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REPUBLIC OF HUNGARY

(Magyar Köztársaság)

By Jeffrey K. Hass, Ph.D.



Hungary lies in the middle of East-Central Europe, adjacent to traditional “Western Europe” on the west and to former Warsaw Pact members on the east, giving Hungary a prime geopolitical location.

Hungary’s economy was viewed as the potential miracle of Eastern Europe until 1994. Before 1989 Hungary had the most Western-oriented economy of all East bloc countries, with stronger trade ties and with economic reforms—surprising for Soviet-sphere economies (the “New Economic Mechanism”)—that allowed for some degree of private enterprise. However, rising external debt made economic reform, especially in the form of privatization and austerity programs, imperative. From 1990 to 1993 economic reforms included financial stabilization and mass privatization. But with the economic reforms came economic pain: an inflationary spike from price liberalization, rising unemployment, and some social backlash against the rising wealth of the former Communist elite (the *nomenklatura*) and some economic traders.

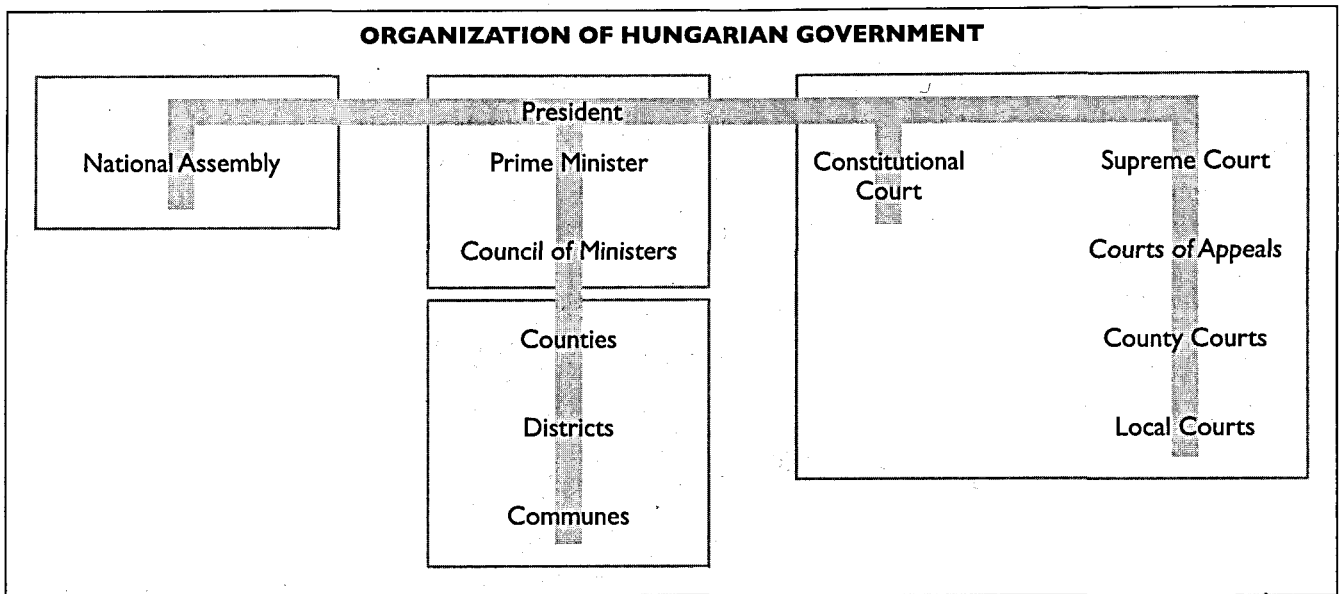
In 1994 this pain was translated into an electoral victory for the Hungarian Socialist Party, with slower economic change. Privatization essentially came to a halt, and the state budget and current account deficits rose sharply. In 1995 the Socialists reversed themselves and introduced an austerity package that reduced Hungary’s debt and returned to mass privatization. The GDP began to grow in 1994 (2.9 percent) and 1995 (1.5 percent), and unemployment began to fall in 1995 (14 percent to 10 percent). Inflation was episodic, with spikes in 1991 and 1995. For the most part, however,

the economy has been stable and foreign investment has increased in the 1990s and after 2000. Entry into the European Union may create some dislocation but generally should benefit Hungarian economic growth and post-Socialist adjustment.

Hungary has been one of the more promising countries of Eastern Europe to make the transition from a Communist polity and economy to democracy and market capitalism. While the transition has not been smooth—economic pain paved the way for the Socialists to return to power, and complexities or snags in legislation and procedure have made political institutions run less than smoothly—Hungary still exhibits successful institution building. While political actors regularly fight and coalitions and splits have occurred, there is little threat of political instability, and Socialists have not tried to turn back the clock on democracy or the free market.

