Abstract

This paper investigates democratic decline in modern Hungary. In recent years this type of decline has become more common and thus, understanding the factors that drive it is critical. This paper draws on scholarship on nationalism, economic decline, and regime legitimacy and utilizes a process tracing methodology to gain a nuanced understanding of how variables outlined in the scholarship interacted with one another in the process that resulted in Hungary's slide away from democracy. This paper hypothesizes that economic decline created the conditions for political change within Hungary while nationalism, a decline in support for liberal values, and the appeal of alternative systems of governance were key antecedent conditions determining the illiberal form of that change. It finds that the data supported the idea of economic decline creating the conditions for political change but that that change was driven by rising nationalistic sentiment and the appeal that alternative systems of governance had for the political elite. The evidence does not support a decline in support for liberal values or popular level appeal for alternative systems of governance having a role in Hungary's democratic decline.

Introduction

In his infamous 1989 article *The End of History?,* Francis Fukuyama wrote "what we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the endpoint of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government" (Fukuyama 1989, 4). While the sentiment expressed in this quote is now often a target of mockery and derision in the international relations community, in the initial aftermath of publication Fukuyama appeared to be vindicated by world events. Later that year, the Berlin Wall fell, and former Warsaw bloc countries started replacing their Communist governments with liberal democratic reformers. A few short years after that, the Soviet Union itself collapsed and many of its successor states, including Russia, started their own transitions toward liberal democracy. While the liberalizing effects of the end of the Cold War were most acutely felt in Central and Eastern Europe, democracy advanced worldwide as authoritarian regimes that had previously been propped up by the United States or Soviet Union crumbled as their patrons abandoned them. Indeed, democracy seemed to be the triumphant wave of the future and, while authoritarian regimes still existed, there were increasingly fewer and fewer of them. Given this political landscape, Fukuyama's bold statement seemed quite accurate. However, between the supposed global triumph of democracy in the 1990s and the present day, something changed. This project seeks to investigate the causes of that change.

The change alluded to above is the reversal of the rapid democratic expansion of the 1990s in the 2000s. In their 2018 Report on Freedom in the World, Freedom House noted that 2017 marked the twelfth consecutive year in which the level of democracy in the world declined

("Freedom in the World 2018," January 13, 2018 1). This report was also notable because, unlike in past years of democratic decline, in 2017 these declines were concentrated in established liberal democracies ("Freedom in the World 2018," January 13, 2018, 44). A few prominent examples of established democracies experiencing severe democratic decline are Venezuela, Poland, Hungary, Turkey, and the Philippines. Of these, Poland and Hungary are especially interesting as they represent ground zero of the wave of liberalism that accompanied the end of the Cold War and are both members of the European Union, which is partly an attempt to entrench European democracy ("Article 10," accessed January 26, 2018). Furthermore, the election of Donald Trump as President of the United States, despite his own well documented authoritarian tendencies, has also brought the issue of democratic decline in liberal democracies to the forefront of public discourse (Hamid 2016, 3). This paper studies the rising illiberalism in formerly established democracies like Hungary to understand why a liberal democracy evolves into an illiberal regime in order to better understand what can be done to prevent democratic backsliding (Booth 2016). More explicitly, it seeks to answer the question "what explains Hungary's transition from a liberal democracy to an illiberal state?"

The importance of the answer to this question cannot be overstated. If humanity has not reached the endpoint in its political development, as Fukuyama posited, then liberal democracy is still vulnerable to challenges from alternative systems of governance. The implication of this reality is that all the gains the world has derived from the ascension of liberal democracy: unprecedented freedom, peace, and prosperity, are all also at risk. The risks are especially resonant in Europe, which was the epicenter of epic struggles between liberal democracy and authoritarianism, first in the form of the despotism of Imperial Germany and later the Fascism of

Hitler's Germany and Mussolini's Italy. Tens of millions died in a noxious concoction of illiberalism and nationalism.

Across Europe today, nationalist parties are on the rise and certain nations in Eastern and Central Europe, such as Hungary, have made strong turns towards illiberalism. On the eve of World War I, British Foreign Secretary Sir Edward Grey remarked that "the lamps are going out all over Europe, we shall not see them lit again in our lifetime" (Grey 1925). While it is doubtful that Europe stands on the brink of another world war, the lamps of democracy lit in Eastern Europe in 1989 are going out and I seek to find out why.

In order to discover the answer to this question I will be utilizing small-n analysis. Prior to engaging in this analysis, there will be a literature review that seeks to define liberal democracy and explore some of the many reasons for its decline posited in the academic literature. Included among these are the geopolitical school (Kagan 2015), the domestic policy failure school (Fukuyama 2013), and the school of thought emphasizing the relationship between nationalism and democracy (Bingol 2004). The literature review will also contain a brief section on the history of Hungary with a focus on the arrival of democracy in Hungary post-1989. Finally, there will be a conclusions section to discuss the implications of my findings.

