

# Economic liberalism, or lack thereof?

*A study of public opinion on equality and state spending in Hungary*

ANALYSIS BY REPUBLIKON INSTITUTE



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## SUMMARY

- In this study we present how these liberals think about the economy, to have a clear image of the economic side – or lack thereof – of Hungarian liberalism.
- Hungarian liberals seem to not be liberal in the economic sense. Over half of them denounce capitalism as something that needs to be dismantled completely.
- Hungarian liberals support government intervention to limit wealth inequality and support taxing high earners.
- We examined liberal opinions on state spending in key areas, such as education, welfare, pensions, healthcare and the support of universal basic income or UBI. Hungarian liberals generally support any increase in state spending to support free education, healthcare, social policy – even if it means drastic tax raises.
- Hungarians oppose raising the retirement age and support the introduction of universal basic income.
- Hungarian liberals are leftists. This is clear from checking correlations between the liberal-conservative and left-right scale. There's an immensely strong and significant correlation between being a liberal and being a leftist in Hungary.
- From all this we can deduct that Hungarian liberalism doesn't really convey the ideas of the free market, and it isn't interested in taking back powers and responsibility from the state, quite the contrary: It holds the state to account for not getting involved more, paying more, taking on a bigger role.
- Looking at views on authority among Hungarians, especially compared to other European countries, we see that the authoritarian philosophy of the communist era and the current Fidesz-KDNP government can also be observed in public opinion.
- Virtually every tested variable in the dataset tells us that Hungarian's way of thinking is much more seeped in authoritarianism than the respondents of other European countries. Hungarians, compared to the ESS average, are much more likely to think that a country needs most loyalty towards its leaders, that it's important to do as told and follow the rules, important to behave properly, important that the government is strong and ensures safety, less important to make one's own decisions and be free.

Hungary is home to many liberals. That is, if liberal is a term one uses to describe oneself, and not something that you are categorized as based on your worldviews and favored policies. Being liberal sounds desirable, after all, without liberalism, we wouldn't have democracy. Many label themselves as liberals: studies differ, but currently about 17 percent of Hungarians choose it as their primary worldview. However, defining Hungarian liberalism is just as difficult as defining United States socialism, as in both cases, the national culture isn't neutral. The US is an established liberal democracy with a history of free market, while Hungary bears the shackles of 20<sup>th</sup> century socialism. In recent years, we've attempted to describe Hungarian liberalism and ended up establishing three different categories of Hungarian liberals: human rights, economic and self-proclaimed liberals. Economic liberals were by far the smallest group, about 10% of the adult population<sup>1</sup>. The disparity between self-proclaimed and economic liberal beliefs was astonishing. Only about 3 percent of the adult population could be categorized as both economic and self-proclaimed liberal<sup>2</sup>. The results were part of a research project between the Friedrich Naumann Foundation, 21Research, Political Capital and Republikon, in 2023, aimed at mapping Hungarian liberalism based on public opinion. This year, as the continuation of the aforementioned project, we explore the fault lines in liberalism, that is, what the main differences are between Hungarian and classical or Western liberalism. Of these striking differences, Republikon researched perhaps the greatest one: economy. In the following paper, we examined self-described Hungarian liberals. After all, public discourse shapes ideas, and liberalism is what most people say it is. We looked at what these liberals think about certain common economic topics, mainly wealth and state spending. These are not ideas which change often, as they are rooted in national culture and experiences, and we have up-to-date and certainly robust data, from Republikon's 2021 large-scale 5000 respondent research. From this database, we extracted 1000 self-proclaimed liberals, those who chose liberalism as their primary worldview or defined

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<sup>1</sup> <https://republikon.hu/elemzesek-kutatasok/23-05-30-libearlis-szavazok.aspx>

