Persistent Populism: Uncovering the Reasons behind Hungary’s Powerful Populist Parties

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Persistent Populism: Uncovering the Reasons behind Hungary’s Powerful Populist Parties

Submitted to
Professor Katja Favretto

By
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Abstract

This thesis attempts to understand the reasons behind Hungary’s surge in populism in the years following the 2008 financial crisis. In particular it looks at the two major political parties in Hungary, Fidesz and Jobbik, and how they continue to maintain control over the Hungarian government despite the common theory that populist support deteriorates overtime. A key component of Populism is that it usually grows in times of crises. Particularly in Hungary I focus on the many crises that arose during Hungary’s turbulent history of occupation, especially their transition out of Communism. Along with the devastation caused by the 2008 financial crash. Hungary’s inability to completely transition into a full-fledged Democracy as well as the economic devastation they witnessed following 2008 has created an environment where Populism can thrive indefinitely.
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Chapter 1: Populist Theories

Populism has recently taken the mainstage as both a growing fear as well as a new identity for politicians world-wide. Populism has become something to fear, since the rhetoric these rulers use can be incredibly harmful to not only the world as a whole, but also citizens within countries with populist leaders. In Romania the minister of Foreign Affairs, Teodor Baconschi, stated, “We have some natural, physiological problems, of criminality within some of the Romanian communities, especially among the communities of the Romanian citizens of Roma ethnicity” (Baconschi 2012). Minister Baconschi attempts to garnish hatred for the Roma population by explaining their ethnicity breeds criminals. Baconschi’s message is extremely common among populist leaders. For example, there were remnants of Baconschi’s hate speech when Donald Trump announced his candidacy for President he declared, “When Mexico sends its people… They’re bringing drugs. They’re bringing crime. They’re rapists” (Trump 2015). President Trump used the same rhetoric of Baconschi to create an enemy that his supporters can rally against. These types of hate speeches were common during history’s darkest time when Nazi’s equated ethnicity to criminality to justify some of their many horrific acts during the Holocaust. Yet this animosity towards different races continues. In fact, a major party in the Czech Republic, the National party, utilized a famous Nazi quote when they proclaimed, “The final solution to the Gypsy question proposed by the

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1 3 percent of the Romanian population are ethnically Roma. While this is not a huge percentage of the population, the fact that powerful people are promoting genocide of any amount is extremely disturbing.
National Party is a blueprint for all European states … STOP! their demanding and thieving mentality … We don’t want parasites among us … We protect you and your family” (Albert 2012). Political theorists are struggling to understand how this damaging rhetoric has returned to the mainstage as populism has garnered so many supporters in the modern era. Populism roots itself in the early stages of countries transitioning towards a democracy, but now it has sprouted up in long standing democracies with no signs of slowing down. A big concern currently is how populism rulers impact a country’s foreign relations. This paper uses Hungary as a case study to determine why a populist government focused on protectionist and anti-internationalist foreign and domestic policy came to be so successful in a world were globalization continues to expand.

Before further diving into the spread of populism, a clear definition needs to be in place. Populism essentially relies on an “Us” Vs. “Them” conflict. With the goal of the “Us” to defeat the powerful and corrupt “Them” or Elite. To fully expand this definition, Populism requires two core principles, “First, A country’s ‘true people’ are locked into conflict with outsiders, including establishment elites. Second, nothing should constrain the will of the true people” (Kyle and Gultchin 2018). These principles offer an extremely broad definition of populism that is broken down further into three subgroups of populism by defining the “true people.” While these specific subgroups of populism are important for the database “Populists in Power: 1990–2018” for our understanding it is unnecessary to define what type of specific populism leaders fall into. Essentially the

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2 Populists in power is a database that lists out all of the populist leaders that fit into the scope of Kyle and Gultchin’s definition of populism. It also breaks down the specific type of populism. The three types of populism are: cultural populism, socio-economic populism, and Anti-establishment populism.
“true people” can be defined as a large group of people within a country that are connected through varying traits that revolve around their hardworking nature as well as either their culture or social class. While the definition of the “true people” is open to interpretation on a country by country basis the second principle is far more concrete. It is the idea that these “true people” are the only group that deserves whatever they view to be their way of life, and anything that is preventing this is considered the enemy.

With this definition it becomes easier to identify countries with an emerging political party, or now established populist leader. Such as President Trump in the United States and Marine Le Pen and her National Front party in France. Both utilize different understandings of the “true people”, but they both focus on identifying the elite as an enemy that is infringing upon the “true people’s” right to establish their way of life. By focusing on each country’s specific definition of the “true people” the leaders’ efforts are solely used to appease their people, which usually leads to anti-internationalist foreign policies. Hungary has proven to be a great example of this phenomenon. Viktor Orbán along with his party, Fidesz, completely flooded the Hungarian parliament with populism and they continue to dominate the scene. Ever since Fidesz became the majority party in Hungary it has greatly increased anti-internationalist efforts despite the country’s eagerness to join the European Union (EU) back in the early 2000’s.

Before analyzing Hungary specifically, we need to understand how populism’s “Us V. Them” theme has become so common in politics today. Psychologists have been uncovering the many downsides of this phenomenon between ingroups and outgroups. Groupthink was coined by Irving L. Janis in his book *Victims of Groupthink: A Psychological Study of Foreign Policy Decisions and Fiascos*. In this book Janis defines
groupthink as, “A mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action” (Janis 1972).

