

# Simulated Democracy and Pseudo-Transformational Leadership in Hungary

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**Abstract:** »*Simulierte Demokratie und pseudo-transformative politische Führung in Ungarn*«. This paper investigates current Hungarian political developments with the conceptual tools provided by elite and leadership studies. It develops an argument about the institutionalization of simulated democracy, which applies to social situations when democratic institutions exist but where their consolidation is hampered by the norm breaching behaviour of elites and other social groups. The article investigates the responsibility of leaders and elites in two sections. First, the failure of the Hungarian elite settlement is described. Second, the working of simulated democracy is examined with special emphasis on elites' and leaders' behaviour in connection to media law, the new Constitution and other current institutional developments. In the conclusion the authors make an attempt to connect elite and leadership issues to institutional developments and highlight some normative consequences.

**Keywords:** elite, leadership, democracy, political transformation, Hungary.

## Introduction: The Framework and the Argument

The new elite paradigm provides an analytic framework and examples that help us to distinguish unified and divided elites, and to examine elite settlements and elite convergence. It also demonstrates that the structure and condition of elites are critical for the survival and development of political regimes, including those emerging in post-socialist Central and Eastern Europe (CEE; Higley and Burton 2006; Higley, Pakulski and Wesolowski 1998; Higley and Lengyel 2000; Dogan and Higley 1998; Higley 2010; Best and Higley 2010). The paradigm also suggests that stability and efficiency of institutional solutions emerging in CEE, depend largely on the ability of the emerging elite fractions to agree upon the rules of the game, and their willingness to accept each others' legitimacy. By the same token, the major postulate is that the conduct of the leaders and the quality of elite discourse play a key role in the consolidation of a newly established democracy, and that they are important factors for the

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smooth operation of representative democracy. Democratic institutions can be authentic, reflecting the actual adherence to norms, or they can be simulated. In an earlier paper (Lengyel and Ilonszki 2010), we introduced the notion of “simulated democracy” as an analogy to Lajos Leopold’s “simulated capitalism”. This describes a situation in which the institutions of democracy are working, but with a low level of efficiency, because the elites and important social groups systematically violate the democratic norms. In line with the new elite paradigm, we also claim that it is largely the responsibility of the governing elite whether the democratic institutions are consolidated in their “working form”, or whether they remain in a state of simulation, gradually reduced to bare facades and institutional skeletons.

Applying this to Hungary, we argue that most recent developments suggest not only are institutions of “simulated democracy” developing there, but that they may be in danger of becoming a facade for an autocratic regime. Such a diagnosis is by no means isolated. Nowadays political developments in Hungary often occupy columns in the European and even in the US press on the grounds that the ideals of representative liberal democracy are being distorted. For example, at the 2010 elections the Conservative right-wing party alliance led by Fidesz (Alliance of Young Democrats – Civic Party) won a two-thirds parliamentary majority and launched a major institutional overhaul, including a change of the Constitution. This generated not only uproar from the opposition, but also some severe international criticism concerning the possible anti-democratic ramifications of these reforms.

How does the Hungarian scene compare to the European and global scene, both ravaged by economic and political crises? We argue that the Hungarian experiences of simulated democracy may highlight some more general and universal regularities and add to our knowledge of broader political processes. More recently, for example, a turn from the left towards conservative governments has taken place all over Europe, so that in the second half of 2011 we find conservative governments in power in the large majority of European countries, although mostly in coalitions with other parties. This would seem to suggest that the left is in decline, that it has used up its political resources and been unable to meet the challenges of the economic crisis and the social and political changes that have accompanied it. At the same time, extremist movements and parties have been gathering strength, and the ideals of multiculturalism that were heavily advocated in the late 20th century by liberal and social-democratic leaders have been losing appeal. Government authorities attempt to cure real or assumed problems by restrictive measures, such as closing boundaries, imposing stricter immigration laws, and expelling “non-desirable” groups<sup>1</sup>. Still, on the elite level, it appears as if democratic institutions are being

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<sup>1</sup> As happened in France in 2010 when large Roma groups were expatriated.

consolidated: the rule of law and democratic competition are accepted as ‘the only game in town’, most governments successfully isolate their extremists, and the European Union serves as a safeguard for mainstream and moderate political forces. European elite responses to crises, in other words, seem to be consistent with declared respect for the fundamental principles of democracy.

Yet, the conflicts threatening the EU are profound: some ethnic conflicts are still unsolved, corruption is widespread, and poverty cum social deprivation is common (Gallina 2008). Moreover, some conservative and post-socialist parties enter alliances with extremist or openly racist radicals<sup>2</sup> or with people who openly revolt against elite underperformance and corruption (Wasilewski 2010).<sup>3</sup> In spite of these destabilizing developments, the multi-party framework in other European countries supports some form of solution, and the major parties manage to overcome the current problems without abandoning democratic procedures. In Hungary, however, democratic procedures have been disputed and democratic institutions are increasingly undermined by political leaders.

