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The Hungarian Post-Communist Mafia State

After the collapse of the Soviet Empire, many of us lived under the illusion that communist dictatorships were going to be replaced by liberal democracies. Although the road ahead appeared to be bumpy, there was consensus that we were going through a process of a linear progression. Deviances from the norms of liberal democracies seemed to be children's diseases rather than characteristics of adulthood. However, the chronic symptoms of such deviances caused analysts to interpret the political processes of certain post-communist states and describe their systems, which got stalled and even turned back on the road, along the liberal democracy-autocracy axis.

Having gained entry into the European Union, certain countries of Central and Eastern Europe passed the entrance test, albeit the exam requirements of the crash courses had been relaxed owing to geopolitical considerations. Those responsible for the enlargement believed that the new member states were inspired not only by the compulsion to pass the test, which entitled them to join the rank of consumer societies, but also by the desire to belong to a network with shared values. As the frustration of old member states grew, so did the literature of transitology become richer and richer. There was disagreement among transitologists, however, as to the extent post-communist countries differed from one another in terms of their deviation from liberal democracies. They sometimes added an adjective to restrict the meaning of democracy, such as illiberal, directed, managed or pseudo, along different institutional indicators, and endeavored to produce a measure of "composite" deviation, which was supposed to assess whether the system under investigation was to be found democratic or not. Others characterized these systems as variants of autocracy by using softening labels, such as semi-autocratic, soft dictatorship or electoral authoritarianism. Still others attached the label "hybrid" to denote such systems.

When reference was made to the subjects of the regime, the phrase "majority democracy" or "dominant party system" was used. When the concept of power concentration cum wealth accumulation was mentioned, "clientalist regime", "crony capitalism" or "cleptocratic autocracy" were the terms suited to stress the illegitimate beneficiaries of power.

Transitional systems or terminal station?

Perceiving the conceptual framework of deviations, Hungarian analysts searched for historical analogies. The process of centralization and nationalization were suggestive of the soft-communist stages of the Kádár regime until 1989. The reincarnation of the ideology, cultural models and

language of the Horthy regime between the two world wars gave way to fascist and corporative interpretations, whereas the loss of personal integrity in administration and governance was reminiscent of feudal patron/client systems.

After 2010, Fidesz annihilated the system of liberal democracy and created an entirely new system. In his speech at Kötcsé before the 2010 election, Orbán declared that he would not simply change the government but create a new model of governance, which would be completely different from “the messy period of the past two decades”. This new model was based on an ideology of “national war of independence”, which he called “The System of National Cooperation”, and, true to his promise, he established this system as a “central field of power”. Then by 2014, in a speech he gave in the Transylvanian city of Tusnádfürdő Orbán announced—as in a production report—the wrap-up of liberal democracy and the already finalized completion of the **Hungarian “illiberal state”**. He also named certain countries that are the “stars of international surveys”, all autocratic regimes as examples leading the way: Russia, Turkey, China and Singapore.

Meanwhile, his critics from the opposition—in self-disarmament, as it were—got stuck in a paradigm of mere government criticism, instead of finding a conceptual framework capable of interpreting this novel type of political predator.

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The Mafia state, the organized criminal upperworld is far removed from the world of anomalies of party funding, the simple forms of corruption and the organized underworld’s attempts to influence political decisions—the relationships have now been reversed: it is no longer the case that private wealth is acquired to help a party’s need for financial support to be gained from illegitimate sources; rather a political party’s decision-making potential is used here to requisition private property. It is no longer the case that a hidden underworld seeks to corrupt decision-making processes; rather inherently purposeful illegitimate special interests are aligned here with legislative measures and governance. It is no longer a business venture that captures the state, but a political venture that becomes the topmost business venture as well. There are hardly any areas where activities of the government would not be subject to considerations of power and wealth accumulation by the adopted political family. ***The Mafia state is a privatized form of a parasite state, an economic venture belonging to the adopted political family managed through the bloodlessly coercive and illegitimate instruments of public authority.***

The authoritarianism of the post-communist Mafia state as established after 2010 in Hungary has particular characteristics, and cannot be classified as being of any form seen up to now in our history. Although it may share a few characteristic similarities with other autocratic forms, its unique traits define a unique type. It is nothing but a sub-type of autocratic regimes, and the conceptual framework into which it is cached describes not only the techniques of power concentration, but the nature of the elite currently in power as well.

