

Incremental Subnational Transformation and Democratic Backsliding in Eastern Europe

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Abstract

Since 2010, Fidesz-KDNP has presided over a two-thirds majority in the Hungarian Parliament, implementing a series of institutional changes designed to solidify long-term political control. Some of these reforms—especially at the national level—have been well publicized and politically dramatic. Notably, however, Fidesz-KDNP has also substantially restructured subnational institutions originally created in the period of decommunization as a means of democratizing post-Socialist societies. The Fidesz coalition has subverted these subnational institutions and, in turn, altered them to help recentralize authority in the ruling regime. Using concepts from the contemporary literature on the historical development of welfare institutions and social policy, we examine how the Fidesz coalition has systematically used institutional conversion as a means of reducing the effectiveness of some local institutions while undermining the capacity for contestation in others. These institutional changes are not as politically visible as many of the constitutional, judicial, and media reforms pursued by Fidesz-KDNP, because the changes are small and do not immediately suggest the reduction of democratic capacity. However, in the aggregate, we argue that these types of changes undermine trust in local institutions by rendering them less effective and structurally weakening opposition parties. In short, we analyze how tweaks to subnational institutional design can undermine democratic practice. Our project fills a gap in current narratives about the mechanisms behind democratic backsliding in Eastern Europe.

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I. Introduction

Over the last decade, numerous EU member states have undergone substantive democratic backsliding (Jenne and Mudde 2012; Sedelmeier 2014; Greskovits 2015)—and so have countries across other regions of the world (Bermeo 2016). In Europe, backsliding has perhaps been most apparent in Hungary, where the Fidesz government under Viktor Orbán has undertaken a series of major reforms to national governance to ensure its continued political success and electoral survival. János Kornai’s recent work has pointed to the growing problems of state centralization in Hungary, focusing on substantial institutional restructuring in recent years (2012). These reforms have increased party control, reducing contestation and centralizing authority to solidify long-term party dominance. Scholars generally agree that these types of maneuvers serve as a means of establishing illiberal democracy, shifting society rightward, and undermining the European project (Bánkuti, Halmai, and Scheppele 2012; Kelemen 2016; Levitsky and Ziblatt 2018).

The national-level changes instituted by Fidesz have been reinforced by institutional transformations at the local level. In fact, since 2010, Fidesz has incrementally altered local democratic structures to solidify its continued political control and to structurally undermine the ability of the opposition to contest elections (Jákli and Stenberg 2016). While changes to Hungarian media freedom, the constitution, and the judiciary have been well publicized and dramatic, subnational changes have flown under the radar. In most cases, local-level changes have worked *inside of* existing institutional structures and altered the way that governing bodies function. Changes have been made around the edges—without a wholesale restructuring of local governance.

The current cases of democratic decline in Eastern Europe contradict the few theories political scientists usually employ to explain democratic breakdown. First, contemporary Eastern European cases complicate the idea that consolidated democracies are “sticky” and largely irreversible. Second, they challenge the notion that European integration necessarily promotes democratic consolidation. Lastly, their democratic reversal violates the “iron law” identified by Przeworski (2003), which argues that democracies above a certain wealth threshold never fail. In this paper, we argue that one of the reasons democratic decline in Eastern Europe has been so difficult to predict is because the politics of democratic backsliding remains unexamined from an incrementalist viewpoint. While political scientists have been looking for macro-level indicators that severe change is afoot, democratic decline has largely taken shape in a more submerged fashion. Submerged, subnational transformations have in turn reinforced the longevity of macro-level illiberal institutions.

To examine these gradual institutional changes, we apply literature that has been traditionally used to analyze the hidden politics of incremental social policy reform (Schickler 2001; Thelen 2004, 2009; Hacker 2004; Streeck and Thelen 2005; Mahoney and Thelen 2010b). According to this literature, numerous social policies have been subtly changed over time, incorporating and building upon existing structures such that they appear the same even when they are in fact undergoing profound change. The current literature examines processes of drift (the prevention of upgrades), conversion (the refocusing of existing institutional aims), displacement (wholesale institutional reform), and layering (the passing of additional legislation) of existing social

policies. By identifying these hidden mechanisms of transformation, scholars have challenged more deterministic approaches to examining institutional change.