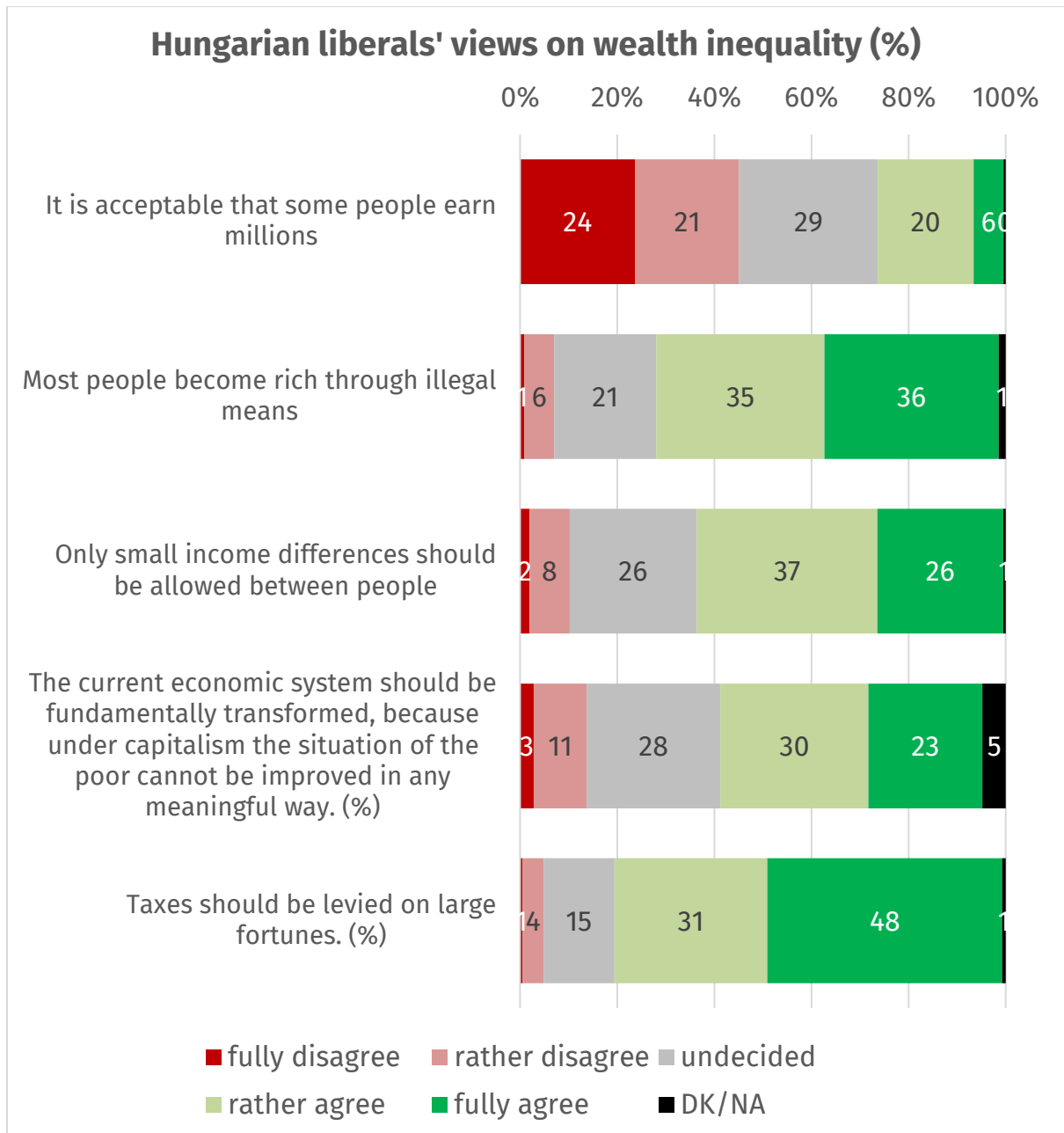
<sup>2</sup> Ibid.

themselves as far-liberal on the liberal-conservative scale. In the study we present how these liberals think about the economy, to have a clear image of the economic side – or lack thereof – of Hungarian liberalism.

