

THE RISE OF HUNGARIAN POPULISM

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State Autocracy and
the Orbán Regime

BY

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PREFACE

By 2019 it seems to be proven that the political system in Hungary under Viktor Orbán significantly has moved into an autocratic direction. This book offers a deep historical and theoretical investigation on how this authoritarian populist regime has evolved. This new kind of autocracy cannot be understood without the thorough knowledge of Eastern Europe's twentieth century and the neoliberal agenda before and after the regime changes. There is a loophole in the literature on the historical and theoretical origins of right-wing authoritarian populism. This book indicates a wide range of debate on this, because without these historical-theoretical frameworks the Hungarian autocratic turn cannot be analysed from Western perspectives, which seemed to be inadequate to response such challenges raised by Eastern autocracies.

This book deals with the main factors behind Orbán regime: the past overwhelmed with authoritarian populism, the reformist anger of liberal democracy and the cooperation between neoliberal and state autocracy.

I propose here that Orbán's regime is a product of the troubled and unprocessed past of Hungary and moreover the uninhibited neoliberalism. In the context of contemporary literature on populism, it is underrepresented that populism is a historical phenomenon. The populism of our time is based on the Hungarian historical heritage: the interwar right-wing

nationalist populism, the Communist populism and the neo-liberal anti-populism will be analysed here as the predecessors of the regime.

The next step towards contemporary authoritarian populism was the end of the 1980s and 1990s; at that time Hungary was the leading post-Communist country, which implemented the legal and economic frameworks of liberal democracy. This aimed a massive construction of legal instruments and a fully integrated economy into the neoliberal world order. The main cause behind this situation was the assumption that the basis of liberal democracy is the (neoliberal) capitalism itself. The ‘reformist anger’ has overloaded the society. This resulted the so-called politics of austerity, which was the main direction of international organisations (from International Monetary Fund and World Bank to the European Union, EU) in which Hungary and other Eastern European countries got involved, and its implementation caused several social catastrophes.

However, Orbán’s regime is not just a product of declining liberal democracy, given the fact it is financed by the EU’s neoliberal framework especially by the German automobile companies. Hungary has become a “good province” of the neoliberal empire. In this book, I argue that hegemony of authoritarian neoliberalism and right-wing populism are both based on Gramscian theory of hegemony. At the first sight, it seems to be embarrassing that on the one hand Orbán’s regime has been criticised by the EU bureaucracy, on the other it has been financed by EU and German industrial interests, but this reveals the deep tensions inside liberal democracy and neoliberal capitalism. The Hungarian example is an anti-Greek story: while the Greek government unsuccessfully tried to get rid of neoliberal austerity, Orbán’s regime built up the autocracy in neoliberal framework. The cooperation of authoritarian neoliberalism and authoritarian statism/populism is not a new

phenomenon, but the Hungarian example is unprecedented because it is the first case when the authoritarian neoliberalism was able to unfold in the framework of the authoritarian state in the EU. The Orbán regime has abandoned not just the liberal rule of law, but all the social commitments of the welfare state in order to meet the expectations of neoliberal capitalism.

The significance of this book is the autocratic elements one can find in the Orbán regime does not only come from state autocracy created by the machine of political power, but also stems from the tyrannical nature of the regime maintained by neoliberal capitalism. The elements of Orbán's populist autocracy has been laid down in the burdened past of Hungary in the twentieth century and neoliberal autocracy also has pre-1989 roots. Neoliberal hegemony influenced Eastern European transitions and the political system being created afterward. There is a blurred collusion between authoritarian neoliberalism and populism.