This paper applies emerging welfare state concepts to the study of democratic backsliding and power consolidation. We combine qualitative analysis of local-level government legislation with evidence from interviews with local officials to argue that under Hungary's Fidesz party, a number of institutional boundaries remain the same; however, processes of drift, displacement, conversion, and layering result in changes to institutional effectiveness and responsiveness. We argue that whether drift, conversion, displacement, or layering is pursued to advance power consolidation depends on the level of discretion allotted to politicians within the institution itself – often in this case the city council – and the strength of other actors to act as veto players (Mahoney and Thelen 2010b). These changes are not readily apparent, with none of the high profile alterations that usually accompany the national-level aspects of Fidesz's political maneuvers. However, we find that the government takes a series of actions to subtly undermine democratic institutions in individual municipalities. Collectively, these micro-changes exhibit a pattern that indicates that the ruling party is solidifying political control at the subnational level through covert means of institutional change, making these tactics a key component of a the broader pattern of democratic backsliding.

This paper proceeds in three parts. First, we examine the literature on gradual institutional change. Second, we identify a number of changes made to local democratic institutions in Hungary to analyze how these fit within the general categorizations of gradual institutional change, elaborating on many of the procedural reforms documented in Jákli and Stenberg (2016).¹ We also support our claims using policy information gathered from dozens of in-person interviews conducted with local Hungarian politicians.² Finally, we conclude.

II. Theories of Gradual Institutional Change

The political science literature on welfare states considers the unexpected resilience of welfare programs in the face of major retrenchment since the mid-1990s (Pierson 1994, 1996; Starke 2006). While some scholars challenge this notion of resilience (Clayton and Pontusson 1998; Roberts and Devine 2003), and rightfully focus on significant cuts to social programs, empirical examples of institutional resilience persist even in periods of austerity. Perhaps the most vivid example is the failure of the U.S. Republican Party to repeal the Affordable Care Act, despite controlling both the legislative and executive branches and publicly asserting the desire to see the program end.

The key insight of this literature is the importance of path dependence in reform efforts: institutions cannot simply change wholesale because of vested interests, who may or may not be motivated by utilitarian factors (Mahoney 2000; Pierson 2004).

¹ In June-July 2016, we conducted 26 in-depth, semi-structured elite interviews across five major Hungarian cities.

² Interviews were carried out with public officials (both elected and bureaucratic/managerial/professional staff) as well as with political party members. Many of these officials dealt directly with EU fund distributions or with other processes related to the allotment of public tenders. Other interviewees were chosen because they serve in official capacities on local city councils as mayors, mayoral deputies, or in other similar positions. Our interviewees were geographically diverse (across 5 major municipalities) and represented four major political parties.

How, then, does one reform welfare state institutions in the face of such pressures? Streeck and Thelen (2005) categorize a number of key methods developed in the literature on gradual change: displacement, layering, drift, and conversion.³ Mahoney and Thelen succinctly define each as follows:

1. Displacement: the removal of existing rules and the introduction of new ones
2. Layering: the introduction of new rules on top of or alongside existing ones
3. Drift: the changed impact of existing rules due to shifts in the environment
4. Conversion: the changed enactment of existing rules due to their strategic redeployment (Mahoney and Thelen 2010a, 15–16)

We apply these concepts to the Hungarian institutional context as outlined in Table 1 below, which is modified from Mahoney and Thelen (2010a).

	<i>Low Discretion Context</i>	<i>High Discretion Context</i>
<i>Strong Veto Context</i>	Layering (adding rules and conditions to local media authorization processes)	Drift (erosion of local bureaucratic and fiscal autonomy)
<i>Weak Veto Context</i>	Displacement (refocusing of institutional aims of local city councils)	Conversion (customization of EU development funds)

Table 1: Types of Gradual Change in Hungarian Democracy

Mahoney and Thelen (2010a) go on to describe the circumstances by which each change typology is likely to occur. In particular, they emphasize the role of discretion in interpreting or enforcing existing rules and the possibilities of veto by other actors. In line with their theoretical framework, we find that veto contexts and levels of discretion on policy implementation matter substantially to how Fidesz chooses to implement institutional change across different issues and sectors.