Literature Review

Defining Liberal Democracy

The first step in analyzing democratic decline is to define "liberal democracy." In its attempts to measure freedom in the world, Freedom House, a respected non-governmental organization focused on researching democracy worldwide, is highly dependent on the United Nations Declaration of Human Rights in determining its methodology ("Methodology: Freedom

in the World 2017," January 24, 2017). This metric is widely accepted by the academic community, though there are alternative metrics of measuring a state's level of liberal democracy. Included in the United Nations Declaration of Human Rights are civil liberties such as freedom of speech, freedom of assembly, and equal treatment before the law as well as political rights such as the right of citizens to have a role in their governance ("Universal Declaration of Human Rights," December 10, 1948). Both civil and political rights are equally important to the definition of liberal democracy, which means that democracy is about more than just holding elections. One effect of a liberal democracy's respect for the political and civil rights of its citizens is that liberal democracies tend to be pluralistic. Indeed, pluralism is also considered an essential element of liberal democracy which is what makes populism, a method of politics that is fundamentally anti-pluralist, anti-democratic (Müller 2016, 82). In summation, liberal democracy is defined by three overarching principles: civil liberties, political representation, and pluralism.

The recent decline in liberal democracy has produced a wealth of recent scholarship. Some scholars point to changing geopolitical realities as the reason for the authoritarian resurgence (Kagan 2015). Others instead focus on theories of regime legitimacy in relation to the performance of democratic governments (Burnell 2006). There are also scholars who emphasize the relationship between the level of nationalism and liberal democracy within a society (Bingol 2004). These differing focuses form the basis of three schools of thought on democratic decline: the geopolitical school, the domestic policy failure school, and the nationalism school.

A Short History of Hungary

Hungary first emerged as a distinct political unit in the Middle Ages as the Kingdom of Hungary. After the disastrous Battle of Mohács in 1526, that kingdom ceased to exist, and Hungary was divided up between the Ottoman Turks, the victors of Mohács, and the Austrian Hapsburgs (Duncan 2017). Eventually, as the Ottomans faded as a European power, Hungary became fully enveloped by the Austrian Empire. This state of affairs would exist for some time, withstanding several attempted revolts by Hungarians seeking either an equal place within the Austrian Empire or independence from it. Eventually, the Hungarians would achieve nominal political equality with the Austrians and the Austrian Empire became the Austro-Hungarian Empire in 1867. That Empire dissolved in the aftermath of the First World War and Hungary once again emerged as an independent nation.

In the post-World War I era, Hungary was briefly a democratic republic and then a Soviet republic before a military coup led by Admiral Miklos Horthy created a new Hungarian monarchy under the regency of Admiral Horthy (Gabriel 2016, 4). This new system was somewhat democratic but as time progressed the government increasingly pursued policies, both foreign and domestic, that aligned it with Nazi Germany (Gabriel 2016, 4). In fact, Hungary was a member of the Axis during World War II and was only invaded by Nazi Germany after it was revealed that the Hungarian government had sought to make a separate peace with the Allies. After World War II ended, Hungary found itself occupied by the Red Army, which quickly helped Hungarian Communists gain power. Hungary would spend the remainder of the Cold War as a Soviet puppet state.

As the Cold War ended and the Soviet Union fell apart, Hungary was one of the many Eastern and Central European states to replace communism with liberal democracy. Like many of these other states, Hungary pursued free market reforms, created democratic institutions, and successfully joined the European Union (Gabriel 2016, 6). The principle political parties throughout much of this period were the center-left Hungarian Socialist Party and center-right Fidesz Party. More recently, the ultra-nationalist Jobbik has emerged as new political force in the country. Since 2010, Hungary has experienced a number of changes in its system of governance that form the basis for my research.

Geopolitics and Regime Type

Scholars in the geopolitical school focus on the forms of government utilized by the leading powers of the day and note that throughout history, there has been a tendency for the dominant powers in the international system to, either indirectly or directly, shape other states in their own image. Many scholars have pointed towards this tendency in attempting to explain the swings between the advance and retreat of democracy worldwide (Kagan 2015). Within this school of thought, there are those who emphasize the direct imposition of forms of government by great powers, like in the case of the U.S. imposing democracy on post-World War II Japan, as well as scholars who explore more subtle ways a great power can shape other units in the international system.

