The Dual Challenge and the Reform of the Hungarian Socialist Party

(Second draft)

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Introduction: Success and failure of the Hungarian Socialist Party as an early comer

There has been a Dual Challenge of Europeanization and Globalization for the young Central European democracies. They have to get prepared for full membership in the EU and at the same time to meet the challenge of globalization, and both have produced winners and losers (Deacon, 2000 and Tang, 2000). Hungary has developed a global openness through the high level of Western capital investment since the late eighties that has produced both dynamism and vulnerability. The Hungarian Socialist Party (HSP) emerged first among the social-democratic parties of the Central European region, before the collapse of the former regime and played an initiative role in the power transition. Although as a successor party the HSP has taken a series of successful reform steps and has been accepted as a member of the Socialist International, it is obvious that it needs further reforms for its full social-democratization. In this particular situation it is very important for the HSP to meet the Dual Challenge (Dauerstädt et al., eds, 1999).

The Third Way as a special answer to the global challenge by the British Labour Party has mobilized all social-democratic parties in Europe against the “old politics of retrenchment” (Scarborough, 2000). They have developed their own answers with various names but to a great extent under the impact of the original ideas of a Third Way (Cuperus and Kandel, eds, 1998). In a Warsaw speech (October 2000), Tony Blair mentioned Eastern Enlargement as the “greatest challenge” to the EU and also to the “dynamic Central European partners” that have covered “the great transition from communism to democracy” (Blair, 2000: 9-11). There have been several “third ways” even in Central Europe and the HSP
program has certainly been one of them. This paper investigates, against the general background of individual third ways, the particular development of Hungarian Social Democracy as its ongoing reform process.

The Hungarian Socialist Party (HSP) has certainly been one of the most successful parties in the new democracies. It emerged in October 1989 before the first free elections in May 1990. It legitimized the Left in this turbulent period and it was one of the main actors of systemic change in Hungary. The HSP has regularly received stable mass support of at least one-third of the population. As the leading coalition party in 1994-1998, the HSP proved its Social-democratization and Western orientation by its support for further democratization, privatization and “Europeanization”. Yet, its transformation reached internal limits and the cumulated problems of the party led to an electoral defeat in 1998. The HSP has become the most popular party in the present, third parliamentary cycle (1998-2002), still it has not yet been able to fully recover after its electoral defeat by regaining the political initiative in agenda setting (Ágh, 2000a).

This combined success and failure has markedly appeared in the HSP’s treatment of the Third Way that has been a complex response of Western Social Democracy to the Global Challenge. In fact, in the Central European countries a Dual Challenge of both Europeanization and Globalization has emerged to be coped with (Ágh, 2000b). The Dual Challenge has forced Hungary and all Central European countries to have a concentrated adaptation effort. This “forced-course development” of globalization and Europeanization is the point of departure and the general background for my analysis. At first glance, the Dual Challenge has provoked a stalemate in the HSP, since the party has reacted to it but it has not been able to deal with it properly. The Third Way provoked discussions in an early period in the HSP but later these discussions were discontinued. It has become a Hidden Agenda, since the HSP has not been able to avoid it, but it has had no capacity to domesticate it and to put it on the agenda of Hungarian society and politics. Fidesz, its major party competitor on the Right, has done it to some extent. It is wellknown in Hungary that Fidesz won the 1998 elections by a social-democratic rhetoric and agenda, i.e. with typical leftist promises. In recent years, Fidesz has carried out aggressive political marketing by professional political entrepreneurs who have out-competed the HSP in agenda setting - “thematizing” or conceptualizing - issues, i.e. in the capacity to put issues on the current agenda of political debates.

The reasons for the stalemate in the HSP lie in the special Hungarian (or Central European) conditions of early consolidation on one side, and in the particular circumstances
of HSP development on the other. Therefore, first I will describe the special Hungarian situation in the present stage of early consolidation in a Central European context, and second, I will analyze the particular features of HSP developments.¹

