

Democratic Transition in Hungary

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ABSTRACT

The purpose of this essay is to analyze three factors that led to a democratic transition in Hungary, and also to determine the state of democracy in Hungary today. The history of rule in Hungary led to a situation with many political actors and agendas. There are numerous factors that caused a democratic transition, among them the weakening of the Soviet Union, the influence of other nations, and the negotiations between the Hungarian government and the Hungarian opposition. The Soviet Union's slow collapse allowed for democratic conditions to come into being in many Soviet occupied nations, including Hungary. With this collapse, other countries such as the United States were able to deliver economic aid to Hungary. Another country that helped facilitate democratic transition was Poland, which had gone through a transition under Soviet rule not long before, and thus provided an example to other countries on how to undergo a transition. The third factor is the roundtable discussions between the opposition and the government in Hungary. These discussions led to the government agreeing to free elections, which led to a democracy. The democracy in Hungary today is consolidated; there have been no revolutions against democratic rule, and the economy is steadily improving. This, plus the admission of Hungary into the European Union, leads to the conclusion that Hungary is a stable, consolidated democracy.

In 1989, Hungary made the transition to democracy. Casting off more than four decades of communist rule, democratizers in Hungary ushered in a new government system. This government would have free and fair elections, and would be focused on uniting the Hungarian people under a banner of democracy. There was no clear single reason why the transition occurred, but rather numerous reasons that contributed to the transition. Margit Williams writes, "in Hungary there was a gradual evolution towards greater pluralism in the economic, social and political spheres with no single or obviously identifiable event indicating the onset of the transition (30)."

Hungary's transition to democracy has its roots in the way that the nation had been ruled in modern times. Long an ally and partner to Austria, Hungary was a member of the Austro-Hungarian Dual Monarchy, which lasted from 1867 through 1918. Following defeat in World War I, Hungary experienced a violent communist dictatorship which was ousted in the same year as its creation, 1919. This period was succeeded by a regency that lasted for 25 years. Hungary allied with Germany in World War II, and later attempted to side with the Allies, which ended with the eventual occupation of Hungary by Germany. Following World War II, a coalition of the American, British, and Soviet governments controlled the nation. By 1947, the Soviets controlled the nation entirely. In 1949, all parties were merged into the Hungarian Workers' Party. The communists in Hungary then created a constitution, establishing the Hungarian People's Republic. The Hungarian economy was modified to the Soviet system in the years of 1948-1953. Hungary joined the CMEA (Council for Mutual Economic Assistance) in 1949, which was a Soviet economic group. Any private enterprise with more than 10 employees became national enterprises, and civil rights were repressed. Cardinal Jozsef Mindszenty, the head of the Roman Catholic Church, received life imprisonment. These factors led to severe economic hardship, and in 1953, the Prime Minister, Matyas Rakosi, was removed from power in favor of Imre Nagy,

who stopped persecuting political enemies, and freed numerous prisoners. In 1955, however, Nagy was removed, and Rakosi became Prime Minister once again. The same year, Hungary became a member of the Warsaw Pact. In 1956, growing unrest among the people of Hungary led to Rakosi being replaced again, this time by Erno Gero.

In 1956, Hungarian police forces opened fire on a group of students who were marching in support of Poland's conflict with the Soviet Union. This caused a massive attempt at revolution in Hungary, which led to Soviet troops being called in by Gero. The violence ended when Gero was replaced by Nagy. Nagy eliminated the police forces, promised free elections, worked with the USSR to remove Soviet troops, and planned for a multi-party system. However, despite promises otherwise, Soviet troops continued to enter Hungary. This led Nagy to declare Hungary as neutral, and to seek assistance from the United Nations and Western powers. His requests for assistance were largely ignored, as the UN and Western countries were dealing with the Suez Crisis. On November 3, the Soviet Union attacked Hungary. Nagy and the rest of the government took refuge; one member of the government, Secretary János Kádár, defected to the Soviet Union. Kadar took control of the government of Hungary, and executed and imprisoned thousands of political enemies. Imre Nagy, who had been guaranteed safety, was sent to Romania and later executed. In the 1960s, Kádár, seeking to improve his image, began a series of economic and political reforms. He lessened the power of the police forces, promoted trade with the West, and pardoned political prisoners. Until the 1980s Hungary was relatively peaceful. At that time however, social and economic conditions in Hungary had worsened, and many groups were created that hoped to bring about extensive political and economic reforms. In 1988, Parliament granted numerous civil rights back to the people and revised the constitution. Early in 1989, the opposition and the government met in roundtable discussions to ultimately decide on allowing a democratic government to be created. In October of 1989, the communist party transformed itself into the Socialist Party, and Parliament passed laws establishing free, multiparty elections, and creating a separation of powers among the judicial, executive, and legislative branches of government. Later that year, the Soviet Union signed an agreement to eliminate troop presence in Hungary by 1991. This finally established a free, democratic government in what is now simply the republic of Hungary (US State Dept).

