoral rights. Even if the popularity of the new order was relatively high in 1989, these inherited constitutional brakes were incorporated in the new system. The founding fathers thought that these brakes would function as checks and balances in the new environment. At the same time the whole system proved to be non-adaptive and gradually lost its popularity.

The system of stable government-limited powers worked relatively efficiently during the 1990s. The political landscape was fragmented, and the practice of ad hoc coalitions for certain modifications was implementable. Understandably, permanent constitutional deadlocks led to the gradual emergence of partocracy, a system where political loyalty weighted much more than professionalism. The worst example was the regulation of the media, but step by step other, originally independent institutions became first politicized and then turned into simply derivates of party politics. However, even this partocratic system functioned relatively efficiently, as long as the parties were capable of finding compromises.

However, during the late 1990s the party landscape became more concentrated and political competition between the two major forces, the Socialist party and the conservative Fidesz, made further progress impossible. Bi-partisanship deadlocked many innovations and poisoned the mood of the society. Especially after the 2006 elections and Ferenc Gyurcsány’s “liar-speech”\(^8\), no more constitutional modifications were possible. Accordingly the government was not in a position to address many social problems efficiently: issues like party finances, anti-corruption laws, major economic reforms, electoral law or

\(^7\) Romsics I., Magyarország története a XX. Században, Budapest: Osiris, 1999, p. 222.

\(^8\) In the so called Öszöd-speech Prime Minister Ferenc Gyurcsány admitted in a closed party meeting, that they systematically lied on the country’s economic situation during the campaign. The speech was recorded and later made public, prompting a series of serious anti-governmental riots in Budapest.
administrative reforms were all tied up constitutionally. The only exemptions were the issues related to NATO- and EU-membership, where the two major parties pursued a policy of necessary and minimal cooperation. Understandably many people from both camps thought that the problem resided not simply in the government, but in the system itself.

1.2. The “Gulash-Capitalist” Expectations in Society

Hungary established a relatively mild regime in the Communist-bloc during the late 1960s. Preserving the political monopoly, the government consciously tried to buy the loyalty of the masses, rather than oppress them. Accordingly the average living standard was higher than in other bloc countries, people were allowed travel to the West once a year (typically to Austria), and small-scale private enterprises were sanctioned. This was characterized under the label “gulash-communism”. People were encouraged to improve their living standard and leave the politics to the Party. As Zsigmond Móricz, a famous Hungarian writer, was often quoted: “Do not care about politics; build a house for yourself.”

All this became important in two respects. First, Hungarians traditionally try to respond to their deteriorating living standards individually rather than collectively. The transition was primarily an elitist, technocratic process in Hungary, without huge mass protests, unlike in Poland and the Baltic states. People were preoccupied with their private jobs, rather than protests. The “street” was a political arena discovered by the Fidesz only as late as 2002. Until then, even the biggest demonstrations barely exceeded 100 thousand people, and typically much less. Understandably in such an environment it was easier to believe the rumors that “the transition was stolen” by the Communist elites or the technocratic intelligentsia.

Second, the main expectations from the transition were economic rather than political. People wanted welfare much more than freedom. These expectations were very well in harmony with the early hopes for a smooth transition and a relatively fast catch-up to the capitalist West. People believed that they can continue to live as they did before, the small reforms during the 1980s would be almost enough and the state can preserve its extensive social role in a country that had been already dramatically indebted in the late Kadar- era. In the light of these “gulash-capitalist” attitudes, it is not surprising that according to comparative Visegrad opinion polls Hungarians were the most disappointed of the new system as soon as the late 1990s. In 2000 only 54% of
the respondents thought that it was worth changing the system, compared to 64% in the Czech Republic and 75% in Poland. Another sign of deep nostalgia about the Communist Kádár-regime is the fact that in 2011 in the age group of 18-24 years, 61% of the respondents characterized János Kádár as a positive or neutral personality.

Economic populism is natural in such an environment. During both the 2002 and 2006 campaigns exorbitant social promises took center stage. The Medgyessy-cabinet (2002-2004) propagated its fiscal expansion under the slogan “welfare transition”, hinting on the end of the era of hardships and promising a fast catch-up to Western Europe after the EU-accession. The disappointment, combined with Ferenc Gyurcsány’s “liar-accession” in 2006, in which all this was qualified as a mistake and a lie, played a crucial role in the collapse of the Socialist electorate. The population had enough of technocratic reforms, and permanent austerity without any clear perspective. The 2008 crisis has ushered in a time when the population was already in a bad mood and showed clear signs of reform fatigue. Viktor Orbán became the last hope of “anything different”, even if the expectations varied extremely and were totally incompatible. Fidesz has successfully combined social paternalism with the promise of large-scale tax reductions and pro-market orientation, maximizing its votes on the elections, but causing a lot of headache for itself afterwards.