The epithet ***post-communist*** does not merely refer to a historical period, but also to the fact that it came into being from the carcass of communist dictatorship, all that was characterized in the economy as state monopoly of ownership. The designation ***Mafia state*** is by no means emotional or

journalistic in nature, but rather refers to the new power elite's essential trait: to its organizational nature and its order. Here, in considering the characteristics of the relatively narrow new authoritarian elite, the Mafia state differs greatly from the various analogies referred to as elites in authoritarian regimes. Above all, it is different in that it is made up of—as is usual in the classical mafia—joint businesses founded principally by the family, as well as by sworn **adopted political family** members through the family's network of relationships. The organization's kinship and loyalty are connected by threads linking ever more families, which radiate from the family patriarch in strongly hierarchical divisions of pyramid-like order of obedience.

The traditional mafia, the organized underworld is no more than a violent, illegitimate attempt by a head of the premodern patriarchal family to exercise his power of enforcement within a society based on the equal rights of citizens and the rule of law. This is an attempt that the state's public authority institutions are attempting to thwart. The mafia is an adopted family in which "relatives without any blood ties make a strict and solemn commitment to provide unconditional mutual assistance to all parties" (Eric Hobsbawm). ***The mafia is an illegitimate neo-archaism.***

In the ***Mafia state, in the organized criminal upperworld***, the adopted political family patriarch's powers of enforcement works at a national level under the disguise of the institutions of democracy by occupying state power and acquiring the tools to achieve it. It can be considered as a form of political enterprise. For the head of the adopted political family, reigning in terms of the patterns of leadership, the patriarchal family, the home, one's estate and one's country are isomorphic concepts. The same culture follows the same pattern for the exercise of power at each level: members of his household form the nation. Just like the family patriarch, who once had the right to decide in personal and wealth-related matters, as well as in any issue concerning the individual roles and competencies of his "household", this new type of patriarch of the adopted political family reigns supreme in a country where the nation becomes his "household". He does not govern within the limits of the separated branches of power, but he merely disposes. It is his due to serve justice to the members of his household according to status and alleged merit.

The distinctiveness of the Mafia state as a subtype of autocracy

The post-communist Mafia state is not merely a deviant form of liberal democracy, nor is it a transient formation, rather it is an independent subtype of autocracy. It is neither a democracy, nor a dictatorship. The specific features of the regime can be summarized as follows:

1. ***The concentration of political power and the accumulation of personal/family wealth occur in unison.*** Public benefit becomes subordinated to private interests not occasionally, but permanently and in a manner that influences political decision-making in a fundamentally determinant, systematic way. Public policy goals, as the motivational forces behind political decisions are relegated to the background. Par excellence policy expertise is liquidated: decisions have no ground in public policy expertise, only grave consequences in their ramifications.
2. ***The alternation and systematic replacement of the political elites take place in parallel with that of the economic elite,*** though these changes are not driven by the instruments of democracy and market economy. This elite replacement is centrally organized into a hierarchy dependent on

the adopted political family. This cannot be called a traditional form of primitive accumulation of capital, because herein there is no flow of capital between the pre-modern and modern sectors or between the agrarian and industrial sectors, accompanied by a change of ownership. What happens is merely the implementation of the change of owners of already accumulated capital. Due to their socialization, however, the new body of owners do not become real entrepreneurs, but merely tax collectors in an entrepreneurial disguise, fortified by the head of the adopted political family with political/economic monopolies.