The System of Government

Hungary’s political system at the national level is split into three branches: the executive, headed by the president and the prime minister; the legislative, headed by the National Assembly; and the judiciary, headed by the Constitutional Court. The overall political system resembles that of Germany: the prime minister is the most important executive figure and,



while autonomous, the executive in the end answers to the legislature, where ultimate political sovereignty resides.

EXECUTIVE

The executive branch is headed by two figures, the president and the prime minister. The president is, as in much of Eastern Europe, a figurehead whose powers reside mostly in the realm of diplomacy and international affairs. The prime minister derives his or her power from heading the state bureaucracy. Both executives, however, are subjugated to the ultimate sovereignty of the National Assembly.

The president, considered in the constitution as the "head of state," is weak. Formally the job of the president is to represent the nation in the international arena and to guard democratic procedure, in essence putting the president above the executive branch and all other branches as well. However, commensurate with this responsibility, the president has few powers. Formally the president can conclude international treaties (which must then be approved by the National Assembly); announce parliamentary and local elections; petition the Assembly to undertake legislation or other actions; initiate a national referendum; appoint and dismiss the heads of the National Bank, universities, and the armed forces; and grant pardons and bestow citizenship. Most of these acts require the countersignature of the prime minister if they are to be legally valid.

The president also has two forms of a weak veto. First, he can send disagreeable legislation back to the Assembly for reconsideration, but the parliament can override this veto with a simple majority vote. Second, the president can refer legislation to the Constitutional Court, which must then rule on its constitutionality.

The president can be removed from office via impeachment if he has violated the constitution (e.g., having a conflict of interest between presidential responsibilities and personal interests, such as side employment) or some other law. A motion for impeachment may be introduced by no less than one-fifth of the members of the Assembly and requires a two-thirds majority for impeachment proceedings to begin. At that point the president is suspended from his duties, and the Constitutional Court is called on to rule whether the president did in fact violate the constitution or any other law; the Court then has the final say on the president's guilt. Should the president be found guilty, he must step down. In this case or in any other case when the president cannot execute his or her duties of office, the chain of command runs to the speaker of the National Assembly (who does not have the power to send legislation back to the parliament or to the Constitutional Court or dissolve the Assembly).

The president also has the power to dissolve the National Assembly, but only within strict bounds—either when the parliament has not approved a prime minister 40 days after the first candidate was nominated (e.g., soon after the prime minister resigned) or when the Assembly passes a no-confidence motion

four times in the course of 12 months. To dissolve the parliament the president must request the opinions of the prime minister, the speaker of the National Assembly, and the parliamentary leaders of the represented parties. The president must be careful when dissolving the Assembly, however; if he tries to do so beyond these limits, then Assembly members can consider the president in violation of the constitution and motion for his impeachment.

The prime minister and his deputy ministers run the state bureaucracy and so have great potential power. Ministers do answer to the National Assembly: they must make reports when asked to do so, and ministerial power to rule by decree is very limited. All ministers except the prime minister are appointed and removed not by the parliament but only by the prime minister himself. The prime minister generally comes from the largest parliamentary party and must be approved by majority vote. The National Assembly also has some control over the prime minister through the vote of no confidence; in this way the prime minister can be removed from office.

However, two factors make it more difficult to remove a prime minister in Hungary than elsewhere. First, the prime minister comes from the largest party, and so it would take a major split between the prime minister and his own party before a no-confidence vote could come to pass; and a vote for no confidence cannot come to the floor unless it is brought up with a parallel nomination for another prime minister. This mechanism has made for more stable relations: Hungary does not suffer from as many no-confidence motions and successful votes as do other countries. However, this has not prevented conflict between the two branches, in particular between the prime minister and opposition parties or junior partners in the ruling coalition. (This happened to Jozsef Antall, who in 1992 found himself the target of criticism from the Independent Smallholders' Party, which was a junior member of the ruling coalition.)

Because the executive has two possible heads, conflict between them is a possibility, especially when one member is from the parliamentary opposition. This was the case in the early 1990s, when Antall and Arpad Goncz went head to head over executive prerogative. Goncz had come from the opposition Alliance of Free Democrats as president in a political pact with the Hungarian Democratic Forum, which as the senior member of the ruling coalition had put its own leader, Antall, in the office of prime minister.

A series of scandals emerged after 2002 involving past involvement with the Communist secret police.