1.3. The Changing Attitude towards the West and Market Economy

Attitudes to the EU and NATO accessions were pretty supportive through the 1990s. Unlike in Poland and the Czech Republic no significant political movements have been formed against the integration process. It was only 20-25% of the population that was skeptical about the consequences and had some doubts, but even the right-wing radicals kept a low profile in EU-matters. Things started to change rapidly after the mid-2000s. The share of respondents, who think that the EU-accession proved useful fell from 71% to below 40% between 2001 and 2009. Those who perceive the EU as a bad thing rose from 7% to 22% in the same period. Consequently these Hungarian indicators became one of the worst in the Community, comparable to

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traditionally euro-skeptical British public opinion. Today the past skepticism turned into an openly hostile attitude, while national and European interests tend to be more and more differentiated. It is also worth mentioning that while Hungary did not have a major anti-European movement and the support for Western integration was relatively broad, it was extremely thin. There had been no formidable pro-accession movements or civil society network, and for many Hungarians the two accessions were a beneficial undertaking rather than a normative choice.

The split-up of the Hungarian Kingdom after WWI and the loss of two-thirds of the country’s territory is often a historical reference point for the relatively unstable Hungarian Pro-Western sentiment. Indeed, the Trianon peace treaty is still perceived as unjustified and unfair by the overwhelming majority of the population. The mainstream historical narrative, especially on the conservative side, is that much of the guilt lies on the Western powers’ realpolitik. As long as most of the regional countries had an enthusiastic couple of years during the 1920s because of their regained sovereignty guaranteed by major Western powers, for Hungary the years after WWI were full of despair and anti-Western sentiments. Nevertheless, it is more correct to say that Hungarians share a collective memory, where it is difficult to find an episode with a positive role for Western powers, especially as far as the twentieth century is concerned. It is very typical that, unlike in the other Visegrad countries, Hungary does not have a strong Pro-Atlanticist movement. While some of the Euro-skepticism in the Czech Republic or in the Baltic states comes from Pro-Atlanticist considerations, for most of the Hungarians the United States is at least a neutral issue, if not a trouble maker.

A pro-market attitude is also overshadowed by paternalistic and populist considerations. The social and ethnic cleavage during the nineteenth-century modernization was pretty huge in Hungary. On one side Hungary had a high-number of small nobility, who occupied most of the political and administrative positions of the Hungarian state after the formation of the dualist order in 1867. For this primarily pro-independence camp the main rationale of the 1867 compromise with Vienna was the economic one. Unlike in Poland, this social class was mainly saved from bankruptcy and social declassification through occupying the bureaucratic positions of the partly restored Hungarian statehood during these years. On the other side this “historical middle-class” was unable to join the economic upswing of the late nineteenth century. Le-

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Leadership in Hungarian capitalism was exclusively based on citizens of Jewish and German origins. The ethnic patterns of modernization were extremely polarized. What is more, they remained largely unchanged until 1944-47, when all these classes were annihilated or deported from the country. Even if modernization had an ethnic pattern all over Central Europe, the Hungarian case was one of the most exclusive in all respects. Unlike in Germany, the Czech Republic or even Poland, it is difficult to find any tycoons of “Hungarian origin” or any ministers in the government of non-noble or non-bureaucratic background in the mid-war period. This made the ground for anti-capitalist attitudes pretty fertile.

Consequently the political and economic “value sets” of the ideological camps were to some extent different from the usual Central European setup. The Post-Communist Left could preserve much of its monopoly on the Western modernization agenda, establish a pro-market and pro-Western legacy referring to its moderate reforms during the Kádár-era, while the Conservative electorate was very much divided in attitudes toward capitalism or the West. Not surprisingly it was the Socialist Party that pursued an aggressive campaign of privatization to Western companies, in order to lessen the consequences of its austerity packages amid harsh conservative criticism during the 1990s. It was the Left which stood at the forefront of Western integration, while Fidesz, still supportive, took a rather cautious position. While in other Visegrad countries the mainstream rightist movements often had a strong pro-capitalist, pro-Western stance, like in the case of Dzurinda-, Topolanek- and Tusk-governments, it was difficult to take a similar centrist position for the Fidesz in Hungary. Partly because of the leading role of Socialist reformism, partly because of the paternalist-radical conservative electorate, the path for a centrist conservative force was much narrower in Hungary. Viktor Orbán based his conservative unification efforts on identity issues like religion, nationalism or anti-communism, rather than on questions related to economic order or foreign orientation. Foreign and economic policies were the most heterogeneously perceived issues, the weak points on the right flank. Consequently Fidesz faced most of its difficulties on these two fronts after 2010.
2. Viktor Orbán in Action – the Conservative Revolution

Before the 2010 elections expectations regarding the Fidesz-government varied widely. Memories of the first Orbán-government (1998-2002) were preserved for many as a pro-market, moderate conservative force, like those of the Tusk-cabinet in Poland or the one led by Dzurinda in Slovakia. Still a major part of its electorate wanted radical, systematic changes in most respects of the political-economic system and the competition for “being radical” had grown considerably on the right flank. Fidesz lost its long-preserved monopolistic position on the right-wing, and the radical Jobbik had the biggest since 1990 political breakthrough on the European parliamentary elections in 2009. However, during his long years in opposition between 2002 and 2010 Viktor Orbán built up a strong reputation of a charismatic, conservative leader. Unlike his first governmental term, when Fidesz was led on a relatively collective basis, by 2010 Viktor Orbán turned the party into a highly centralized political instrument, which was based on his personal authority and popularity. Undoubtedly his political performance was extremely astonishing, as he could survive two humiliating electoral defeats (if we add the 1994 fiasco, three) and managed to come back and become the promise of change after twenty years in Hungarian politics. This gave him an exceptional freedom of action, his decisions were rarely criticized publicly in his party, while the conservative core electorate was loyal personally to him, not to the Party or anyone else.