The Dual Challenge and Social Transformation in Hungary

Hungary is one of the most open economies of the world and it has been completely “multinationalized”. Foreign Direct Investment (FDI) already reached 30.3 percent of GDP in 1995, compared to 14.8 and 4.2 percent in the Czech Republic and Poland respectively (Greskovits, 2000: 144, see also Greskovits, 1998: 59-62). Thus, the Global Challenge appeared earlier and stronger than in the other Central European democracies. The same applies more or less to Europeanization. EU integration has advanced very quickly in building up administrative capacity and Hungary has been qualified “ready for Europe” (Nunberg, 2000). It would be relatively easy to point out both the advantages and disadvantages of global openness. Also one could argue with relative ease that Hungary is still not so “ready”, given the fact that so many tasks lie ahead on the road to full EU membership. But the most important issue is that successful democratic transition in Hungary has created some new contradictions that present the major obstacle to further democratization in general and to the further social-democratization of the HSP in particular. There are two major difficulties for this analysis. First, it is rather difficult to balance the positive and negative features of democratic transition concerning social transformations. In this paper, however, the emphasis has been put on the negative side that has been less known in the West and provides the key for understanding the HSP stalemate. Second, although the social crisis is deep and wide enough in Hungary still one has to repeat that the Hungarian case is special as being the least painful transition. As Deacon mentions, public social expenditure as a percentage of GDP in the mid-nineties was still the highest in Hungary (Deacon, 2000: 153). Put simply, both the Political and Economic Construction of Democracy have been by and large completed in Hungary (see recently, Toole, 2000). However, the Social Construction of Democracy has not

¹ The paper of Antoine Roger “The Meaning of the Third Way in Central and Eastern Europe” has given a very interesting summary of the related issues. However, I am rather sceptical about the high level of abstractions such as taking Central and Eastern Europe as one region. Regions matter, Central Europe, the Balkans and Eastern Europe have always been very different and they have had a divergent development even more since 1989/1990, also in the Third Way matters. For my part, I focus on the Hungarian developments in a Central European context.
only been delayed but also disturbed and distorted by these successful political and economic processes. Again, formulated also in a simplified way, the removal of the economic deficit has created a serious social deficit and the new problem is how to cope with this new deficit. Moreover, democratization has led to the political demobilization and disempowerment of the masses. The new agenda is how to mobilize and empower them in the stage of early consolidation. One can identify the major problems in the terms of key words or catchphrases, such as “the trap of materialist needs”, “the drastic reduction of public services”, “decivilization process” and “the demobilization of voters” and/or “the depoliticization of public life”. In general, these issues have been discussed as the “social costs of transition” (see detail in Deacon, 2000: 148-152), while the “political costs of transition” may be added to them for the same reason.

Supported by extensive literature on this topic, Béla Greskovits has recently described the whole controversial nature of democratic transition in its complexity, therefore I will follow his argument here. First of all, he points out that, “Hungary underwent a transformational recession (Kornai, 1994), which, however, was milder than the recession in many other East European countries, both in depth and length. (…) While the recession resulted in impoverishment and increasing social inequality, the alarming degree of social dislocation characteristic of countries of the Balkans, the Baltic states and, even more of many ex-Soviet states, was absent in Hungary. (However, the available evidence suggests that after 1995-6 the implementation of a draconian stabilization and adjustment package resulted in a large deterioration of the standards of living in Hungary.)” (Greskovits, 2000: 127)

Indeed, Hungary experienced a decade of “social patience” with “empowered winners” and disempowered, “patient losers”, so the long march through the “vale of tears” (R. Dahrendorf) did not result in significant social upheavals and disorder. Nonetheless, even after the first, difficult decade of democratic transition, social discontent has loomed large and this disillusionment in the social construction of democracy has turned out to be a very important political factor. Hungary could have been one of the most successful countries in both democratization and marketization, still it has fallen backwards into the trap of materialist needs. For a two-thirds majority of the population, the post-materialist agenda has been postponed for a remote future of 15-20 years. Against gloomy expectations, Hungarian democracy survived the transformation recession but the crisis left behind much political damage. Namely, democracy took root only at the cost of its full representativeness and its capacity to uniformly provide and protect civil liberties. Throughout the past decade it was obvious that the new system would be incapable of meeting even the most justified demands
for acceptable living standards and the security of large social groups. Thus the major dilemma the political system had to face was the political representation of the masses pushed to the margins by the transformation strategy and crisis management. If their demands had received strong political representation, they would have paved the way to economic chaos and a short-lived “populist democracy”. Thus, Greskovits concludes on the dual nature or internal contradiction of democratic transition, which has in fact been characteristic of all Central European states:

“Conversely, if the essential democratic institutions and capitalism had simultaneously taken root under economic stress, the political system had to exclude justified but unfeasible economic demands from the discourse as political non-issues. In this sense with a bit of exaggeration: the emerging Hungarian democracy had simultaneously to perform the democratic agenda of political integration, and the authoritarian agenda of political and economic exclusion. It succeeded in both, consolidating a democracy with strong exclusionary features. This is the price Hungarian democrats paid for building capitalism in democratic settings after socialism. (…) As a consequence, large sectors of the Hungarian society continue to be both marginalized in the economy, and excluded from political representation.” (Greskovits, 2000: 139-140)

The trap of materialist needs: There were two parallel processes in the nineties, the drastic reduction of real incomes on one side and increasing social and regional polarization on the other. Real incomes decreased by about twenty five percent compared to the 1989 level and have returned to that level only in the early 2000s, but with a widening gap between the lowest and highest income brackets, from 1:3 to 1:8. These processes took place in two waves, in 1991/92 as a transformation recession and in 1995/96 as a package for crisis management. Even if the Hungarian case of social transition might have been the mildest or the least painful in the new democracies, these two waves of income reduction and social-regional polarization basically shook the entire Hungarian society. It is too easy to identify the big loser groups (big families, retired people, the Roma minority, unskilled workers, etc.). Moreover, the fast post-industrialization of the national economy has been completed (in 1999 7, 31 and 62 percent of the active population were engaged in agriculture, industry and services respectively) but with the parallel restatement of an “industrial economy” in people’s minds as the dominance of materialist needs. There was an entry of post-materialist needs and thinking in the eighties but the process was abruptly discontinued in the early nineties. Hence, since then there has been no mass interest in environmental protection and other “post” issues in Hungary. Instead, there have been two kinds of struggle for sheer survival, for the majority
as simple consumers and for the minority as emerging entrepreneurs in recently established firms. Widespread frustration, social anomie, and a decrease of life expectancy and the high mortality of males have accompanied this process of establishing a market economy in the age of the Dual Challenge.²

A drastic reduction in public services: A near collapse of the public sector threatened the country in the early nineties. Under permanent budgetary pressure public services were drastically reduced, in some cases completely abandoned. Between 1991 and 1999 (all figures indicated at 1991 prices by the Central Office of Statistics) education was reduced from HUF 138.9 billion to 120.5 billion, health care from HUF 137.6 billion to 117.3 billion and social services from HUF 516.4 billion to 409.2, altogether by almost 20 percent. Parallel with this, the percentage of budget allocations to local self-governments have been reduced from 13.7 to 11.2 percent of GDP between 1990 and 2001, although more and more public service delivery has been transferred to them. This reduction had two consequences. Its direct consequence was not only a reduction in the delivery of public services and the erosion of the maintenance of public institutions. Also an important and even more shocking consequence was the drastic reduction of salaries and wages of all public employees. Instead of a general promotion of the emergence of a middle class, as the slogan of the new democratic society has demanded, there was a very marked process of declassification of the lower middle classes (teachers and doctors) in the nineties with only a small recovery in the 2000s. The disintegration of the formerly large middle income strata has produced an upperclass of successful entrepreneurs and those professionals who have moved from the public sector to the private economy. All in all, it resulted by the mid-nineties in the exclusion of large groups of intellectuals, including most civil servants, from the emerging middle classes and the recent reintegration has been slow and doubtful.³

The “de-civilization” process: It would need, of course, a very long list to enumerate the civilizing effects of democratization in Hungary. But the opposite process has also appeared through the large-scale disinvestment in education and health service that has produced less civilized Hungarians in a great number. Aggression and lack of solidarity have

² The problems of the winners and losers have been discussed in an international context, see e.g. Tang, 2000. The main data of the Hungarian social transformation have been recently collected in Kolosi et al., 2000. Social Reports have been regularly published in Hungary in every second year since 1990.