Throughout the book Janis uses this definition as an explanation for major political fiascos, where a close-knit ingroup as a whole ignored major issues that the individuals within the group were concerned for. For example, Janis explains how the Challenger Disaster can be attributed to groupthink when extremely bright engineers rescinded their concerns about the O-Rings after Nasa personnel dismissed these concerns (Hart 1991).

Throughout the book Janis demonstrates the strength of groupthink in small ingroups by showing how people refused to deviate from the group’s plans no matter how terrible the results were.

While Janis showed one major downfall of groupthink through its impact on famous political failures, other studies continue to expand on the many other downsides of groupthink. One such study, *Psychological essentialism and the differential attribution of uniquely human emotions to ingroups and outgroups*, analyzes how members of the ingroup dehumanize the outgroup (Leyens et al 2001). The report includes three studies that found members of the ingroup not only apply positive characteristics and traits to other members of the ingroup, they also rarely, or even refuse to, consider these characteristics for the outgroup. This implies that once an “enemy” or outgroup is created it is incredibly easy to make them seem entirely evil. This might explain how political leaders, like President Trump, have not faced significant pushback for offensive remarks, since his supporters may have significantly dehumanized President Trump’s opponents.
While Psychologists continue to explain the strong forces within groupthink, political theorists attempt to apply these forces to understand how Populism – which utilizes ingroup hatred towards the outgroup – has seen an incredible resurgence in an era of immense globalization. Many political theorists turn to crises as the major cause for a rise in populism.

An important example being financial or economic crises as the key crisis that launched this sudden resurgence of populism, which is not surprising considering the damage dealt by the 2008 financial crash. Economic and financial crises have caused immense economic distress throughout history, but the collapse of an economy does not just impact the financial institutions involved in its regulation. Economic crises have long lasting effects that continue to impact and direct a country for years following the crash. The 2008/2009 Great Recession was no exception to this and has been used as a cause for this massive influx of populism throughout the West (Kriesi and Pappas 2015). This paper follows the rise of populism throughout Europe – on a country by country and then later a region by region analysis – following the 2008 financial crash. The paper found a strong correlation in regions that were hit the hardest by the recession and already had an established populist presence. The intuition behind this seems incredibly sound considering a rise in economic disparity creates a blatant “elite” against the nation’s “true people.” I will expand on this study throughout this paper, considering the paper was published in 2015, which I believe was too early to analyze the long-lasting impacts of the 2008 recession.
While there are many arguments focused on the impact of economic, political, or cultural crises for the rise in populism, some political theorists argue the exact opposite. They argue that populism within a country helps facilitate and exasperate crises. This argument is laid out in Chapter 7 of Benjamin Moffitt’s book, *The global rise of populism: Performance, political style, and representation*. Moffitt argues that populism helps to create an environment where setbacks can turn into major disasters and crises quickly. His process highlights populist leaders’ ability to starkly divide the country into “the elites” vs. “the people” strongly perpetuates a crisis (Moffitt 2016). Moffitt’s idea that populism is not just influenced by crises, but that it can also contribute to their devastating success is worrisome. The implications from this idea that populism can help breed major disasters needs to be addressed considering the economic crash occurred a decade ago, yet populism is continually growing. This paper will attempt to utilize this relationship between populism and crises to better understand why Hungary has a strong populist government with extremely anti-internationalist beliefs.

The previous two papers mentioned looked at the rise in populism as a worldwide phenomenon, but this allows room for error since generalizations will not uncover the exact reasons for the populist spike. Just like the Kriesi and Pappas paper mentioned there must be far more underlying factors than just an economic crisis considering populism overtook some governments while others just saw a slight increase. To better understand these differences political theorists, need to analyze populism on a country by country basis. A paper by Attila Ágh titled, *The Triple Crisis in Hungary: The “Backsliding” of Hungarian Democracy After Twenty Years*, attempts to uncover how Hungary has been so susceptible to this rise in populism due to three past crises. Ágh
uses Hungary to attempt to uncover how it went from the transitional powerhouse in the 1980’s and 1990’s to the worst performer during the 2008 financial crash. Throughout the paper Ágh draws comparisons to the other countries that transitioned from the Warsaw Pact to the EU – which he refers to as the “New Member States” – but he refrains from coming to generalized conclusions that impact all of these countries and solely focuses on why Populism is on the rise in Hungary. Ágh blames the rise in populism on three distinct crises that grew together to form a large, diverse group of “absolute” and “relative losers” that have supported Fidesz’s aggressive anti-EU stances. The three crises include: a social and political crisis when Hungary underwent the rapid democratization in the late 1900s, then an adjustment crisis that further developed the impact of the previous crisis when Hungary joined the EU, and lastly the 2008 economic crisis fully expanded the previous crises by hitting at a time when Hungary’s government and economy was incredibly vulnerable (Ágh 2013). Ágh’s argument is incredibly convincing especially his focus on the “losers” who coincide with the supporters of Fidesz and Jobbik, the two major populist parties in Hungary. Unfortunately, Ágh’s paper was written in 2013 and does not help us understand why Fidesz continues to dominate the government when populism is usually expected to be a temporary phenomenon.