New prime minister Peter Medgyessy, from the ruling alliance of Socialists and Alliance of Free Democrats, was accused of working for counterintelligence in the Interior Ministry. The chairman of the Alliance of Young Democrats (Fidesz) was also accused of links (through his father) to the secret police. In the end, the scandals remained confined to momentary newspaper headlines, and did not generate further accusations or investigations.

LEGISLATURE

The parliament, called the National Assembly (Országgyűlés), is a unicameral body and is the most powerful branch of government in Hungary. This resulted from the legacy of Communism: the Communist opposition first came to power within the parliament (and was determined to maintain its power by locating sovereignty in the National Assembly), and politicians did not want to pave the way for potential dictatorship (which they overthrew in 1989).

The main powers of the National Assembly are passing legislation, defining policies, approving the budget and the government's programs, declaring war or a state of national emergency, calling a national referendum, approving and dismissing the prime minister, and dissolving local assemblies that have violated the law or constitution. Parliamentary approval is reached by simple majority or by two-thirds majority, depending on the situation. For a declaration of war or national emergency, for passing a motion on impeachment, and for altering the constitution, a two-thirds majority is required. In order for parliamentary actions to be binding, a quorum (one-half of delegates) must be present for voting.

Legislation may be initiated by the president, the prime minister, parliamentary committees, or by any member of the National Assembly. If a bill has been passed by a simple majority, the speaker signs it and sends it to the president, who has 15 days to sign it and promulgate it (5 days if the speaker has declared the bill an urgent act). Within this period the president may send the bill back to the National Assembly for reconsideration and then to the Constitutional Court. According to the constitution, if the bill is found unconstitutional, the president must send it back to the National Assembly.

The National Assembly, according to the constitution, is the supreme political body in Hungary. All other bodies are subordinate: local government is restrained by national legislation, and the executive branch must report its activities and results of policies to the parlia-

ment. Only the Constitutional Court is autonomous from the parliament, and then only in its proceedings; justices must be approved by the National Assembly before entering the bench. Further, the parliament has the power to dismiss the prime minister and government through a vote of no confidence.

PARLIAMENTARY ELECTIONS, 4/7/02 AND 4/21/02

Party	seats
FIDESZ-MDF	188
— Fidesz–Magyar Polgári Párt	(164)
— Magyar Demokrata Fórum	(24)
Magyar Szocialista Párt	178
Szabad Demokraták Szövetsége	20
Other parties (% less than 5%)	(0)

Source: www.electionworld.org

JUDICIARY

Since 1990 the Hungarian government has been committed to creating an independent judiciary that follows international norms and standards and is able to guarantee the rule of law in the country. Toward this goal the Hungarian government has created the Association of Hungarian Judges, has limited the power of the Ministry of Justice over the judiciary to administrative tasks alone, and has supported the power of the National Judges' Council to approve changes in personnel and judicial budgets. (For example, a judge may be appointed to a position by the Ministry of Justice only after such an appointment has been approved by the National Judges' Council; this helps reduce administrative and political pressure on the judicial branch.)

The Hungarian judicial system follows a continental procedure. This has two practical implications for the functioning of the judiciary. First, contrary to Anglo-American common-law tradition, the Hungarian courts do not follow precedent when deciding cases; instead, each case is decided on the basis of the facts of that case alone and on the relevant laws. Second, and related, the Hungarian courts do not have the power to interpret laws; they have only the power to decide legal outcomes based on the laws themselves. Even the Constitutional

Court does not have the power of interpretation, although it can judge the merits of laws.

The judicial hierarchy starts at the lowest level, county tribunals and local courts that oversee decisions in civil disputes and criminal cases. Appeals on rulings may be made up the judicial hierarchy to courts of appeals and then on to the Supreme Court, which is the final arbiter of civil disputes and criminal decisions. Further, courts do have the power to review the actions of local authorities. (The Constitutional Court has this power for the national government.) Thus, while the courts themselves cannot interpret the law, they can act as a safeguard against government abuse of the law.

The Constitutional Court stands outside the normal court system. While other courts are concerned with deciding conflicts between civil parties, deciding guilt in criminal cases, or ruling on appeals, the Constitutional Court instead is an overseeing court. Its purpose is to make sure that all branches and organs of government follow the rule of law and remain inside the bounds of power prescribed by law. Since 1990 the court has reviewed an immense number of laws, petitions, and other documents. They have included rulings on abortion and the death penalty (where the court found Hungary's law unconstitutional), on property distribution, on extending the statute of limitations for crimes committed in the Communist period (which the court ruled unconstitutional), and on the scope of presidential powers.