Notably, in terms of Hungarian political institutions, the veto opportunities for opposition politicians are situated *within* the very institutions being threatened. The fact that institutions of

³ The authors also include the process of “exhaustion,” but this mode of change is excluded from much of Thelen’s later work and will also not be considered here.

contestation are the ones being undermined allows Fidesz to pursue even more aggressive forms of institutional change—and leaves fewer empirical examples in the upper left quadrant (i.e., layering). Fidesz representatives’ supermajorities in local politics further reduce the need for layering, because typically, the party has high discretion over policy implementation. Nonetheless, we find that local media authorization processes provide one example by which to conceptualize layering in Hungary.

The welfare state literature has been widely applied to analyses of changing social policy structures, wherein democratic institutions are considered mediators. Our contribution to this literature is to explain change in democratic institutions *themselves*. Democratic institutions share one key characteristic with many welfare institutions: they are comprised of a large, diffuse body of constituents that can be difficult to organize for protection. Given this key structural similarity, we expect to see many of the same strategies employed to change democratic institutions. Much like in the case of welfare state reform, politicians avoid taking actions that encourage collective resistance from diffuse opposition groups. Thelen (2014) emphasizes the importance of coalitional politics in her discussion of European social policy liberalization; we can expect these dynamics to be at play in our context as well. The need for coalitional politics may be especially common for institutions of representative democracy, where there is a basic public understanding of the electoral functions of representative bodies but weaker understanding of the rules, regulations, and procedures that directly affect how those bodies function.

As Mahoney and Thelen note, “Actors may...pursue a strategy of short-run conformity in the service of long-run insurrectionary goals” (Mahoney and Thelen 2010a, 22). Fidesz’s long-term objective is widespread institutional reform; they also have the parliamentary supermajority necessary to enact many of these major overhauls. However, strategically, maintaining a guise of conformity is necessary—in consideration of both national and supranational audiences. The party is willing to work within channels for subtler, less noticeable reforms that can ensure their continued electoral success without arousing too much anger in society at large. They also seek to balance long-term power consolidation objectives within the confines of EU membership. They have been able to use discretion at the local level to put forth policies that clearly violate both the spirit and letter of the *acquis communautaire*, directives, and regulations coming from Brussels. By carefully balancing audience costs through the use of subnational procedural changes, the party has created an opportunity structure for future, more fundamental changes to democratic institutions while maintaining the guise of democratic legitimacy.

Our previous research has shown that Fidesz has made minor procedural changes to local democratic institutions that do not attract the political attention of citizens but undermine the effectiveness of democratic contestation substantially (Jákli and Stenberg 2016). This has been an understudied means of facilitating democratic backsliding. Fidesz politicians appear willing to adapt their strategies to what the political environment will bear—using a combination of drift, layering, conversion, and displacement to accomplish their long-term goals.

Drift, for example, can be seen in decisions about local government funding, wherein Fidesz reduces the institutional capacity of local governments to pursue objectives that might not coincide with the national government. Conversion, meanwhile, is used to coopt external funding mechanisms that are designed to empower the local economy as well as local institutions. Displacement is the clear first-choice strategy for Fidesz, and the widespread changes to the institutional rules and regulations governing city councils and municipal procedures provide

many examples of their use of this strategy. Displacement is readily available because of the weak opposition—which is made progressively weaker by the aforementioned decline in national funding for municipalities. At the local level, layering is pursued as a second-best solution when the political opposition and/or existing institutions retain enough power to resist more dramatic change. However, we see many fewer instances of this due to the systematic undermining of the ability of the opposition to engage in effective contestation since 2010.

III. Local Institutional Changes under Fidesz

This paper argues that Orbán’s government has taken key steps to solidifying long-term control by enacting incremental policy changes employing the mechanisms of drift, displacement, conversion, and layering. We find that there is a distinct progression to the party’s subnational power consolidation strategies. In this section, we outline how the processes of drift and layering are employed to undercut local opposition and grassroots counterbalancing efforts, and how conversion and displacement are used to further consolidate the party’s power. To carry out our analyses, we utilize in-depth analysis of relevant local and national legislative changes, supplemented by in-person interviews with local political elites across five major Hungarian municipalities.

i. Drift and Displacement in Local Bureaucratic and Fiscal Autonomy

One way in which Fidesz is able to reinforce national control at the local level is through the process of drift, by which the party prevents necessary upgrades to policies already in place by their decision not to update fiscal formulas needed to calculate local government revenues. In the Hungarian case, most local-level “upgrades” have been stunted through the erosion of local bureaucratic and fiscal autonomy. This financial drift has then been augmented by displacement, the restructuring of the relationship between the local and the national in the 2011 cardinal law on local governments. Note that Fidesz is not necessarily eroding local fiscal decision-making structures directly—rather, the examples we cite illustrate how chains of vertical and horizontal command are reconstructed to reduce local bureaucratic decision-making capacity.