A more recent paper that attempts to uncover why Viktor Orbán, along with the rest of his party, continue to easily win elections is titled, *Neither episodic, nor destined to failure? The endurance of Hungarian populism after 2010*, by Robert Csehi. This paper analyzes how Fidesz has been able to stay in power despite the idea that for populism to succeed long term it needs to constantly reinforce the ingroup vs. outgroup mentality that was explained earlier in this chapter. Thus, populism is usually expected to
die out rather quickly, because to consistently gain supporters the ingroup needs to change and expand to encompass more people while still keeping the same level of animosity towards the outgroup. Csehi explains Orbán’s longevity in three parts. First, he argues that Orbán was able to “reconstruct ‘the elite’ and ‘the people.’” Secondly, he argues that, despite this restructuring, Orbán has been able to “reinforce the antagonistic relationship between ‘the elite’ and ‘the people.’” Lastly, he argues that Orbán has pushed extensively to “remodel popular sovereignty” since voting rights now extend to Hungarians living outside of Hungary (Csehi 2019). Csehi argues these three changes are apparent through slight changes in Orbán’s rhetoric as well as some laws he’s passed while in power. While the paper lays out strong evidence for differences from when Orbán first took office to his most recent reelection in 2018, I could not see the dramatic shifts that Csehi was trying to uncover. Csehi argues that Orbán has shifted “the elite” to include international entities as opposed to just domestic entities, but Anti-EU propaganda has been successful prior to 2010. He also argues that the ingroup has changed to be sovereign nations, but the extreme racism throughout Hungary’s government persists that ethnic Hungarians are the “true people.” Thus, I diverge from Csehi’s belief that major changes in Orbán’s rhetoric has allowed for the continuation of populism in Hungary and follow the crisis approach as well as a lack of complete transition as the reasons for this continuation of populism in Hungary.

This paper is structured as follows. In Chapter two there is a brief overview of the two major populist parties in Hungary, Fidesz and Jobbik, that includes their impressive rise to power. The next two chapters attempt to uncover where the supporters of these populist parties came from and why they persist. Whether it is due to the lack of complete
democratization when Hungary is compared to other nations – which will be covered in Chapter three, or if it is due to Hungary losing out during the 2008 financial crash – which will be covered in Chapter four.
Chapter 2: The Surge of Hungarian Populism

Hungary is now home to two major, populist political parties, Fidesz and Jobbik. While these parties’ platforms, representation in government, and ideologies differ significantly there are still many similarities, like their antiinternationalist beliefs, that continue to strengthen the populist movement within Hungary. The reason that these parties are still prevalent this late after the 2008 economic crash is a testament to their supporters. This chapter will provide an in-depth look at the sudden rise of populism as well as identify who has helped promote this movement.

The Hungarian Civil Alliance, better known as Fidesz, has been around since the first democratic election in Hungary following the fall of the Soviet Union. Fidesz originated as an anticommunist party desperate to boost the economy through European integration. Surprisingly their messages have changed dramatically following their rise to power in Hungary’s government.

Fidesz has been incredibly successful in recent elections, and their rise to power has occurred over a short period of time. The party began gaining traction in the 1990 election when they had their first major victory securing 8.95% of the vote and winning 21 seats in parliament. Fidesz maintained this success until they grew exponentially in the 1998 election. In 1998 they secured 29.48% of the votes, granting them 148 seats in parliament. This election also marked the first term of many for Fidesz’s leader, Viktor Orbán, who assumed the Prime Minister of Hungary’s office on July 6, 1998. Although Orbán would go on to lose the 2002 and 2006 elections, Fidesz continued to influence parliament winning 188 seats in 2002 and 164 in 2006. Orbán returned to office in 2010, and alongside Fidesz, continues to dominate Hungary’s government. Fidesz earned about
50% of the popular vote in the 2010, 2014, and 2018 elections. Fidesz’s rapid rise to power is impressive especially considering the relatively high voter turnout rates in Hungary, which averaged to about 66% each year (The National Election Office 2018).

Although Fidesz originated as an EU supporter, this support has quickly diminished following Hungary’s integration into the EU, since the EU is now a member of Fidesz’s “outgroup.” Prior to EU integration Fidesz touted integration as a way to boost Hungary’s economy and provide a strong security interest considering Hungary’s location in Europe. However, this rhetoric has dramatically changed as Fidesz’s beliefs are starting to directly conflict with EU principles. For example in March of 2019, there was an outcry of other members of the European People’s Party (EPP) to revoke Fidesz’s membership, which eventually lead to the EPP suspending Fidesz’s party membership until further notice (Bayer and Cokelaere 2019). Although Fidesz has not officially left the EPP their rhetoric continues to focus on Hungary first, which is a major reason for their suspension in the first place. Fidesz continues to focus on reviving Hungary’s economy as well as increase border security, but the party now looks inwards towards Hungary itself as opposed to the EU for help.

While Fidesz dominates Hungary’s political landscape as a well-established populist party in Hungary, the Movement for a Better Hungary, better known as Jobbik, is slightly less prevalent – albeit far more extreme – than their political counterparts Fidesz. While Fidesz claims to be a center-right party, Jobbik has made their far-right

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3 The National Election office provided the election data. The data includes the raw number of votes received by each party in both the parliament and prime minister elections. It also breaks down the numbers by region to highlight what parties won each region.
status abundantly clear. Despite some major differences though both parties have grown incredibly quickly since they were founded and share many similar ideas about foreign politics.