Nevertheless, this was almost the first election since the regime change when victory was certain and the chance for a two-third majority, and consequently for ultimate changes, was a given. There is hardly any doubt today that Viktor Orbán had a masterplan for a constitutional reshaping of the country—one that was not publicized during the campaign. Orbán’s strategy was not an ad hoc reaction to an inherited situation, but an action plan, consciously developed during the long years of opposition. Partly following András Bozóki’s classification four pillars of Orbán’s new politics can be differentiated: (1) unification of the nation; (2) the concept of central political force field and change of the elites; (3) unorthodox economic policy; (4) “rebalanced” foreign policy.

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12 Róna D.; Karácsony G., „A Jobbik titka – A szélsőjobb magyarországi megerősödésének lehetséges okairól”, Review of Political Science (Politikatudományi Szemle), 2010/1, p. 31-63
The issue of national unity was important for Orbán respect both of foreign and domestic policies. One of the government’s first actions was to grant citizenship to all ethnic Hungarians abroad. The issue of Hungarian minorities abroad was a long-standing one for the Hungarian foreign policy, some sort of legacy of the drama of the Trianon Peace Treaty. In opposition Fidesz turned out to advocate the extension of citizenship, even if the initiative suffered a humiliating defeat on a national referendum in 2004. Even if this step was not independent from its vote-maximizing efforts and from the hope that Hungarians abroad are primarily conservative, the symbolic step was in the core of Orbán’s nationalist agenda. Coupled with other measures, like setting the Trianon Mourning Day, this symbolic move was one of the major promises that had to be fulfilled, despite the tensions vis-à-vis the neighboring countries.

At the same time Fidesz has practically declared war against the respective Hungarian parties in the neighboring countries. The leadership of RMDSZ in Romania or the Most in Slovakia became the representatives of the old nomenclatura according to semi-official rhetoric, and Fidesz tried to set up new proxy parties among the minority populations. Budapest gave an exclusive financial and media support for these new formations. This has led to major divisions between pro-Fidesz and native minority organizations, reproducing some of the cleavages in Hungary. Parallel organizations are present in Slovakia (Most and MKP) in Ukraine or in Serbia, while in Romania the change of elites has suffered a humiliating defeat on the 2012 local elections. Despite extended citizenship, Hungarians abroad seem to have a highly controversial attitude towards Fidesz.

On the domestic agenda the concept of “national cooperation” was introduced as an alternative to the existing liberal democracy. The declaration of the “system of national cooperation” was accepted by the parliament and posted in all public buildings. This document served as an universal reference to the revolutionist political activity, and underlined the government’s dedication to all the nation’s members and proved its plebeian nature. The concept was reinforced by and the text integrated into the new Constitution, approved in 2011.

The concept of a central political force field was first mentioned in Vik-

\footnote{Only 1,5 million people, 19.35% of all eligible voters supported the double citizenship in 2004. What is more, the idea had barely got a relative majority even at an extremely low turnout.}

\footnote{As István Mikola, Fidesz candidate for deputy Prime Minister publicly told during the 2006 campaign: „If we could grant citizenship for the 5 million Hungarians abroad and they were eligible to vote, everything would be decided for the next 20 years in this country.” Internet: http://www.youtube.com/watch?v=y02DePqndoU, 11.09.2012.}

tor Orbán’s annual speech in September 2009. Its core message was that the Fidesz has to overcome the left-right dualism and the neoliberal past of the last 20 years. The conservative camp could become the leading governing force of the nation for the next 15-20 years, provided it can establish a new governing principle and truly address the problems of the nation. This concept was important since it qualified the existing constitutional order as “neoliberal” and pointed to the necessity of systematic changes, even if it gave no details. Many political commentators falsely interpreted this as an attempt to take a centrist position between the right-wing radicals and the leftist electorate. However, it was an appeal to a non-technocratic, political manner of governance, some sort of people’s democracy with a dominant party under the leadership of the prime minister. Both elections and democratic freedoms were to be preserved, even if the existing conditions and the legal fundaments were qualified as “neoliberal”, and accordingly to be replaced by a more favorable for the conservative party regime.