³ The paper of Geoffrey Garrett has provided figures for the changes in central government spending and consumption in all countries, compared to the changes in trade and capital mobility.
become rather general patterns of behaviour, even in the upper income group. Polarization and marginalization have penetrated the schooling and health care systems, so an increasing part of Hungarian society cannot afford proper schooling and health care for their children and themselves. All the data clearly show a deteriorating health situation in Hungarian society. Large “illiterate” groups of youth have also emerged with a missing educational level for the post-industrial society as if they were “trained for unemployment”. Hungarian society has paid for the drastically reduced social policy and increasing polarization by the high criminality rate that has doubled since 1989. Finally, the rapid marketization and democratization have been managed mostly by an economic and political elite engaged in a “war at the top”. As a result, there has been an “infantilization of society”, since most people have gone through this period of Great Transformation in the spirit of “we do not understand anything from the world around us”.4

**The demobilization of voters and/or the depoliticization of public life:** The largest base for demobilization-depoliticization has been economic and social exclusion from the productive world. The economic activity rate (the percentage of economically active persons in the age group between 15-64 years) was only 58.7 percent in 1998 (66.6 and 51.1 percent for men and women respectively). This Hungarian activity rate is very low, not only compared to Western Europe but also within ECE (in Poland: 68.0 – 74.9 and 61.4 percent). The employment rate (the percentage of employed in the age group between 15-64 years) is equally low in Hungary. In 1998 it was only 53.9 percent (60.6 and 47.3 percent). Hence, the low unemployment rate (7.8 percent) is somewhat misleading because it is based on the high percentage of economic and social exclusion, first of all that of half of women in their active age. There was a quick reduction of employment and increase in unemployment in the early nineties. The worst news is that since 1996 economic recovery has returned but it has not led to a significant improvement in economic activity and/or employment rates, that is, many people have left the labour market forever, especially women. In the nineties the social crisis seemed to be transitory but it has proved to be more and more protracted and will be with us at least for the entire decade of the 2000s.5

The demobilization of the masses was in some ways a conscious process in the early nineties by parties and politicians to avoid populism. But this was even more an unintended

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4 I have taken the term of “decivilization” process from Zsuzsa Ferge, in her latest book she has given an ample set of data about this process (see Ferge, 2000).

5 The above data are from the Eurostat, see also the data attached to the latest regular report (November 2000) by the EU Commission on Hungary.
result of the economic and social marginalization discussed above. The two major institutional aspects of demobilization have been in the world of civic associations and industrial relations. I have described the first process elsewhere as “over-particization”, since there has been a pervasive lack of both civil organizations representing various losers’ groups, and channels – other than voting in elections – for civil control over state policies in general. Second, the trade unions were delegitimized and marginalized, so the interests of employees remained mostly underrepresented at both national and shop floor levels (Greskovits, 2000: 139). Actually, depoliticization has been much wider than demobilization. There has been a concentrated effort of the subsequent governments to exclude all social actors from the political process, even the employers’ and/or business organizations, professional chambers etc., although they have to move to the central stage for a successful consolidation. As a result of this demobilization process, during the latest general elections (1998) the turnout was as low as 56 percent (65 and 68 percent in 1990 and 1994).

All these processes have created an insurmountable obstacle for the HSP to advocate a post-materialist, Third Way-type program. The Third Way idea has remained an externality as a theoretical message that has not been marketable in Hungary for the majority. The prolonged social crisis and the cumulated social deficit have meant for the HSP that the materialist, short-term interests of Hungarian society have become dominant, first of all for a party with aging members and supporters (around 35 percent of members and 20 percent of supporters are above 60 years). It has led to a troubled perception of perspectives and orientations, in which the conflicting interests balance each other out and have created a standstill in programming. These tensions have also appeared inside the HSP and formed its own controversial nature. The end result is a basically status quo orientation as the prison of the present.

The reform of the HSP after the 1998 defeat

The Hungarian Socialist Party has been a unique case among the successor parties with its early start, stable and wide social support, and definite commitment to Social-democratic values, as an extensive literature documents (see e.g. O’Neil, 1998; Orenstein, 1998; Ishiyama and Shafqat, 2000; Ágh, 1995, 1997). In the 1998 elections the HSP suffered only a relative defeat, since it still received the largest popular support both on the party list and in the single member individual districts, but became second in the number of seats due to
the idiosyncrasies of the Hungarian electoral system. Yet, this relative defeat indicated some serious problems in the Social-democratization of the HSP that were closely connected with the Third Way issue (see in detail Ágh, 2000a). Seemingly, a turning point was reached right after the 1998 elections with a leadership change and new party statute. By November 2000 the new leadership managed to create a long-term, “globalist” party program. Furthermore, since the summer of 1999, one year after the elections, the HSP has led the popularity contest versus Fidesz by about ten percent according to public opinion surveys.