According to the constitution, the Constitutional Court consists of 11 justices who are nominated by a Nominating Committee (consisting of one member from each party represented in the National Assembly). The National Assembly as a whole must then approve by two-thirds vote each candidate for justice of the Constitutional Court.

REGIONAL AND LOCAL GOVERNMENT

At the local level Hungary is divided into 42 counties (*megyek*), with the capital city, Budapest, equivalent to a county, and each county is composed of districts and communities or communes. Local legislative assemblies are elected for four-year terms; local executives are headed by mayors. Powers of local government include disposing of local government property and funds, levying of local taxes, and passing and implementing of local legislation (which must not violate national laws or the constitution).

Local legislatures are chaired by the mayors. Powers and rights of the local government are constrained

by national laws, which may be adopted only by two-thirds majority vote of the National Assembly.

The Electoral System

In Hungary the president is elected by the National Assembly to a five-year term and may repeat himself in office only once. When 30 days remain before the end of the current president's mandate, the speaker of the National Assembly proclaims the process of selecting a new president, which must be concluded not more than 30 days after the announcement. For a person to become a candidate, at least 50 members of the National Assembly must nominate him or her prior to the announcement of the election. On the day of voting, a candidate receiving two-thirds of all votes cast by parliamentarians is declared the winner. If no candidate receives the two-thirds majority, the voting process is repeated; if for a second time no candidate receives two-thirds of the vote, a third round is held, in which the two candidates with the most votes from the second round compete. Only a simple majority is required in the third round. The whole voting process is to take no more than three days, according to the constitution.

The first post-Communist president was Arpad Goncz of the Alliance of Free Democrats (SzDSz)—a party that was not in the post-1990 ruling coalition. Goncz received the position in spite of this because of a pact between the SzDSz and the Hungarian Democratic Forum (MDF): an SzDSz candidate would receive the presidential post (but not a position in the coalition) if the laws were changed so that a two-thirds majority would not be needed for passing legislation (thus making political life easier for the ruling coalition, which consisted of three parties and held only 59 percent of the vote). In 1995 Goncz was reelected by parliament, receiving 259 of the 335 votes cast. In 2000 Ferenc Mádl was selected as president, and in 2005 Laszlo Solyom won the post.

The National Assembly sits for a period of four years; only presidential dissolution of the parliament may interfere with this period. (Once the National Assembly is dissolved, new elections must occur within three months.) Parliamentary elections in Hungary are extraordinarily complicated owing to the electoral law. Because various parties wanted to safeguard their ability to enter or remain in the National Assembly, several mechanisms were included that have made the Hungarian electoral process difficult to understand; predicting an out-

come and the implications of one's vote for different parties is almost impossible.

Delegates enter the National Assembly in one of three ways: through individual races, through local party lists, or through a "national list" based on "fragment votes." (This system is for all practical purposes the same as that in Estonia.) Of the 386 seats in the National Assembly, 176 are set aside for the individual races, 152 are set aside for local county lists (party-based races), and 58 are set aside for the national lists and fragment votes. The two figures of 152 and 58 are only a maximum and a minimum, however; less than 152 seats may be distributed through local party races depending on whether parties receive the necessary votes to garner a mandate, and those seats not determined through the local party races go to the national list. Each voter has two votes: one for a candidate in the individual races and one for a party in the county-level party races.

The individual race is straightforward. For a vote to be valid, more than 50 percent of registered voters must cast a ballot. To win in the first round, a candidate must receive a majority of votes cast; otherwise, a runoff is held between those candidates who received at least 15 percent of votes cast, or among the top three candidates if less than three received 15 percent or more. In the runoff, only 25 percent participation is required and, to win, one needs to receive only a plurality (i.e., the highest number of votes) rather than a majority.

The next path is through "county lists," races between parties at the level of the county (not the national level). Parties present lists of potential delegates, and voters cast their votes for a party. To have an opportunity to send candidates to the National Assembly, a party has to overcome a threshold of 5 percent. Each county has a number of mandates, depending on the population, and each mandate is a number of votes. A party can receive mandates at the county level, which are translated into Assembly seats. A party has to overcome the percentage barrier to have a chance to receive a mandate. For example, if in a certain county there are 10,000 votes per mandate and a party receives 30,000 votes, then that party receives three mandates; the first three candidates on the party list become members of the National Assembly.

Those mandates that are not filled are transferred to the national list, which is a minimum of 58 but can be augmented by unfilled county mandates. These national-level seats are distributed to the parties that receive overall more than 5 percent of votes cast

nationally. Parties that do not cross the barrier do not get seats from this pool; and those that do cross the barrier receive a number of seats equal to the percentage of votes that party received of all votes cast for parties that break the 5 percent barrier.