Regarding the latter, some scholars claim that powerful states can have an impact on the regime type of smaller states by the power of example (Nathan 2015, 158). In this telling, it was the example of the success of the democratic members of the European Community that led to the collapse of authoritarian regimes in Southern Europe in the 1970s and the peaceful

democratization of those countries (Kagan 2015, 23). Other scholars in this school focus more on the role of international norms in promoting different forms of government and the role the most powerful states have in shaping international norms (Huntington 1991, 67). Finally, scholars emphasizing the "neighborhood effect" meld the direct imposition and subtler aspects together but instead of focusing on the global balance of power, these scholars emphasize the role of regional powers in determining the form of government of a country (Way 2011, 14). While scholars in this school of thought may have different opinions on exactly how the most powerful states in the international system impact the internal politics of less powerful states, they all agree on the basic principle that shifting geopolitics have a role in explaining the growth and recession of global democracy.

With regards to my research, the geopolitical school is important because of the influence of successful authoritarian regimes on Hungary. One example which establishes that successful authoritarian countries, such as Russia and China, are having an influence on Hungary's political culture is a speech given by Hungarian Prime Minister Viktor Orban gave in 2014. In it, he claims that the dominant issue of the day was finding a method of organizing government that can compete in the global system and furthermore that "systems that are not Western, not liberal, not liberal democracies and perhaps not even democracies, can nevertheless make their nations successful. The stars of the international analysts today are Singapore, China, India, Russia and Turkey" ("Prime Minister Viktor Orbán's Speech at the 25th Bálványos Summer Free University and Student Camp," July 26, 2014). After spending most of the twentieth century dominated by foreign powers, first Nazi Germany and later the Soviet Union, Hungary views success in the international system as essential for its survival.

Domestic Policy Failure

The second primary school of thought claims that the failure of democratic states in the realm of domestic policy has led to democratic decline. This school of thought is highly influenced by the performance theory of political legitimacy. That theory claims that regimes derive legitimacy from their ability to provide their citizens with effective governance (Burnell 2006, 549). While this theory is generally used to explain why certain authoritarian regimes lose legitimacy and succumb to democratization, it can be applied to democratic states as well. With regards to the specific failures in domestic governance that have sparked democratic decline scholars break down into two camps. The first, illustrated by Francis Fukuyama in his article *Democracy and the Quality of the State*, focuses on the state's capacity to provide common goods to its people (Fukuyama 2013, 6). "State capacity" refers to the quality of the state's bureaucracy and the degree to which that bureaucracy is susceptible to clientelism and corruption (Fukuyama 2013, 7). One expectation the aforementioned people have regarding the capable state is that it will help lead to economic prosperity. If that expectation is not met, citizens can quickly turn to wondering about the capacity of their state for effective governance.

The second camp instead focuses on the inability of democratic states to adequately deal with the problem of inequality as the source of democratic decline. According to scholars in this camp, a high level of inequality is poisonous to democracy because it increases instability in a political system which can open the door for strongmen to restore order (Karl 2000, 155). Furthermore, the super wealthy can often exert disproportionate influence over a state's political system, which adds an oligarchical element to a democratic system that causes people to lose faith in democracy (Karl 2000, 156). Whether they focus on the provision of public services or

inequality, scholars in this field all point to domestic policy failure as the source of democratic decline.

The domestic policy failure is significant to my research because the 2010 Hungarian election that brought Fidesz to power and started this whole process, was largely defined by scandals afflicting the then-ruling Hungarian Socialist Party ("We Lied to Win, Says Hungary PM," BBC, September 18, 2006) and the economic recession Hungary was undergoing at the time (Kristztina Than, "Fidesz wins Hungary Election with Strong Mandate," Reuters, April 12, 2010). These events may have undermined the legitimacy of not only the incumbent government, but liberalism and liberal democracy itself. Such a decline in legitimacy may be responsible for the democratic decline Hungary experienced in the aftermath of that election.

Nationalism's Effect on Democracy

Scholars within the school of thought emphasizing nationalism's role in the viability of liberal democracy claim that there is a significant negative relationship between the level of ethnic nationalism in a country and that country's level of liberal democracy (Bingol 2004, 44). These scholars argue that this relationship exists because the values of liberal democracy and the values of ethnic based nationalism are incompatible. In particular, they claim there is a fundamental conflict between the ethno-nationalist conception of national unity and the liberal democratic values of diversity and pluralism (Bingol 2004, 44). This idea is consistent with other works on nationalism that claim that an essential part of the nationalist program involves dissolving internal divisions of a state (Hutchinson and Smith 1994, 4). A state seeking to remove its internal divisions is a state that is moving in an illiberal direction.

Within the realm of scholars examining the relationship between nationalism and democracy there is another group of scholars who discuss the impact of the choice of target for a state's outbound nationalism on the fundamental political decisions of a state (Nodia 2001). While nationalism in most cases contains an internal component, as discussed above, it also contains an outbound component that involves labeling some external group an alien "other." According to Nodia in his work *The Impact of Nationalism*, "[t]he target of this "outbound" nationalism is usually a current or former imperial power, but it can also be a great power that nationalists blame for imposing its will on their country" (Nodia 2001). This choice matters to scholars in this school of thought as they view a state that perceives democratic states as primarily "alien" or "other" as less likely to remain democratic (Nodia 2001).