Leadership problems, however, cannot be understood without a thorough examination of elite and mass connections (Kellerman 2008; Wildawsky 1989; Lijphart 1980; Gourevitch 1986). For this reason, we attempt to provide a broader framework for the analysis of such leadership, elite and mass connections. This is also particularly useful when analyzing the Hungarian case, because the Hungarian governing elite and party representatives frequently refer to “the will of the people” – something that they claim is reflected by their oversized majority in the parliament and on which they base their political monopoly for governing. Constitutionally, of course, this majority means that all their decisions can be made without having to take into account the parliamentary opposition. The recurring references to the electoral mandate and popular will are only superficially related to the concept of “elective dictatorship”, a phrase coined in the 1970s in Britain and referring to a manufactured parliamentary majority that has little or no effective opposition. The Hungarian situation is different, however, in that not all “elective dictatorships” challenge their own democratic foundations, while in the case of a simulated democracy this cannot be ruled out.

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<sup>2</sup> As to the former the coalition between the conservative Law and Justice (PiS) party with Self Defence (SRP) and League of Polish Families (LPR) in Poland and to the latter the post-socialist SMER-SD cooperation with the nationalists (SNS) in Slovakia could be examples.

<sup>3</sup> This was the case in Latvia when at the president’s initiative a referendum sacked the parliament when it did not want to accept anti-corruption legislation.

## Failure of the Elite Settlement

The situation just described may come as a surprise to those observers who saw the 1989-90 elite agreements and the roundtable negotiations as what Higley and his colleagues labelled an “elite settlement”. For this reason, and for the sake of greater clarity, these developments need to be analysed in a more detailed and critical manner.

### 1. The Elite Dimension

Why is the elite settlement of 1989-90 gradually ‘evaporating’, and why do a group that participated in the settlement – the current governing party Fidesz and its leaders – now reject that settlement as a fake? What current political developments are threatening to undermine the seemingly successful – and widely praised – 1989-90 elite settlement?

The Hungarian Roundtable of 1989 was from the beginning a promising but vulnerable construction (Bozóki 2002). It assumed, rather than developed, a widespread consensus among the participants on the basic values concerning democratic institutions and property relations, and it acknowledged diverse political elite groups as legitimate partners. The Roundtable also assumed that all participating elite groups would enter into peaceful political rivalry, that they would do so in a fair and constrained manner, that they would set a positive example and promote public trust in the elites and in the new democratic institutions. However, these assumptions and expectations soon proved unrealistic. From the very start, the agreement reflected elite uncertainty about the ‘rules of the game’, and lack of confidence in the rivals’ willingness to obey the norms of restrained partisanship. Political competition was far from fair and constrained.

The wish to secure a high degree of government stability was predominant and the means of government control by the opposition therefore reduced to a motion of constructive no confidence. Thus, while Hungary has been looking stable, and has been widely praised by EU observers for the stability of its governments – in contrast to most other countries in the CEE region (Nikolényi, 2004; Conrad and Golder, 2010) – the reality seems to be quite different. For example, as a result of government and elite underperformance in the 2000s, the intra-party bargains resulted in replacing Prime Ministers during legislative terms – without a popular mandate, without new elections, without even an informal inter-elite negotiation and agreement.

From our elite- and leader focus, it has to be added that, as a result of agreement among the political elite, the power of the Prime Minister (PM) has been strengthened so that it is no longer parliament in charge of nominating and dismissing ministers, but the Prime Minister. This suggests that the institutional rules that make it difficult to depose a sitting PM are being converted into a factual impossibility. The central role of the PM has also been strength-

ened by the development of the party system, particularly on the conservative side of the political spectrum, where monocratic leadership has become the dominant pattern (Várnagy and Ilonszki, 2011). For example, in Fidesz, the founding leader, Viktor Orbán, has remained uncontested since 1993<sup>4</sup> when the function of party president was introduced (Körösi 2007). This led Van Biezen (2003, 206) to observe that Fidesz has become a prime example of personalized leadership, where the party leader is the central decision-maker and enjoys many privileges.

There have also been some other factors at play in creating an image of stability. The means of dispensing political and financial resources led to early stagnation within the party system (Ágh, 1995) so that, with the exception of one new party that managed to get into parliament for one legislative term, the parties that emerged in the period of democratisation have continued to dominate the electoral game up to the 2010 elections.<sup>5</sup> This stability of the party system also resulted in a form of elite stabilization. In this manufactured stability, some important issues, such as transparency of party financing or political involvement in the former regime, have never been addressed. Confidential information has been used by those in power, giving rise to political blackmail in some cases and to a general lack of confidence among parties in others.