Notably, the recent drift from local autonomy is especially striking given that after the fall of Communism, Hungary was a pioneer in regional decentralization (Grzymała-Busse 2003, 20). Hungary introduced democratically elected municipal councils to give national parties another round of political competition and to serve as a check on national power. Moreover, Hungary was the first post-Communist state to institute a civil service law that made state positions incompatible with party membership (J. Hegedüs 1999, 37). Throughout the 1990s, Hungarian governments continued with this trend, strengthening formal oversight and monitoring mechanisms (Grzymała-Busse 2003, 20).

By the early 2000s, this trend began to reverse. As Soós and Kákai (2011, 14) summarize, subsidies for local governments have not kept “pace” with the growth of the national budget. This decline was quite evident by the early 2000s. In 1991, local governments received 15.2% of the national budget as Government Financial Status-based transfers. By 2003, only 11.9% of GDP was allocated to these local government transfers (Vígvári 2006). Moreover, the real value of local government expenditures decreased by approximately 10 per cent (Vígvári 2006). As

local shares of total government expenditure shrunk, national institutions have simultaneously gained strength. By not updating formulas to maintain levels of spending for local governments, national governments were able to reduce the autonomy of local actors, making them more reliant on special purpose grants and national prerogatives.

The gradual decline of local autonomy was then exacerbated through the implementation of Hungary's cardinal law of 2011 on local governments, where the displacement of previous legislation augmented the effects of drift in finance mechanisms.⁴ Although the cardinal law is an example of national-level legislation, it has built into its design the mechanisms by which substantial decision-making would slowly be channeled upwards vertically in the political hierarchy.

For example, the new cardinal law no longer explicitly grants local administrations the right to self-determination or independent management of the local budget. Local councils' property is now considered "part of Hungary's state assets" (Kovács 2012). As such, the 2011 cardinal law may restrict the independent management of revenues in order to preserve a balanced budget.⁵ As Tilk finds, "the aim of the rule is to restrain an excessive process of indebtedness, the rationalizing of the management of the revenues of the local governments, and at the same time it allows for a stronger state intervention as well (through the contribution of the Government)" (2014, 101). At face value, this national directive was not expected to have substantial impact on the workings of subnational governance. However, in practice, Fidesz has used the logic of "excessive indebtedness" to take a more interventionist role in what local political decisions are ultimately implemented and what projects are subjectively considered incongruent with national budgetary objectives.

With the objective of reigning in "indebtedness," there have also been substantial shifts to local bureaucratic control, which in the aggregate contribute to what we characterize as bureaucratic drift. Under the new cardinal law, heads of government offices were granted the vertical decision-making power to adopt local government decrees (Tilk 2011). Moreover, regional development institutions and public administration bodies at the NUTS II administrative level were effectively removed; counties lost self-government status via the appointments of county commissioners; and many local public services were in turn centralized to reduce the budget (Pálné Kovács 2014, 104). By 2013, a considerable share of public services were either provided directly by the state or were transferred up to regional management units—including services such as education, healthcare and hospital maintenance, and cultural institutions (i.e., museums and libraries). Even the administrative tasks and duties that remain within the purview of local administrators are increasingly supervised by county-level government offices. This drift vertically upward in duties is an effect of the new budgetary oversight model and a more interventionist state.

Each maneuver of drift has contributed to the weakening of local autonomy. Indeed, Freedom House's *Nations in Transit* annual report scores nations on the quality of local democratic governance; Hungary's local institutions fell steeply from a 2.25 score in 2008 to a 3.25 by 2017.

⁴ CLXXXIX Law of 2011 (Mötv. in Hungarian) on the Local Governments of Hungary as a cardinal law in accordance with the provision of the Fundamental Law

⁵ Article 34(5) of the Fundamental Law.

Freedom House country experts reported concerns over the ambiguous delineation of responsibilities and duties between districts and municipalities, the weakening of local fiscal powers, as well as general erosion of municipal power since the implementation of the 2011 cardinal law (Hegedüs 2017).

ii. The Conversion of EU Development Funds

Rules are converted when they maintain their original format but “are interpreted and enacted in new ways” (Mahoney and Thelen 2010a, 17). This process is distinct from drift, because it is not driven by neglect but through the active exploitation of institutional ambiguities (Mahoney and Thelen 2010a, 17).

