Policy Positions and Coalition Composition in Hungary, 1990-2010

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**Introduction**

What motivates politicians when they decide on government formation and selection of coalition partners? Does Pierre Frieden, prime minister of Luxembourg (1958-59), probably unknown for most readers, have similar motivation as Angela Merkel will have in autumn 2013 when she is likely to begin her third term in office? Is David Cameron, for whom governing in coalition was an unknown thing until 2010, different from Viktor Orbán, prime minister of Hungary, who also formed his government in 2010? More importantly, is there a divide between the politicians of Western Europe and Eastern Europe?


Warwick (1996) provided the first systematic empirical analysis of the problem of government membership of parties, topic of this paper. He analysed who gets into government in Western Europe. Recent studies have extended the investigation of this problem to Central East European democracies (Savage 2012; Döring–Hellström 2013). However, one might be puzzled whether the parties’ policy positions play role in government
membership in CEE since studies lead to contradictory results. On the one hand, comparison of WE and CEE shows that policy is not relevant in determining coalition membership in CEE. Rather electoral gains and losses are the main determinants of membership (Döring–Hellström 2013). On the other hand, one can also learn the parties’ ideological stance based on their policy positions, if properly operationalized, is a good predictor of government participation in the region (Savage 2012). Do these contradictory findings come from different operationalization of policy positions? Savage (2012) uses two expert-surveys of policy positions, conducted roughly the same time (2003-2004), from which he constructs a left-right ideological scale. Döring and Hellström (2013) use the Comparative Manifesto Project’s time-series left-right data constructed from policy variables of party manifestos.¹

Having learned about this puzzle of contradictory results, my paper’s motivation is to make a more detailed analysis of a single CEE country.

The policy-oriented approach to coalition formation sets focus on the policy compatibility and proximity of players. It assumes that it is easier to make coalition with parties that lie at shorter policy distance (Enyedi–Körösényi 2004). Thus, policy distance must be studied since it successfully predicts party composition of a prospective coalition. On the basis of programs, however, parties can be close to each other in various ways. For this reason, I propose policy-based hypotheses that are somewhat different from the earlier ones. My modest ambition is to formalize hypotheses that, I hope, bring political interests of (formateur) parties into the coalition formation to higher extent.

¹ They also present non-imputed expert survey data in their paper’s appendix (Döring–Hellström 2013, 703). However, no information is provided when it was taken, etc.
Hypotheses

I test the following three policy-oriented hypotheses to see whether to what extent coalition membership can be explained by the party’s policy positions.

Hypothesis 1. A party that is closer to the formateur party’s most important policy priorities has a greater chance of getting into the coalition (Top 3 issues).

Hypothesis 2. A party that complements the formateur party’s policy priorities to a higher extent has a greater chance of getting into the coalition (tangential profile).

Hypothesis 3. A party that is silent about the formateur party’s policy priorities to a higher extent has a greater chance of getting into the coalition (silent partner).

The hypothesis of „Top 3 issues” based on the idea that a prospective government has to have priorities in making public policy. Coalition composition is explained by the fact that parties have to set certain policy priorities when they govern, and the prospective government has to make hard choices when public policy is made. There are several reasons for that. First, the incoming government’s limited economic and political room for manoeuvre makes impossible to fulfil all the policy priorities of manifestos. Second, exogenous conditions of governance (political, economic, international relations) are contingent; they may change in any moment. Third, since coalition needs to be stable, government parties seek that the most important policy issues are to be identical because they hold the government together even in the hardest times. Fourth, there must be policy issues where a government can demonstrate its success in order to counterbalance departmental policy failures in other domains. A successful government policy focusing on a few priorities may lead to a government record that brings re-election of the major government party and re-formation of the coalition. For these reasons,
the formateur party invites those parties into the coalition with which it can govern together in terms of the policy issues most important for it. I consider the first three issues (henceforth „Top 3 issues”) of the formateur party’s manifesto as most important. They reveal what are the issues the formateur party puts major political emphasis on.

The hypothesis of tangential profile holds that the formateur party prefers a prospective coalition member that puts political emphasis on those policy areas and issues which are not identical but complementary to the formateur party’s manifesto. First, a tangential profile can be justified by the fact that it helps to preserve a distinctive party image both for the formateur party and the coalition partners. It makes voter perception and party identification possible, and the major government party also evades raising a competitor with similar political profile in the coalition (Enyedi–Körösényi 2004). Second, a tangential profile can provide a bonus for the formateur party. It can display its capability to govern since the tangential profile can „cover” potential shortcomings of its manifesto (i.e. lack of policy issues) by the coalition partners. In addition, the formateur party can shift political responsibility to coalition partners by placing departmental policy-making under single-party control by coalition members (portfolio allocation). However, shifting political responsibility cannot go beyond the point where political or policy failures of coalition partners jeopardise the whole coalition and the formateur party itself.