One must note a slight caveat: once a delegate enters the parliament, he or she is not bound to party discipline and at worst can be dropped from the party list of candidates only in the *next* election. Hence, party strength cannot be based on number of seats alone. For example, the Hungarian Democratic Forum won 165 total seats in the 1990 elections; however, by 1994 the "formal" number of Forum delegates was 136. Of the original 165, 31 had left for other factions (Alliance of Young Democrats or other parties), and the Forum had gained two delegates from two other parties.

The Party System

ORIGINS OF THE PARTIES

Hungary's transition to democracy began with political negotiations between the embryonic Hungarian Democratic Forum (MDF)—the vehicle for rising democratic opposition under Communism—and the Hungarian Socialist Workers' Party (the ruling Communist Party). The initial steps in the direction of democracy were the revising of the existing constitution in 1989 and the setting of parliamentary elections for 1990. The electoral law was a result of political negotiations, allowing ruling parties to remain in politics but also giving challengers a chance to enter the parliament. The first post-Communist elections gave the most seats to the Democratic Forum and then to other left-leaning social democratic parties and right-leaning (but not nationalist or extremist) parties. After the 1990 elections a ruling coalition, headed by the Democratic Forum and with the support of the Independent Smallholders' Party (FKgP) and the Christian Democratic People's Party (CDPP), was established; while the president was chosen from the Alliance of Free Democrats (Arpad Goncz), the Democratic Forum managed to get its party leader, Jozsef Antall, approved as prime minister.

Governance in Hungary was made more difficult by several political factors. The first arose from tensions within the ruling coalition, especially between the Forum and the junior member, the FKgP. The FKgP pushed for land restitution, the return of land to previous owners taken by Communists. Forum members resisted and then wavered, since the ISP was adamant

on the issue and the Forum required ISP support to maintain a majority in the National Assembly. A second source of political instability came from tensions between the president and the prime minister. With the separation of powers between the two nominal heads of the executive left vague in the constitution, both actors tried to become the top player; only as disputes emerged did the Constitutional Court begin to delineate the boundaries of power (usually in favor of the prime minister).

The MDF-led government began with the best starting conditions of any former Communist country. Hungary had been tinkering with economic reform, and it had a polity relatively free from nationalist/ethnic or party strife. However, by 1992 Antall came under criticism from opposition parties, especially the Alliance of Free Democrats (SzDSz) and the new rising star, the Alliance of Young Democrats (Fidesz), for its inability to take advantage of such conditions and actually reform the economy. Land reform followed the FKgP's demands, which did not create a vibrant sector of independent farmers; privatization had bogged down, as the government could not decide among several plans, and what privatization did occur seemed to favor interconnected shareholding between directors of large firms; and the government did not have in place programs to address unemployment, social support, deficits, and inflation.

In 1994 the MDF-led government's inability to bring quick, effective reform and the pragmatic image propagated by the Socialists led to a victory of the Hungarian Socialist Party. While the MSzP achieved a parliamentary majority, it turned to the SzDSz (whose economic and political programs were similar) to form a coalition; the MSzP party leader, Gyula Horn, was approved as prime minister. In 1995 the MSzP decided to take action on Hungary's rising deficits and stagnating economy by privatizing state firms and by initiating a fiscal austerity program in order to bring in IMF funding. Such measures did not please the electorate, and the MSzP saw its popularity in polls drop.

In 1998 Fidesz took advantage of public anger over the rising crime rate and a series of government scandals to win a plurality of seats in the Assembly. It formed a government with the FKgP and the Democratic Forum. In 2002 the MSzP and SzDSz took back control of the Assembly, winning a combined 51 percent of the vote.

The Hungarian party scene is both stable and unstable. It is stable in that a small group of parties appear to have become constant players, but unstable in that this number will most likely be whittled

down. Parties hold to set ideological positions only in a vague sense; tactics often determine what a party believes. Finally, party strength over the long haul is questionable for two reasons. First, parties do not exercise high discipline, and so members can leave and join parliamentary factions; this hurt the Alliance of Young Democrats, for example. Second, with the exception of the Hungarian Socialist Party, parties do not have strong grassroots divisions and do not try to mobilize social support; instead, they usually act like groups of political elites making an appeal to the populace from above.

Hungarian parties can be grouped along a traditional left-right continuum. However, certain points can be noted at the outset. For one thing, there are no true extremist parties in the National Assembly. While some parties hold to a more nationalist outlook or promote Christian principles, none take this rhetoric to an extreme, as is the case with Gheorghe Funar's party in Romania. Most parties are basically moderate.