The activities of the left (Hungarian Socialist Party – Magyar Szocialista Párt (MSzP) the state-socialist successor party) has contributed to this climate of mistrust. The MSzP has become a devoted advocate of a market economy and economic competition, thus blurring the traditional left-right division. As Benoit and Laver (2006, 125) note, the Socialists also embraced cosmopolitan and pro-EU policies despite the fact that the party continues to have many former state-socialist officials in its ranks. This has led the Conservatives, first the Hungarian Democratic Forum or MDF (Magyar Demokrata Fórum), and then the ascendant new conservative force, Fidesz, to move towards nationalism, anti-communism, and social populism in order to distinguish themselves from their competitors. Over time, the original elite settlement started to weaken. The architects of the settlement, above all the MDF, have shrunk, while Fidesz – pursuing a strategy of confrontation as opposed to consensus-seeking – has grown (Ilonszki, 2003). This resulted in the polarisation of two political blocs (Enyedi-Bertoá 2011) that peaked in 1998 when only the two largest parties (the Socialist MSzP and the Conservative Fidesz) faced each other in the political arena, reducing the small parties to a secondary role.

The culture of confrontation promoted by Fidesz served to distinguish the party's political style from that of the Socialist party, which continued to pursue intra-party bargains, as well as seeking compromises with strong groups – a

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<sup>4</sup> Except for a short period of time between 2000-2002 when Orbán was the Prime Minister of Hungary.

<sup>5</sup> Although their relative strength has been transformed and one even has dropped off.

strategy typical of the goulash communism of the Kádár regime. The confrontational style of Fidesz also reflected the initial composition of the party: it had primarily attracted young radicals who advocated political innovations. Subsequently, this objective and the aggressive strategy in promoting their agenda were reinforced by the return to government of the Socialists in 1994 (although Fidesz had seemed the most popular party before the elections), and by the loss of the 2002 and 2006 elections. In this new climate of confrontation, the earlier elite settlement was beginning to unravel. By 2006, the two major camps started to *question the very legitimacy of their rivals*. This followed the leaking of the Socialist Prime Minister's speech to his party parliamentary group, which had been intended to arouse Socialist party officials from their apathy, whereby he admitted that the Socialists had lied about the economic situation before and during the elections. This mistake – widely seen as an allusion to a self-critical broadcast in the days of the 1956 revolution – inflamed passionate anger directed against the PM. It also deepened personal animosity, if not hatred, between the Fidesz party leader, Orbán and the Socialist party leader, Gyurcsány. The latter seemed to embody everything that the right despised: opportunistic, compromising, with a communist background and a successful business career. Any sensible cooperation between the two major elite segments became impossible.

## 2. The Social Dimension

What kind of society was the elite settlement built upon? Can an elite settlement find a sound basis in a society where the fundamental historical lesson that people have learnt is to focus on their personal well-being. The legacies of state socialism in Hungary included widespread involvement in the gray economy, tax evasion, slow and small-scale enrichment, and the expectation of social security combined with a lack of political interest and civil apathy. People on the street tended to navigate between conflicting norms, and they used one set of norms to neutralize another, seeking personal advantage in all situations. Such an atomized society, which got accustomed to the misuse of public resources with no interest in the public good, was not a sound basis for the formation of an elite consensus.

Hungarians accept democratic institutions, but are among the least satisfied – together with Greeks, Portuguese, Italians and Bulgarians – with the way in which democracy works in their country.<sup>6</sup> It is also true that Hungarians are among those who value European attachment most strongly, but are at the same time sceptical about the results of European integration (Lengyel 2011). Dissatisfaction with national politics and a strong sense of European attachment are the main features of the Hungarian political thinking.

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<sup>6</sup> Own calculation, based on the 2009 wave of the IntUne database

Moreover, Hungarians embrace the view that one can only get on in life at the expense of others, that life is a zero-sum game in which one person's gain is another person's loss (Tóth 2009). Hungary is placed in the lower fifth of the European ranking with regard to norm adherence – tax evasion, unlawful access to state subsidies, and toleration of corruption, while the picture Hungarians paint of themselves is grimmer than reality: perceptions of corruption, for example, are largely exaggerated (Szántó, Tóth, and Varga 2011). Institutional trust is low; in that respect Hungary is in the bottom of the European league (Tóth 2009) and Hungarians report being mistrustful of politicians – both those in government and in opposition. In fact, the Hungarian public is below average in generalized trust, and compared to the rest of Europe, the readiness of Hungarians for cooperation and solidarity is very low. For example, they report low levels of membership in civic associations, meeting with friends, and contacts with neighbours – which places Hungary at the bottom of the European league table in this regard –, as it is on the index of philanthropy: Hungarian readiness for helping the needy is the lowest in Europe (Giczi and Sik 2009). At the same time, the majority of people assess income differences as excessive and expect to be supported by the state (Tóth 2009). It is no exaggeration, therefore, to describe contemporary Hungarian society as mistrustful, egoistic, state-dependent, with a tendency to norm-violation and a negative self-image.

This critical assessment is further reinforced when the political elite-mass connection is examined. It is argued that the Hungarian society needs leaders who enjoy high esteem (Tóka 2006), but this esteem is earned through symbolic gestures rather than by actual performance (Boda 2009). In contrast, pragmatic behaviour seems to prevail during times of important political events, such as the 2004 referendum concerning the citizenship of ethnic Hungarians in foreign countries. With this initiative, supported by the then oppositional Fidesz, the nearly century-old exclusion suffered by ethnic Hungarians in neighbouring countries could have ended. All ethnic Hungarians would have regained citizenship lost when the country was dismembered in the 1920 Trianon Treaty. Nevertheless, the referendum was unsuccessful: turnout was low, and a majority voted against the extension of citizenship. Pragmatic considerations and anxieties prevailed. This was, to some extent at least, engineered by the Socialists who “warned” the public that millions of labour seekers and social security dependents would “invade” Hungary from the neighbouring countries as a result of the extension of citizenship rights.