Jobbik emerged in 2006 under the leadership of Gábor Vona who quickly turned the young party into a political powerhouse (Jobbik 2019). In 2006 Jobbik earned only 2.2% of the vote, which did not even qualify them for a parliamentary seat. However, they quickly rose in the polls shooting up to 16.67% of the vote, earning 47 seats in 2010, and 20.22% of the vote, earning 23 seats in 2014 (National Election Office). They have continued to gain support in Hungary, and following the 2018 elections they secured their place as the second largest political party in Hungary by earning 19.63% of the vote, which earned them 25 seats in Parliament. Now 159 out of the 199 seats in Hungary’s parliament are occupied by members of strong populist parties (Schuman 2018).

Unlike Fidesz, Jobbik has never shown any favor to European integration or any other institution that could infringe upon Hungarian sovereignty, and takes an incredibly conservative stand in all political debates. Their core values revolve around securing Hungarian culture for Hungarians living within the country and abroad. These Hungarians are the “true people” in the eyes of Jobbik. The “elites” that are encroaching on the “true people” include the government that – in their eyes – has failed severely to protect Hungarian sovereignty by blindly agreeing to EU controls. Other members of the “elites” or “outgroup” include immigrants, gypsies, as well as corrupt government

4 The National Election office provided the election data. The data includes the raw number of votes received by each party in both the parliament and prime minister elections. It also breaks down the numbers by region to highlight what parties won each region.
officials (Jobbik 2019). Thus to achieve their goals Jobbik takes a similar “Hungary first” stance like Fidesz.

Jobbik and Fidesz are not only strong parties in Hungary they also have a notable presence in the European parliament. Of the 21 European Parliament seats dedicated to Hungary, Jobbik and Fidesz occupy a combined 12 of those seats. While this may not seem like a significant number of seats considering the European Parliament houses 750 members, it shows that over half of Hungary’s voice in international politics is controlled by strong populist parties (European Union Election Results 2019).

This significant and consistent rise in political dominance is extremely surprising for any political party, but especially for a populist surge considering claims that populism cannot last once in power. One such claim comes from the book, *Democracies and the Populist Challenge*, by Yves Mény and Yves Surel argues that once in power Populism struggles to survive. The book describes the struggles many populist leaders face while in office, such as the corralling of their “true people” despite lack of success opposing the “elites” (Meny and Surel). However, Fidesz and Jobbik have somehow managed to overcome these problems, considering after years of controlling Hungary’s government they show no sign of slowing down. A key reason for this is the strength of

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5 Jobbik’s website lists their major policy focuses all of which focus heavily on maintaining Hungarian norms throughout Europe and Hungary. They preach stability and returning to “old values” incredibly often. Some major policy focuses include ending corruption, restarting Hungary’s industry production, ensuring ethnic groups do not get a free pass due to their ethnicity.

6 The EU breaks down the 750 seats by international parties, countries, and then sub-parties that are members of the international parties. Fidesz is a member of the international party the EPP, while Jobbik is not a member of any international party. These international parties could play a major role in securing seats, and are likely a reason that Fidesz holds eleven seats while Jobbik only won one.
the Fidesz and Jobbik voters. Hungary is home to one major city, Budapest, that has a large economy, prominent academic institutions, and a diverse population. However, outside of Budapest the rural countryside has none of these perks, and struggles with perpetual unemployment due to a lack of opportunities and a lack of training resources. These Hungarians struggling to survive in the countryside have looked towards Fidesz and Jobbik as the only solution to their problems. Their anti-internationalist ideology helps push out potential competitors coming from both inside and out of the EU. In fact, Fidesz won every region in Hungary except for Budapest in the 2018 elections (National Election Office 2018). The reason they are clinging on to these ideologies will be further explained in the following chapters, which help outline the painful history these citizens have experienced.
Chapter 3: The Side Effects of Rushed Democratization

Hungary has a turbulent, albeit interesting, history that is present throughout the entire country. Hungary has a long history of foreign occupation, which can be seen from the many Roman ruins that are scattered throughout the countryside as well as the many monuments to Soviet leaders that fill Memento Park. While thousands of pages have been written on the long history of Hungary, for this paper we are only concerned with the decades following World War II. The past century has shaped the Hungarian borders along with the lives of the people within those borders.

Following the second World War, Hungary’s main duty was to diligently serve as an extension of the Russian Federation’s economy. During the Soviet occupation of Hungary, Hungarian needs were ignored as its agricultural production failed, political systems were ignored, and police brutality skyrocketed. All of which led into the huge reduction in Hungarian’s standard of living, while the rest of the Soviet Union used their Uranium to increase production (Vardy and Barany 2019). The pain and suffering Hungarian’s experienced during this occupation came to a climax during the Hungarian Revolution of 1956. Insurgents in Budapest, finally fed up with the communist police violent tactics and desperate to abandon the Warsaw Pact, staged an uprising. The insurgents gained control of Budapest, but their success was short lived as nearly 6,000 Soviet Tanks flooded the city killing more than 30,000 people. The rebellion was demolished along with the dreams of free elections and abandoning the Soviet Union.
While this is the most gruesome example of the Soviet Union’s way of ruling with an iron fist it is far from the only one as thousands of citizens were captured, interrogated, displaced, and killed throughout the 1900s without any evidence of their anti-communist beliefs, which was the reason for their persecution in the first place. Hungarians lived in a constant state of fear of their government and its secret police during this time, but the end was near as the fall of the Soviet Union was imminent.