Because the transition to democracy in Hungary was relatively subdued in comparison to other nations, the contributing factors in the transition tend to be subtle. Three factors that will be explored here are the weakening of the Soviet Union, the influence of other nations, and the negotiations between the government and the opposition in Hungary.

One major factor leading to the democratic transition of Hungary was the weakening of the Soviet Union. Following World War II, the Soviet Union was strong, economically and militarily, and prevented Hungary and other countries from becoming democracies, even though they were "economically and socially prepared for democratization (Samuel Huntington, 86)." By the 1980s, however, the Soviet Union was collapsing. The Soviet Union had used many of its resources in conflicts around the world and in developing weapons and scientific advances in a race with the United States. The communist party was losing its authority over the people and the Soviet Union was about to fall.

This decline of the power of communism manifested itself in Hungary. Confusion and dissension in the ranks of the Communist party culminated when János Kádár was removed from leadership of the Hungarian Socialist Workers' Party. Kádár was replaced by Károly Grósz. Grósz was unable to contain those in the Communist party who wanted a more liberalized society. This ineffectiveness allowed a democratic opposition to grow and eventually challenge the communist government (Williams, 30-31). Reformers inside the Communist party added to the deterioration

of the government, such as Imre Pozsgay. Pozsgay wanted economic and political reforms, including "restructuring the communist party so that it resembled more of a west European democratic socialist party of the left" (Williams, 33). Pozsgay was also an important member of the Hungarian Democratic Forum, which was an opposition group comprised of not only democratizers but reform communists as well. The Forum acted as a go-between for the main opposition group and the government (Williams, 35). This burgeoning democratic movement in Hungary was enhanced by several events in the late 1980s. In March of 1988, the Federation of Young Democrats (FIDESZ) was created as a new political party. In May of the same year, the first independent trade union of Eastern Europe, the Democratic Union of Scientific Workers, was formed. During the summer, freedom of the press was ordered. Then, in January of 1989, the government began allowing the creation of political organizations. This led to numerous political parties being formed in 1989, many of which were historical parties of Hungary. The Independent Smallholders' Party (FKGP), the Christian Democratic People's Party, the Hungarian Social Democratic Party, and the Hungarian National Peasants' Party were all formed in this period. These parties "built bridges between the two distant phases of democratic development not only in cultural and ideological terms but also in terms of organization and through personal biographies" (Andras Bozóki, 73). The Hungarian Socialist Workers' Party then decided to permit the formation of a multi-party system (Williams, 36-38). The Hungarian Government stated in 1991 that

After long years of waiting and preparation, the forces of democracy in Hungary, seeing the beginning of a thaw in the Soviet Union, came out into the open and forced the Communist political system, already on the brink of collapse, down the road of reform (Judy Aniot, 67).

Melinda Kalmár writes:

At the beginning of 1989 Soviet leaders hired advisers who, seeing that the empire was already on the decline, worked out various scenarios attempting to predict the events which were soon expected to unfold in the countries of the socialist camp, and whose course the local communist parties would have to control as far as possible. Among these scenarios, those which analyzed the prospects for Hungary and Poland were of primary importance, since these two countries were already the furthest advanced toward the implementation of change. (Bozóki, 41)

While the Soviet Union did not dissipate until the 1990s, the system had weakened to the point that the Hungarian opposition could take advantage.

The weakening of the Soviet Union led other nations to offer aid to Hungary, which was in severe need of financial assistance during and following communist control. Several democracies came forward to assist Hungary in its desire to become a democratic nation. The United States, for instance, introduced the Support for East European Democracy Program, SEED, to deliver aid to those countries in East Europe who were transitioning to democracy. The United States pledged to deliver aid to countries towards the establishment of free and fair elections in a representative system, greater civil rights and to increasing capitalist and privatized economies. More importantly, SEED also pledged to not provide benefits to communist countries or any country that tried to impair the democratic process, and to not provide aid to the defense and security forces of any Warsaw Pact nation. To achieve these ends, the United States would become a backer of any democratizing country trying to receive loans from the World Bank and/or International Monetary Fund, would give loans to help reduce inflation, and stabilize the country

economically and help to reduce debts. Financial assistance would also be provided to change the economies to a more capitalist model through agricultural assistance, private enterprise funding, credit unions, technical assistance and training, scholarships, technology exchanges, private investment, and “most favored nation” trade status. Under the SEED Act, Hungary received over \$240 million in direct aid to achieve the goals listed above. Direct U.S. assistance ended in 1998 but, since then, Hungary has benefited from \$4.3 million in East European regional aid (USAID). The economic assistance available from democratic nations was a major influence on new democracies like Hungary, which had suffered a deteriorating economy under communist rule. Like the collapse of communism in the USSR, this opportunity for economic development was an additional factor that prompted the democratic transition in Hungary.