The Hungarian political elites have embraced the view that under the sway of tabloid politics the populist strategy is the most effective one, which has opened the way for competitive populism: an unrestrained vote maximization strategy. This was endorsed by elites, and practiced by political leaders, especially those frustrated by the past defeats. As mentioned above, those currently (2011) in power had been frustrated by three unexpected electoral defeats, whereby three times, in 1994, 2002 and 2006, they had expected victory but

experienced defeat. Therefore they lost confidence in the fickle majority and embraced instead the more secure path of populist demagoguery.

The competition was conducted in a climate of the cult of success. The leader of the ruling party's parliamentary party argued in response to a question about his financial standing:

I was brought up in a milieu in which work was not a disgrace, in which you didn't have to be ashamed of the result of work; you've got to scratch, to accumulate, to build brick by brick. If you fail, if you have nothing, that's what you're worth.

In a subsequent press statement he said he was leashing out against the political entrepreneurs and he didn't have the poor and disadvantaged in his mind.<sup>7</sup> The phrasing, however, is indicative of a specific world view. In positive terms, it is the creed of industry, growth and acquisition. A more negative interpretation, however, is that your value is measured by what you accumulate, by what you have. This view questions the value of social solidarity and undermines the identity of the underprivileged. Government policies favour the middle and upper classes against the lower classes, both in respect of the tax system and in the transformation of the working conditions. These elite attitudes help to explain the 2010 and post-2010 institutional changes: lack of trust in society, double talk, manipulation, coercion and the readiness to stir the passions of the majority in order to retain power.

### 3. 2010 – “the revolution at the ballot box”

After the unexpected loss of the 2002 elections, Fidesz began mobilizing its supporters for direct action in order to destabilize the government. Their first referendum attempt over citizenship failed due to the pragmatic concerns and anxieties of the voters. The lesson, however, had been learned. The next time Fidesz initiated a national referendum concerning reforms introduced by the Socialist government, it chose a much more effective strategy, but because some questions touched upon issues normally banned from referendums (due to their budgetary implications), the National Election Office declared the questions invalid. However, on appeal the Constitutional Court admitted three of these questions. Eventually with a turnout rate over 50 per cent and with 80 per cent voting in favor of abolishing medical and university tuition fees. Hungarians again voted for their purse – although by that time their views were reinforced by the shock of the Socialist leadership's confession of having lied to the public. The results proved dire. The referendum decisions caused a collapse of the government a couple of months later. Mass mobilization worked, and the popularity of Fidesz increased. However, to achieve this success, Fidesz had to compete as well as cooperate with an emerging movement of extreme right.

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<sup>7</sup> <<http://www.nol.hu/lap/mo/20110321>>.

It has come as no surprise that at the 2010 elections the Socialist party lost support. The other two important parties taking part in the 1989-90 elite settlement (MDF and SzDSz) were thrown out of parliament and two new forces appeared; a small alternative-green party, LMP (Politics Can Be Different) and a party of the extreme right, the latter winning 12 per cent of popular vote. The extreme right achieved a success at the polls because it had embraced controversial issues, such as the deterioration of public safety and “Gypsy criminality”, and because it mobilized xenophobia, anti-Semitism and pursued an uncompromising critique of the corrupt establishment. On the extreme right, there was no willingness to join the elite settlement, as the right activists defined themselves as opposing the entire former parliamentary elite that was portrayed as a corrupt establishment. Fidesz, on the other hand, rejected the elite settlement it had originally embraced because of its alleged failures. Moreover, Fidesz started questioning the democratic legitimacy of their Socialist rivals. While in opposition, Fidesz leaders joined the extreme right in their ruthless criticism of the ruling establishment and made every effort to win the extremist vote. The questioning of the legitimacy of the rivals and manipulating mass emotions prepared the grounds for a gradual dismantling of the 1989-90 elite settlement. The dismantling was symptomatic of the deep political and social crisis, which it further aggravated, starting a vicious circle of normative breakdown and delegitimation. After a breakdown occurs, it is always hard to restore normal elite communication, trust and normative consensus (Higley and Burton 2006; Higley and Lengyel 2000; Best and Higley 2010).

The electoral victory of Fidesz in 2010 (in coalition with the satellite Christian Democrats, KDNP) and the resulting “enabling majority” (68 per cent) in Parliament has been described by Fidesz leader, Orbán, as a “revolution at the ballot box”. Moreover, it has been seen as granting legitimacy to any decision the new government may consider, in spite of the fact that this majority has been based on a rather modest electoral victory. In the mixed-member electoral system in the first round only 33.8 per cent of the eligible voters voted for the Fidesz-KDNP joint list (52.7 per cent of those who participated at the elections). The SMD-s won 34 per cent of the vote<sup>8</sup>. Thus the electoral system has an obvious majority bias, which had been a vital part of the elite settlement strategy favouring majoritarian stability.