However, the bad news for the HSP is that the leadership contest has continued and its long-term program has not attracted youth and intellectuals enough, since this program has not offered a clear vision about the future of Hungary. The party has remained passive and not innovative enough to challenge its main competitor on the Right. Fidesz has continued to dominate not only the government and parliament but also the political agenda and forced the HSP into passivity or in the best case to give rushed reactions to Fidesz’ initiatives.

There have been a great number of factors responsible for the relative deadlock in the development of the HSP. The internal reasons for the stalemate are the following:

First, the pragmatic tradition of the party’s development dates back to the technocratic party reformers in the eighties. The ruling party in Hungary (HSWP) began economic reforms very early and its technocratic elite pioneered economic reform and the opening towards the West. This technocratic-pragmatic elite played an important role in the preparation of the economic systemic change and in the foundation of the HSP in 1989. Their “anti-ideological” and “anti-vision” attitude has become dominant in the party and has been carefully balanced with other tendencies of secondary importance (trade unionist wing versus post-modern oriented intellectuals, etc.). The pragmatic-technocratic mainstream, led by Gyula Horn until 1998, has been very controversial. On one side their sober approach to market building, orientation towards Western integration and serious partnership with the global institutions (World Bank, IMF) was very beneficial for the economic recovery. They advocated a narrow and short-term vision of budget balancing in particular or economic crisis management in general that was positive and necessary but it became outdated by the economic recovery later. On the other side, they have shown from the very beginning an indifference towards the increasing social deficit and refused to consider issues beyond the monetary and fiscal realm as “ideological”. Conversely, this dominant technocratic approach was necessary for the country and grudgingly accepted also by the population as a necessity of the drastic crisis management until 1996-97. But with the economic recovery after 1996 this shortsighted view
turned out to be both economically unviable and politically dangerous, finally it led to the defeat of the HSP in 1998 as one of the main reasons for its decreasing popularity.

Second, all parties may be analyzed as a coalition of different political groups and tendencies. There is a common wisdom in Hungary that it is even more so with the HSP, since this party is “a coalition of coalitions” i.e. based on a network of the ever-changing inner coalitions. Hence I call it a postmodern people’s party because this party does not only involve all the strata of the Hungarian society, but it keeps regrouping their coalitions according to changing situations. As we shall see later, the HSP attracts – according to long-term public opinion data - at least 20 percent support from all social groups and strata taking account of all citizens and at least 30 percent of those who select parties and decide to vote. Thus, the HSP represents Hungarian society as a whole with all its contradictions that have been transformed politically into the party. In general, the party has three main theoretical-political streams – the conservative left (old working class orientation), the centrist-trade unionist (representing mostly public employees) and the postmodernist-Westernizer – which have been organized in three major “platforms” (“Leftist Block”, “Socialist Platform” and “Social-democratic Association”). In practical terms, however, these platforms have not been so influential. Actually, the important interest groups as pressure groups within HSP have not followed the logic of this platform division. They have always been formed around real vested interests. The socio-economic conditions in the period of democratic transition have changed very quickly, in a chaotic and unpredictable way, and these interest groups have always reorganized and re-allied themselves accordingly.

The anecdotal evidence suggests that the name of the HSP indicates in fact three parties. Namely “H” states for some kind of Hungarian Left, “S” for a group with Social-democratic tendency and “P” for the party elite or political class (originally the “reform-bureaucracy” of the eighties), which tries to keep these wings together by balancing between them. Actually, as said above, the party has not been so much divided along the political lines – Old and New Left, or national versus international orientations, etc. – but much more fragmented by interest groups acting as pressure or lobby groups within the party (see Ripp, 2000). A generational divide is equally important for the HSP, since only 15 percent of the members are below 40 years, the mid-generation (40-60 years) dominates (around 50 percent) and more than 35 percent of membership is above 60 years (Table II). The age composition of supporters is certainly better than that of membership, still the supporters of Fidesz are younger. In the age group between 18-33 18.4 percent of voters support the HSP and 24.6
percent support Fidesz, and this age group gives 22.6 percent of supporters for the HSP and 39.6 percent for Fidesz (Table IV).\(^6\)

