

The Curious Case of Inequality and Political Party Competition in Eastern Europe: Hungary and Poland

Denis Ivanov

Early-Stage Researcher, FATIGUE

PhD Student @ Corvinus University of Budapest



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No. 765224

Aims of the article

- to retest the hypotheses posed by the two articles of Margit Tavits and Natalia Letki (2009; 2013) on how social cleavages and party strategies redefine party competition in Central and East European post-socialist countries: while leftist parties are expected to increase government spending, and rightist parties are expected to decrease it, the reverse happens.
- expand and explore the cases of Hungary and Poland in comparative perspective in a new context of the consequences of the crisis.

Case selection: long-standing populist parties in power, and also in the original article

Four aspects

- First, to explore the socio-economic inequality in the region in the pre and post-crisis years.
- Second, to contrast and compare the ideological (political) stances of main parties in Poland and Hungary to see whether there are discrepancies between them being economically (in terms of preferences on issues related to economic inequality) and politically right (or left).
- Third, is to explore whether the years of crisis have influenced the positions of political parties, and whether a shift has taken place.
- Fourth, to investigate whether political programs of the main parties in power (PiS and Fidesz) mirrors what has been implemented in terms of policy.

Transition: Gradualism vs Shock Therapy

Table 1. Income and consumption-based inequality and poverty indicators

Country	GINI Index		Poverty headcount ratio at national poverty lines (% of population)		Poverty headcount at \$3.10 a day (% of population)	
	1995-2007	2008-2015	1995-2007	2008-2015	1995-2007	2008-2015
CZE	0.269	0.251	9.72	9.21	0.12	0.11
POL	0.341	0.332	17.25	17.07	3.02	0.55
HUN	0.287	0.296	13.52	14.00	0.44	0.52
SLK	0.265*	0.267	11.60	12.43	0.98	0.87

Calculated by the author, based on combined data from the World Bank Database and PovcalNet Database, poverty headcount ratio Gevorkyan (2018). Gaps of data for Slovakia for the years (1997-2003)

Income Deciles

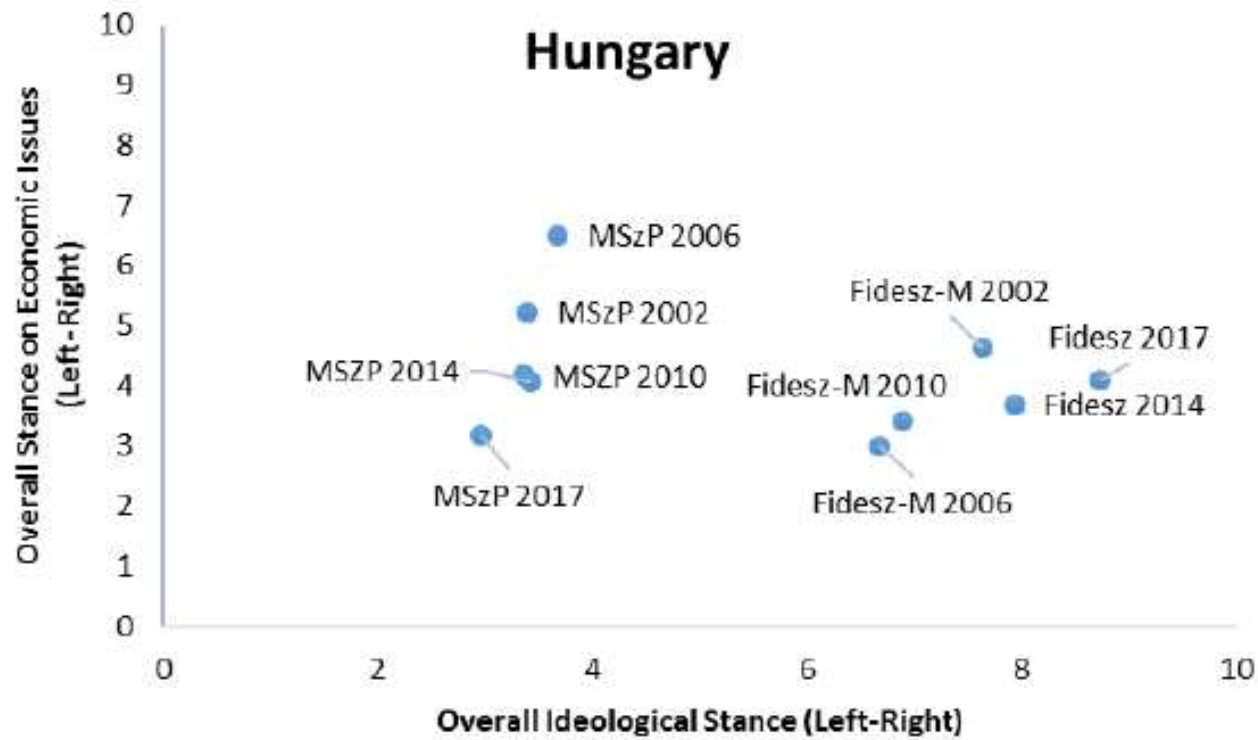
Table 2. The Evolution of main indicators of inequality in Hungary and Poland