One should also remember that in 1994 the MSZP-SZDSZ coalition also exceeded the two-third (“enabling”) majority (54+18 per cent). However, the victorious Socialist coalition didn’t attempt to change the cardinal laws inherited from the elite settlement. The reasons for this were at least threefold: the Socialists wanted to prove that they take the democratic rules and procedures

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<sup>8</sup> In the second round only the undecided SMD seats have to be voted upon.

seriously; the Free Democrats wanted to distinguish themselves within the coalition; and the government had to handle a serious budget crisis.

## Leaders and Elites, Institutions and Procedures

Let us consider the two key aspects of the current political situation: the relation between leaders and elites, and the core democratic institutions and procedures.

### 1. Leaders and Elites

In a previous article (Lengyel and Ilonszki 2010) we have commented on transformational and transactional leadership. Transformational leaders provide vision and inspiration, while transactional leaders are good in negotiation, management and provide proper rewards for their followers (Burns 1978; Bryman 1996). The literature on global systemic developments claims that *pseudo-transformational* leaders may emerge in the process of change. These pseudo-transformational leaders and their conduct trigger concerns about the quality of democracy. They use systematic manipulation for the sake of partisan interests, leaders disregard human rights and the democratic institutional framework. When pseudo-transformational leaders dominate, the use of manipulation widens, leaders override human rights and democratic institutional framework, and unbiased information is hard to obtain (Masciulli 2009, 472). This seems to be the case in Hungary where the current leaders and elites pursue an alleged program of transformation by abusing and misusing democratic institutions.

This is most apparent in elite and leadership rhetoric. The PM often uses the metaphor of war and fighting – the relentless search for the enemy and the rhetoric of mobilization serve to divert the voters' attention from the social and economic woes, but such a combative rhetoric becomes dangerous during a crisis, since it can revive hostile social stereotypes and place the blame on specific social groups. The tabloid media reinforce these stereotypes and stir the emotions of the masses: “let the top dogs who had lined their pockets” whine with fear now. The threat of impeachment became a key instrument of media politics and was used to intimidate even former government personnel, such as the former PM, who became regarded as an enemy (rather than a rival) on both political and personal grounds. A parliamentary committee (without participation of the opposition parties) proposed putting the former PM on trial, accusing him of mistakes in economic policy decisions during his term in office. The alleged “crimes” include pay-rises in the public sector (in line with

the Socialist election promises of 1998) and other measures that the opposition also voted for, and that were supported by the public.<sup>9</sup>

When the key intention of a leader is fighting, when the goal of the policies is “struggle itself” (as one Hungarian morality play concludes), when the leader looks for scapegoats to apportion blame for the national debt, and when external foes are portrayed as threatening national sovereignty, the restrained competition and the democratic rules of the game start to crumble. The present PM singles out “cantankerous” representatives of the European Parliament whom he wants to bring into line with – and he uses here popular slang words from his childhood – not too painful, but humiliating symbolic “slaps and blows”.

These remarks reveal not only personality traits of the leader but also the dominant political culture. The vocabulary and conduct are used to perpetuate the image of rulers as heroic rebels-defenders fighting against foreign forces – in this case, against the European Parliament. This image has been a popular Hungarian historical leitmotif, and it is an effective tool of manipulation. Also effective is the constructed image of the politician as a “man on the street” who even dares to use four letter words and behave non-politically – an image used to gain popularity.<sup>10</sup>

The leaders of the present government use manipulation and deception and evidently lack the components of *soft power*, especially empathy (Masciulli 2009, 460-2). This is perhaps not surprising as those socialized only for fighting and winning rarely have sympathy for losers and those who do not want to fight, being instead strong in *hard power* techniques, like force, organization and threat, and weak in transactional skills, such as bargaining, persuasion and deliberation. Moreover, they are unable to apply self-constraint, which is a precondition of consensual elite unification. That was a point made by Zoltán Pokorni, the deputy president and former cultural minister, recently the mayor of a Budapest district. During the last congress of Fidesz he warned his colleagues: “we ourselves are the greatest danger” because due to the two-third majority there is no efficient control over the government.<sup>11</sup> This was not the first occasion when Pokorni, nowadays a marginal voice in Fidesz, warned about the dangers and reminded elites about their responsibilities. In 2009, still in opposition, he declared: “now people hate Bajnai and Gyurcsány (acting and previous PMs at that time), but after half a year they will hate us if we arouse these public sentiments”.<sup>12</sup> Nevertheless, it is the leader’s attitude to the broader elite that informs us about their normative framework and dominant attitudes.

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<sup>9</sup> At the end of 2011, the new parliamentary majority deprived the ex-PM of his parliamentary immunity and the court of justice started a judicial investigation against him.

<sup>10</sup> E.g., see a blog of another Fidesz politician, a MEP, whose political comments about politicians, events etc. have even been commented by the US diplomats. Politicians’ talk is always political talk – even if they try to use the style of backstreet boys.