Hungary officially rid itself of foreign control on June 19, 1991 when the last of the Soviet Union’s troops returned to Russia. The political and economic transformations to prepare Hungary for life outside of the Soviet Union began years earlier when it was obvious the Warsaw Pact was doomed. The transition in Hungary began in 1988 under then Prime Minister, Miklós Németh. At that point Prime Minister Németh’s main focus was transitioning towards a democratic political system in the most peaceful way possible. To do this he constructed a national roundtable discussion to determine how the country should proceed. This national roundtable consisted of negotiations among the political and social elites in Hungary including many communist sympathizers. While this caused a lot of issues down the line it led to a significant amount of political, social, and economic reform that continues to impact Hungary today (BBC News 2012).

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7 This BBC Movie is the first part of their Cold War series produced by the BBC. It includes detailed first-hand accounts of life during the cold war, and even a thirty-minute segment with footage from the 1956 Revolution in Budapest.

8 The facts from the above paragraph come from BBC News’ detailed compilation of Hungary’s history broken down by major periods from the original founding of Hungary by a group of Tribesmen to the present day.
Although political reform is still ongoing in Hungary today, there were significant changes made thanks to the roundtable discussions back in the late 1980s. The first major change was creating a Parliamentary system of government that employed 386 members. These members were elected through a system of free voting that had not been seen in Hungary since the Warsaw Pact. The roundtable also prompted massive constitutional changes to be made in 1988 and 1990. The original government created by the roundtables allocated a lot of power to parliament and the constitutional court, but slowly power has shifted towards the once weak position of Prime Minister. Power has been shifting towards the Prime Minister ever since the roundtable discussions, because major changes are constantly being implemented. Unlike many established democracies with a strong constitution, Hungary’s constitution can be revised, and shockingly in 2010 it was completely changed following the parliamentary elections that year. Further changes in the government have altered the number of parliament members from 386 to the current 199 as well as decreasing the number of constitutional judges from 15 to 11 (Gallai 2018). These are just a couple examples of the significant changes Hungary has made to its government, since it was freed from the Soviet Union, but these changes highlight how the country is still in a transitional period that has yet to realize itself as an established Democracy.

These massive political transitions directly impacted the many social changes Hungary saw after they left the Warsaw Pact. These social changes are most apparent through the massive differences between the older generations that lived through communism and the younger generations that see communism as a problem of the past. The biggest impact being personal privacy. During the transition citizens were expected
to forget the crimes the communist party committed just for the hope of a smooth transition. This meant politicians who had people kidnapped, tortured, and eventually killed were now running for elected positions. Privacy was the difference between life and death under communism, and now these dark secrets were being swept under the rug in the hopes for a smooth transition. Millions of persecuted Hungarians still await justice they may never receive, and this has laid a foundation of secrecy (especially in politics) among the older generation that is usually ignored by the younger generation. This is apparent in anti-government protests throughout Budapest led by young students and professionals who do not remember the punishments for such acts during the communist era (John and Keleti 2018). Had the transition not swept the crimes of the past under the rug then maybe distrust of authority would not be as present as it is today.

This distrust allowed populism to spread incredibly quickly and efficiently throughout Hungary. With so much distrust of authority it was incredibly easy for populist groups to rise through the ranks making claims of corruption and malpractice throughout the government, since they could easily back up their claims with crimes of the past. When Fidesz and Jobbik were growing they implemented these practices of claiming that the current government is not working with their constituents’ best interest at heart. An example of a populist party utilizing this mistrust to gain supporters is shown through the following quotation that prefaxes Jobbik’s policies. In the first paragraph Jobbik complains, “[Hungary’s] subservient foreign policy leaders, who were trying to comply with any external demands, missed the historic opportunities entailed by the changing balance of international (and European) powers, thus entering into a bargaining process contrary to the interest of the nation. Hungary's sovereignty was shaken” (Jobbik
This quotation highlights how Jobbik frames their political values and how they justify their extremist viewpoints as the only solution to regaining Hungarian sovereignty. They play perfectly off of the distrust of government that flourished during the Soviet Union. This framework solidifies their “true people” as well as the “evil elites.” It separates Jobbik members from both the Hungarian government as well as the European Parliament who they claim are suppressing Hungary’s development. Through this rhetoric Jobbik has been able to amass a strong following of the individuals who still remember the horrific practices that the Hungarian government followed when they were a puppet of the Soviet Union, and it brings about fears that the EU is just another puppet master exploiting their significant control over Hungary.

While it is extremely unlikely that the EU will revert back to the horrific kidnappings and interrogations during the Soviet Union, the EU has proven to Hungary that they are willing to impose their will when they need to. This fear of strong arming by the EU has secured populism’s anti-internationalist policies throughout Hungary, since it continues to play off of the skepticism of foreign entities created during the Soviet occupation of Hungary. Thus, populist parties continue to frame the EU as another member of the outgroup that looks to attack Hungary. This can best be explained through Orbán’s speech following Fidesz’s many victories during the elections to the European Parliament. Orbán ends his congratulatory speech by warning, “Europe is our home, but Hungary is our homeland. Never forget that Hungary comes first… We Hungarians never forget that we can be only be successful together and in unity. If we pay heed to this fact, then we can make Hungary great once again.” (Orbán 2014). This quotation best describes Orbán and Fidesz’s relationship with the European Parliament which has
severely deteriorated. Populist parties like Fidesz and Jobbik are always looking towards promoting their “ingroup” especially when it means bringing down the “outgroup” which is the EU in this case. By taking advantage of the distrust, Fidesz and Jobbik have made the EU a strong member of their “outgroup.”