The importance of the school of thought emphasizing the relationship between nationalism and democracy to this research is twofold. Firstly, Hungary witnessed a revival of nationalism, evidenced by the rise to prominence of the far-right nationalist party Jobbik ("Hungary's Right Claims Poll Win", *BBC*, April 12, 2010), that coincided with the onset of its democratic decline. Secondly, this democratic decline has also coincided with the European Union increasingly being the target of Hungarian outbound nationalism. Indeed, Hungarian Prime Minister Viktor Orban has frequently compared the European Union to the Soviet Union, most recently in a 2017 debate in the European Parliament itself ("MEPs Discuss Situation in Hungary with Prime Minister Orban," *European Parliament Audiovisual*, April 24, 2017). Nationalism within Hungary is on the march and is directing much of its ire towards the predominant liberal democratic power in the region: the European Union.

Methodology

The methodology I am utilizing for my research project is small-n analysis. I chose this methodology because of my desire to both explore the causes behind democratic decline and take a deep dive into a single case. Small-n analysis is well-suited to the task of exploring causal relationships and, as a methodology, is certainly more concerned with questions of causality than either large-n analysis or interpretivism (Gerring 2004). This methodology also allows me to engage in pattern-matching, which in essence explores the relationships that theory proposes between certain variables (Gerring 2004, 348). Furthermore, this methodology is conducive to achieving depth in a specific case as opposed to breadth over many cases (Gerring 2004, 347). Finally, small-n analysis remains in the neopositivist camp so adopting it as my methodology allows me to narrow my focus while still maintaining the potential for generalizability characteristic of neopositivism.

The specific case-study approach I am utilizing in my research is process tracing. Process tracing is defined as examining the process by which the initial conditions of the case are translated into outcomes (Van Evera 1997, 54). My reason for choosing process tracing is that, as a format, it provides for a strong test of theory, which is what my project seeks to do (Van Evera 1997, 64). I will try to model this exploration on Boaz Atzili's article "When Good Fences Make Bad Neighbors" which, though it does not engage in process tracing, provides a useful example for assessing a causal model with several moving parts (Atzili 2006).

Case Selection

While all post-Communist states in the European Union experiencing democratic decline are interesting since the existence of a stable liberal democracy is a prerequisite for joining the

European Union ("Conditions for Membership - European Neighborhood Policy and Enlargement Negotiations," *European Commission*, June 12, 2016) and one of the purposes of the European Union is to solidify Europe's democracies ("The European Union in Brief," *Europa*, June 12, 2016), I selected Hungary as my case primarily because of its status as a forerunner of democratic decline. Hungary is both the first among them to experience the decline of liberal democracy and exhibits the most extreme values of any member of this group ("Freedom in the World 2018," January 13, 2018). I am especially focusing on the lead up to the 2010 elections in Hungary that ushered Prime Minister Viktor Orban and his project of illiberal reforms into power.

The implicit comparison made in my case selection is to other post-Communist European Union members such as Poland, the Czech Republic, Slovakia, Bulgaria, and Romania. Among these, Poland is the strongest contender to replace Hungary as the primary case this study is concerned with, but Hungary is still a superior case because it is further along in its illiberal transformation. As these states all share a common recent history, I believe the case of Hungary to simultaneously achieve comparability and representativeness with respect to the nascent illiberalism in these other states (Gerring 2004, 347). Furthermore, the combination of being similar enough to other units to be generalizable while having a different enough outcome to be somewhat of an outlier and forerunner usually produces good case studies (Thies 2002). It is for these reasons that I have selected Hungary as my case in which to study the causality of democratic decline.

Variables and Operationalization

My dependent variable in this research project is the change in the level of liberal democracy in a state. I am operationalizing this variable on three different axes, including freedom of the press, rule of law, and the existence of fair and free elections. To assign a value to each axis of this variable, I ask a series of relevant questions of the data for each individual axis. To operationalize the change in the level of democracy in a state of the freedom of the press axis, I ask, "Have there been any new legal restrictions imposed on the press?" and "Does the government exert economic and legal pressure on the press to influence coverage?" With questions such as the latter that do not by themselves indicate whether there has been a change in the indicator, I ask the question of successive years to assess the change in the indicator. I repeat this process with different sets of questions for the rule of law and elections axes.