This concept was the most direct, even if still very misty reference to the transformative agenda of the Fidesz before the elections. It very well addressed the public disappointment with the existing form of democracy and offered something else. Having won a constitutional majority on the elections, the government launched an extremely fast legislative campaign to establish a legal environment, favorable for its central political force ambitions. Until early 2012 the parliament accepted 365 new laws (an average of one by every 1,5 day, including holidays), among others a new Constitution and all the 25 constitutional laws. These were to a large extent new legislative acts, not minor modifications. This was an unprecedented legislative tsunami, not comparable even to the period of the early transition. It would be difficult to list all steps of this transformation, symbolized mainly by the new constitution. The most important measures were accepted exclusively on a unilateral basis; no other party voted for them. I refer only to some of the most important fields of this “constitutional blitzkrieg”:

- The new media law, which broadens the jurisdiction of central regulation and vested it with extensive powers. Theoretically the new authority may unilaterally set disproportional fines, capable to bankrupt any media

17 In February 2010 he further elaborated this concept: www.utolag.com/Orban_megorizni.htm, 10.09.2012.
18 Fidesz traditionally tried to incorporate the right-wing radical electorate under the slogan „One camp, one flag”. This policy proved to be unsustainable, since the Jobbik „went” so far right, that Fidesz simply could not „follow” it.
The new authority was filled exclusively by Fidesz-loyalists, including its president, a former Fidesz MP, elected for nine years. Indeed, the former media regulation gave extensive powers to party delegates and was a typical field of partocratic cooperation. At the same time the new law was so extensive and one-sided, that it evoked the first public conflict between the Hungarian government and the European institutions. Keeping in mind the financially dominant rightist media groups and coupled with obvious administrative squeeze on some leftist media outlets (the case of the “Klub” radio station), it would be difficult to qualify the new system as politically unbiased.

- The jurisdiction of the Constitutional Court was limited and the parliamentary opposition excluded from the nomination process. The number of judges was increased and the new positions were filled by the parliamentary majority. The Constitutional Court had historically extensive powers, culminating often in conflicts with all incumbent governments. According to its critics, it was exceptionally overstretching its normal authority especially in economic matters, annulling many technocratic reforms during the last 20 years. Nevertheless, the manner in which the government implemented these changes was extremely assertive. The Constitutional Court in a rather cautious manner returned the law on the retroactive setting a 98% extra tax on past severance payments under the Socialist government to the parliament. The Fidesz responded by amending the Constitution, excluding these issues from the Court’s jurisdiction and accepted the law again on the very same day. Since then most of the measures, which might be opposed by the Court are put into the interim regulations of the Constitution. Accordingly both the Constitution and especially its interim regulations are subjects of permanent changes, very well questioning the stability of the legal regime. It is symbolic, that only between July and December 2010 the Constitution was modified nine times.


20 As one of the leading representatives, Csaba Belénessy, head of the MTI (Hungarian Public News Agency) described the mission of public broadcasting: „...has to be loyal to the government, fair to the opposition.” 168ora, www.168ora.hu/itthon/belenessy-csaba-a-koz-uj-szolgalatarol-66304.html, 8 December, 2010
• New regulations on the labor unions, strikes and referenda. All these actors and institutions proved to be highly efficient during the Gyurcsány-government (2006-2009). The so-called “social referendum” in March 2008, initiated by the Fidesz, was the most demonstrative failure of liberal reforms. It was the first major public victory of Viktor Orbán since 1998, an essential proof of his capability to address the electorate outside his conservative camp. Similarly and not without encouragement of the Fidesz, labor unions organized strikes and demonstrations throughout the country, efficiently setting the agenda during these years. It was obvious, that if the Fidesz leaves these freedoms unchanged, they can be used against it again. Thus both the requirements were significantly increased (200 thousand supporters instead of 100 thousand needed for a legal initiative) and the National Election Commission was also reelected and the control taken over by delegates of the parliamentary majority. At the same time these new limitations originated not only from political considerations. The government’s economic programme, the liberalization of the labor market, austerity in the field of social welfare system, revisions of past pensions—these were all politically more implementable by setting limitations on some of these relatively wide rights.

• The elections are the most important institutions in every democracy. Not surprisingly, Fidesz also started modifying the laws on elections. The new system was a combination of past and popular efforts to decrease the number of MPs, to solve the conflict of interest between mayors and MPs and understandably to strengthen the Fidesz’ position on the next elections. The two major developments in the new system are the strengthening the role of single mandates both by increasing their relative number, the lessening of the role of compensatory factors and the redistribution of the electoral districts21. The latter gives a more balanced allocation of the votes than its predecessor from 1989, but it is also a clear-cut case of gerrymandering, favoring the Fidesz in an extremely one-sided way. It has to be added that the formation of the electoral system has not been finished yet: a new, administrative registration system has been recently introduced, where citizens have to register personally before the elections at the local self-governance in order to become eligible for voting. The termination of party subsidies from the central

budget was floated by the prime-minister\textsuperscript{22} and many details have not been elaborated, with one and a half years to go before the elections. The government could not give a reasonable interpretation of these changes; its arguments have changed several times during the approval process. Thus many believe that the only rationale behind these steps is to decrease the voter turn-out to a level at which the Fidesz’ massive party mobilization mechanisms can deliver enough votes for re-election. All these changes give enough arguments for critics to qualify the next elections as potentially illegitimate, a likely opinion for opposition after the election and a possible trigger for a new round of harsh Western criticism in case of a low turn-out. As it seems, Fidesz has well justified fears from undecided voters and doubts about its own capacity to win support for the 2014 elections.

Many other new administrative and legal rulings were introduced mainly in the spirit of centralization and statism, including schooling, universities, culture, local self-governance, the judiciary and others. It was not only the nature of these changes, but also their high concentration, that shocked the domestic public and the external world. The “revolution” launched by Viktor Orbán clearly has authoritarian features and obviously tests the limits of democratic governance. Nonetheless, all these measures were legitimate in terms of domestic legislation. The investigations and legal procedures initiated by the EC in some selected cases may take years, while on the political level only some minor concessions have been made. In Orbán's power politics it is not the clumsy European legal procedures that could pose a threat to his policies.