While Fidesz and Jobbik have successfully built a strong “ingroup” and “outgroup” through the distrust of authority that came from their unique history, the reason their message is so well received is because Hungarian democratization is far from complete. Hungary along with the other emerging governments that transitioned from communism to democracy utilized “shock therapy” in both their economic as well as political transformations. While the economic impacts of this program will be explained further in the following chapter, the political consequences of quick and drastic democratization do are very unique compared to the rise of democracy in other countries throughout history. Hungary is one of the few countries that was able to transition into a democracy without immense violence. There is countless literature that covers the immense violence that precedes successful democratization (Klopp and Zuern 2007), yet Hungary was somehow able to avoid this influx of violence. Unfortunately, by avoiding

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9 For more information regarding “shock therapy” please refer to Peter Murrell’s, What is shock therapy? What did it do in Poland and Russia? In this book Murrell explains the key processes of “Shock therapy” as well as how Poland and Russia went about this major shift.

10 For more information on why violence occurs in the democratic process please refer future readings to Jacqueline M. Klopp and Elke Zuern’s book, The Politics of Violence in Democratization: Lessons from Kenya and South Africa. This book attempts to uncover why large-scale violence erupts and then dissolves prior to the implementation of Democracy. The pattern of intense violence prior to a democratic regime taking over has occurred countless times throughout history, but is vacant in most recent years of all the countries that transitioned from Communism to Democracy.
this violence Hungary skipped a key path towards Democratization, and for that reason should still be considered a transitional government. Under Orbán’s rule Hungary looks more like an authoritarian regime than a democracy, since it is missing fair elections. Hungary is home to countless political parties with great ideas, but these parties have floundered when competing with populist parties like Fidesz and Jobbik. This is due to the fact that Fidesz controls the media in Hungary, and only promotes messages that align with their anti-internationalist agenda. While there is no direct voter manipulation by changing vote counts, populism is under no threat since it is the only message voters are getting in the lead up to an election. This has allowed Fidesz and Jobbik to confidently spread their racist and anti-internationalist agenda without the fear of backlash from opposing parties. There is no sign of populism slowing down in Hungary, because populism thrives in transitional governments that have not yet established themselves as a full-fledged Democracy.
Chapter 4: The Long-Standing Impacts of the Economic Crisis

Although the lack of a complete democratic transition within Hungary is an enticing explanation for the success of populism throughout the country, it does not explain the full story on how this anti-internationalist agenda continues to dominant the political scene. While a lack of democratization set the scene for populism to take over the transitional government, the economic crisis in 2008 put the nail in the coffin for populist competitors. Not only did it completely devastate Hungary’s economy, it also allowed Orbán and Fidesz an easy access to power, since many people were blaming the socialist leaders in power during the economic crash.

The papers mentioned in the first chapter highlight the common belief that the 2008 economic recession is a key reason for the sudden surge in populism throughout Europe. Nearly every country in Europe found itself hosting a new populist party that continued to gain supporters following the great recession, which is argued to have impacted Europe in three different ways (Shambaugh 2012). First, there was a banking crisis, where banks did not have the capital to face the high liquidity demands they were seeing. Second, there was a sovereign debt crisis, where countries desperate to gain additional funds had to do so under crippling rates and increased foreign influences. Third, there was a growth crisis, where competition ceased throughout Europe as penny pinching sky rocketed.

Hungary was one of the unlucky few that faced each of the three major crises and continues to this day to struggle to recover from the devastation. Hungary’s GDP growth plummeted to -6.7%, the HUF exchange rate rose by about 18%, unemployment rose by
2.2%, and government debt rose to nearly 85% of GDP (OECD 2012 and 2019)\textsuperscript{11}. Unsurprisingly, everyone was struggling in Hungary during the Great Recession, and the government was taking on an influx of debt to combat the financial pain felt throughout the country. Unfortunately, there has been little marked improvement. Government debt is still extremely high, Hungarian currency still struggles to maintain its value, and the strength of the workforce has yet to recover.

All of this devastation caused by the Great Recession in Hungary is actually surprising considering Hungary’s economic position following their departure from the Warsaw Pact. In a few short years Hungary transformed from the most promising of the emerging economies into a desperate beggar pleading with the International Monetary Fund (IMF) for support. The reason that the country took such a dramatic turn can only be understood through a brief history of Hungary’s economic transition out of Communism.

Hungary’s transition from a planned economy into a market economy caused immense hardship that was believed to only have a significant impact in the short-term. The transition was a completely new endeavor not just for Hungary and the other emerging countries, but for the world on a whole. No entity prior to 1990 had made such a massive transformation from full employment, strict price/wage controls, and intense public control of the economy into a market economy essentially overnight. This caused

\textsuperscript{11} Two OECD datasets were used here. One completed in 2012 that went back 5 years as well as one completed in 2019 that went back 5 years. The dataset is extremely detailed with economic indicators for nearly every possible section of the economy. The key statistics I utilized where the GDP growth indicators, labor statistics, and government revenue and expenditures.
unemployment to skyrocket as companies needed to focus on profitability as opposed to output. Prices and inflation skyrocketed as price controls were removed and companies shifted hands to the highest bidder. All of these consequences left ordinary Hungarians scrambling to find food and work, but the transition that continues to impact Hungary today is how the government handled privatization (Gallai 2018).