I rely on a variety of sources to measure my dependent variable. One of these is newspaper articles. While I would prefer to use mostly articles originating from Hungary, this is difficult given the ongoing assault on freedom of the press in that country as well as the fact that I have no knowledge of the Hungarian language. Instead, I will rely on international news outlets like the BBC, the Economist, and major European and American papers. More specifically, I will use articles like "Hungary's Media Battle 'Economic Pressure, Intimidation" ("'Hungary's Media Battle 'Economic Pressure, Intimidation,'" BBC Monitoring Media, July 8, 2014) and "Hungary Economy: Media Tax Revives Worries Over Tax Policy" ("Hungary Economy: Media Tax Revives Worries Over Tax Policy," *Economist Intelligence Unit*, June 18, 2014). Beyond newspapers, reports from democracy monitoring organizations such as Freedom House also provide critical data for operationalizing my dependent variable ("Hungary Country Report,"

2017). Finally, I use speeches by Hungarian Prime Minister Viktor Orban, such as his infamous "illiberal democracy" speech, as a data source for my dependent variable ("Prime Minister Viktor Orbán's Speech at the 25th Bálványos Summer Free University and Student Camp," July 26, 2014).

My independent and intervening variables in this research project are nationalism, support for liberal values, the appeal of alternative systems of governance, and economic decline. The process for operationalizing each of these variables is similar to the process of operationalizing my dependent variable, with me asking a series of questions of the data. To measure nationalism, I ask questions such as; "Have nationalist political parties gained support?" and "Does the country's leadership repeatedly position itself as a defender of national sovereignty against foreigners?" To measure the appeal of alternative systems of governance I ask; Has the perception of the leadership of states with other political systems shifted? and "Do political elites praise authoritarian states as exemplars?" To measure support for liberal values I ask; "Do people express support for freedom of the press?" and "Do people assign a high value to fair and free elections?" Finally, to measure economic decline I ask; "What is the change in the unemployment rate?" and "Do people feel economically insecure?"

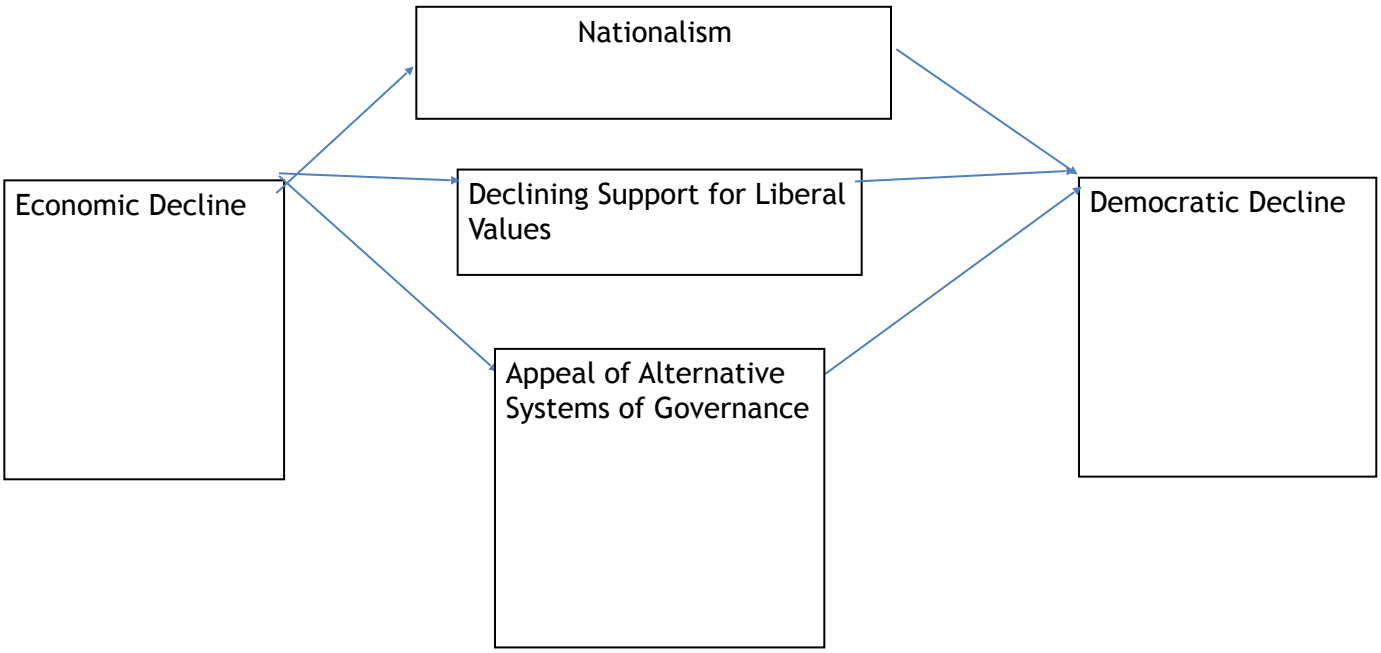
The data that I will ask these questions of will be drawn from a variety of sources. Survey data from Gallup Analytics (Gallup Analytics, accessed November 2, 2017) and the World Values Survey (World Values Database, accessed November 2, 2017) are essential to measuring the variables of the appeal of alternative systems of governance, support for liberal values, and nationalism. Election results and what news sources write about them are an important part of measuring the support for nationalist parties. Additionally, materials gathered from the House of

Terror Museum in Budapest will be important to measuring nationalism. Finally, newspaper articles and reports from democracy monitoring groups will be important to measuring all the aforementioned variables.