3. It is not incidental that public interest is subverted to private interest; it occurs systematically and relentlessly. Public policy objectives, such as the motives for policy decisions, remain in the background, unaccounted for. Decisions are tainted with power and wealth motivations. The decisions concern power and wealth at the same time: “brainwash and money laundering”. Just as private banditry is abolished by classical mafia, the mafia state eliminates individual and anarchic forms of corruption, and replaces them with ransom levied from above, in a centralized and largely legalized form.

4. The organized underworld’s illegal physical coercion, characteristic of the mafia, is replaced by bloodless, legalized public authority/state-sponsored coercion. The intention thereby is to not only to maintain power, but also to further extend the wealth of the adopted political family. For the concentration of power in this case is not a matter of mere obsession, even if a particular mentality and moral defect may be required by it. And the corruption of the organized criminal upperworld is neither a matter of incidental, even sporadic back-door dealing, nor an occasional irregularity, deviance, but a centrally directed and rationally transacted plunder, an essential element of the system. For in the organized criminal upperworld, ***the concentration of power and the increase in wealth of the adopted family cannot be operated in disjoined systems***. But while the traditional mafia—lacking positions in public authority—reaches its objectives through blackmail, intimidation and open violence, the spheres of influence in the mafia state can be shaped by the quasi-lawful instruments of coercion. That is, the organized criminal upperworld legalizes its own activities, as it were.

5. With the legalized instruments of state monopoly of coercion, ***the Mafia state coercively extracts private fortunes***—sometimes indirectly through ***different forms of nationalization***—to serve its own interests and redistributes this amongst members of the adopted political family. In this respect as well, corruption differs from the “established” forms, in which merely the illegitimate diversion of revenues takes place.

The practice of nationalization in the mafia state—the expropriation of private property by means of the instruments provided by public authority, differs fundamentally in terms of its function both from state capitalism, and the planned economies of the communist regimes based on a monopoly of ownership by the state. Functions and frameworks with no relation whatsoever to the interests of the national economy can be observed in the practice of nationalization. The main types are:

- ***Cold nationalization***—the nationalization of specific individual components of the economic environment: the state appropriates the market environment of certain particular branches of economy or business group, without directly nationalizing the businesses.

- **Bandit nationalization**—the nationalization of savings.
- **Market acquiring nationalization**—when rather than divesting the owners of business of their property, the state nationalizes the business activity they practice or rights to concessions in that field.
- **Competency nationalization**—centralized expropriation of local government competencies.
- **Bargain chip nationalization**—acquisition of determining share packets in private businesses from state resources, to serve as reserves in later political-economic bargaining.
- **Transit nationalization**—businesses “taken temporarily into state care” and then privatized to the adopted political family.
- **Alibi nationalization**—mainly in the case of public utility service providers, when losses are nationalized and profits privatized.

6. **Key players** in the authoritarian Mafia state:

- The **poligarch** is someone who uses legitimate political power to secure illegitimate economic wealth—while their political power is visible, their economic power remains hidden. The (p)oligarch manages his family business in the form of a political venture. The illegitimate wealth benefits reaped exceed the parameters of the privileged allowances and classical income from corruption that can be linked to the (p)oligarch’s position. By way of stooges, he also builds a secret web of land, real estate, and enterprises. Sometimes the private wealth is accumulated from billions of Hungarian forint in “public funds” through the guise of fake community organizations or foundations—with the terms of use set by decision-making competencies of a sociological, that is, unimpeachable nature.
- The **oligarch** is someone who from legitimate economic wealth builds political power for himself—in this case their economic power is visible, while the political power, if any exists, remains hidden. It is necessary to differentiate between the conceptual notion of a big entrepreneur, an entrepreneur of the organized criminal underworld, and the oligarch. The ordinary **major businessman undertakes legitimate economic activities**, and his access to his economic activities is also managed by legitimately regulated means: both market and public contracts are acquired in transparent competition. His autonomous position guaranteed by law is not overcome by the current political powers. In contrast, the **entrepreneur of the organized criminal underworld carries on essentially illegal economic activities** (drug trafficking, prostitution, the oil bleaching racket, protection money, etc.) under illegal conditions. In conflict with representatives of public authority, he seeks to draw them under his influence through illegitimate means (bribery, threats, blackmail, on occasion, physical violence). The years following regime change, the 1990s brought the rise, and then crackdown on the organized underworld in Hungary. However the **oligarch of the**