	Pre-Transition Inequality	Pre-Crisis Inequality	Pre-Crisis National Poverty	Pre-Crisis Universal Poverty	CRISIS	Post-Crisis Inequality	Post-Crisis National Poverty	Post-Crisis Universal Poverty	Top/Low Ratio
Hungary	Low	Average	Low	Very Low		High	Low	Very Low	High
Poland	Low	High	Average	Low		High	Average	Very Low	High

- Statistically speaking, the middle class in Poland – the 2nd, 3rd, 4th and 5th percentiles each lost one percent of distribution, due to the disproportionate growth of the highest earners.
- In Hungary the poor (bottom 10 percent) as well as other lower income classes (bottom 30 percent), lost five percent of their share of income at a slow, but steady pace throughout the years from the early 90s up until now.
- All in all, the most disadvantaged income earners – lower- and middle-class citizens got poorer in all countries in focus, while rich are still disproportionately rich and have gained significantly at the expense of other social strata during the years of capitalism. Important however, that both groups experience loss in income and wealth during the times of crisis.

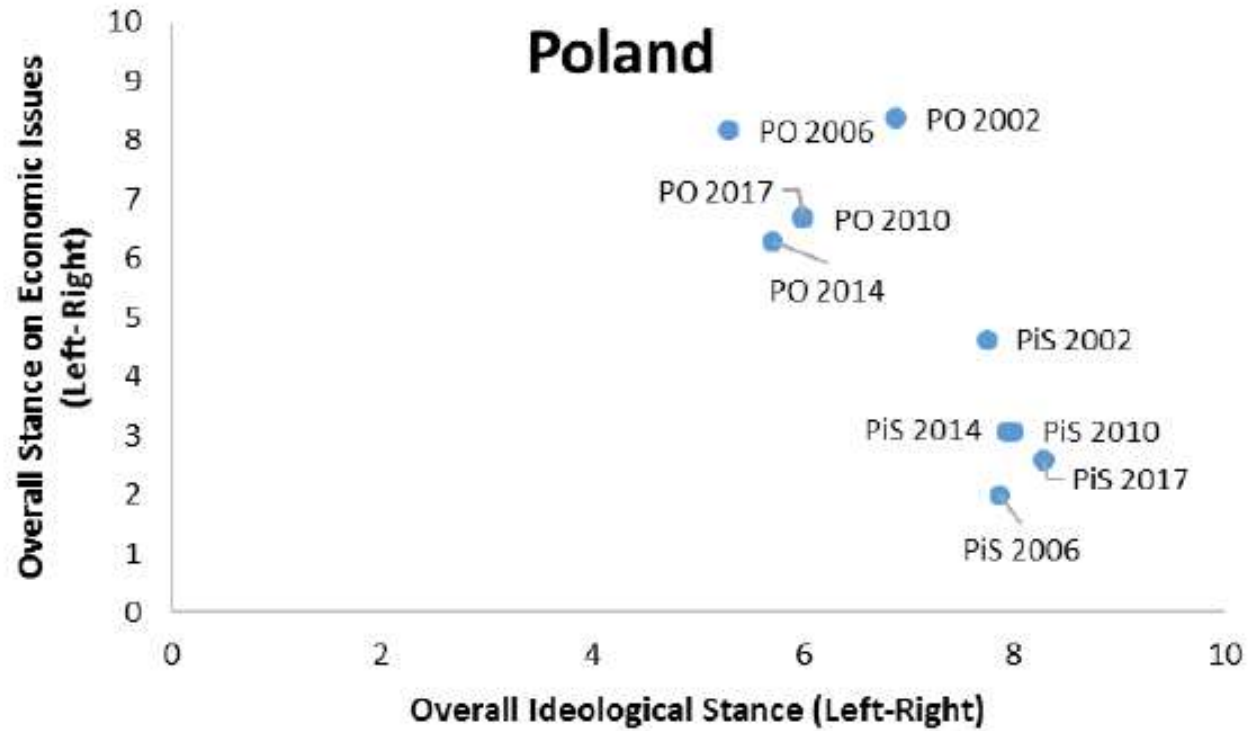
Party Ideological Stances: Hungary

Figure 1. Party Positions in Hungary according to economic and overall ideological stances.