It seems to me that from a Western perspective, the Orbán regime caused major confusion; it is because on the one hand the regime is seen as a determined dictatorship, on the other hand the various political theoretical pillars of the regime are unknown by the public. This multi-faced nature of the Orbán regime remained almost undiscovered in the literature and public debates. Although, the Hungarian autocracy has far not created under Orbán as a master plan. There was no such a plan to build autocracy in Hungary, but at the same time there was no direct theoretical and political intention to prevent the de-democratization either. It is to say that the process of moving towards an autocracy has been intensified. This means that the autocratic nature of the regime at the time of the 2010 elections was not determined. On the contrary, there were democratic scenarios inside Fidesz regarding governance. By now, the regime has become an autocratic populist

one and it relies on several authoritarian theoretical assumptions, which are described in detail in this volume. My main conclusion here is that the evolving autocracy in Hungary can be investigated on a higher level as a rebirth war between law-based theories and the emerging concept of *the Political*.

THE THEORY OF AUTHORITARIAN POPULISM AND NEOLIBERALISM

During the Eastern European regime changes, a stubborn expectation for democratisation and marketisation arose. Fukuyama (1989) puts forward the ‘end of history’ and the universalisation of Western liberal democracy. Although ‘eternal peace’ was promised by the 2000s, entirely different inclinations have broken ahead, and political authoritarianism has become the new tendency. A new era of autocracy maintains an intimate relationship with economic liberalisation and capitalist globalisation. In addition to the involvement of the state autocracies, capitalism also inevitably shows autocratic tendencies. In other words, autocracy is based on the state and the market at the same time. As Peter Bloom (2016) put forth, ‘economic liberalization catalyses political authoritarianism and political authoritarianism discursively strengthens economic liberalization’ (p.6). Conferencing of political authoritarianism and economic liberalism has a

long tradition. The term ‘authoritarian liberalism’ was coined by Hermann Heller, who targeted

with the label not only the centrist and conservative Cabinets of Chancellor Brüning that governed Germany before the Nazi party took power, but also the constitutional theorist who had advised them, Carl Schmitt. (Wilkinson, 2019, p. 2)

Populism can be seen as an essential ingredient of autocracy, but the process of authoritarianism of our times depends on long-lasting tendencies. Autocracy has several faces, which can be unfolded not just in the framework of modern state, but also in the market itself, and neither should be underestimated. In this book, I am proposing that the modern forms of right-wing populism – from Turkey to Russia – have found a way of being neoliberal capitalist and authoritarian populist at the same time. The process of democratisation has not led the universalism of liberal democracy; a combination of autocracies and illiberalism with democratic elements has evolved instead (Bloom, 2016, p. 102). It is to say that while there are several national regimes combining traditional political authoritarianism with intensified economic marketisation, there remain several differences between the neoliberal autocracy of Russia and Hungary. The Orbán regime is about the reconfiguration of liberal democracy and neoliberalism, which can also be characterised by autocracy towards political authoritarianism. Authoritarian populism has reinforced the tyrannical nature of neoliberal capitalism and this proves to be unbearable to many societies.

In this Chapter the nature of the market and populist autocracy of our time is investigated. The rise of political authoritarianism is based on the autocratic nature of capitalism, especially its neoliberal agenda (1). Neoliberalism gained political hegemony as a set of globalised idea of

economic concepts (3). In this sense, authoritarian tendencies in Eastern Europe are not just a democratic backlash or de-democratisation, but they are the emergence of authoritarian tendencies based on the tyrannical nature of neoliberalism and a populist nation-state (2, 4). Here I investigate the theoretical assumptions behind these tendencies and emphasise the biopolitical nature of authoritarian populism (5). In addition to this, I argue that the collision of neoliberalism and authoritarian populism can be characterised by the concept of constitutional dictatorship (6).