While other countries transitioning towards capitalism focused on keeping industries and companies owned by their countries’ citizens, Hungary focused on the path that would grant their government the most capital to help feed their growing debt portfolio. For example, Czechoslovakia followed a voucher system where every citizen was granted a specific number of vouchers that could be traded in for shares of companies. Programs like the voucher system, which was also utilized in Russia, allowed for poor citizens to regain command of companies they had worked at for decades throughout the 1900s. This process slowly shifted major industries from government control back into the hands of their constituents. Hungary had a major issue with this system, which was its lack of a revenue stream. Hungary had massive amounts of outstanding debts to fund growth, but the country still needed more capital to help ease the intense transition. To acquire more capital Hungary decided to sell government owned industries to the highest bidders. The only problem here is that the highest bidders were all foreign investors. No Hungarians could compete with the prices foreign investors were throwing around, which caused ordinary citizens immense hardship as these new owners came in and shredded the business to become as profitable as possible. So many lost their jobs and saw immense poverty in a matter of months (Gallai 2018).
Not only did these cash sales hurt Hungarians in the short-term they continue to impact Hungary today. The transitional government costed the country millions of dollars in long run economic profits, since it sold their most profitable industries and companies to the highest bidder during the 1990’s. During this governmental purge foreign investors were even able to purchase Hungary’s utility companies. This was easily Hungary’s most profitable sector under communism, and the long-term profits lost in these quick cash sales continue to stifle Hungarian growth. Hungary is still trying to write these wrongs of privatization with massive policies favoring domestic production, increasing foreign banking and energy sector regulations, but foreign investment still continues to be a key reason for growth throughout Hungary (Gallai 2018).

Much like the political transition, the economic transition was also a major factor for significant cultural differences between the younger and older generations. The consequences of the “shock therapy” policies employed by Hungary to transition from communism to capitalism led to huge cultural shifts. Under communism there was a massive welfare state that ensured support for impoverished members of society, but this state collapsed during the transition. This collapse left many struggling for food and shelter with no end in sight. The quick and seemingly perfect solution to ease these economic burdens was to join the EU as quickly as possible, which is exactly what Hungary did.

The major “shock therapy” employed in the 1990’s did accomplish its intended goal of Westernization which was officially recognized as complete in 2004 when Hungary joined the EU along with 7 other countries, many of which were previously apart of the Warsaw Pact (Zeptar 2009). Joining the EU was supposed to be the saving
grace for Hungary, since it would allow for easier loan agreements as well as an increase in infrastructure investment that would help build up Hungary’s economy. Unfortunately, the EU rushed into their expansion and did not follow The Copenhagen criteria that was agreed upon for future EU growth. The Copenhagen criteria is a set of strict guidelines that potential countries must meet or exceed in order to be eligible to join the EU. These guidelines focus on democratic principles as well as free market structures (European Council 1993). Although the EU expresses that these criteria are extremely stringent, they relaxed many of the rules during the 2004 expansion. For example, Hungary was allowed to enter even though: their new political system was incredibly weak and still dramatically changing, their market economy was still emerging and plumped up solely through foreign investment and loans, and worst of all they still had strong human rights violations occurring towards their Roma population. In a desperate attempt to strengthen the West following the Cold War the EU took on eight transitioning countries that needed far more time to develop before they were ready to be a useful member of the EU.

While Hungary’s economic problems seemed to disappear following their entry to the EU, this improvement would be destroyed in the 2008 financial crash. The EU allowed Hungary to continue their practices of selling off industries to the highest foreign bidders as well as take on extensive loans, since they now had the backing of a global superpower in the EU. Thus, at first Hungary’s economy looked incredibly promising, and stood out significantly among the other eight expansion countries. For example, Germany began building car manufacturing plants in Hungary’s countryside to combat

12 For a list of the specific criteria the EU considers please refer to Article 49 of the 1992 Treaty of Maastricht.
the high percent of unemployment plaguing the surplus of unskilled labor found there. Along with decreasing unemployment, Hungary was able to expand their welfare programs through massive government expenditures funded in the forms of loans and gifts from other EU members.

Unfortunately, all of the economic progress Hungary made following their integration into the EU came to a crashing halt in 2008 when they came begging the IMF for support. Many of their initiatives backfired especially using foreign currency loans to fund government spending. These loans needed to be paid back in foreign currency, so Hungary was unable to easily pay them off by decreasing the value of their HUF. This prompted huge cuts in funding and forced them to look towards the IMF for guidance and relief. The IMF relief package came with immense government stipulations that still to this day control Hungary’s government expenditures and economic policy (IMF Reports 2005-2019).\(^\text{13}\) The 2008 crash was incredibly devastating for Hungary and reverted all of the significant changes that integration into the EU was supposed to solve, and left many economic losers that now looked towards populism for help.

The 2008 crash highlighted all of the major mistakes made during the reforms of the 1990s by extrapolating on the damage these reforms inflicted on Hungary. For the first time in a long time unskilled labor was looking back towards the good old days of Communism where everyone had a job and could afford basic necessities. This was due

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\(^{13}\) The IMF keeps extensive records on all the countries they have provided relief packages to. Their reports on Budapest go back to 1985, but for the use of this paper I only utilized information from 2005 on. This showed Hungary’s economic standing under both Orbán and the socialist leaders before him. For a list of the specific IMF guidelines please refer to their country profile of Hungary.
to the economic recession that devastated the Hungarian workforce. Hungary was already known for its weak employment levels, but now systemic unemployment was at an all-time high. Leading up to the recession the Hungarian government did not look to increase training and education throughout the country they focused more on increasing production. This helped drive their economy in the short-term by utilizing the significant amount of unskilled labor in Hungary. However, they failed in the long-term, because when the economic crash occurred and jobs were cut, it left more unskilled labor with no place to turn. These unskilled workers became the biggest losers of the economic recession, as well as the biggest supporters of Hungarian populism.