The hypothesis of silent partner holds that the formateur party prefers a party that has a manifesto which contains the less elements from the formateur party’s manifesto. That is, the more issues in the major party’s manifesto a prospective coalition partner is silent about it is the better. In a coalition like that, political interest of the major party prevails. It is easier to

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2 The idea of „Top 3 issues” draws on Bara (2006), who analysed the changing „Top 10 issues” of British election manifests between 2001 and 2005.
govern with a silent partner who secures government majority but does not have own stance on many political issues.

**Determinants of government membership**

In my paper I study whether a party’s policy distance from the formateur party has influence on its chance of getting into the government. The reason I use the formateur party as a reference point comes from the pattern of coalition bargain situation in Hungary. The formateur party always gets into the government and becomes the major government party, and there are no failed formation attempts in Hungary. Rest of the parties do not engage in coalition formation talks with each other, they do not commence building up an alternative coalition. If a party is invited into the coalition its only option is to accept or to reject the formateur party’s offer, it has no veto power over the other members of the prospective coalition (Horváth 2013).

In addition to policy, there are several other factors that also play role in determining a party’s chance of becoming government member. Coalition research has identified dozens of them, however, due to the small number of observations I will have, I need to restrict myself to a few control variables. They are as follows.

There are several variables that try to capture size-related importance of a party. Under various names, these include – among others – simple party size (seat share), largest/first party, change in size (seat change %) or size of win/loss, biggest winner/loser, and remainder (Warwick 1996; Isaksson 2005; Mattila–Raunio 2002; 2004; Savage 2012; Döring–Hellström 2013). In my view, what is really matters from the formateur party’s perspective when

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3 For detailed discussion of how formateur party emerges see Horváth (2013) and Horváth (forthcoming).
selecting a coalition partner is to what extent a party can contribute to the majority. In Hungary, a country of positive parliamentarism, majority needed for winning the investiture vote and for ordinary legislation as well. So at the end of the day, I believe, what the formateur party considers is how many seats a party can bring into the coalition to cross the majority threshold. For this reason I will use the *Remainder* (Warwick 1996) that I calculate by subtracting the seat share the formateur party needs to create a majority coalition from a party’s seat share. I expect the more a party can contribute to the majority the greater chances it has to get into the government. As the *Remainder* decreases the probability a party gets into the coalition increases.

Another determinant of government membership is fractionalization of the parliament. The formateur party is limited in its choice of coalition partners simply by the number of parties available it can choose from. I assume the formateur party seeks coalition partners with similar or adjacent policy positions. The less party is in the parliament the less chance the formateur party has to find a coalition partner at short policy distance. This also means, however, the less party is in the parliament the greater chance a party has to become government party. Thus, fractionalization of the parliament also determines government membership. I call this variable *Fractionalization*, and I measure it by the effective number of parliamentary parties (Laakso-Taagepera index), calculated by Gallagher (2013). I expect the

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4 Majority also needed to protect the coalition vis-à-vis the simple confidence vote and the constructive motion of no-confidence.

5 There was no minority situation in 1994 and 2010. In international comparison, Hungary has a very high number of legislative issues that require two-thirds majority. Legislative „paralysis“ on these issues has been a major problem for Hungarian governments and politics (Körösényi et al. 2009). It follows I assume that a formateur party which forms coalition in non-minority situation wants to build up a coalition with special majority in order to tackle this problem. For this reason I calculate the *Remainder* for those two years as the difference between a party’s seat share and what the formateur party needs to create a two-thirds majority coalition.
higher the fractionalization the less chance a party has to get into the government. As Fractionalization decreases the probability a party gets into the coalition increases.