<sup>11</sup> <[http://www.nol.hu/belfold/orbannal\\_ujit\\_a\\_fidesz\\_kongresszusa](http://www.nol.hu/belfold/orbannal_ujit_a_fidesz_kongresszusa)>.

<sup>12</sup> <<http://www.klubradio.hu/cikk.php?id=16&cid=88787>>.

For example, Orbán selects and approves each candidate for the parliamentary election, and seems to be in charge of all decisions – large and small – including the appointment of the director of the National Opera.

Another problem – also diagnosed elsewhere in the study of contemporary elites (Higley and Burton 2006) – concerns political ‘stacking’. This refers to the practice of replacing civil servants *en masse*, which instils fear, and makes political loyalty the most important criterion of assessment. Competence and professional merit are subordinated to loyalty, and those who oppose such practices are threatened with sanctions, including legal action. The mass replacement of cadres undermines the working of public institutions, destroys morale and restricts competence. In fact it amounts to the destruction of the elite qualities of the ruling groups.

This elite assault is often disguised by legal-administrative decisions. For example, judges were formerly able to serve until the age of 70 – now they have to retire at the age of 62. The legal hierarchy has been decapitated, positions are reserved for the party faithful, and the sense of security, essential for the division of powers, has been weakened. Political cleansing takes place in the media and in the ministerial bureaucracy without transparency and respect for professional norms.

Students of elites often concentrate their attention on political elites; on whether there is consensus about the rules of the game shared by the ruling and opposition elite groups, and whether these groups are willing to adopt self-constraint to maintain the working of democratic institutions. As Higley and his collaborators stress, this is an important – but not exclusive – aspect and feature of unified and divided elites. Other elite groups, such economic elites, can also have considerable influence on ensuring the preconditions for elite reproduction (Lengyel 2007). For example, top business leaders can greatly constrain the range of discretion available to politicians and often get directly involved in politics themselves. A good example of influence exercised from outside the political elite is the formation of the government in 1994. The fiercest critic of the Socialist Party, the Alliance of Free Democrats (SzDSz) anchored historically in the democratic opposition, entered into a coalition with the Socialist Party. The Socialists could have easily formed a one-party government, but they badly needed a coalition partner in order to get out of the *cordon sanitaire* formed by the new oppositional parties. However, the main encouragement for the coalition came from the business sponsors of SzDSz: if the party remained in opposition for another four years, it would have been abandoned by its sponsors. In this context, careers of entrepreneurs-turned-politicians could be seen as providing protection against political and legal attacks, and as gateways to valuable insider information (e.g., about lands to be appropriated, or public investments).

It is also crucially important for economic players, such as entrepreneurs and bankers, to be close to political power, especially under the conditions of

frequent changes in legislation. They benefit from this proximity in two ways: they gain information about the direction of change, and – whenever possible – they can influence the change, thus protecting their interests. In the current government cycle there is another player, i.e. business leaders with close links to government as well as to the main ruling party. In other words, there is a proliferation of entrepreneurs-turned-politicians that, combined with the widespread occurrence of party donations, and this is probably just the peak of the iceberg of the growing interpenetration of business and politics.

This intertwining of business and politics is facilitated by the lack of the transparency of party financing and frequent changes in legislation. Indeed, changes in the rules are often designed to promote the interests of some groups and sectors – so much so that the managers of banks and multinational companies are said to be able to tell what relations the directors are fostering with the government by their annual balance sheets. A minor rephrasing in the tax law, for example, may involve billions of extra profits or losses for some companies. There are business leaders whose opinions are listened to, while the views of others are ignored or discarded. The relationship between politics and business is secretive and apt to take sudden turns. Perhaps the most dangerous “corrupting factor” is the indebtedness of several politicians. This indebtedness makes them financially and politically vulnerable – open to pressures and manipulation. Some politicians acquired interests in business as entrepreneurs, or have positions on directorial boards. They are also vulnerable to business pressures, and they may misuse the information available to them in personal or partisan way.

## 2. Institutions and Procedures

Soon after the 2010 elections, a thorough institutional transformation began in Hungary. The most important target of reforms was the Constitution, which had been re-vamped at the time of the elite settlement in 1989-90. The creation of a new Constitution in 2010 was both a symbolic and a pragmatic development. It was symbolic in the sense of signalling a new start and separating the new “Fidesz period” from the creed of 1990 elite settlement. It was also pragmatic in the sense of finding institutional arrangements in harmony with the social vision of the governing forces. The name of the country has been changed to Hungary – as opposed to the Republic of Hungary and a number of national symbols have been replaced and modified. This change in wording is of major political significance: the republican ideals of political liberty and civic participation do not seem to be highly appreciated by the new rulers and constitution-makers.