Major Political Parties

HUNGARIAN SOCIALIST PARTY

(Magyar Szocialista Párt; MSzP)

The major party on the Left is the Hungarian Socialist Party. While the MSzP *organizationally* is a direct descendant of the Hungarian Workers' Socialist Party (i.e., the Communist Party), *ideologically* the MSzP has openly broken all links with the old Communist ideology. The MSzP has agreed that a market economy is desirable. Where the MSzP differs from other parties is that it supports a slower and more gradual transition that takes into account support for the social safety net (economic support for the population, especially those at risk of poverty) and support for social justice.

However, as 1995 showed, the Socialists realize that the requirements for economic health may contradict party ideology and take precedence. In 1995 the Socialist-led government backed away from a gradualist position and implemented an austerity package that helped lower budget and current account deficits and continued mass privatization of \$3 billion worth of state assets. Finally, while the MSzP had a majority in the parliament after the 1994 elections, it preferred to build a larger ruling coalition that could embrace other like-minded parties in order to create a larger sense of political community and unity.

In the 1998 elections MSzP appeared to be headed toward victory, but Fidesz gained the most votes and seats in the National Assembly, leaving MSzP in second place. Laszlo Kovacs, one of the party's more popular leaders, became head of the MSzP parliamentary faction and set about remaking the party's image, in particular making ties and integration with Europe more central to its platform. (In this MSzP followed a line that other social democratic parties in West and East Europe have been doing, namely, a move toward the center-left.) The strategy had some success. While some politicians and elites on the Left have been critical of Kovacs's move toward the center, MSzP remains the single dominant left-leaning party and faces little competition from that side of the political spectrum; it can shore up support from the left and expand its political base. In 2002 MSzP gained the second-highest number of seats and put aside arguments with the SzDSz to form a left-of-center government. With approximately 35,000 members and continuing support from labor unions, MSzP remains one of the two most important parties in Hungary.

ALLIANCE OF FREE DEMOCRATS

(Szabad Demokraták Szövetsége; SzDSz)

The Alliance of Free Democrats initially emerged in the 1980s as a political group of many leading intellectuals disaffected with Communism. The Alliance was formally organized as a party in 1988 in opposition to the ruling Communist Party, and it aided with the transfer of power from the single-party Communist system in 1989. SzDSz supported pro-market reforms in the 1990s (turning away from the historical third way of "market Socialism" advocated for a time by Hungarian social scientists), and initially after 1989 it held to an anti-Communist line. This position, including support for such policies as compensating people who lost property in the Communist takeover, began to weaken in the party rhetoric, and SzDSz began to turn in a more liberal direction. Thus, despite its support for market reforms, SzDSz is not neoliberal party. Rather, SzDSz began to support mostly left-of-center policies, although it does not lean as far to the left as social democratic or Socialist parties. This made possible alliances and coalitions with the Hungarian Socialist Party, but this prospective tactic led to internal conflict when the issue came up in 1994. As a result of internal struggles, several leaders and members who wanted to pursue opposition to the Socialist Party switched their support to Fidesz. Regardless, relations between the Socialists and those remaining in SzDSz became

strained in the second half of the 1990s, until the 2002 coalition.

SzDSz enjoys modest electoral support, counting on Hungary's emerging middle class of professionals and entrepreneurs, as well as intellectuals. This has not helped stop SzDSz's political fortunes from tumbling, partly because there was no new cohort of younger leaders ready to carry the party forward in its political development. Despite its small number of seats (20) and previous tensions with the Socialists, SzDSz entered into a ruling coalition with the Socialists after the 2002 elections.

CHRISTIAN DEMOCRATIC PEOPLE'S PARTY (CDPP)

(Keresztény Demokrata Nèppàrt)

The Christian Democratic People's Party, one of the members of the 1990–94 ruling coalition, claims to support Christian values and support pro-market ideology and reforms. Based in Christian beliefs, the CDPP makes individual freedom a central tenet of its political program. The other basic elements of its program are a state led by Christian ideals, parliamentary democracy, and sovereignty of the people. While CDPP does support some form of social safety net, especially for those most likely to be hurt by economic transformation, it also staunchly supports private property, especially in the agricultural sector, where it believes small private farming should be the foundation. In the 1998 elections, support for the Christian Democrats dropped considerably—they did not gain any seats—and by 2002 they appeared to be a spent force. Part of this may be due to other parties (such as Fidesz) taking up positions close to Christian democracy but from a stronger position in employing more forceful rhetoric and in fielding more attractive party personalities.