Most of Fidesz’s financial reforms have been put in place with a call to fight corruption and corporate domination. In abstract terms, this surge in state-owned enterprises need not determine whether a country is dictatorial or democratic (Kornai 2000, 29). However, the government’s increasing control over privately owned enterprises, especially in the energy and utility sectors, does point toward the emergence of state capitalism through the economic siphoning of power and control (Bremmer 2010, 20–21).

This form of institutional exploitation is becoming increasingly common in the context of supranational power devolution within the EU. The supranational budgetary framework is especially vulnerable to processes of conversion because the EU provides development aid to disadvantaged member state regions through national governments. The EU’s primary concern is simply that such funds are allocated and projects developed to increase economic development levels (Thomas 2013); oversight of other aspects of local politics is not incorporated into regional policy. This lack of oversight creates the opportunity for Fidesz to misuse funds, allowing for both the personal enrichment of political allies and the strengthening of allegiances to the governing party. As Kornai notes, this extreme form of clientelism has ensured a deeper political reach for Fidesz, as well as tighter control and weaker contestation in governmental institutions and operations (Kornai 2012, 571). This pattern has gone far enough that some scholars, most notably Magyar (2016), refers to contemporary Hungary as a mafia state.

Most regions of Hungary receive between 20 and 38 billion HUF in each EU development funding cycle.⁶ Although the funding itself is allotted based on the needs of subnational regional units, the central government has substantial discretion in its distribution since it manages and oversees the implementation of these development funds. Specifically, the national government has the autonomy to provide project information, select projects, monitor their implementation, and even withhold matching funds. At these points of discretion, governments often end up interpreting EU rules in self-interested ways— typically adjusting conditions and restrictions on aid eligibility and grant use. It is extensively reported that Fidesz has channeled EU funds to reward those supporting the governing coalition, rather than supporting initiatives that may be considered most deserving by EU objectives and program themes (Bloom and Petrova 2013).

When Fidesz holds the ability to “customize” packages through the institutional conversion of development programs, the benefits that accrue are political. The party is able to craft project

⁶ Interview Site #1, Interviews #1, #2; Interview Site #2, Interview #6; Interview Site #5, Interviews #1, #2, #3

proposals to suit business allies, and their cooperation on these projects creates feedback cycles in which Fidesz appears as the most “business-friendly” and “development-friendly” party. Moreover, since all successful local projects are Fidesz-backed, this creates a feedback cycle in which local businesses are forced to develop close relations to the party in order to win large grants. This further weakens political competition and disincentivizes the development of new partnerships with opposition parties.

The potential to convert development initiatives into political opportunities is risky for young democracies. For example, Arriola (2013) has found that clientelistic linkages in sub-Saharan Africa undermine democratic competitiveness. In addition, Ganey argues that EU accession may actually exacerbate clientelistic issues in developing states, because EU development aid allows cronyist politics to flourish, whilst politicians maintain little “incentive to intervene if... European funds are mismanaged, not only because unimaginative stealing is frequently the main reason why corrupt privatizations and grant giving are initiated ... but also because such interventions would... trigger crises in important relationships with relatives and old friends” (2013, 31). In sum, institutional conversion is a substantial vulnerability in the context of EU membership amongst young democracies.

Besides customizing grant applications to political allies, Fidesz has a multitude of ways to leverage institutional ambiguities in aid dispersion. During our interviews, opposition leaders provided dozens of examples in which projects were “bottlenecked” along various points in the funding cycle. For example, Fidesz reportedly tightened application deadlines, to discourage political “outsiders” and their business partners from being able to prepare competitive project applications. In other cases, the “conversion” of EU policy was realized through the allocation of unreasonably large sums considering the size of the proposed project or the disbursement of multiple aid packages to the same companies.⁷

The most blatant example of institutional conversion concerns the Hungarian government’s decision to allocate most of the EU money available for the funding period of 2014-2020 in 2017 and 2018—in the lead up period to the 2018 elections (“Legal Grounds for the Suspension of EU Funding to Hungary Now” 2017). This decision has been criticized and investigated by EU oversight and ethics bodies, and yet legal recourses against Fidesz’s decision are weak because the national government is simply leveraging its autonomy over EU Fund distribution. Since funding agreements are meant to support large-scale, multi-year initiatives, it is difficult for the EU to add constraints that would discourage this type of pre-election development “pile up.”