## RESULTS

Firstly, we looked at “liberal” opinions on wealth, specifically, wealth inequality. Only 26 percent of Hungarian liberals agree that some people earning millions is acceptable, while 45 percent disagrees. An astonishing 71 percent of liberals believe that most people become rich through illegal means, only 6 percent disagrees. In the case of actual policy regulating income differences, allowing only smaller pay gap, 63 percent of liberals would agree with introducing such policy. Only 10 percent disagrees with the introduction of pay gap regulation. 53 percent of Hungarian liberals agree that capitalism should be dismantled as the situation of the poor will never be improved in such a system. Only 14 percent of liberals disagree with the dismantling of capitalism. Finally, near 80 percent of liberals would tax large fortunes, there was no strong disagreement, only 4 percent said they would “rather disagree” with further taxing the rich.

While the public opinion is expected to agree with taxing the rich, as it is generally popular to support such policies, the fact that we’re talking about liberal respondents here, and that the results obviously lean one way, it’s still surprising. Especially seeing that the majority of Hungarian liberals are anti-capitalism, and also support regulating income levels, even though it hints at extensive taxation. Still, Hungarians in general have a lower standard of living compared to the European average, so one can maybe justify the disillusionment with the current system and the “craving” for justice.

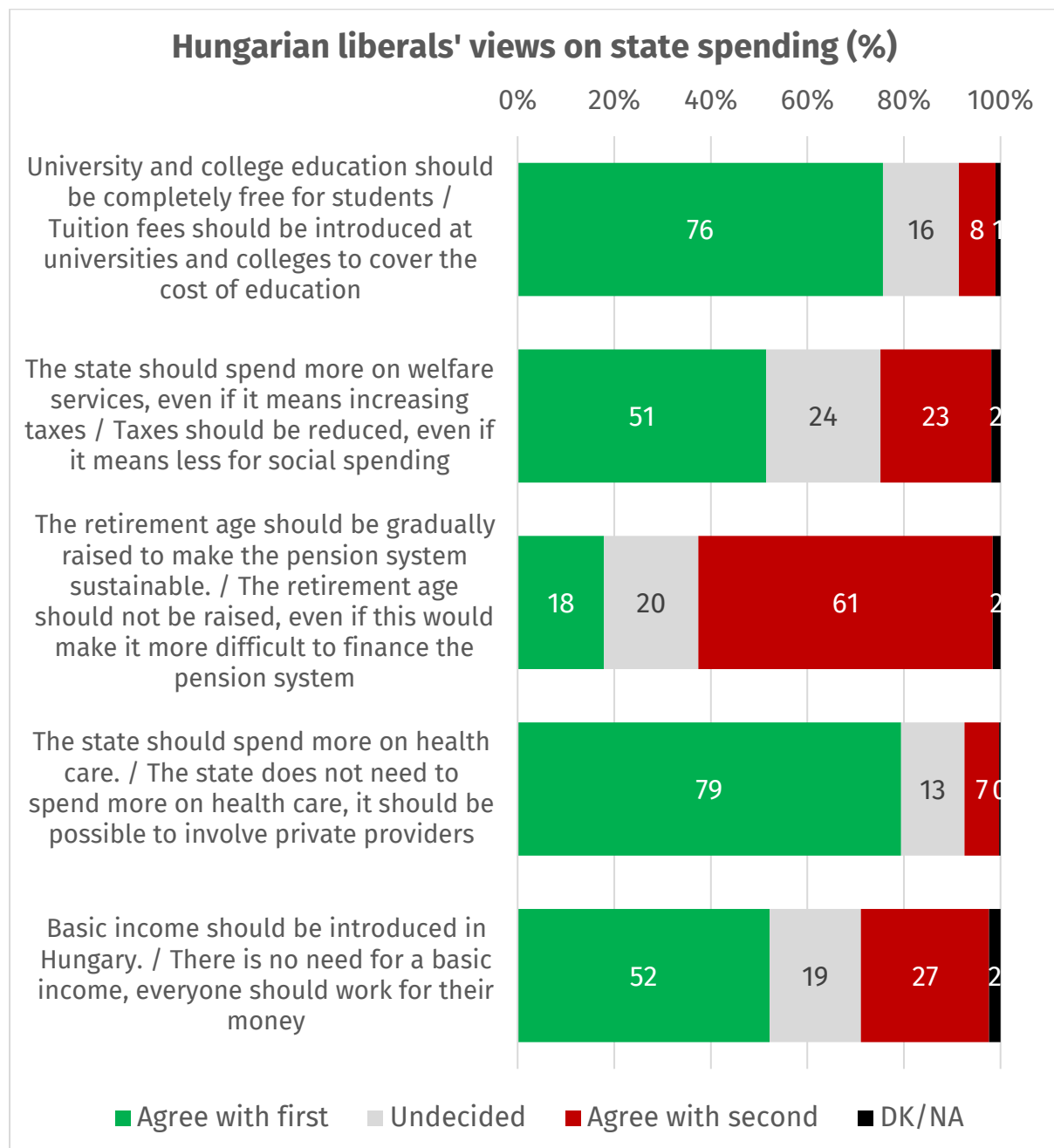


**Figure 1. Opinions on wealth.**

Non-rich respondents wanting to tax the rich is one thing, but the issue of state spending is completely different. One might connect increased state spending with increased state influence and less freedom, or might be opposed to increased spending in areas from which they don't profit personally, but pay taxes towards nonetheless. Some might consider higher state spending as "more free money" but one needn't be an economist to deduct that the state finances itself

with taxes, and a liberal respondent might consider extensive taxation a less efficient distribution of resources.

Not so much the case with Hungarian self-proclaimed liberals, it seems. We examined liberal opinions on state spending in key areas, education, welfare, pensions, healthcare and the support of universal basic income or UBI.