One country that had a large impact on Hungary’s democratization is the country of Poland. Poland did not provide financial aid or other forms of support, but they laid forth a basic plan for a peaceful democratic transition by providing a model of a negotiated transition that Hungary would emulate. Specifically, Poland had made the transition to democracy not long before Hungary did and provided a blueprint for the negotiated transition through roundtable discussions between the government and the opposition. Hungary benefited by having a transition after Poland. The Polish transition showed the opposition in Hungary that a negotiated transition could be successful, and not suffer retaliation from the Soviet leadership. The Polish transition also provided a basic example of how to negotiate a democracy, even though the communist party worked to remain a strong power there. Alan Renwick writes, “Both occurred following years of tentative liberalization; both were pacted, proceeding through round-table negotiations between regime and opposition elites; and both were in significant part initiated by regime reformers” (36). There are several differences, though. In Poland, the negotiations created a “semi-democratic compromise between the communists and the opposition” (Renwick 36). This negotiation did little to help the democratizers, as it provided for a majority of power in government to the communists. In Hungary, however, the communists allowed completely free elections. In addition, in Poland, the president “was endowed with strong powers, particularly in foreign affairs and defence,” while in Hungary, the communists “were forced by the end of the round-table negotiations to accept an institution of only rather weak powers” (Renwick 38).

These roundtable talks were the culmination of cooperation between the authoritarian government and the democratic opposition. The communists in command of Hungary did not anticipate a strong opposition to rise up and challenge their rule. However, due to cooperation by the opposition parties, a strong united group formed to challenge the communists. The communists had seemingly no choice but to accept the conditions set forth by the opposition. Ripp writes:

The leadership of the Communist Party had to realise that there was a need for radical economic and political reforms which transcended the framework of the existing system, since the system itself, which had plunged the country into a deep financial and economic crisis, was no longer functioning. It was negotiation and compromise which appeared the best solution to the Communist leaders to carry out the transition—before the emerging opposition groups were to become too strong. The MSZMP [the Hungarian Socialist Worker’s Party] was preparing for a partial loss of power (and responsibility) but it did not wish to hand it all over...A new political and economic elite had taken shape by the end of the 1980s, an elite which realized that it had a vested interest in implementing radical reforms. The most favorable solution for them was to start the inevitable political transformation and to ensure that a peaceful and gradual version of this process took place. (Bozóki 3-4)

The communist party in Hungary knew that if they did not start the liberalizing process soon, a violent revolution could take place. In addition, by working to liberalize the nation, those in power could also work to retain some of that power. This helped create a successful transition, as those who were in power under the communist regime were able to have some power under the democratic system. This in turn prevented a counter transition from occurring in Hungary.

The communist acceptance of democratic elections and the weak presidency enabled a relatively quick transition to democracy: "in the 1990 parliamentary elections, the communist successor parties won just 14.6 per cent of the vote and 8.5 per cent of the seats between them, and the reformed communist party entered opposition; the presidency was won by a former dissident" (Renwick 38). In Hungary, the transition was very successful for the opposition; the free elections allowed the democratic parties to gain a majority of parliamentary seats, the communists were effectively removed from power, and there was no uprising by the communist party. In achieving this peaceful transition, however, the Hungarian roundtable created an exceedingly complicated election process. Schiemann writes:

Each Hungarian voter initially receives two ballots, one for the SMC [single member constituency] contest in his home constituency and one for the party list competition in his region...there are 176 single member constituencies nationwide. To be eligible, each candidate must obtain 750 nominating signatures. The decision rule for single-member constituencies is a two-round, majority-plurality system; if a candidate receives more than half of the votes cast in the first round, then that candidate immediately wins the seat. Failing this, a second round of balloting is held two weeks later, to which any candidate receiving 15% or more of the vote (but with a minimum of the top three vote winners) advance. Seats in this round are decided by a simple plurality...The third ballot which Hungarian voters cast is for...regional list voting...19 counties plus Budapest...Any party running candidates in one-quarter of the region's SMC contests may establish a party list for that region. Regional seats are initially allocated according to...the total number of votes cast in that region divided by the number of seats available plus one...any undistributed seats...are transferred to the third level (the national list) for allotment. A party must operate a list in a minimum of seven regions in order to establish a national list. Seats are distributed from the national list indirectly, based on unused votes from the other two levels. (Bozóki, 166)