The formateur party makes its decision on coalition partners in terms of the political competition. It views rest of the parties not merely as neutral players that „deliver” the necessary seat share or have similar policy position. The formateur party choses coalition partners on the basis whether to what extent it perceives a party as being politically close or distant, as being 'friend’ or 'foe’ (Schmitt) in the political competition. Regardless of an assumed multi-dimensional policy space or voter alignment, a drastic simplification of the bargaining situation – similarly to voters (Sartori 1976, 338, 341) – becomes a sheer necessity for the formateur party when it forms government. It has to make a ‘yes/no’ decision compelling as to who to govern together with. For this reason, I will use variable Political Competition to bring political competition into the analysis. Party system and voters studies on Hungary show that political competition is unidimensional, dominated by the left-right polarization (Körösényi et al. 2009; Körösényi 2012; Angelusz–Tardos 2011; Enyedi–Benoit 2011). I expect the further a party lies from the formateur party on the left-right scale the less chance it has to get into the government.\(^6\) As Political Competition decreases the probability a party gets into the coalition increases.

As to the operationalization of the hypotheses, since expert judgements provide only snapshots, I opt for the time-series data derived from the content analysis of party manifestos that is available for the full period of 1990-2010. There is an on-going debate on the pros and cons of the Comparative Manifesto Project dataset, its measurement procedure, data quality,

\(^6\) I calculate a party’s distance from the formateur party by subtracting their left-right scores from each other and taking its absolute value. Left-right data are based on parties’ placement by voters and self-placement of partisan voters.
etc. (Special Issue of Electoral Studies 2007/1; Benoit et al. 2009; 2012; Dinas–Gemenis 2010; Lowe et al. 2011; Gemenis 2012; Meyer–Marcelo 2013). Benoit et al. (2009) views drawing up a manifesto as a stochastic text generation process. For this reason they compute error estimates for each variable and strongly recommend to use this ‘corrected’ version of the CMP dataset. However, Meyer and Marcelo (2013) shows that error estimates of Benoit et al. (2009) and of the original CMP data are significantly not different, and the two approaches are based on different assumptions about the manifesto as text. In my view, Benoit et al. (2009) might be right in technical sense that the communicated message in a manifesto is merely 'dim reflection’ of the party’s true policy position and is put down in a distorted manner. However, manifestos are authoritative documents that are officially approved by the party. It follows that as researchers we have to analyse these assumed ‘false’ policy positions of parties. For these reasons I use the original CMP dataset.7

The „Top 3 issues” hypothesis is operationalized by checking whether the formateur party’s first three largest manifesto variables are present among a party’s top three variables, and then mean value is calculated for the latter. I expect that as ’Top 3 issues’ increases a party’s chance for government membership also increases. The tangential profile hypothesis is operationalized by calculating a mean value of those manifesto variables that score bigger than zero in a party’s manifesto and score zero in the formateur party’s manifesto. My expectation is that as ’Tangential profile’ increases a party’s chance for government

7 Downloaded 23 July 2013. In 2011, the CMP recoded values for the MDF in 2002 from the party’s own election manifesto dated to December 2001. However, the MDF and the Fidesz made an election alliance and run the election in April 2002 with a joint election manifesto. It was issued in February 2002 and had the name of the MDF on it as endorsement. The party’s own manifesto did not appear in the campaign and was not referred to at all. For this reason, I use the data of Fidesz/MDF Alliance (party ID 86429) for MDF 2002. [I thank Annika Werner (CMP) for emailing me the 2001 manifesto of the MDF and for the information on recoding.]
membership also does. The hypothesis of silent partner is operationalized by calculating a mean value of those manifesto variables that score zero in a party’s manifesto and score bigger than zero in the formateur party’s manifesto. I expect that as ‘Silent partner’ increases the chance a party becomes coalition partner also increases.

Empirical research also analyses the effect of government experience on coalition membership. This is studied by looking at to what extent the formateur party’s choice of coalition partner is determined by whether a party is member of the incumbent or former governments, or whether it is a former coalition partner (Warwick 1996; Mattila–Raunio 2004; Döring–Hellström 2013). Including incumbency or government experience effect into the analysis would be desirable but would reduce the number of observations since their variables would have missing values for the first election. What is worse, variable of former coalition partner would do so for half of the observations since elections in 1990-1998 produced a new formateur party that did not governed before. For this reasons, I must omit these variables from the analysis.  

**Analysis and results**

My analysis includes all of the government formations that took place after the regular elections held in Hungary between 1990 and 2010. Governments formed between elections and single-party minority cabinets are not analysed here (1993; 2004; 2008; 2009 – see Appendix). The units of observation are parties and not coalition configurations, with the formateur party excluded from the analysis. The dependent dummy variable is whether a party got into the government or not. Table 1 shows the result of binary logistic regressions.