post-communist regimes seeks to acquire illegal support for legal economic activities using the tools of corruption.

So long as a single political force does not exclusively appropriate all political power, a relative level of autonomy, bargaining position, competitive position of the oligarchs is insured. Though to varying degrees, this fundamentally described the current situation of the once communist states, which have joined the European Union, and the situation in Hungary prior to 2010. This structure may be considered a **alternation of corrupt regimes**, in which the economic elite, the **oligarchs** form rival groups that partially influence, oversee the state's public authority, but do not take command of it as a whole, and are not assembled in a single order of rank and file.

In the **mafia state**, the following types of oligarchs can be distinguished on the basis of their relationship to the top poligarch, the Godfather: **inner circle oligarch, adopted oligarch, surrendered oligarch, co-traveler oligarch, autonomous oligarch and rival oligarch**.

- The **stooge** is someone who has no real power—whether in politics, or in the economic sphere. In the gap between the legitimate and illegitimate spheres, they formally serve as go-between for the public. In fact, the majority of those in different posts of governance are stooges, and so are those in the economic sphere, especially if they are dependent on the state. **In terms of their sociological function the stooges of the businesses are stewards, while the political stooges are governors.** However their formal legitimation in terms of the law do not accord them these roles.
- The **corruption broker** brings the partners of the corrupt transaction together in the role of mediator, or legitimizes illegitimate business deals as an expert lawyer apprentice. Under the rather fluid relations immediately following the change of regimes, these corruption brokers could even serve clients with disparate political ties simultaneously. Later, with the stabilization of party political structures the steady commitment of corruption brokers as mercenaries in the keep of individual political figures who brought about and operated their own network of corruption brokers. Through a monopoly of political power, the mafia state subjected their own corruption brokers to the adopted political family in a strict order, and employs a number of them in the roles of political stooges, while cutting off and criminalizing the corruption brokers belonging to rival political figures.
- **The family's personal guard** includes a wide spectrum of participants: it ranges from the Counter Terrorism Center (Terrorelhárítási Központ – TEK) newly established after the change of government in 2010), through the security services employed in and around the family estates, down to the infamous radical fans of the most popular Hungarian football team, Ferencváros. The multilevel “security service” that can mobilized in order to fill a number of functions, has certain deep layers that always remain under private discretion.

The leader of the Counter Terrorism Center—Viktor Orbán's earlier personal body-guard, who was advanced from major to brigadier general in one swoop—is practically vested with unlimited powers in “intelligence”, both in the sphere of police authorities and secret services. Though the Minister of the Interior is officially oversees these on a state level,

there is no doubt left as to the fact that they are drawn directly under the control of the Godfather. Not only is there no real opposition oversight where the state enforcement authorities are concerned, but even the institutional control exerted by the governing party is subject to relationships of personal dependence, those of the patron-client type. Therefore in the eventuality of a change of government the personal guard and secret service functions can once again be withdrawn to become private businesses.

The culture of blackmail and blackmailability remained virtually untouched after the regime change of 1989–1990 through the **secret services**. The old communist elite, and a segment of the new political elite communicated as clients and informers before the change of regimes. Others, including Fidesz, saw an advantage in keeping the earlier informers, apparatus and networks in place for later. The alliance of those with an interest in blocking full public access to the old secret service documents was strongest in Hungary, comparing the ex-socialist countries that have joined the European Union.