Basically, a candidate needs 750 signatures to be nominated. In each constituency, whoever receives more than 50% of the votes is automatically named the winner. If no one receives 50% of the votes, then a second election is held where a candidate needs just a majority of the votes. Any party that has a candidate in $\frac{1}{4}$ of a region's SMC elections can then establish a list for that region. The seats for each region are determined by how many votes are cast and how many seats are available. Any seat not filled is then sent to a national list. For the national list, a party must have a regional list in seven of the twenty regions. Seats are filled here by unused votes from the SMC and regional levels. These complicated rules were created to help the peaceful transition process. The election system features compromises from both the ruling elite and the opposition. The election laws were based on the laws set forth by the communist Ministries of Justice and Interior. Based on this, the Hungarian Parliament is unicameral of 350 seats. The MSZMP allowed for 80% (300) seats to be filled with SMC elections, and the rest by a national list election. The opposition roundtable (EKA), as a collective, offered a system where $\frac{1}{2}$ of the seats are SMC, and $\frac{1}{2}$ are national list. This system also created a two-ballot national list election system. The MSZMP eventually accepted this system. This gradually evolved into the three-ballot system, with an SMC election, a remainder election, and a national list election (Bozóki,

168-170). The compromises and agreements made regarding the election process help illustrate how the government and the opposition were committed to having a successful transition.

Once Hungary made the transition to democracy, they turned to Western European countries as models. This was a natural choice, as most of Western Europe was composed of democratic nations and members of the European Union, which would be beneficial to Hungary to join. Minister of Foreign Affairs Geza Jeszensky declared in 1991 that

Our task is no less than building a democracy, setting into motion a properly functioning social market economy and establishing new forms of political, economic and cultural partnership and security arrangements with our immediate neighbours. We must also explore all the possibilities inherent in regional cooperation and seek full integration into the political, economic and security order of a new Europe. This, in a nutshell, is my Government's programme which we seek to implement to the best of our ability. (Aniot, 51)

The Hungarian Government itself stated that, "integration, which started in Western Europe, dissolving centuries of national conflicts and opening up borders, continues to spread to the East and South" (Aniot, 67).

The question now is whether Hungary has become a democratic nation. The communist party is no longer in existence, transforming itself in 1989 to the Hungarian Socialist Party. The current major parties are Fidesz-Hungarian Civic Party (MPP), formerly the Alliance of Young Democrats, the Hungarian Socialist Party (MSZP), the Alliance of Free Democrats (SZDSZ), and the Hungarian Democratic Forum (MDF). The GDP of Hungary in 2006 was \$113.1 billion, with a growth rate of 3.8%. The imports currently exceed exports by \$1.76 billion. In 2002, a coalition of MSZP and Free Democrats were elected to power. Despite the MSZP being built from the Communist Party, the MSZP has worked to further transform the nation into a more capitalist economy. This government has also stressed the need to become more "European," and succeeded in having Hungary join the European Union in May of that year.

Policies were implemented by Prime Minister Gyula Horn in 1995 that turned the economic condition of Hungary around, including privatization of businesses and export promotion. These policies coupled with increased foreign direct investment (FDI), allowed Hungary to have strong growth, an average of 4.5% since 1996, lower inflation, going from 28% to less than 7%, and lower unemployment, down to below 6%. This makes Hungary among the fastest growing states in the EU. The current Prime Minister, Ferenc Gyurcsany, has pledged to reduce the deficit by raising taxes and eliminating "waste in the public sector." His stated goal is to cut the total budget deficit eventually to 3% by 2009 (US State Dept).

Because of the peaceful transition process, the ease of which communists facilitated the transition to democracy, and the current economic and political trends suggest that Hungary is a legitimate democracy. The support of foreign countries and investments, along with the government's desire for economic reform, show Hungary is concerned with maintaining a stable economy and increasing the wealth of the nation as a whole. Per Huntington's guidelines, Hungary is consolidated. As I have maintained, the country faced few transitional problems because the authoritarian government and the democratic opposition worked together through the roundtable discussions and because they agreed to retain the basic constitution of Hungary. This enabled democratizers to avoid problems related to the constitution and the electoral process (Huntington, 209). There were few contextual problems, because Hungary's new government placed a strong

emphasis on strengthening Hungary, uniting Hungarians, and establishing a strong democracy in Eastern Europe.

In summary, Hungary's transition was relatively peaceful, with a lack of serious problems. Former communists were not exiled from the country nor excluded from politics. Fair and open elections were held, where anyone who wanted to run for office could. The economy has taken a positive turn in recent years, showing economic growth, lower unemployment, and lower debt. These factors point to a consolidated democracy in Hungary, but perhaps the biggest sign that Hungary is consolidated is that today they are a member of the European Union. This shows that they are a consolidated, legitimate democracy and have been accepted as such by the countries of Europe.

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Joseph is a sophomore and will graduate in 2010 with a BA in Political Science. He wrote this paper for Dr. Karakatsanis' POLS Y362.
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