Other scholars have already begun to examine the effects of the conversion of the financing process. For example, Fazekas et al. find that 33.8% of contracts awarded for projects financed

⁷ For example, in the city of Szeged, a company called Taban Trafik Zrt, with reported ties to the Minister of the Prime Minister’s Office won 157 million HUF in EU aid to renovate an old tavern into a hotel. Similarly, Morahalmi Rozs Kft. won more than 210 million HUF in EU financial help for hotel renovations. The company’s owner had ties to the director of the Hungarian Revenue Services. Furthermore, the Somogyi Udvar Kft won more than 439 million HUF in EU grants to build another new hotel (Tóth Ilda 2014). This company also had financial ties to the Taban Trafik Zrt. Science Kft. won more than 439 million HUF in EU grants for yet another hotel project. The EU covered more than 70% of the total cost of the building project, which is a record in the area. The company’s name (Science Kft) was changed from Tárkány Flotta Szerviz Kft., a company whose owner is currently standing trial for embezzlement (“EU-Pénzek Politikaközeli Szállodafejlesztőknek” 2013).

by EU funds throughout 2009-2012 received just one bid; “this implies that in spite of strong support for effective competition, a third of EU funds spending by Hungarian authorities through public procurement is conducted with no competition whatsoever” (2013, 78). As the authors find, the modification of EU-funded contracts after contract award is also significantly more frequent when compared with nationally funded ones (17.7% and 6.5% respectively). This is yet another example of conversion; although contract modifications are allowed only in rare, unforeseeable situations (i.e., market recessions, natural disasters and other national emergencies), they are made fairly frequently—and significantly more frequently than the baseline comparison (i.e., national contracts).

iii. Procedural Displacement in City Councils

Although scholars generally think of displacement as the implementation of fast-moving, wholesale reform, Mahoney and Thelen point out that displacement also occurs “when new institutions are introduced and directly compete with (rather than supplement) an older set of institutions” (2010a, 34). In the case of local council regulations, new procedural mechanisms directly compete with the original intent and uses of older procedural mechanisms.

Indeed, Fidesz substantially refocused the institutional aims of local city councils in a matter of months. Although it is up to regional and local authorities to shape their own rules and procedures in local governance, almost all major Hungarian cities and municipalities (and especially those with Fidesz mayors) altered their city council rules around the same time in 2011. This temporal autocorrelation is non-random; the evidence gathered through our elite interviews suggests that the ruling coalition has leveraged council procedures to systematically weaken tools of democratic contestation at the local level. The process of procedural displacement was so widespread because Fidesz held a majority in “22 of Hungary’s 23 main cities” and across all 19 county-level assemblies (Kovács 2012). Using these local supermajorities, they displaced local government rules, regulations, and procedures to effectively remove the political opposition as a veto player. Because these procedures are arcane, hard to follow, and unlikely to be noticed by ordinary citizens, there was minimal chance of attracting public attention with these changes (Jákli and Stenberg 2016). Indeed, they garnered especially limited media attention since more noticeable changes were implemented simultaneously at the national level.

Multiple council members and district representatives from opposition parties across five large district capitals noted that the updated rules and procedures of council meetings have reduced their opportunities and resources for policy contestation. These changes directly affect the ability of the opposition to participate in democratic actions themselves. In Békéscsaba, a 2015 change (§28 of 11/2015 (IV.29)) repealed §18 of the Szervezeti és Működési Szabályzat (SZMSZ) (i.e., the “Organizational and Operational Rules”) to remove instances of qualified majority voting, especially pertaining to municipal financial transactions (an area we will discuss in the subsequent section), reducing the capacity of the opposition to block actions taken by the council (Békéscsaba Megyei Jogú Város Önkormányzat Közgyűlésének 2015). Similar changes to the SZMSZ in Debrecen (§23 (4)) meant that the General Assembly no longer has to report on any matters it has been briefed about (Debrecen Megyei Jogú Város Önkormányzat Közgyűlésének 2015). In Miskolc, a series of amendments reduced the time for discussion for opposition council members as well as limited participants to speaking only twice in council debates (§30 (6-7)) (Miskolc Megyei Jogú Város Közgyűlésének 2011). These obstacles took away the previous

procedural power of opposition council members to contest the majority party's proposals or mount more substantive rebuttals.