Third, the leadership role and contest have been very important in the emerging parties that have been so far without proper institutionalization. It has been even more so with the HSP because it became a large, dynamic and successful people’s party very early and its success has depended on the capacity of the party leader or leadership to keep this coalition of coalitions together within one party. Gyula Horn as the president of the HSP was such a robust personality with very good skill in tactics and outstanding ability to provide strong leadership until 1998. However, the development by 1998 did not only outdate his role as a technocratic and pragmatic leader but it was obviously also one of the reasons for the electoral defeat. Both his fellow leaders and the party membership more and more refused his pattern of quasi-authoritarian leadership, although the need has remained for a charismatic leader who is able to keep the party together and ready for action. The next party president, László Kovács, has represented the opposite pattern of soft, diplomatic and compromise-seeking leadership but it has also created a danger of passivity and fragmentation under the special conditions of the sharpening party contest with Fidesz. The new leader has been very popular with Hungarians, for a decade he has been among the most popular politicians, since the Hungarian population has always disliked confrontational personalities. However, his soft-spoken style has not proved to be successful and competitive enough to keep the party together for coordinated actions. This situation has provoked widespread discussions within the party about the leadership role.

Altogether, the HSP is facing now three dilemmas: 1. How to combine the short-term goals with a long-term vision, with proper proportions of allocation of resources in a government program, 2. How to cope with the diversity and centrifugal tendencies within a large people’s party representing various conflicting interests, and 3. How to form a leadership role in a situation when the population at large prefers consensus-oriented and compromise-seeking personalities but the exceptionally tough party contest with the main

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\(^6\) One has to note here that the HSP has a computerized data base on membership. In late 1999 they made a general data revision and concluded that until January 2000 about 14,000 members left or died and indicated that in this period 12,800 new members joined the party. However, on 10 November 2000 they issued a list of new members joining the party after the 1998 elections (5,711 members). It is not clear what the overlap is between these figures (12,800 and 5,711), most probably there have been about 17,000 new members since 1989 that is the bigger part of the membership is new.
rival of the HSP on the Right imposes permanent confrontation on the party and demands a strong leader for innovative action.

The latest party documents mirror these three dilemmas and the ongoing but still incomplete party reform since 1998 has been formulated in the party documents. First, when the HSP was established in October 1989 the major drive was to act against the “democratic centralism” of the former ruling party and the result was a new **Party Statute** with extreme decentralization of all basic party organizations. This promoted democratization at the grassroots level nevertheless it produced negative effects as well. Namely, the local party units had a quasi-absolute autonomy also in selecting candidates for their single member districts. This full autonomy proved to be counterproductive in many cases, since in 1998 the HSP received 20 percent more votes on the party list than its candidates in districts. The present **Party Statute**, passed ten years after the founding congress, has ended this fragmentation and now the higher level party organizations have more say in candidate selection. This Statute has also introduced more policy orientation and efficiency in decision-making by clearly outlining the policy-making role of the Party Presidium and the National Committee (the parliament of the party, the “organogram” of the HSP has been elaborated, see Machos, 2000).

The long term **Party Program** was discussed and accepted by the next party congress in November 2000. It has been a compromise between the global orientation (seen as “the Hungarian nation under global changes”) and the conflicting interests of the various strata represented by the party. Namely, this Party Program has used Third Way terminology and introduced its perspectives as a conceptual framework for Hungarian development. In its concrete details, however, it has contained an evenhanded approach to the socio-economic and political demands of all strata represented by the party. Actually, the preparation of the **Party Program** was a large-scale negotiation process within the party, which ended up in a final bargain among the major working committees. All demands were satisfied at the price of losing clear goals and priorities. The long-term goals have stayed only at the level of abstract principles. The lack of clear priorities became so evident that the party leadership left this task for the electoral and/or government program to be prepared for the 2002 elections. As a bottom line, the programming process has not produced a breakthrough in the HSP towards a
Third Way thinking that could have attracted the attention of the Hungarian public – first of all youth and intellectuals – to the party and to its brave vision.7