7. Decisions are taken outside the competence of formalized and legitimate organizations. It is not the model of the former communist parties' "**politburo**", but the "**polipburo**" run by the adopted political family. (The expression *polip* is here used, as in Hungarian, for the phrase *octopus*.) Therefore the polipburo is simply the topmost, tightly knit decision-making circle of the adopted political family—though kept informal, never recognized as a legitimate body. However, the polipburo does not possess the legitimacy demanded by the nature of its operation. It is not Fidesz that has a transmission belt to enforce its decisions, but it is the party itself that has become the major transmission belt of the adopted political family.

8. In place of the class structures, a **patron-client chain of vassal relationships** comes into being. The adopted political family is built around the head of the family. It is centralized and hierarchically made up of personal and family relationships structured in an authoritarian formation. Under the protection of institutional guarantees, a strong democratic society with a wide range of weak ties is replaced, alongside the abolition of institutional guarantees, by a weak society with limited but strong ties. The patron-client relationship is the liquidation of the grounds of individual autonomy, and the forcing of existences into an order of dependences. There is no free entry into the adopted political family; one may enter only if accepted, admitted, and ready to give up one's integrity. Nor is there a free exit from the adopted political family—one may only be expelled.

9. Formalized and legal procedures give way to material and arbitrary actions. The head of the government does not govern, but illegitimately disposes of the country as if he owned it. State institutions, including the Parliament, the government, the tax offices and the Chief Prosecutor's Office, do no more than rubberstamp and attend to the bookkeeping. The "**law of rule**" substitutes for the "**rule of law**". Proper jurisdiction is replaced by an arbitrary practice of justice.

Legislation is no longer the field of lawful, normative regulations that are valid for all and brought to bear upon all equally, but that of the adopted political family's "made to measure tailors", where laws are tailored to fit the needs of the family. The parliament serves merely to do the paperwork for the arbitrary decisions. **Equality before the law has been replaced by inequality following the law.** We can time-travel with laws that are brought into effect retroactively, as legislation proceeds with the precision of a surgeon's laser technology—on the basis of occasional authorizations passed

down by the head of the political family—tailored to individuals, groups, political friends or foes: rewarding or punishing, bestowing privilege or discrimination.

10. The **top-down destruction of bureaucracy** à la Max Weber implies the takeover of the leading positions of administration by “party commissars”, who they are loyal not to the party, but to the head of the adopted political family directly or through personal links. These commissars play various roles in the legitimate spheres of bureaucracy: stooges, governors, commissars, supervisors, cashiers—labels that give a more precise sociological definition of their actual functions than the official designations of management positions.

11. This new form of vassal dependency should not be called feudal, because **the sociological/material nature of power and its legal/formal legitimacy do not converge**. The gap between them is bridged by state coercion and hypocrisy. The Mafia state is compelled to bridge the gap between the sociological nature and legitimacy of autocratic rule with quasi-democratic procedures by restricting civil rights, the freedom of press and electoral democracy. It is neither a liberal democracy, nor a dictatorship based purely on coercion.

12. **The mafia state is not ideology driven**. Rather, it builds on various ideological patterns that suit its political agenda. While inconsistent in terms of public policy expertise, emotionally they remain consistent. This is also its strength: it resists a rational critique. The “ideological” coherence of the system is ensured by the **cultural models of the dominance of the head of the patriarchal family**, as well as the ideological patterns constructed on, and harmonizing with this—or even others picked up from different value systems. It is of course only natural on the other hand that not just any ideological pattern can be joined to these cultural models of domination. For example, it finds alien any ideology, or system of thought that declare the autonomy, the freedom of the individual (to the extent that it does not encroach on the freedom of others). After all, the components of the collectivist ideology of the head of the family ruling over the “his own people” are better fitted to the family patriarchal role. Not that the function can be filled by just any old collectivist ideology. The class-based, internationalist collectivism of the communist ideology cannot be used to ideologically legitimize the model of dominion of the head of the patriarchal family. Therefore it picks and chooses from the ideological inventory of the right-wing authoritarian regimes. Yet the value reflexes it aims to activate in the people it draws under its rule are not necessarily associated to modern dictatorships.