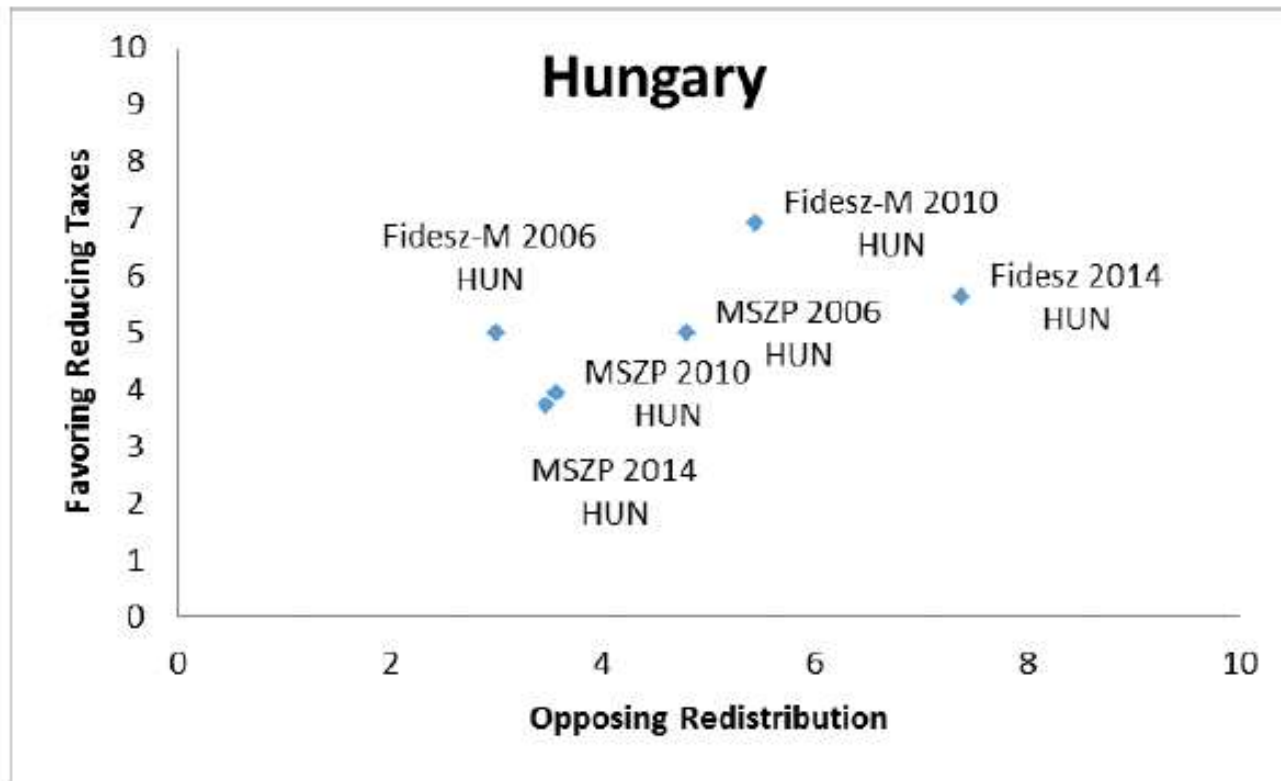
Party Ideological Stances: Poland

Figure 2. Party Positions in Poland according to economic and overall ideological stances.