**Figure 2. Opinions on state spending.**

76 percent of Hungarian liberals agree that higher education should be free, with only 8 percent thinking tuition fees should be introduced. For fairness' sake it must be pointed out that higher education in Hungary is free for those who reach a certain point total on their matura exams and/or university application. As for social spending, 51 percent of liberal respondents agree that the state should spend even more on social policy, even if it means raising taxes. Those who agree with the opposite, that Hungary needs tax cuts even if it means less social spending, make up only 23 percent of the adult population. This means that respondents who would raise taxes further outnumber those who would cut taxes two to one. Concerning the retirement age, only 18 percent agree with the sentiment that the current tax system is unsustainable therefore the retirement age should be increased gradually. On the other hand, 61 percent of liberals agree that the retirement age should not be increased even if it causes financing problems for the state. Support for increased healthcare spending is highest among policy areas, 79 percent of liberals want the state to spend more on healthcare, and only 7 percent say there's no need to spend more on healthcare, but instead private providers should be involved. In all fairness, healthcare has been provided by the state for a long time in Hungary, and it is now among the worst of the worst in the EU. Most Hungarians are unable to afford private care consistently, so it makes sense for them to express their views on the lackluster healthcare system in such a survey.

Finally, the introduction of universal basic income has high support, too. Even in the face of Fidesz-KDNP's philosophy of a work-based society and low unemployment rate (due to the deeply faulted public work program which keeps employees steadily under the poverty line), only 27 percent of liberals say UBI is unnecessary, and everyone should work for their money. 52 percent agree with universal basic income.

Looking at the views of Hungarian liberals on state spending, we see that these respondents are generally in favor of increasing state spending, even if it means increasing taxes. Naturally, in areas where the state has been the service provider for a long time, such as education or healthcare, Hungarian liberals are opposed to



taking state funding away. If we were to increase state spending in all aforementioned sectors while keeping the retirement age the same and introducing universal basic income at the same time, Hungary will need much more than Chinese pocket money to finance itself.