At the same time in some cases Fidesz had to take an opportunist position especially if compared to other counterparts in Central Europe. Lustration is a typical example, where the opposition, including the Socialist Party, proposed an extensive legislative package to complete this process, but the government refused to make any progress. Unlike the Kaczinsky-cabinet, for which this issue had an eminent role, Fidesz has incorporated many representatives of the past regime, including many former agents of the secret service, identified after the change. In this respect, with the exception of the former liberal party, all political formations were fairly well penetrated by former representatives of the Communist regime. Due to the generation change in the Party finances and their regulations are often mentioned as the main source of high-level political corruption int he country. Still, from 70% to 90% of official party incomes come from the budget. \textsuperscript{22} "Corruption Risks in Hungary," Transparency International, http://www.transparency.hu/uploads/docs/Corruption_Risks_in_Hungary_NIS_2011.pdf
opposition, including the Socialist Party, this issue has lost much of its relevance for them, while the Fidesz obviously still has much to lose by the lustration. In this respect Fidesz’ anti-Communist rhetoric can be qualified as ideological references to its anti-leftist or anti-liberal stance, rather than interpreted in its historical context.

Still more important, the domestic political response was also extremely weak. The so called “democratic opposition” (without right-wing radicals) was fatally divided between the Socialist Party on one hand and some new civil society movements and the LMP-party on the other. The main point of friction was the attitude to the past Socialist government and the former regime. Though perhaps slightly exaggerated, it is still safe to say that only the Socialist party is in favor of the democratic system in its pre-2010 form. Accordingly a high number of street protests were organized with rather humble intensity and participation. Resistance was more fragmented and sporadic, even if still intense, than in the past. Despite its falling popularity, it is still the Fidesz that has the capabilities to organize large-scale street protests as it happened in January 2012 in defense of the government\textsuperscript{23}. The Hungarian public became extremely apathetic and neutral to politics during these last two years. The high number of undecided voters nicely demonstrates the crisis of the political system. Up to the present neither the Western organization nor the opposition has been able to respond adequately to Orbán’s policy. However, Orbán’s fate depends not as much on his political revolution as on his ability to succeed in the field of economy.

If the Fidesz had a clear mindset about domestic policy issues, its views on economy and foreign policy were much more uncertain and voluntaristic. In the field of economy Orbán had an extremely high number of past populist promises and he also had to prove that, unlike his predecessor, Ferenc Gyurcsány, he fulfills them or at least does not act in the opposite way. Accordingly he excluded the words “austerity” and “reform” from the conservative economic vocabulary, and at least at the beginning of his period tried to do things differently.

The basic pattern of Orbán’s economic mindset was neoconservative in redistribution issues: the introduction of flat income tax rate (one the most unpopular measures according to opinion polls), liberalization of the labor market and tightening the eligibility to social benefits. In some fields, like

\textsuperscript{23} Under the slogan „We will not be a colony!” at least 100 thousand people participated, comparable to the largest opposition meetings, the „Millions for freedom of speech”. BBC, http://www.bbc.co.uk/news/world-europe-16669498, 21 January, 2012.
higher education, the neoconservative appeal was especially strong: the government would like to put the whole system on self-financing basis without state subsidies. However, both the political and fiscal necessities limited the scope of the neoconservative swing. After so many years of rampant populism the electorate was eager for state paternalism. Consequently, bigger groups of the population, like pensioners were saved from any negative implications. At the same time after so many years of notorious misconduct under the Socialist governments, strong messages from Brussels forced Budapest to bring the budgetary deficit below 3%. Altogether the cabinet gave huge tax reductions to the higher middle-class and raised taxes for the poor, preserved past privileges of some important voting groups and tried to reduce the budget deficit further. According to classical economic theory all these efforts are incompatible if not in a dynamically growing economy.

Despite some of these neoconservative features Fidesz has a good deal of statist and anti-capitalist attitudes. Its ambitions to take over the commanding heights of the economy are very strong. Hungary had the highest share of foreign investments in its economy among the Visegrad countries. Utility companies, the energy sector, retail trade, the banking sector were privatized and to a large extent sold out to foreign companies. Fidesz tried to change this situation and in its nationalistic way was very hostile to multinational companies. They wanted to create a national bourgeoisie and, in parallel fashion, nationalize most of these sectors or at least strengthen the presence of the state. This economic nationalism and statism was coupled with the strong belief in dirigisme, i.e. that the state can optimally develop the national economy and contribute to economic growth.

Conservative statism is an exceptional phenomenon among the Visegrad rightist movements. Even if the crisis has forced governments to act against their ideological stance and the Hungarian situation has to be distinguished due to its high ratio of foreign investments, Fidesz has a conceptually different from its Central European counter-parts’ position regarding national ownership issues. The Hungarian policies are special both in regards of their scale and manner; they aim to renationalize full segments of some branches or to build-up massive state representation in others. The government does not only set extremely high taxes and harsh regulations for these industries, but also buys assets in the field of energy, banking, machinery industry and telecommunications. The underlying attitude is that these industries are monopolies and produce extra-profits, their foreign ownership is damaging to the national economy. These sectors are differentiated from other branches, like
car or food industry, where at least rhetorically the cabinet still tries to engage
investors. Still the message is relatively biased and these policies are in sharp
contrast both with the former governments’ attitudes and with the regional
efforts to build up a good record among foreign investors.