Hypothesis

My hypothesis has two distinct components. The first is that economic decline created the conditions for dramatic political change in Hungary. The second is that declining support for liberal values, rising nationalism, and the example of successful authoritarian regimes determined the illiberal nature of that change.

*Causal Model**



*In this model, it is important to view economic decline not as causing each of the three intermediary variables but instead as the desire for political change being filtered through each of them to produce democratic decline.

Falsifiability, Reliability, and Validity

I have addressed the issue of falsifiability by making my hypothesis falsifiable in that an investigation of available data sources will either support or not support the presence of these variables in Hungary and causal relationship I have proposed. Regarding validity, the way I operationalized important variables such as the level of democracy within a state and nationalism is consistent with theory set forth in the academic literature. Meanwhile, I have addressed the issue of reliability by attempting to be as transparent as possible in my analysis so that others can use my methods and replicate the results. An added safeguard ensuring reliability is that most of the data sources I utilize, such as Freedom House, are transparent as well which should allow others to replicate their results as well ("Hungary Country Report," 2017).

Analysis

Taking my hypothesized causal model as my guide for discussing my results, the variable which I hypothesized starting the process of democratic decline, economic decline, was clearly present in the case of Hungary. However, not all my intervening variables are supported by the data. There are strong indications that Hungarians continued to strongly believe in the fundamental values associated with liberal democracy throughout the economic crisis and the subsequent period of democratic decline. Indeed, it is highly plausible to read the data indicating that Hungarians were dissatisfied with democracy as an indictment of the then incumbent government rather than a broad dissatisfaction with liberal democracy (Richard Wike, "Hungary Dissatisfied with Democracy, but Not Its Ideals, *Pew Research Center*, April 7, 2010). My analysis also indicates that nationalist sentiment was increasingly present in the 2000s as the country approached the critical 2010 elections. Finally, the data indicates that while Hungarian

elites, especially Prime Minister Viktor Orban, admired illiberal states, there was no immense increase in the popular appeal of these alternative to liberal democracy.

Dependent Variable: Democratic Decline

Since Prime Minister Viktor Orban and his Fidesz party came into power in 2010, there has been a concerted effort to curtail the civil rights of Hungarians and entrench the government's power. Regarding the freedom of the press axis, in late 2010, the government passed a media law creating a government body, whose members would all be appointed by the ruling party, which could fine journalists and media companies whose coverage was deemed unbalanced (Marcin Sobczyk, "Hungary Approves Controversial Media Law," *WSJ*, December 21, 2010). This law is only part of the campaign the Orban government has waged against the independent press. The government has also levied new taxes specifically targeting media firms ("Hungary Economy: Media Tax Revives Worries Over Tax Policy," Economist Intelligence Unit, June 18, 2014), pulled government advertising from critical news outlets ("'Hungary's Media Battle 'Economic Pressure, Intimidation,'" BBC Monitoring Media, July 8, 2014), and had government-aligned businessmen purchase and then shut down media groups investigating government misconduct ("Hungary Country Report," Freedom House, 2017). Regarding the rule of law axis, the Hungarian National Assembly has written laws specifically targeting Central European University as part of a campaign led by Orban against Hungarian-American financier George Soros, who Orban considers a political rival (Zoya Sheftalovich, "Hungary's Anti-Soros Education Law Sparks Schism in European Parliament" *POLITICO*, April 5, 2017). There have also been onerous regulations levied on specific non-governmental organizations (NGOs) whose missions are opposed by the ruling party ("Freedom in the World 2018," January 13, 2018). For

example, NGOs working on immigration have been targeted ("Freedom in the World 2018," January 13, 2018). Finally, regarding the axis stressing the existence of free and fair elections, while Hungarian elections are widely seen as free ("Freedom in the World 2018," January 13, 2018), they are not necessarily fair as Fidesz frequently uses public funds to help further its political activities, as in the case of a recent referendum on migration ("Hungary Country Report," Freedom House, 2017).