ALLIANCE OF YOUNG DEMOCRATS

(Magyar Polgàri Pàrt; Fidesz)

The Alliance of Young Democrats was formed in 1992 by young intellectuals and “yuppie”-type political aspirants as a counter to other parties. The Fidesz, however, had difficulty finding a platform that both its elite and the population at large would support. The party has supported pro-market reforms, in particular, rapid privatization and a state economic role reduced to promoting private growth. Early on, the Fidesz was left-leaning and popular, enabling it to act as an effec-

tive opposition party against the MDF-dominated ruling coalition.

However, in preparation for the 1994 elections, party leaders tried to re-create the party's ideological platform, leading to a split between pro-market reformers (headed by Viktor Orban) and another group of reformers (headed by Gabor Fodor) who preferred a balance between market reforms and economic and social justice. After the split, in which Orban successfully gained control to define the party platform, Fodor and his followers abandoned the Fidesz for the SzDSz—both because the AFD platform was similar and because Orban had the reputation of being a strong-armed political leader who could not well accommodate different views. As a result of the split and defection, the Fidesz's star dimmed in the 1994 elections.

By 1998 and 2002 Fidesz's fortunes changed, mostly because Orban successfully changed the nature of the party. He replaced the party's initial liberal ideology with right-wing conservatism, more nationalism, and occasional Christian themes, tapping into the rising wave of right-wing nationalist sentiments that spread through segments of Eastern European populations toward the end of the 1990s. Fidesz's new popularity translated into 148 seats in 1998 and 164 in 2002. However, it has not been able to form a government, even in alliance with the Democratic Forum in 2002.

HUNGARIAN DEMOCRATIC FORUM

(Magyar Demokrata Fòrum; MDF)

MDP emerged as an informal opposition movement in 1987 that pursued nationalist rhetoric and stressed the possibility of a Hungarian third way between Socialism and capitalism (for a time popular among Hungarian academics).

The Democratic Forum was the winner of the 1990 parliamentary elections and the center of the ruling coalition from 1990 to 1994. MDF was the group most involved with Hungary's initial transition from Communism, acting as the major opposition to the Hungarian Socialist Workers' Party and forging the creation of parliamentary democratic politics through political negotiation with the Communists. The MDF has supported overall economic and political change, but not through reforms so radical that they would destabilize society and bring social catastrophe. MDF has supported Hungarian traditions and in this way has been democratic, nationalist, and Christian and has opposed all forms of extremism on the Left and Right. In fact, the

MDF supported the idea of gradualist market reform, although gradualism was softened somewhat in the debates with the Independent Smallholders over property compensation.

MDF policies in 1990–94 included slow privatization (privatizing 15 percent of state-owned enterprises), unemployment support and retraining, encouragement of small business, and promotion of foreign investment. Hence, the MDF tempered market reforms with policies of social support. In 1996, after a national convention to decide the party's ideological tone for the future, the MDF split in two—between those who wanted a turn to the right (pro-market reform, moderate nationalism, and ties with the smaller and more extremist Hungarian Truth and Life Party) and a more center-right group. The center-right members left the MDF, thus reducing the MDF presence in the National Assembly to 19 deputies, and formed the Hungarian Democratic People's Party. MDF has never been able to recover from the split, and MDF still has traits of being a "movement" rather than a structured political party. Because of this its electoral fortunes remain on the wane. (The Hungarian Democratic People's Party never did gain much popularity, and so it has not acted as harmful competition to MDF.)

Minor Political Parties

Other small parties litter the Hungarian political scene. Some parties, such as the Independent Smallholders' Party (Független Kisgazda Párt; FKgP), have lost what political clout they once had. In the 1990s FKgP tried to set itself up as the major opposition party, putting it in competition with Fidesz. FKgP championed land reform, including returning land taken by the Communists in the 1940s to its original owners or some other form of compensation. Otherwise, FKgP generally espouses values and ideology similar to the Christian Democrats. Because FKgP could not expand on its base of small farmers and strident anti-Communists, it has seen its political fortunes fall. It was also hurt by leader Jozsef Torgyan's harsh rhetoric in opposition to post-Socialist reformers. As a sign of its collapse, the party received just 0.8 percent of the vote in 2002.

Three other minor parties are Hungarian Justice and Life Party, Center Party, and the Workers' Party. Hungarian Justice and Life was founded in 1993 when its leader was ejected from the Hungarian Democratic Forum. This party promotes xenophobic, nationalist rhetoric (sometimes with anti-Semitic sentiments). While it did not overcome the electoral barrier, it

has obtained a better showing than all other minor parties. This result reflects the nationalist wave that spread across Eastern Europe at the end of the 1990s, affecting Poland (e.g., Samoobrona) and Romania (Greater Romanian Party). The Center Party is a more recent phenomenon, emerging in the 2002 elections (although unable to overcome the electoral barrier) to try to capture the center of Hungarian politics. The Workers' Party is a marginal leftist group that caters to nostalgia for Communism and supports a Socialist-style welfare state. The Workers' Party has played a largely insignificant role in parliamentary politics, but it does shore up an important position in the political spectrum by catering to the radical Socialist Left.