The unskilled labor that was left unemployed and hungry following the reforms of the 1990s grew substantially after the 2008 economic crash and now make up a huge number of Fidesz and Jobbik supporters due to their fears of foreign competition. Both parties utilize this fear of foreign competitors as a huge way to garner votes. The most important way this manifests itself is through the anti-immigration policies pushed forward by both parties. Despite significant pushback from the European Parliament, Orbán was able to build a massive fence along Hungary’s border to quell the flow of immigrants coming from the Middle East. Orbán even laid out a seven-point anti-migration plan in the lead up to the European Parliament elections that coincide with his hopes to have an anti-immigration majority within the EU (Orbán 2019). Policies like these grant Fidesz and Jobbik continuous flows of support, since the unskilled labor views immigration as a massive threat to their jobs and way of life. Unskilled labor is consistently the group most hurt by globalization, so they demand anti-internationalist policies that would protect them from a “race to the bottom” in labor standards (Singh
and Zammit 2004).\textsuperscript{14} This influx of unskilled labor paired with the distrust of government agents and lack of complete democratization, discussed in the last chapter, has created a perfect environment for populism to thrive, and is the reason there is no end in sight for Fidesz and Jobbik.

\textsuperscript{14} For more information regarding the concept of race to the bottom please refer to \textit{Labour Standards and the ‘Race to the Bottom’: Rethinking Globalization and Workers’ Rights from Developmental and Solidaristic Perspectives}, by Ajit Singh and Ann Zammit. This paper outlines the fears of unskilled labor that their jobs will be outsourced to the cheapest conditions. The authors also attempt to offer solutions and benefits of this phenomenon.
Chapter 5: Conclusion and Moving Forward

Populism has become commonplace in political debates following the 2008 financial crash. The rhetoric and ideologies surrounding populism are hard to universally define, but they always revolve around fear. By playing off of the fear of the unknown many nations have reverted to protectionist policies that attempt to erase the current era of globalization. By giving into this fear countries like Hungary are now run entirely by populist parties. The two major parties in Hungary, Fidesz and Jobbik, have transformed a promising EU member into a country terrified of change. While Fidesz and Jobbik continue to dominate Hungary’s government they are distancing themselves from the European Parliament with their “Hungary first” ideology. Despite this “Hungary first” mentality, Hungary has not significantly improved under populist control, so the persistence of this populism is incredibly confusing.

Populism is believed to die out once it takes control of the government for many reasons, but Hungary has proven to be immune to this phenomenon. There is no end in sight for Fidesz or Jobbik as each party continues to garner more and more votes every election. The reason these parties continue to dominate is due to the many crises that have occurred in Hungary in recent years. In the past 30 years Hungary has witnessed intense government corruption, “shock therapy” as they transitioned from Communism to a Democratic market economy, integration into the EU, and the largest recession since the Great Depression. All of these events have greatly impacted Hungary as a whole and have allowed populism to fester.

The intense corruption Hungary experienced under Communism created an omnipresent distrust of authority. This distrust of authority has been utilized as a key
resource of Fidesz and Jobbik to create an international “outgroup” that has helped them push their anti-internationalist agenda. By playing off of the fear of losing Hungarian sovereignty they have made the EU a pivotal member of the “outgroup” as Fidesz and Jobbik slowly distance Hungary from the EU.

While distrust of authority created strong “outgroups,” the “shock therapy” in the 1990s made Hungary skip important steps in democratization. By skipping these steps populism has been able to survive, since Hungary is not yet a full-fledged Democracy. Hungary remains a transitional government, which is known to be the best environment for populism to thrive. The lack of violence in Hungary’s democratization allowed Fidesz to take control of the media and prevent free elections. Hungarian media only pushes populist ideology and has stifled the spread of any and all political opposition.

Hungary’s transitional status has allowed populism to survive, but the major mistakes leading up to the 2008 financial crisis paired with the devastation caused by the crisis has allowed populism to flourish. Hungary’s desperation to join the EU in 2004 made them cut corners that valued quick returns over long-term gains. These policies made Hungary incredibly vulnerable to the effects of the 2008 financial crisis. Thus, the financial crisis hit Hungary hard. It destroyed the working class and created a plague of economic “losers” that fear the competition globalization brings. The “losers” of the economic recession have become the biggest supporters of the protectionist policies that Fidesz and Jobbik are pushing through parliament.

All of these reasons have combined to create the perfect environment for populism to grow within Hungary. However, these reasons are fairly specific to Hungary, and cannot give the full picture of the worldwide surge of populism. This means that
there is a need for future studies analyzing the reasons behind the spread of populism. Especially looking at the rise of populism throughout the other Central and Eastern European Countries that transitioned out of Communism during the 1990s. Specifically Poland’s new ruling party, the Law and Justice (PiS) party, and how they were able to take control of the government in recent years. Further studies to uncover overarching reasons for the sudden surge in populism could hopefully predict the downfall of populism, but at this point there is no end in sight as fear mongering continues to dominate the political scene.
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