The constitutional change was very fast. The opposition parties did not participate in the debates and public consultations were replaced by public opinion research. One of these was even called “national consultation”, though citizens

had to respond to closed questions that were difficult to understand. It was a highly restricted, if not manipulative, “consultation” disregarding crucial questions and creating an elite-mass distance with the help of the survey method. It was used to cover up the acute lack of the government’s readiness for dialogue with the opposition, as well as the absence of real consultations public deliberation involving all major social groups. This fits the general tendencies: behind representative institutions an indirect rule takes place, and manipulation of the public becomes the rationale of simulated democracy.

Overall, the government seems to have two major goals: a) to ensure their current position by removing institutions that hinder its policies and persons that criticise its moves; and b) to secure long term power, even if the current power structure cannot survive the next elections. There is not enough space here to provide a full scale picture of this transformation – which has been well documented in the international press – but a few points are necessary to illustrate how these goals are being pursued, and to indicate emerging trends.

Following the election victory, Orbán nominated (with parliamentary approval) a loyal supporter to be Head of State and the post of the Main Prosecutor has also been filled in by a party man. The National Election Committee – which could serve as an umpire in electoral disputes and referendum initiatives – has been restructured. These and other developments undermine democratic control mechanisms and the rule of law. As the Prime Minister’s spokesperson announced at a parliamentary standing committee meeting, former politicians have to be punished by all available means and *if means are not available, they have to be invented*.

The goal is to ensure continuous power by blocking public and elite control mechanisms, in an atmosphere where no one can feel safe. This lack of safety serves several purposes. In the first place, existential fears deter criticism. In addition, part of the manipulated public might feel satisfied by seeing purges at the “top”. Current measures make them believe that such prosecution is appropriate and that the purges will only affect those at the top and never reach them. This is a lesson still to be learned.

Media law is another example of how the ruling party is seeking to stabilize its current position. International repercussions of the media legislation coincided with a delicate period, the beginning of the Hungarian EU presidency. While the PM communicated to his followers that “we won’t let others mop the floor with us”, he assured the EU that he was ready to modify the media law so that it is in conformity with the EU standards and expectations. And indeed, the parliament passed the formal modifications of the media law on points criticized by the EU commissioner,<sup>13</sup> but these modifications excluded the most important one: the balanced composition of the media council. As a result, the

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<sup>13</sup> <<http://www.ft.com/cms/s/0/133048b0-39e4-11e0-8dba-00144feabdc0.html#axzz1TUCGleei>>.

Council consists of only pro-government members, all appointed for nine years.

It is time for some illustrations of how the Fidesz seeks to ensure its *long-term power position*. This is also being done in a systematic way. For example, the term of office of many appointments has been extended, and many positions have been “immunized” against possible influence by subsequent governments. Thus the newly nominated Fiscal Council can veto the budget of the government, and the Head of State can dissolve the (next) parliament if there is no accepted budget. The function of the requirement of a two thirds majority of parliament has been extended to other institutions: the next head of the Constitutional Court and the next President of the National Bank – both during the current government term – will also be elected by a two thirds majority. Moreover, the same requirement will apply in their next terms of office as well. This kind of glorification of parliament’s overall majority is a double-edged sword: it seems to acknowledge the power of the representative institution, but it rather degrades it. It might well happen that the next government cannot implement its own program, which would be a clear case of abuse of the representative institution by a political force and its leader, who made every effort to downplay the prerogative of parliament during their previous period in office<sup>14</sup> (Ilonszki, 2007). Meanwhile, Hungarians are waiting for details of the promised electoral system reform, which could mean that Hungarian voters cannot vote for a working government in the coming elections.

Quite unusually for a government which includes a large number of law graduates, its reform measures seem to damage the ground rules of a constitutional state, relying instead on populist appeals. This is illustrated by changes to the taxation system and severance pays with retroactive effect. Such changes hit not only political entrepreneurs, but also the average “person on the street”. Another planned measure includes abolishing the early retirement of policemen and firemen, similarly retroactively. The ill-considered attempts to wipe out the private social insurance companies and force members *en masse* into the state system have not contributed to a strengthening of the people’s feeling of legal security. All these measures weaken public and elite controls and contribute to the sense of uncertainty about the future.

The new Constitution and the “cardinal laws” which were passed with a qualified parliamentary majority have received criticism on several counts. The Venice Commission (The European Commission for Democracy through Law) of the European Council criticised the new constitutional text, especially for referring to the cardinal laws too frequently, and for mixing up principles of policy and polity.<sup>15</sup> The subjects of the cardinal laws requiring qualified major-

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<sup>14</sup> This was between 1998 and 2002, but without a clear majority at that time.

<sup>15</sup> <<http://blogs.wsj.com/emergingurope/2011/06/21/venice-commission-vexed-by-hungarys-new-constitution/>>.

ity voting to which references – well over fifty in number – are made are often cultural, economic, religious issues that are regulated by simple majority voting in most countries. The Venice Commission also criticized the constraining of the Constitutional Court and found fault with the lack of more specific definitions of human rights. The vague phrasing of these rights allowed more restrictions on labour issues and for policies detrimental to employees. In sum, the text of the constitution gives the impression that the government is taking the opportunity of its two-thirds majority to force its own political, economic and moral tastes on forthcoming generations.