1. THE FRAMEWORK OF AUTHORITARIAN NEOLIBERALISM: NEOLIBERALISATION AND HEGEMONY

In May 2010, the *European Law Journal* came out with a Special Section with the title *Herman Heller's Authoritarian Liberalism*¹ investigating the historical background and current tendencies of anti-democratic capitalism,² mainly in the framework of the European Union (EU). In 1932, Heller pointed very sharply at the controversial roots of what he called 'authoritarian liberalism'. In his terms, this refers to the authoritarian state as a 'further developed national liberalism' (Heller, 2015/1932, p. 299). The legal scholar and philosopher, who belonged to the non-Marxist wing of the Social Democratic Party of Germany during the Weimar Republic, argued that in the nineteenth century bourgeois-liberal capitalism rejected Prussian conservatism, while in the twentieth century, a seminal change happened and '[u]pper-class bourgeois capitalism demonstrates the greater force of assimilation; conservatism becomes bereft of all social inhibitions and is drained of its last drop of social oil'. (Heller, 2015/1932, p. 299). This reveals the main feature of the authoritarian state

and its cooperation with market liberalism, which is a constant struggle against society.³ Nevertheless, what makes neoliberalism such an autocratic phenomenon is not the state, but it's inherent tyrannical ingredients that are investigated here.

Neoliberalism, according to David Harvey (2005), is a set of ideas and theories of political economic practices (or a global ideology of economic governance), and it

proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. (p. 2)⁴

Neoliberalisation itself refers the political and economic processes of market fundamentalism that took place in the 1970s and 1980s and led to globalisation and the changing structures of sovereignty (Shields, 2012, p. 2). The main thought here is that governance; oppression of capital over labour; and state power creates an institutional and legal framework for such a system. It is to say, and the cooperation of authoritarian neoliberalism and populism proves that neoliberalism requires the strong state in two respects: on one hand, the state ensures the principles of 'Washington Consensus' (fiscal policy discipline, no public money for social subsidies, trade liberalisation, deregulation, privatisation of state enterprises) for neoliberalism and on the other hand, the state is able to

set up those military, defence, police, and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. (Harvey, 2005, p. 2)

What makes neoliberalism autocratic is its endeavour to uphold political, economic and cultural continuing hegemony in a Gramscian sense. Antonio Gramsci developed his sociological and cultural understanding of hegemony. Given the fact that the socialist strategy in Gramsci's Western Europe was not able to rely on capturing political and state power ('war of movement') and capitalism was supported by the civil society, Gramsci 'perceived of a need to engage in a long-lasting "war of position" covering many different political, economic and cultural spheres' (Plehwe, 2016, p. 64). He tried to reconsider and challenge the classical Marxist economic determinism theory and emphasised that

a class position rooted in economic power only is insufficient to achieve a hegemonic position. Political and cultural spheres have to be considered realms and sources of social power in their own right, which does not mean they can be studied in isolation from economic power relations. (Plehwe, 2016, p. 64)

In the Gramscian sense, hegemony is exercised across a variety of fields, not just political, but also with 'political-intellectual'; 'intellectual, moral and political' and 'politico-cultural' perspectives (Cospito, 2018). In his Prison Notebooks Gramsci (2000) surmises political hegemony must be predominantly of an economic order and intellectuals struggling for hegemony must go beyond economic power. It is also crucial that the subaltern group can leave behind 'the economic-corporate phase in order to advance to the phase of political-intellectual hegemony in civil society and become dominant in political society' (cited by Cospito, 2018, p. 20).

The argument is that neoliberalism is autocratic not because of hegemony but because of the neoliberal way of reaching it. Plehwe (2016) investigates the periods of neoliberal hegemony or neoliberalism in terms of hegemonic constellations

(pp. 65–69). Neoliberalism as a right-wing theory of economic governance does not stem from Thatcherism or Reaganism as anti-state and pro-market ideology – its origins date back to the Great Depression, which caused the never-seen crisis of capitalism. Neoliberalism evolved as a right-wing counter-concept of laissez-faire capitalism, classical and social liberal theories (Plehwe, 2016, p. 65). That is why Heller (2015) was very critical of conservative liberals in the Weimar Republic who lacked social sense and admired the concept of Carl Schmitt's total state, 'which makes an attempt to order the economy in an authoritarian way' (p. 299).⁵ After the Second World War, the war-related planning and Keynesianism overruled the neoliberal stream and the commitments towards social integration and the Bretton Woods order shaped the varieties of capitalist welfare states; moreover, this articulated the framework for progressive tax and transfer regimes, public pension and healthcare systems. Plehwe (2016) argues that hegemony was social liberal in the twentieth century in that sense social democracy and trade unionism won several significant battles over the right-wing during the 1950s and 1960s. At the same time, the Mont Pèlerin Society-based neoliberal intellectuals, established in 1947 and has been conceived by Friedrich August von Hayek as a right-wing centre of hegemony, foreshadow that early neoliberals were ready to challenge the post-war order. Moreover, several instances of the social order, policy areas have already been influenced by neoliberals circles (p. 66). The best example of the influence of post-war neoliberalism is the German *ordoliberalism*, especially the thoughts of Wilhelm Röpke, the primary advisor to Ludwig Erhard's. Röpke