A series of rule changes to the preparation, distribution, and amendment of the council meeting agenda similarly demonstrate mechanisms of displacement at work. The original intent of the agenda preparation and distribution process was to provide tools for contestation to minority representatives. Across Hungary, the codified rules of the council meeting require that the agenda for each meeting (set forth by the mayor and governing coalition) must be distributed to council members one to two weeks prior to the meeting, depending on the city's procedural stipulations. This allows the opposition to analyze proposed policies and formulate an appropriate counterargument if necessary. It also adds necessary transparency to the work of local politicians.

However, recent policy additions across most major Hungarian cities have reformed this legislative process considerably. While an agenda is still distributed as previously scheduled, agendas can be amended as late as 24 hours before a Council meeting (for one example, see §42 (2) of Győr Megyei Jogú Város Önkormányzata, n.d.). Almost every opposition candidate we interviewed wanted to discuss the ways in which this agenda amendment loophole has distorted the council's agenda-setting process. Reportedly, council members of the governing coalition frequently distribute an initial agenda about one week before to the council meeting, to comply with the letter of the law. However, the spirit of the law is then clearly violated by the provision of amendments submitted just prior to the meeting itself, "which might double or triple the length and complexity of the original document" (Jákli and Stenberg 2016, 18). In effect, the council meeting agenda, as an institution, has been reformed from a traditionally democratic one to a single-party tool.

Council agenda setting has undergone important changes as well. In the city of Székesfehérvár, the agenda setting process previously involved several civil servants, the notary, relevant civil society organizations, and the committees of the General Assembly; however, after modification an amendment to §16 (2) of the SZMSZ, the mayor gained the right to unilaterally set the city council agenda (Székesfehérvár Megyei Jogú Város Közgyűlése 2013). Access to the agenda has also been reduced in Pécs, where the council heads only notify council members of items "directly applicable" to them (§8 (8)). The language of this particular amendment grants the council leadership discretion and allows majority leadership to apply a narrow standard for what issues are deemed "directly relevant" to the opposition. Similarly, rules changes in Pécs further limited the capacity of the opposition. A 2014 clause allows the mayor wide discretion to functionally block a city council subcommittee decision. The only criteria that must be met for a mayor to exercise her right is that she must perceive the decision to be "contrary to the interest of the governing coalition" (§66 (2b)) (Pécs Megyei Jogú Város Önkormányzata Közgyűlésének 2013). These new procedures give wide discretion to the party in power and allow them to defy local interests in favor of the preferences of the governing party. Once the council meeting's agenda points have been discussed, the meeting can be adjourned with the vote of a simple majority.

iv. The Layering of Media Laws to Undermine Local Media Autonomy

Layering is in some ways the most difficult strategy of institutional change to pin down in the context of Fidesz's reform agenda, simply because so many changes have been instituted.

However, one key area in which Fidesz has promulgated additional regulations—without actually dismantling the existing regulatory structure—has been media governance.

Most analyses of Hungary’s changing media landscape examine the ways in which public radio and television programming has been centralized under the Fidesz-established Media Authority. This newly established Media Authority is supplemented by a Media Council, a five-member body in charge of the control of media balance. The new chair of the Media Authority, with a nine-year term, was a former Fidesz MP, while the Media Council was filled with five Fidesz candidates (Bánkuti, Halmai, and Scheppele 2012, 139). When details of the Media Authority’s new framework were reported, they rightfully received extensive media attention; the erosion of the independent public media was pivotal to Fidesz’s long-term power consolidation. However, the layering of rules on top of the existing rules governing the private media landscape—much of it regional and local—has had its own detrimental political effects.

The new media regulation system from 2011 onward “did not fundamentally transform the previous regulatory framework which had been effective since 1996” (Mong et al. 2015, 40). The media authority also retained the ability to authorize media frequencies, distribute licenses, and allocate tenders. However, additional layers of rules and conditions have been added to these authorization processes.