An internationally renowned fiscal expert and financial adviser of the former Orbán cabinet, Sándor Lámfalussy, said in a conservative weekly newspaper before the new Constitution became law that such a law is dangerous: “What if a new wave of recession hits?” he asked, meaning that restrictions would curb the possibilities of any government to act. A blogger with moderate sympathies for the government added: “we Hungarians usually mount the horse back to front. Should a new economic crisis develop, we would not be able to increase our debt ... and starve proudly, standing up”.<sup>16</sup>

## Conclusion

Hungary is going through a difficult patch. The economic crisis causes impoverishment of large social groups, and social segregation (especially of Romas) has taken on a regional as well as an ethnic dimension. The expectations, the value system and behaviour of Hungarian society is highly problematic, and in our view, it has been largely abandoned by its political elites during the past two decades. Can the social fabric of society be strengthened? Can Hungarian society resist the Siren calls of extremism? In one 2011 by-election the extreme right party managed to get its candidate elected for the post of the mayor in a small town that had been in the forefront of ethnic conflict between Romas and ethnic Hungarians. Characteristically, Fidesz did not run its own candidate, thus indirectly supporting the extreme party.

The governing elite falls in a trap, and here, Forbes’ (2009, 424) comments seem especially salient for the Hungarian case:

They may shade the truth for the sake of popularity and campaign contributions and then be trapped by their crafty distortions and foolish promises. In short, practical wisdom can be corrupted by the lust for power ... The result can be disaster for those the successful politicians eventually govern.

While the joint responsibility of all political elite groups, whether left or right, has to be acknowledged, there are certain differences between them, which have implications for the prospects of leadership and elite conduct. The Con-

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<sup>16</sup> <<http://hetivalasz.hu/uzlet/gazdag-szegenyek-36058>>.

servatives learnt the workings of power from books – and probably not from the best ones. A more sophisticated and also more manipulative power structure has been invented as a result, and a more open lust for power has been instilled in political leaders.

Our approach is admittedly normative and we think that there are criteria for good – as well as for bad – leadership. Good leaders build on the good traits and strength of society and not on its weaknesses; they are able to combine transformative and transactional styles, they are able to consolidate and not only to criticize and mobilize; they are able to strengthen trust, solidarity and norm-abiding. Good leaders strengthen the rule of law and respect human rights; they do not favour interests selectively, but try to harmonize them.

As mentioned earlier, the concepts of “pseudo-transformative leadership” and “simulated democracy” are useful for the study of certain pathologies of leadership and democracy. We are afraid that these concepts fit well the present-day Hungarian leadership. To combat the economic crisis, the country needs leaders who can convince society not only of their transformative skills, but also of their sympathy for the losers, as well as of their capability of making settlements that last. The rhetoric of fight and “have-nots are worth nothing” is not a sign of such a political habitus. For these reasons, and because norm breaching behaviour is wide-spread within elites and significant groups of the public in Hungary, it is justified to talk about a “simulated democracy” in Hungary. The exclusivity of partisan interests, lack of self-constraint, enmeshing of public and private interests, tabloidization of politics, partisan politicization of professional codes – all these pathologies contribute to the process of “simulation”. The current leaders carry the major responsibility for the *breakdown of elite consensus, for manipulations of passions of the majority and for undermining the democratic institutions* for the sake of partisan interests, which is why it is also reasonable to talk about “pseudo-transformational leadership” in contemporary Hungary.

Elite settlement in Hungary has failed, and elite convergence seems to be unlikely for several reasons. First, the institutional transformations launched by the new government have weakened the system of controls, checks and balances. Second, elite movements indicate further polarization, and at present there is no indication that leaders are inclined to observe self-constraint in mutual negotiations. Third, leaders treat politics not as rivalry, but as a struggle, and their attempts are directed at cementing their position of power and control.

True, we also observe some strange metamorphoses, as state-socialist party cadres turn into democrats, Communist Youth Organization leaders turn into capitalists, great capitalists turn into Socialist reformers, and bearded, sandal-wearing civil right activists turn into suit-and-tie politicians. These are, however, only roles and ideologies from which to choose at will, that is as long as the political realm is still in the phase of transformation. Frequent changes of

roles and too many sharp turns do not win public approval, especially of those who like to ponder about principles and commitment. Every politician, no matter how sharply his or her career has turned, declares that their course has been as straight as a bowstring and that their inner values remain unchanged. An authentic consolidation of democracy would, however, require a different leadership behaviour.

The conclusions drawn from this critical portrayal of contemporary Hungarian politics are largely pessimistic. One is that the ruling groups entrench themselves in power, by hook of manipulation or by crook of deception. Most probably the populist and racist anti-EU extreme right will strengthen. There seems to be little chance at the moment for the Socialists or for the alternative-green LMP to defeat the ruling alliance at the next elections in 2014. Even smaller is the chance of a change in the top echelon of Fidesz to choose a leader who can constrain his partisan zeal. Since such constraint is essential for sustaining elite consensus, there is little hope in Hungary for elite convergence and for changing leadership habits.

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