Independent Variables: The Conditions for Dramatic Change

Economic Decline

The academic literature on regime change indicates that regimes derive legitimacy by their ability to provide their citizens with effective governance (Burnell 2006). One aspect of effective governance in this theory is proper management of the economy. Drawing from a wide variety of economic indicators and sources, it is quite clear that Hungary suffered from severe economic dislocation in the lead up to the pivotal 2010 election that brought Prime Minister Viktor Orban to power. From 2006, the year of the last previous Hungarian election, to 2010, the unemployment rate rose from 7.49% to 11.17% ("Unemployment - Unemployment Rate," *OECD*, accessed March 25, 2018). However, this does not tell the full story of Hungarian employment. Throughout this period, Hungary had also been suffering from a labor force participation rate around 10% lower than the OECD average ("Employment - Labour Force Participation Rate," *OECD,* accessed March 25, 2018). Beyond employment, there are other indications of economic decline. In the four-year period of 2007-2010, growth in household disposable income was negative ("Household Accounts - Household Disposable Income," *OECD*, accessed March 25, 2018). Household debt was also on the rise throughout the 2000s,

rising from 30% of net disposable income in 2002 to 84.8% in 2010 ("Household Accounts - Household Debt," *OECD*, accessed March 25, 2018). Furthermore real wages declined from their peak in 2006, not fully recovering until 2014 ("STADAT – 2.1.1. Economically Active Population, Average Gross Earnings, Real Wages and Salaries (1960–)," accessed March 25, 2018). This drop in real wages coupled with rising debt is likely part of the reason why in 2008 and 2009, the number of Hungarians saying they were unable to deal with unexpected financial expenses increased from 67.6% to 75.2% ("Eurostat - Data Explorer," accessed March 24, 2018). In both these years, this rate was the highest among European Union countries.

While economic indicators show that Hungary was suffering from economic troubles throughout the 2000s, the economic situation clearly deteriorated in the late 2000s. This decline can in a large part be attributed to the international financial crisis that hit the world in 2007. The combination of the crisis' effects on Hungary and the state's high level of public debt were cited as justifications by the International Monetary Fund (IMF) for a $15.7 billion loan it gave Hungary in 2008 ("IMF Survey: IMF Agrees $15.7 Billion Loan to Bolster Hungary's Finances," *IMF*, November 6, 2008). Hungarians were exposed to the effects of the financial crisis in other ways as well. Many of the loans that made up the aforementioned rise in household debt were made in foreign currencies, which became problematic as the international financial system was rocked in 2007 (Kate Connolly, "Days of New Flats, Cars and Generous State Benefits over as Hungarian Currency Collapses," *the Guardian*, October 29, 2008). It is indisputable then, that Hungary was suffering from a painful period of economic decline in the lead-up to the 2010 elections.

Independent Variables: What Type of Change?

Declining Support for Liberal Values

In early 2010, Hungarians expressed deep dissatisfaction with both the economic and political status quo. Indeed, a startling 72% of people said that most people were economically better off under communism (Richard Wike, "Hungary Dissatisfied with Democracy, but Not Its Ideals, *Pew Research Center*, April 7, 2010). Simultaneously, an even higher 77% of people claimed to be dissatisfied with the way democracy was working in Hungary (Richard Wike, "Hungary Dissatisfied with Democracy, but Not Its Ideals, *Pew Research Center*, April 7, 2010). However, this may speak more to dissatisfaction with the incumbent government as decisive majorities of Hungarians still claimed that essential democratic rights such as freedom of speech were very important (Richard Wike, "Hungary Dissatisfied with Democracy, but Not Its Ideals, *Pew Research Center*, April 7, 2010).

Appeal of Alternative Systems of Governance

As Hungary has not been the victim of direct foreign intervention in the case of this most recent illiberal shift, the focus in this analysis is on the role of the of example of authoritarian states on the internal politics within Hungary. On the elite level, Prime Minister Viktor Orban is quite clearly inspired by the example of authoritarian leaders worldwide. This was made most abundantly clear in his now infamous speech on illiberal democracy ("Prime Minister Viktor Orbán's Speech at the 25th Bálványos Summer Free University and Student Camp," July 26, 2014). In other speeches, he has shown a contempt for liberal democratic critics within the European Union even comparing the European Union the Soviet Union ("MEPs Discuss Situation in Hungary with Prime Minister Orban," European Parliament Audiovisual, April 24,

2017). Clearly, Orban admires illiberal states and disdains liberal democratic ones. Meanwhile, on the popular level, Hungarians do not seem to echo Orban's admiration for illiberal states or their leadership. In contrast, Hungarians' assessments of the job performance of the international leadership of Russia, China, the European Union, Germany and the United States have remained remarkably stable over time (Gallup Analytics, accessed November 2, 2017). Indeed, the leadership of the liberal democratic members of that quintet, namely Germany, the European Union, and the United States, have consistently been rated more highly than the leadership of Russia and China (Gallup Analytics, accessed November 2, 2017).