The result of the incompatible redistribution efforts, the dirigist ambi-
tions and the inherited economic crisis was the so called “unorthodox eco-
omic policy” under the leadership of György Matolcsy, minister of economy.
The government has fulfilled most of its social promises. In order to keep the
deficit target it set a number of special sectoral taxes on banks, retail sector, te-
lecommunications and the energy branch. Moreover it practically nationalized
the private pension funds that allocated around 10% of the GDP since their
creation in 1998. All this was done in the hope, that these measures, the social
stimulus would trigger a solid economic growth around 3-5% in the years to
come. The belief in upcoming economic growth was so strong, that Viktor
Orbán refrained from further cooperation with the International Monetary
Fund. The latter measures would have been hardly compatible with the Fund’s
requirements and the government was sure that it would be capable to pay
back its credits taken by the 2008 stand-by agreement.

These policies understandably bore a large conflict potential with fore-
ign companies and many of the new measures are investigated or are in the
impeachment phase in Brussels. Orbán’s economic policy had an immanent
anti-EU feature, and breached the European regulations at many points. All
this was on top of existing European skepticism around his political revolu-
tion. Furthermore, as Viktor Orbán himself admitted, it was a risky under-
taking. Independently from its voluntaristic nature, the launch of the unort-
hodox policy had a bad timing. The second round of the economic crisis in
Autumn 2011 and dried up the financial markets for Hungary again, so Viktor
Orbán had to suffer the humiliation of asking for the IMF’s help again. The
fact that the Hungarian government is at the brink of default if the European
situation worsens makes Viktor Orbán potentially dependent on EU-IMF fi-
nancial support. This is one of the main constraints the government has to face
recently, not surprisingly desperately trying to establish Eastern contacts in a
form of “debt diplomacy”.

Not surprisingly the anticipated economic boom has not come and Hun-
gary slipped back to recession in 2012. The level of investments is at a historical
low, while the interest rates the budget has to pay to refinance its debt are al-
most at the 2009 levels. Orbán’s rhetoric about “war against the debt” has also
failed to bring result. Despite the nationalization of the pension savings, the
level of debt has not decreased significantly. It is fairly certain two years before the elections that the economic situation will not improve and public opinion polls reflect this trend. Both the companies’ and the population’s assessment of the economic situation are comparable to those at the Balkan EU-members\textsuperscript{24} and the Hungarian economy according to its main indicators is getting further from the Visegrad zone. It is absolutely clear that the “unorthodox economic” policy has failed to bring its results during the Fidesz-government and has lost its original focus. However, given the fact that the president of the National Bank is going to be replaced in March 2013, monetary financing and the use of its vast currency reserves has not been excluded in a definite manner, the government seems to have some, even if extremely dangerous and short-term alternatives. As it seems today, long-term compliance with the IMF or the EU is perceived as one of the worst political-economic choices.

3. The Begrudging Member – Hungary and the EU

Conservative foreign policy in Hungary can be characterized traditionally by the predominance of the issue of Hungarian minorities abroad, a strong notion of Visegrad and regional cooperation, respect of national sovereignty and accordingly a focus on the Europe of Nations concept. Fidesz did not have a strong Pro-Atlanticist sentiment but preserved much of the reservations vis-a-vis Russia so typical for Eastern European conservative parties. It was the first Fidesz-coalition when Hungary joined NATO, and the party historically supported the Western integration process without particular reservations. Most of the foreign policy differences in the bi-partisan system of Hungarian politics were concentrated in issues related to the Hungarian minorities and accordingly to the neighborhood relations. While Socialist cabinets wanted to balance between the two aspects, Fidesz has been much stiffer and not afraid of raising tensions in the perceived interests of the 2,5 million Hungarians on the other side of the border. Nevertheless, these conflicts have never reached a strategic level, and EU-politics almost always remained independent from these aspects. Hungarian foreign policy seemed to be on a consensual basis, even if the content and significance of this consensus became relatively obsolete by the mid-2000s\textsuperscript{25}.


At the same time, foreign policy has never been an issue of particular interest for Orbán and Fidesz leadership. He has never distinguished himself in the international arena; most of these duties were delegated to the foreign minister, János Martonyi. Furthermore Orbán always stressed his willingness to preserve his freedom of action, to behave as a representative of a sovereign country, in the interest of his own people. In this respect he always preferred bilateralism to multilateralism, looked at the international cooperation exclusively through the prism of cost-benefit relations and had a strong opportunist sentiment. In his policy setting foreign policy was rather an extension of domestic policy and diplomacy was subordinated to his domestic policy and vote maximizing efforts. Accordingly, the first Orbán-government did not distinguish itself in this field and gradually got into a relative isolation by the end of its term. However, Orbán did not use harsh anti-European and anti-Western rhetoric during these years.