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8 For sake of interest, I’ve added incumbency to Model 1 but it was not significant.
Table 1 *Explanation of government membership of parties in Hungary, 1990-2010*

<table>
<thead>
<tr>
<th>Explanatory variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.811* (0.425)</td>
<td>-0.811* (0.425)</td>
<td>-0.811* (0.425)</td>
</tr>
<tr>
<td>Top3 issues</td>
<td>-0.055 (0.185)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangential profile</td>
<td>-0.111 (0.522)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Silent partner</td>
<td></td>
<td></td>
<td>0.119 (0.674)</td>
</tr>
<tr>
<td>Remainder</td>
<td>-0.058 (0.085)</td>
<td>-0.045 (0.090)</td>
<td>-0.064 (0.097)</td>
</tr>
<tr>
<td>Fractionalization</td>
<td>-0.406 (1.014)</td>
<td>-0.090 (1.117)</td>
<td>-0.313 (0.913)</td>
</tr>
<tr>
<td>Political competition</td>
<td>-1.292* (0.522)</td>
<td>-1.294* (0.529)</td>
<td>-1.312* (0.547)</td>
</tr>
<tr>
<td>-2 Log-likelihood</td>
<td>20.703</td>
<td>20.745</td>
<td>20.760</td>
</tr>
<tr>
<td>Per cent classified correctly</td>
<td>80.8</td>
<td>80.8</td>
<td>80.8</td>
</tr>
<tr>
<td>N</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

*Note:* Entries are binary logistic regression coefficients with standard errors in parentheses. Depend variable: whether a party got into the government or not.

Models 1-3 present the test of the 'Top3 issues', the 'Tangential profile', and the 'Silent partner' hypotheses, respectively. For I work with the full population of post-election government formations and not with random sample, p-values and standard errors must be interpreted with due consideration. For the reader interested, however, I publish them here.

Keeping this in mind, it seems that each model has a fairly high success rate in predicting whether a party gets into the government or not. Classifying 81 per cent of cases correctly is higher than 74-79 or 62-75 per cent in Western Europe, and 66-80 per cent in the Nordic countries (Isaksson 2005, 341; Mattila–Raunio 2002, 281; Mattila–Raunio 2004, 272).

Turning to the analysis of results, *Hypothesis 1* must be rejected since Top3 issues do not play important role as determinant of government membership. It is not merely non-significant in Model 1, but more importantly, it has the opposite effect as expected. The closer a party lies to the formateur party’s three most important policy priorities the lesser chance it has for getting into the government. It seems, not policy positions of parties, but it is the political competition that explains coalition composition. It features as a single significant factor in
determining government membership. The formateur party selects a party coalition partner that lies closer on the left-right scale. Compared to the other variables, political competition seems to have much larger influence on whether a party gets into the government or not. Fractionalization of the parliament and the *Remainder*, remaining elements of Model 1, have their effect in the expected direction.

I also have to reject *Hypothesis 2*, since the non-significant tangential profile in Model 2 has the opposite effect as expected. If a party has policy positions that complement the formateur party’s manifesto it reduces the chances that it becomes a coalition partner. The closer a party lies to the formateur party the less chance it has to get into the government. Again, the political competition has the largest influence on government membership, while the effect of fractionalization is more reduced in comparison with Model 1.

*Hypothesis 3* on silent partner brings some success for our investigation since, although not significant in Model 3, it works in the expected direction. Thus, it seems that the formateur party prefers if a prospective coalition partner is silent on its policy positions. A party that secures government majority but does not have own stance on many political issues has a greater chance to become coalition partner. Log odds ratio of silent partner shows that the odds of a party for getting into the government are 1.126 times higher due to its silent partner policy positions. However, even under these circumstances, the political competition is the most important factor in determining who gets into the government. The odds of a party for getting into the government are 0.296 times lower if it gets further away from the formateur party on the left-right scale.

Focusing on Model 3, it would be useful to provide additional information on the effect of changes in the silent partnership or political competition on the changing probability of government membership. It would be also telling to see this information at party level.
However, the SPSS does not have the function of calculating marginal effects. For this reason I present simple predicted probabilities of the parties’ government membership in Model 3.9

<table>
<thead>
<tr>
<th>Year</th>
<th>1990</th>
<th>1994</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidesz</td>
<td>.7981</td>
<td>.2434</td>
<td>.8462</td>
</tr>
<tr>
<td>KDNP</td>
<td>.5338</td>
<td>.1459</td>
<td>.6860</td>
</tr>
<tr>
<td>FKGP</td>
<td>.4584</td>
<td>.0756</td>
<td>.3431</td>
</tr>
<tr>
<td>SZDSZ</td>
<td>.3305</td>
<td>.0606</td>
<td>.1902</td>
</tr>
<tr>
<td>MSZP</td>
<td>.1509</td>
<td>.0437</td>
<td>.0124</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SZDSZ</td>
<td>.6805</td>
<td>.4200</td>
<td>.8475</td>
</tr>
<tr>
<td>MDF</td>
<td>.1416</td>
<td>.1228</td>
<td>.7567</td>
</tr>
<tr>
<td>Fidesz</td>
<td>.0161</td>
<td>.0236</td>
<td>.0680</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSZP</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Based on Model 3. Parties in bold are government parties.