Other Political Forces

One prop of the Communist regime was the armed forces, prepared and backed by Moscow to maintain the Communist Party in power. Since the collapse of Communism, however, the armed forces have remained passive and outside politics. Trade unions as well have not been powerful actors. This is due partly because of historical legacies: unions were co-opted and controlled by the Communist Party and rendered impotent, and they did not regain power after the collapse of Communism. The European Union likely will exert some force over Hungarian politics in the future. It already has led to relaxation of visa requirements vis-à-vis Western Europe, but uniformity with EU directives and policies on such matters as civil rights, economics (such as customs laws, monetary and budgetary policy, and the like), and others will increase with further integration into the European Union.

National Prospects

Relative to other former Communist countries, Hungary seems well on its way to creating a well-functioning democracy and market economy. The legacy of Socialist economic reforms made the transformation of the Hungarian economy, particularly the creation of a small entrepreneurial sector, much easier than elsewhere, and the return of Socialists to power did not bring populism and economic decline but the opposite: new economic reforms. Hungary's political system does not suffer from the problems faced elsewhere in the former Communist bloc: ethnic disputes (Romania), overly ambitious leaders

holding levers of power (Belarus), institutional bias for one branch that can endanger democracy (Russia), or hatred for the past hindering cooperation in the present (Poland).

Hungary does have one particular problem, however, stemming from its electoral system. A "well-functioning democracy" (as currently understood in the West) fulfills three functions: political justice, chance for negotiations, and some degree of predictability (although not absolute). Voters must be able to have some idea of what outcome their voting will have; political participants must have the possibility to negotiate in order to avoid losses; and voting must bring some degree of justice and legitimacy. This three-way interaction presents the possibility of contradictions, which has happened in Hungary.

To ensure their own continued existence in politics, party elites negotiated an electoral system that, through individual races, county lists, and a national list, gives them opportunities to remain on the political scene. Such a negotiated electoral contract assuaged the worries of elites; however, the electoral system that resulted has run aground of the other two assumptions of democracy. The electoral system is thoroughly confusing, and so it is nearly impossible for the average (or above-average) Hungarian to figure out just what will happen if he or she and others vote a certain way. Further, such a system has unexpected consequences, making political justice difficult: if voters do not want a certain party to be represented, then that party has no fundamental right to representation, yet the system was created in part to make sure that parties have every chance of returning to the parliament.

However, this point aside, Hungary's future prospects appear brighter than those of many other Eastern European countries. The economy remains one of the more attractive to foreign investment, especially given privatization and an orientation both to exports and to integration with the European economy. Hungary's joining NATO in 1999 and its accession into the European Union in 2004 were two further links cementing relations with the West.

Also, given the absence of strong nationalist or ethnic feeling and the absence of popular and mass-mobilizing nationalist parties, Hungary does not suffer from internal political and ethnic strife, which has been problematic in other countries. Finally, Hungary appears to have turned away from the Communist past

in two senses. First, even the Hungarian Socialists have embraced market reforms, much more so than Socialist parties elsewhere; while the degree of the human face on capitalism differs from party to party, all appear to be in agreement on the need for a market economy. Second, Hungarian politicians appear not only to be playing by the rules (based on the idea of a rule of law) but also to be appealing to a sense of political community. While political criticism has been present and sometimes radical, for the most part Hungarian politics does not exhibit the same degree of polarization as seen in Russia, Romania, or Bulgaria.

Hungary has seen a rise in right-wing nationalism and even xenophobia and racism, but its impact on party politics has been more limited than in Romania, Russia, or Poland, where ethnic tensions persist and have become institutionalized in extreme parties (e.g., in Romania) or internal war (e.g., in Chechnya) or where intense anti-Communism has combined with conservative religious sentiments to create a potential divide within the country (e.g., in Poland). Closer to the outcome in Bulgaria, Hungarian parties have managed to contain the spread of right-wing extremism, racism, and xenophobia. (As well, Hungary's economic recovery has lessened tensions over economic resources.) Before the fall of Communism, Hungary was singled out as the bright star of the Eastern bloc, and, in the aftermath of 1989, despite bumps and obstacles on the road to reform, it remains a bright star.

Further Reading

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