Given its indifferent stance in foreign policy, Fidesz did not turn, but rather gradually slipped into a more hostile to the West position. It was not only a conscious strategy, but rather a set of domestic policy factors, which prompted Orbán to confront many European institutions and turn into the representative of the relentless defender of national interests against the EU or IMF. The gradually deteriorating Hungarian public attitude to the EU, the emergence of right-wing radical Jobbik on the conservative flank and most importantly the revolutionist stance to transform the country by the extensive use of its two-third majority, all pushed towards this outcome or at least made some sort of confrontation inevitable. It was obvious that neither the government’s legislative tsunami, nor the “unorthodox economic policy” would be welcomed in Brussels and Washington. Nevertheless, these domestic efforts had priority, thus foreign policy had to be adjusted to the upcoming realities.

Hungarian EU Presidency in the first half of 2011 was an interesting episode in this respect. The agenda and the priorities of the Presidency very well reflected the Hungarian, and more broadly the Central European issues of interests. The staff was relatively well-prepared, despite the last-minute reorganizations of the ministries and the government. However, Orbán did not turn too much attention to the Presidency and the members of the government were preoccupied with domestic tasks and legislation. What is more, sensitive issues like the approval of the new media law and preparation of the new constitution have not been postponed because of the Presidency. Thus the Hungarian semester was overshadowed by debates in the European Parliament and Commission about Hungarian domestic developments, where Orbán took an
extremely combative stance. Symbolically, the Eastern Partnership Summit in Budapest had to be canceled due to “technical difficulties.”

Even if the tensions with the European institutions and partly with the US were to some extent predetermined by domestic policy factors, there were two important tasks to do: Fidesz had to find a narrative to explain the relatively sudden turn in its foreign policy primarily to its own electorate; and, it had to minimize the Western actions taken in response to its policies. The combination of the two was sometimes difficult, since Viktor Orbán regularly demonstrated even on the European forums, that he defends Hungarian sovereignty in an extremely confrontational manner. Typical episodes of this were the debates at the European Parliament on 11 January 2011 and 18 January 2012, where Viktor Orbán chose a fairly combative strategy. Not surprisingly, Fidesz usually tried to interpret these conflicts in a pragmatic pattern, as a conflict of interest rather than values. According to its arguments, the criticism came from the other ideological, liberal and socialist segments and from multinational companies, whose interests were hurt by the new regulations and taxes. It referred to the legitimate nature of the legislation, which was definitely true in most of the cases.

This strategy was relatively efficient as far as the Hungarian public did not have too much democratic sensitivity and expectations in regards of the European Union. The population perceived the European Union not so much as a union of values, i.e. a guarantee of democratic and civil rights, but rather as a source of welfare or, even more simply, as a source of subsidies. Former governments and the whole political class also tried to underpin their pro-European attitudes primarily by economic arguments. Thus the official interpretation, presenting these conflicts as a defense of the interests, and ignoring, refusing the all the criticism in the field of democratic deficits was a logical choice of the Fidesz-cabinet.

However, the conflict with the European Union escalated during 2011. In the debate about media law at the beginning of 2011 the criticism was ideologically fragmented in the European Parliament and the conservative fraction still supported the Orbán-government. By mid-2011 and early 2012 the European People’s Party retreated, and the “Hungarian dossier” reached the level of the European Commission and the Council. The “dossier” consisted of a

relatively extensive set of concerns regarding the domestic political system and another group of submissions on economic and business character. Even if there was substantial pressure from the European media, EP and even from some governments to constrain the activities of the Orbán-cabinet, the EC did not have too many instruments with which to intervene. As far as the domestic political patterns are concerned, it did not have too much jurisdiction. Interventions in these regards were limited to some unimportant technicalities and harsh public criticism of the responsible commissioners. Many individual submissions were submitted to the European Court of Justice and to the European Court of Human Rights.

The Commission has put more pressure on the government in the fields of economy and finances. The EC has started 98 infringement proceedings against Hungary since May 2010 altogether; many of these got into the second phase, and two have been already submitted to the European Court. Even if infringement proceedings are relatively normal between member states and the EC, the rapid growth of these numbers and the fact, that many of them are implemented in an accelerated regime, reflects the EC’s wish to set some limits for the Orbán-cabinet. Furthermore, some of these procedures bear a significant macroeconomic risk, like the one on the special tax on the telecommunications sector. These procedures and their likely outcomes pose a significant threat to the EU-Hungary relations in the future.

Nonetheless, the real constraint for the Hungarian government was the excessive deficit procedure and the cabinet’s renewed request for an IMF stand-by agreement. The Orbán-cabinet has made significant efforts to bring the deficit below the threshold and stop the EC’s procedure. “Fight against the debt”, “fight for growth” were leading slogans of the first two years of the cabinet. The EC has acknowledged much of these achievements, even if it was mainly due to single revenues. However, even so, the government failed to meet its own targets and solve these problems in a sustainable manner, and unorthodox economic policy and the European debt crisis only further deteriorated the macroeconomic situation. The EC has lost much of its trust in the

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28 Typical examples are the forced retirement of judges at the age of 62 or the nationalisation of the private pension accounts. Some doubts regarding the efficiency of these steps are well justified as the government already publicly declared its unwillingness to implement these decisions in the case of „red star” (the symbol was banned in Hungary and a person fined on this basis which abolished by the Court).