In Table 2 parties are ordered in decreasing probability of coalition partnership. One can see that Model 3 predicts prospective government parties quite successfully. In 1998, the MDF has the highest chance to get into the government, followed by the FKGP, and they both became government parties in the coalition led by the Fidesz. The model is successful in predicting coalition partners for 2002-2010, when only a single party entered the coalition to join the formateur party. In 2002-2006 and 2010, the SZDSZ and the KDNP, respectively, had the highest probability to become government parties, and they were indeed selected for coalition membership. The model’s prediction success is not bad for the remaining government formations as well. In 1990, prospective coalition partners, FKGP and KNDP, were preceded only by the Fidesz. In 1994, the SZDSZ was also the „second best choice”.

Nevertheless, a more fine-grained analysis of changing effect of the model on changes in the probability of government membership needs the calculation of marginal effects.

9 However, I will calculate the marginal effects with STATA or R on the next stage of my research.
Conclusion

In my paper I have proposed three hypotheses to see if policy positions of the parties play role in coalition composition in Hungary. My findings show that they have no significant effect on who gets into government. The formateur party rather selects coalition partners on the basis of political competition. Out of my hypotheses, only the silent partner had the effect in the expected direction. However, the political competition is the most important factor in determining who gets into the government. It features as a single significant factor in each model, being followed by the fractionalization of parliament. However, the changing effect of the political competition on the probability of government membership will need the calculation of marginal effects, a task ahead of the author.

My paper was partly motivated by the somewhat contradictory results on whether the parties’ policy positions play role in government membership in CEE. According to Döring and Hellström (2013), no policy distances but electoral gains and losses are the main determinants of membership in the region. However, Savage (2012) finds support that left-right ideological orientation of parties, based on policy positions, guides government membership in CEE.

My results, being aware of its limited scope, take side with Savage (2012) inasmuch as that government membership is directed by the left-right orientation of parties. However, this left-right orientation is based not on the policy positions of parties but on how they perceive each other in the political competition.
References


APPENDIX - TABLE A

*Cabinets in Hungary, 1990-2010*

<table>
<thead>
<tr>
<th>Cabinet</th>
<th>Date in – date out</th>
<th>Party composition</th>
<th>Coalition/cabinet size</th>
<th>Mechanism of accession to office</th>
<th>Mechanism of termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boross</td>
<td>21 Dec 1993 – 8 May 1994</td>
<td>MDF–Smallholder 36–KDNP</td>
<td>minimal winning</td>
<td>inter-election investiture vote</td>
<td>regular election</td>
</tr>
<tr>
<td>Gyurcsány 1</td>
<td>29 Sep 2004 – 9 Apr 2006</td>
<td>MSZP–SZDSZ</td>
<td>minimal winning</td>
<td>inter-election investiture vote</td>
<td>regular election</td>
</tr>
<tr>
<td>Gyurcsány 2</td>
<td>9 June 2006 – 30 Apr 2008</td>
<td>MSZP–SZDSZ</td>
<td>minimal winning</td>
<td>regular election</td>
<td>break-up of coalition</td>
</tr>
<tr>
<td>Gyurcsány 3</td>
<td>30 Apr 2008 – 21 Mar 2009</td>
<td>MSZP</td>
<td>single-party minority</td>
<td>no new government installed</td>
<td>resignation of prime minister</td>
</tr>
<tr>
<td>Bajnai</td>
<td>14 Apr 2009 – 11 Apr 2010</td>
<td>MSZP</td>
<td>single-party minority</td>
<td>constructive vote of no-confidence</td>
<td>regular election</td>
</tr>
<tr>
<td>Orbán 2</td>
<td>29 May 2010 –</td>
<td>Fidesz–KDNP</td>
<td>super majority</td>
<td>regular election</td>
<td></td>
</tr>
</tbody>
</table>