opposed the significant power of trade unions and the emerging configuration of welfare capitalism in Germany much like the neoliberals reinforced

the corporate opposition against the New Deal in the USA. Right-wing German and Swiss leaders inspired by the ordoliberal ideas even opposed the economic growth models because they objected to the expansion of both big business and big unions. (Plehwe, 2016, p. 66)

There were several rifts between these intellectuals, even inside the ordo- and neoliberals, but their case reveals the authoritarian tendencies embedded market liberalism and globalised capitalism. As Quinn Slobodian (2018) argues very sharply, their common concern was the defence of economy against democracy:

Globalizing the ordoliberal principle of ‘thinking in orders,’ their project of thinking in world orders offered a set of proposals designed to defend the world economy from a democracy that became global only in the twentieth century – producing a state of affairs and a set of challenges that their predecessors, the classical liberals, could never have predicted. (p. 4)

Neoliberalism can be characterised with this antagonistic relationship between market economy and democracy, which is a predisposing factor towards autocracy. Michael A. Wilkinson (2019) argues that ordo- and neoliberalism are in fact the same movement, focussing on the conjunction of political authoritarianism and economic liberalism in opposition to democracy and especially democratic constitutionalism (p. 1).

The defensive era is followed by the neoliberal movement phase during the 1970s and 1980s (Plehwe, 2016, pp. 67–68), which, more accurately would be called ‘actually existing authoritarian neoliberalism’. From the 1960s there was a boom of progressive, environmental movements. By the crisis

of Fordism and the problems of Keynesian economic policy (rising unemployment and economic stagnation), neoliberal counter-movements emerged and gained more and more influence in many policy areas. For the first time, these movements revealed the true nature of authoritarian neoliberalism in the dictatorships of Chile and Argentina where the neoliberal practices (the privatisation and demolition of welfare regimes). Plehwe (2016) consequently argued that dictatorships based on authoritarian neoliberalism were not examples of hegemony in the Gramscian sense, because a massive violence was required to create and maintain these systems, but at the same time the welfare state and social liberalism definitely lost their progressive hegemony (p. 67). By the 1980s, authoritarian neoliberalism collapsed, and due to the Washington Consensus and globalisation, the neoliberal convergence evolved in diversified ways: 'Varieties of neoliberal (austerity) capitalism emerged in confrontations between weaker social democratic and stronger neoliberal and conservative forces, not least within the capitalist classes' (Plehwe, 2016, p. 68). The main outcome was the hegemony of centre-right neo-conservative governments. Therefore, neoliberalism cannot be simplified to Thatcherism or Reaganism, which are based on a long-lasting neoliberal tradition, but these governments mean a significant change in neoliberal hegemony based on transnational neoliberal networks. Neoliberal hegemony caused the collapse of the Soviet Union but it simultaneously reinforced the agony of state socialisms. Nevertheless, what has become hegemonic is not just liberal democracy, but neoliberalism itself, as Eastern Europe and large parts of Asia have become a single market. Plehwe (2016) argues that this era is about the contradictory consolidation of neoliberal hegemony, but this is by no means a form of harmony, instead it is to say that in spite of the North Atlantic financial crisis, the authoritarian nature of neoliberalism and its crises