Prior to the 2011 reconfiguration of the Media Authority, the licenses of small-scale local radio stations were renewed unless they failed to pay media fees: “the previous media authority had followed the logic that the market players that had received a license for seven years (ten years in the case of television channels) should be allowed to continue their activities in the market based on the legally provided option to do so – regardless of their current political assessment” (Máriás et al. 2017, 32). No additional criteria were used to determine eligibility for maintaining media operations. However, the internal logics and conditions used to determine media license renewal, frequency authorizations, and tender allocations became much stricter and narrower in 2011. Using additional criteria for selection, the new Media Authority started to shift competitive advantage to newcomers in the media space vis-à-vis older, established media providers. One important such “layer” is outlined in §66 of the 2010 Media Act. According to these additional provisions, local media are:

- a) intended to serve or satisfy the special needs for information of and to provide access to cultural programmes for a certain social, national, cultural or religious community or group, or b) are intended to serve or satisfy the special needs for information of and to provide access to cultural programmes for residents of a given settlement, region or reception area, or c) in the majority of their transmission time such programmes are broadcasted which are aimed at achieving the objectives of public media services (Brouillette et al. 2016, 10).

This newly established regulation has both decreased the number of local radio stations, and transformed the types that now receive public tenders and licenses to support Fidesz’s conservative, Christian policy orientation. Máriás et al. report that, in 2016, half of local radio frequencies were allotted to Mária Rádió, which operates “a network of religious radios on numerous local frequencies” (2017, 36). Indeed, Mérték Médiaelemző Műhely (2013) conducted a systematic analysis of the 2010-2011 cycle of tender procedures and found that Katolikus Rádió and Szent István Rádió were awarded the highest number of frequencies—never losing

any bid for which they submitted applications. Other conservative right-wing media newcomers received similar status privileges.

In sum, Fidesz has leveraged the language of §66 of the 2010 Media Act to “promote religious profile in the local radio market, and replace media broadcasting local content on local frequencies by airing religious content from a central place” (Mérték Media Monitor 2013, 9). Using the same logic, Mong (2014) finds that the Media Authority are able to justify failing to renew the regional and local licenses of opposition outlets—such as Klubradio—when they are competing for tenders with these newcomers.

Although such examples of institutional layering are playing a role in undermining local Hungarian media autonomy, it is notable that institutional layering is not always a necessity; local media has also been weakened through dozens of direct media buy-outs.

Indeed, 18 of 19 total Hungarian counties have regional newspapers with sizeable circulations and a wide readership. Prior to an even more aggressive media crackdown in 2014, regional papers were primarily run by local families, while a few others belonged to large media conglomerates. However, a merger of two Swiss and German media companies—two conglomerates active in regional Hungarian media—was only allowed by the Media Authority conditional on “a number of their newspapers be[ing] sold off to prevent the formation of a monopoly” (Bede 2017). This deal included the sell-off of Hungary’s most popular opposition newspaper, *Népszabadság*, along with many regional news outlets. Similar deals were made to consolidate control of each remaining independent regional newspaper with Fidesz allies over the last three years (Bede 2017). These processes of local and regional media consolidation are expected to help Fidesz weaken opposition campaigns in the run up to the spring 2018 elections.

IV. Conclusion

Understanding the mechanisms of democratic backsliding is critical to contemporary political science, since liberal democracy is being challenged in countries across the world. We argue that Mahoney and Thelen’s typology of gradual institutional change provides valuable conceptual basis for identifying individual strategies that together contribute to democratic decline. Institutional changes through the processes of drift and conversion directly impact the funding capacity of local governments to pursue independent objectives. At the same time, small local institutional changes, primarily through displacement and, to a lesser extent, layering, reinforce Fidesz’s political control by undermining the opposition, reducing their capacity to both campaign and govern locally. These directions of change are mutually reinforcing and can rapidly erode local democracy.

Cumulatively, major efforts at power consolidation undermine the functioning of democracy. However, the move from liberalism to illiberalism is more akin to death by a thousand cuts than a coup. The mechanisms of gradual institutional change provide opportunities for Fidesz to alter the functioning of local democratic institutions in strategic increments, ultimately solidifying its political control and undermining its opposition. At the same time, they are able to maintain a certain degree of democratic legitimacy and avoid major backlash from international veto players, such as the European Union.

While this paper focuses on examining the impacts of these institutional change mechanisms at the local level, future work must consider the national-level impacts and mechanisms of

backsliding through this lens as well, as the conceptualization provided by Mahoney and Thelen may offer important insights into opportunities to stem the turn away from liberal democracy.

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