Party Positions on Inequality: Hungary

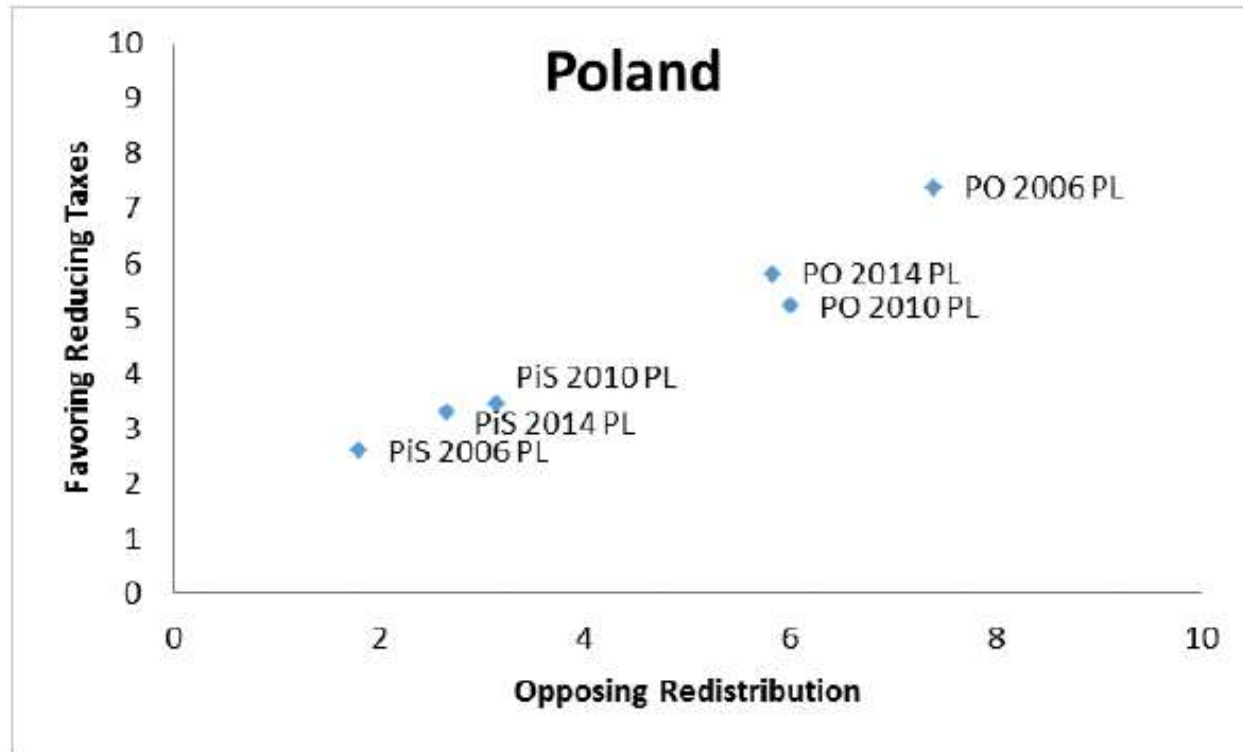
Figure 3. Party Positions on Redistribution (X) and Raising Taxes over Spending (Y) (Hungary).



Author calculations based on CHES Dataset (2006-2014)

Party Positions on Inequality: Poland

Figure 3. Party Positions on Redistribution (X) and Spending Over Raising Taxes (Y) (Poland).



Author calculations based on CHES Dataset (2006-2014)

Summary of Findings

Table 3. Summary Table

Time Period: 2004-2014	Opposing redistribution/favoring reducing taxes		Tavits-Letki's Thesis	The crisis as the change point
	Economic Left	Economic Right		
Hungary	MSZP: Started Medium/Ended Low	Fidesz: Started Medium/Ended High	Both parties are economically left, shifted positions – partially confirmed	Present, substantial change
Poland	PiS: Started Low/Ended Low-Medium	PO: Started High/Ended High-Medium	Mixed results for both – partially confirmed	Present

Programs vs Initiatives

Table 4. The Intersection of Political Programs (vertical) and Policy Initiatives (horizontal)

	Colloquiality	Reference to <i>the people</i>	Cultural exclusiveness	References to inequality	Policy Promises	Policy Realized?	Economic recipe
PiS Political Program (2014)	+	<i>Yes, the insecure ones, Catholic</i>	<i>Polish contribution to the history of freedom</i>	Many, different types	Subsidies in agriculture, social inequality	Yes	Increased <i>statism</i> , short-term welfare policies
The Manifesto of Fidesz – A Stronger Hungary (2007)	+/-, speech excerpts	<i>Yes, the weak & insecure</i>	<i>Hungary – a strong and proud European country</i>	Mainly security-related	tax-relaxation for private business, investment in infrastructure public support for job creation	Status quo for private business, yes for public; unorthodox economic measures – crisis management.	A careful mix of leftist and rightist policies

Conclusions

- Hungary and Poland all started their journey of transition with relatively equal societies due to the heritage of socialism.
- Global economic crisis increased inequality drastically, with both Poland and Hungary being hit significantly, in terms of disproportionate income share between high- and low-income earners.
- Political parties in both countries have adapted to new conditions by partially migrating in their positions on economic cleavages from right to left or staying put. Tavits and Letki's thesis proved to be only partially true for both.
- The Hungarian example shows how the leftist party although favoring redistribution, is not in line with reducing taxes in the long-run, while the rightist is the opposite. Polish example is similar, although with the main competing parties belonging to the right wing and not changing their positions drastically during the crisis.
- All the analyzed party programs of the ruling majority parties of Hungary (Fidesz) and Poland (PiS) have references to *the people, cultural exclusiveness*, inequality and promises of tax levies with an emphasis on social protection and equality in their party programs.
- In terms of policies, PiS has contributed to the introduction of statist elements and consolidation of verticality of governance, while Fidesz has concentrated on a careful mix of leftist and rightist unorthodox post-crisis policies.
- All of the parties in focus have gone the direction of short-term welfare maximizing *family policies*, instead of long-term orientation as promised in their respective political programs.