There are two other party documents prepared for the November 2000 party congress (the seventh congress of the HSP) which are important for the assessment of the HSP reform and its move towards a Third Way approach. The Report of the Presidium to the party congress has described party developments and events. The HSP claims to have changed its policies to more active and innovative ones since early 1999 because the national-conservative government was not ready to follow the rules of consensual democracy. Therefore, the HSP has launched a new drive for a participative democracy that has attracted new members to the party. In fact, between the 1998 elections and the congress in November 2000 more than five thousand new members (5177) joined the party, one-third of them are young people below 30 years (see Table III). It means that the composition of the HSP membership has changed to a great extent between “old” and “new” members. The number of members is less (around 31,000) than it was in the newly established party in 1989 (around 35,000), still it is the largest organized and documented party membership in Hungary. About fourteen thousand former members have left or died and almost an equal amount of new members has joined the party since 1989 (see Tables I-III). This means that membership continuity has been drastically reduced in the HSP, although it was only partial even in 1989, since many non-party members joined in 1989 who became its leading representatives in local and regional politics. As the Report of the Presidium states, the HSP has been rather strong in county and local self-governments, at least as strong as its main rival on the Right, so the party has been able to “govern” in many parts of Hungary and to prove its ability.

The socio-economic report of the HSP, Hungary 2000, has summarized the social results of economic policy in the period of the national conservative government. It provides an ample set of statistical data to document that the Fidesz government has supported upper income people with its economic and tax policies, and the lower two-thirds of population has received little from the gains of economic growth since 1998. This opens, however, a problem of “status inconsistency” in the present political situation, namely there has been a contradiction between the economic support of the government for the rich and the political support of the poor for the government. The social structure of political support for the main parties has been rather “perverse” in Hungary in this parliamentary cycle. Public opinion

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7 The interesting analysis of Ishiyama and Safqat (2000) deals with the former HSP party programmes (1990 and 1994). This 2000 programme is new in its global, long-term
surveys show that those in urban areas with a higher level of education are more likely to vote for the HSP. And vice versa, those more rural-based, poorer and less educated are more likely to vote for Fidesz. This goes against the logic of the economic and social policy of the incumbent government. Its reasons may be found at the level of political discourse, since Fidesz has used a traditionalist-nationalist discourse, combined with a modernist one for other strata, that has been attractive for the less educated people in smaller settlements. The main supporters of the HSP, where its political support has been significantly above the average, have been university graduates and its support has been much larger in big cities than in the countryside. E.g. 25.5 percent of support for the HSP comes from Budapest (for Fidesz only 16.8 percent), and 30.3 percent of middle school graduates and 28.9 percent of university graduates support the HSP (the support for Fidesz is only 20.5 and 23.2 percent respectively) (see Table IV). This “anomaly” or “perversity” has become even more marked since the 1998 elections. In the spring of 1998 only 22.6 percent of support came from Budapest for the HSP and it was higher (18.9 percent) for Fidesz than now. The corresponding figures concerning the education level right before the 1998 elections were 26.2 and 25.0 percent for the HSP, and 22.3 and 21.0 percent for Fidesz. It means that in this parliamentary cycle political support for the HSP has become even more urban-based and higher education oriented, and a significant proportion of these “postmaterialist oriented” voters have turned away from Fidesz. And vice versa, a higher percentage of economically inactive people as such wives in households (27.9 percent), the unemployed (19.2 percent), peasants and unskilled workers (19.7 percent) and skilled workers (24.1 percent) are Fidesz supporters, since the corresponding figures for the HSP are 17.9, 17.4, 16.1 and 19.8 percent respectively.

This is clearly a trap situation socially, since the bigger part of the losers, the needy or the less competitive strata support Fidesz, which favours the rich in its socio-economic policy (taxation, health care etc.). The bigger part of economically more successful and more competitive strata, in turn, support the HSP, which has advocated social cohesion (with 42.1 percent of dontknows and non-voters or abstainers).