Pyramid scheme

In the wake of the massive and aggressive transformation of wealth structure, the expenses incurred by the power restructuring of the mafia state impose a heavy strain on the economy and at a time of economic crisis the mafia state resembles an **oil dictatorship without oil revenues**. New sources are needed to generate revenues that reinforce the power and wealth of the adopted political family. These include flat rate tax, reduction of social expenditure, ransom levied on banks and public utility providers, and above all channeling European Union sources into the coffers of the adopted political family. This, in some sense, is an **economic pyramid scheme**, because there are three losers per one winner; it is moot point how long taxpayers of West Europe are willing to directly finance the enrichment of the Hungarian adopted political family.

However, in addition to the economic pyramid scheme, there is a **political pyramid scheme** as well, which in foreign policy may be characterized as a strategy of “drifting in a Western boat propelled by an Eastern wind” (Miklós Haraszti). The policy that runs in the face of our European Union and Transatlantic commitments goes hand in hand with begging for alms in terms of legitimacy and finances, at autocrats in the East. The essence of the Orbán policy of opening up to the East is to access resources that can be spent without social control, where the national foreign trade is replaced by the family business.

In domestic policy some form of cold civil war and the subjection of citizens are under way. Alternate periods of mobilization and demobilization under the slogan of a National War of Independence are part of an **ideological pyramid scheme**, which serves as a tool of suspending moral values and legal norms.

The nationalism of the mafia state is not targeted at other nations, but rather the expulsion of all those from their own nation, who are not part of the adopted political family, or are not built into the order of vassals. Since they are not part of the “patriarch’s household”, they must face all the consequences of being outsiders. For Orbán the nation consists of the adopted political family and their in-laws, from the head of the family down to the servants. The Hungarian Mafia state creates a collectivist, nationalistic ideology under the pretext of the so-called national and social justice, which is just a tool to justify their egotistic aspirations for concentrating power and wealth. Short of assets, the losers are offered a feeling of belonging, as well as the right to pass positive and negative judgments: the right to cherish “true patriotism” on the one hand, and to contempt the enemies (“aliens” and “traitors”) and parasites (Gypsies, homeless, jobless) of the motherland on the other. Whereas the leaders of Fidesz are not anti-Semites and their target is not “the Jew”, they pander to anti-Semites. They hate the bank sector not because it is run by “the Jew”, but rather because it is not theirs. Nor are they racists, but their target audience is racist. However, it is their inexcusable sin that they have legitimized feelings of anti-Semitism and racism as well as allowed the use of the language that expresses such feelings. In a campaign to reach out to extremist voters they reproduce them in expanded numbers and occasionally appoint the representatives of radical right-wing ideology into state institutions. One wonders if the escalation of this economic, political and ideological pyramid scheme can be curbed and what tragedy may befall society should the pyramid implode one day.

A collapse of the various pyramid schemes would draw after itself the removal of governments with the next elections in a democratic system. In order to prevent this, the mafia state manipulates the way democratic institutions function, and implements the **means of state coercion** in order to bring about a new equilibrium. However the **social-political threshold for state coercion**, from blackmailing to imprisonment various forms of rivals’ knock-off from the political scene employed by regimes differs widely among in the countries of the EU, in Russia, or for that matter in Central Asia.

Taking the all of the foregoing into account it is incomprehensible, that the main dilemma of the opposition in Hungary is still whether to regard Viktor Orbán’s reign as a legitimate government or an illegitimate system. Although in 2014 the manipulative and one-sided transformation of the election law urged the democratic opposition parties to unite for an election coalition, this unity existed only in a technical sense. They are still between the devil and the deep blue sea: should they be the opposition to the government only, or rather the whole system?