Nationalism

If the literature on nationalism and democracy is correct, then democratic decline in Hungary should have been preceded and accompanied by a rise in nationalism within the country. Just as the 2000s were a period of economic stagnation for Hungary that ended in severe economic decline, this was also a period of rising nationalism that ultimately culminated in an electoral expression of nationalism's power in the 2010 elections. Those elections which, as previously mentioned, swept Viktor Orban and his Fidesz party into power, also saw Jobbik, garner 16.6% of the vote and enter the National Assembly for the first time ("European Election Database - Hungary," accessed March 26, 2018). In the previous National Assembly election of 2006, the party had been limited to a mere 2% of the vote and was shut out of the National Assembly ("European Election Database - Hungary," accessed March 26, 2018). In the interim, the party had received around 15% of the vote and several seats from Hungary in the 2009 European Parliament elections ("A Short Summary about Jobbik," *jobbik.com*, December 12, 2016). Jobbik is an explicitly nationalist party, and their increasing levels of success are a clear

sign of rising nationalist sentiment in Hungary prior to the illiberal revolution of 2010 ("Policies," *jobbik.com*, December 12, 2016).

A subtler expression of the nationalism in Hungary comes in the form of the House of Terror in Budapest. The House of Terror is a museum in Budapest commemorating the victims of the Nazi and Soviet occupations of Hungary that opened in 2002.[1] While the museum primarily functions as a memorial to the victims of Communism and Nazism, some of its contents are also indicative of the nationalistic atmosphere in Hungary. Materials gathered from the museum demonstrate this by their focus on the ways Hungary was a victim of foreign powers and minimization of the role of Hungarians in the Communist and Nazi regimes. For example, the exhibit "Double Occupation" blames the victorious powers of the First World War for putting Hungary in the predicament of being a weak state in a neighborhood dominated by the Soviet Union and Nazi Germany ("Double Occupation," *House of Terror*. Budapest, Hungary). It then obliquely refers to successful attempts by Hungary to retain its independence for four years before it was occupied by Nazi Germany ("Double Occupation," *House of Terror*. Budapest, Hungary). This period is portrayed as one of democracy and freedom for Hungarians. However, Hungary was not a democratic paradise during this period (Gabriel 2016). Also, while there is mention of the fact that Hungary went to war with the Soviet Union, it remains unstated that they did this as an ally of Germany. Furthermore, while things became significantly worse for Hungarian Jews after the German occupation, it devotes only a single sentence to anti-Jewish laws passed by the Hungarian government prior to the Nazi occupation ("Double Occupation," *House of Terror*. Budapest, Hungary).

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[1] Interestingly enough, the museum was an initiative of Viktor Orban, who served as Prime Minister from 1998 to 2002 in addition to his current time in the position.

Conclusion

There are several implications for theory that can be drawn from these findings. First, the idea of performance theory of legitimacy applying to democratic regimes is challenged by these findings. While Hungarians may have expressed some discontent with the way democracy was working in their country in the lead-up to 2010, this likely merely represented disgust for the then incumbent government. Indeed, there is nothing undemocratic with the people becoming disenchanted with the ruling party and voting them out of office in mass. Additionally, these findings can also perhaps present an interesting corollary to the idea of successful states in the international system influencing the domestic politics of other states by the power of their example. In Hungary, the elite was clearly influenced by the example of illiberal foreign regimes while the people were not. This fact suggests that the example of other states may matter more on an elite level, at least in cases of democratic decline.

In future research, it would be useful to explore this dichotomy between the influence of the power of example of other states on elites and the general populace. One problem I encountered with my research is that economic decline seems to be a catalyst for rising nationalism which is a problem because this correlation in independent variables makes it hard to determine the separate effects of economic decline and rising nationalism on democratic decline. From this experience, one avenue for future research would be disaggregating the impacts of economic decline and nationalism in democratic decline. An additional reason for this being an interesting avenue for research is the case of Jobbik. While Jobbik was not part of the government that has dismantled democracy in Hungary, I am convinced from their platform and

actions that Hungary would have witnessed a substantial democratic decline with them in power, even if that decline might have taken a different form than the Fidesz led one.

This paper sought to answer the question of what caused democratic decline in Hungary. After analyzing the data, the answer appears to be that economic decline, coupled with a pervasive atmosphere of nationalism and elite admiration for illiberal regimes worldwide, led to democratic decline. The economic decline of the 2000s in general and the late 2000s in particular left Hungarians disenchanted with the ruling Hungarian Socialist Party and ready for a change. The rising nationalism of that time and the admiration Hungarian elites felt for illiberal leaders determined the type of change that Hungary underwent. It also important to note that some factors, such as declining support for liberal values, proved not to be the answer to the question posed by Hungary's democratic decline. Indeed, there is little to suggest that Hungary's initial move towards illiberalism was driven by a clamoring of the Hungarian people for such a move. Instead, a central take-away from my analysis is that during the "time for change" environment that exists under certain social and economic conditions, political elites can impose their own vision of change, even if that is not the same change envisioned by the voters who put them in power.

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