29 As of August 2012.
Hungarian convergence plans and in the wake of its stricter attitude to budgetary policies it threatened to put sanctions on Hungary for the first time in the history of excessive deficit procedures.

Unlike the criticism for democratic deficits and the worsening image of Hungary, the issue of financial liquidity was a major challenge for the Fidesz leadership. Partly it became the victim of its own communications, since these organizations, especially the IMF, was made responsible for the bad situation in the country. Not surprisingly the cabinet launched its “Eastern winds” campaign, an effort to get investments and credits from non-Western countries. The Eastern opening has been a popular policy during the Socialist governments either, even if it had no Euro-skeptical context and the debt issue was not in its focus. Viktor Orbán bundled this strategy publicly with messages about the “decline of the West”, “crisis of the capitalist consumer societies” and the necessity to find new partners thorough the globe. This was also a relatively big turn in some particular cases, like China, where Fidesz had been one of the most relentless supporters of the “free-Tibet” policy until 2009. Even if Russia was seemingly included in this policy, relations to other potential creditors from the Gulf and the Far East were extensively intensified. The balance of these efforts has been rather dubious until now. There has been no significant rise neither in the level of investments or crediting from these countries. At the same time it caused considerable tensions in some cases, like the extradition of the Azeri killer to Baku. Obviously this policy has a natural focus on diversifying external trade and investments, but, additionally, to lessening the dependence on Western creditors and offsetting some of these ties.

All in all, Viktor Orbán’s European vision rests on a solid fundament of his extensive understanding of national sovereignty. The people’s will, revealed on national elections and the legitimacy of directly elected bodies, stands above those of delegated institutions in the EU and IMF. He is committed to European membership, publicly refused the Jobbik’s radical anti-EU stance, but interprets this arena in the terms of a power struggle and refuses any steps towards deepening the integration. The EU and the IMF are more important

30 The Hungarian government extradicted to Baku officer Ramil Safarov, who intentionally, because of ethnic hatred killed one of his Armenian colleague with an axe during a NATO-scholarship in Budapest in 2004. He was sentenced to life imprisonment and extradition to Azerbaijan had been permanently refused by former governments. Right after the extradition in August 2012 the Azeri president pardoned him. In response, Armenia suspended all diplomatic ties with Hungary. All this happened two months after Viktor Orbán’s visit to Baku and request for financial support. BBC, http://www.bbc.co.uk/news/world-europe-19440661, 31 August, 2012
for him in terms of domestic policy. These are those foreign subjects against which he permanently has to defend Hungarian interests, thus keeping his conservative camp together.

Conclusion

The current Hungarian situation and Viktor Orbán’s policies are often interpreted in a Central European context. This is justified, as far as the Hungarian political system has been studied in parallel with the other Visegrad countries since the fall of the Socialist regimes. At the same time if we try to look through the prism of discontinuity – and the discontinuity between the Orbán-period and its predecessors is one of the few points, with regards to which the bulk of the Hungarian population agrees – it is better to look for similarities with other countries. To a great extent current Hungarian developments show parallels with Berlusconi’s Italy or Traian Basescu’s Romania. Viktor Orbán’s conservative revolution, his political mindset of national populism, plebeian anti-elitism and anti-liberalism, flat tax policies and critical stance towards European integration, massive media representation and combative style are very well in line with his Mediterranean counterparts. He is not an old-fashioned Central European leader; he could modernize this role and take the center stage of Hungarian politics.

At the same time it is the two-thirds majority that makes the Hungarian case to a great extent extraordinary. It is difficult to imagine what would have happened if Fidesz would have gained a couple of percentages less support on the 2010 elections. It is also difficult to find any post-WWII government, in which the wish to shake-up the country’s political system and such an overwhelming legitimacy coincided. Neither Berlusconi nor Basescu, nor any Visegrad leader had ever had such an opportunity to fulfill its mission so swiftly and in its entirety. Size matters, especially if the winner has so much transformative ambitions.

Viktor Orbán’s revolution is often characterized by the Western media as a response to the financial crisis. This is partly true—the crisis delivered the coup de grace for Gyurcsány’s Socialist government and made his Party’s decline irreversible. Austerity after the 2006 elections has lost its meaning; the crisis ripped the governments from its benefits. But the relation between Orbán’s policies and the economic crisis is more complex. As was the case at the EU’s Southern periphery, the crisis only magnified existing policy weaknesses and shifted poor governance into unsustainable. Change was a must for all these
countries and Viktor Orbán regularly refers to the crisis as a source of legacy for extraordinary measures. Not only in terms of economic policies, but sometimes even in regards to potential political reforms\footnote{“Hungary’s Orban says crisis may overstretch Europe’s democracies”, In: http://ca.reuters.com/article/topNews/idCABRE89A0E820121011, 2012.11.20.}, his reasoning conflicts with declining Europe and IMF. While his economic policy is obviously not capable of coping with its implications, the crisis became one of the major narratives of his policies. In this light it is not only a challenge for Hungary, but also an opportunity to justify his policies in and outside the country.

November 2012