**Conclusion and discussion: The Social Construction of Democracy and the Third Way in Hungary**

character as well, the programme for the 2002 elections will be prepared by the end of 2001.
The status inconsistency and/or the cognitive dissonance of the Hungarian voters represent a temporary paradox in Hungarian politics. It comes from two sources. First, the “national” discourse of Fidesz has been rather successful in attracting the less educated rural strata. Second, the HSP has been to a great extent a pragmatic-technocratic party that has performed a role in socio-economic transformations usually played by the parties on the Right. If we take the Third Way as a middle way between the Old Left and New Right, then the HSP has proven with its strong support for privatization and its radical economic crisis management in 1995 that it has been beyond the Old Left. However, it has still to prove that it is beyond also the New Right. The HSP has to demonstrate that it is able to domesticate the European social model as well. Again, if we take the Third Way as between state and market, then the HSP has been so far enough of a market enthusiast, now it is high on the agenda to elaborate its strategy for a service state in the spirit of the Third Way. Above all, in the field of education, since the Hungarian education system has traditionally been very strong but the social systemic change has given a fatal blow to it. To have a concrete programme for a social recovery and global competitiveness, the HSP has to focus on education, even more than the West European “third ways”. In general, the HSP has to elaborate a policy agenda “From social exclusion to social cohesion” (see Bessis, 1995).

The Third Way approach has been developed by the HSP as a backbone of its long-term party program but in fact it has become a hidden agenda in the party. There have been no serious public discussions in and around the party about the Third Way even in the program-making process. The constraints of non-postmaterialist needs in a postindustrial society have created such a controversial situation, in which the problems of the return to the 1989 income level have dominated in the public discourse. In addition to the consequences of the low average income level, a new social tension of the large income polarization has emerged with extreme poverty for a large part of population. This explains both the relative political success and the relative intellectual poverty of the HSP. First, the pragmatic tradition has still a great influence in the party circles. Second, the internal fragmentation of competitive and conflicting groups is still high and they are not so ready to compromise on the common preferences in a party program. Third, the difficulty of combining materialist and post-

\[8\] In the last decade Hungary has been competitive with its well trained, disciplined and relatively cheap manpower. In early 2001, however, the German-Hungarian Chamber of Industry and Commerce issued a warning that, without concentrated efforts in education and training, this comparative advantage may soon disappear. In fact, the Hungarian wage level,
materialist values seems to be insurmountable, while advocating just the short-term interests of the various strata has been at the same time counter-productive for the HSP.

Nevertheless, the HSP has proved to be rather innovative in the introduction of information technology (IT) and in all IT related matters, e.g. it has successfully initiated the establishment of a parliamentary standing committee on IT. It has also been competitive in the “Internet contest”, its home page (www.mszp.hu) has been a very popular website. According to the latest poll in spring 2001, the HSP has been the most popular party among Internet users.9

The HSP issued an IT Development Programme for Hungary on 23 May 2000 and a Declaration on The Knowledge and Information Society on 23 September 2000. The Declaration states that a country can only be competitive in the 21st century if it considers knowledge and information as the highest value and priority for development. As part of European Social Democracy, the HSP has made a commitment to prepare a government programme, in which IT, education and research will have a clear priority. According to this programme, those employed in education and research will get a twenty percent pay increase in 2002, immediately after the next elections and a further three-percent annual increase in real terms.

There has also been growing political support in the HSP for a Third Way-oriented organization. In spring 2001 a new, fourth platform was formed in the HSP. They have chosen the name of Third Wave in reference to the year of 2001, the start of the Third Millenium. They have not insisted so much on the Third Way terminology but have built up an internet-based and network-oriented political platform accordingly. The formation of this platform has been the reaction of the young, mostly new, party members to the stalemate in the party and in their effort to dynamize the party they have also attracted some members from the older generations. This move may facilitate the dialogue of the HSP with youth and intellectuals but the rest of Hungarian society is still kept somewhere between the past and present, and the Left and Right. Hungarian citizens have been socialized to channel protest through votes and protest votes worked in 1994 and 1998. The big question in Hungary is still whether the cognitive dissonance can divert protest votes from the HSP to Fidesz or the HSP

the average gross monthly wage is lower than the Czech or Polish one (316, 355 and 471 euro respectively) see Magyar Hirlap, 13 February 2001.
9 The results are the following according to the major parties, first the percentage of all voters, second that of selecting parties (39 percent are not): HSP – 22 and 36, Fidesz - 17
will be able to attract also the “materialist majority” and not only the “postmaterialist minority”.

and 28, Alliance of Free Democrats – 9 and 15. This is, of course, a non-representative survey but it indicates some trends (see www.fotexnet.hu/valasztas2002).
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