Correlation between liberalism and leftism in Hungary (Self-proclamation)			
		Left-right scale	Liberal-conservative scale
Left-right scale	Pearson Correlation	1	,805**
	Sig. (2-tailed)		0,000
Liberal-conservative scale	Pearson Correlation	,805**	1
	Sig. (2-tailed)	0,000	

**Figure 3. Correlation table of the liberal-conservative and left-right scale.**

This all points to the same thing, Hungarian liberals are leftists. This is beautifully visible from checking correlations between the liberal-conservative and left-right scale. The correlation coefficient is 0,805 with a significance level of 0,000 which means there's a very strong and significant correlation between being a liberal and being a leftist in Hungary. From all this we can deduct that Hungarian liberalism doesn't really convey the ideas of the free market, and it isn't interested in taking back powers and responsibility from the state, quite the contrary: It holds the state to account for not getting involved more, paying more, taking on a bigger role.

We see that Hungarian liberals aren't just less libertarian; in a sense they are anti-libertarian. Still, they are unhappy with how the state handles taxes and public funding, so we see that people are critical of the government. Maybe liberals in Hungary just want the state to act as a piggybank and this isn't authoritarianism, just dissatisfaction with authority. However, looking at views on authority among Hungarians, especially compared to other European countries, we see that the authoritarian philosophy of the socialist era and the current Fidesz-KDNP government can also be observed in public opinion.

Views on authority in Hungary and Europe (averages)					
Variable	Minimum	Maximum	HUN AVG	ESS AVG	DIFFERENCE
Government should reduce differences in income levels (1 - agree; 5 - disagree)	1	5	1,86	2,12	-0,25
Obedience and respect for authority most important virtues children should learn (1 - agree; 5 - disagree)	1	5	2,35	2,33	0,02
Country needs most loyalty towards its leaders (1 - agree; 5 - disagree)	1	5	2,82	3,07	-0,25
Important to do what is told and follow rules (1 - very much like me; 6 - not at all like me)	1	6	3,07	3,25	-0,17
Important to make own decisions and be free (1 - very much like me; 6 - not at all like me)	1	6	2,35	2,08	0,26
Important that government is strong and ensures safety (1 - very much like me; 6 - not at all like me)	1	6	2,18	2,30	-0,12
Important to behave properly (1 - very much like me; 6 - not at all like me)	1	6	2,33	2,58	-0,24

**Figure 4. Average scores describing agreement with statements regarding authority in Hungary and 13 European countries.**

The European Social Survey (ESS) includes many variables which help us quantify the authoritarian tendencies in Hungarians' way of thinking. The latest data from ESS wave11 is a great basis to test this<sup>3</sup>.

Virtually every tested variable in the dataset tells us that Hungarian's way of thinking is much more seeped in authoritarianism than the respondents of other European countries. Hungarians, compared to the ESS average, are much more likely to think that a country needs most loyalty towards its leaders, that it's important to do as told and follow the rules, important to behave properly, important that the government is strong and ensures safety, less important to make

<sup>3</sup> Data from the 11th wave of the ESS survey are currently available for 13 countries: Hungary, Austria, Germany, Finland, Croatia, Ireland, Lithuania, Norway, Slovenia, Slovakia, the Netherlands, Switzerland and the United Kingdom. The total sample is 22190 respondents, of which 2118 are Hungarian. In the survey, the Hungarian results were compared with the average of the 13 countries and therefore referred to as the "ESS average". The comparison is not representative for the whole European region or the European Union, as the full data set of 31 countries has not yet been published.

one's own decisions and be free. In terms of wanting obedient, rule-following children, Hungary is similar to the ESS average. Additionally, to emphasize a measurement we conducted in our own large-scale research, the ESS database also shows us that Hungarians are more likely to think the government should reduce differences in income levels.

All in all, Hungarians still carry the burden of our communist past. We still expect the government to solve issues that it has caused or worsened, and respondents like the idea of a strong, paternalistic state. It's not just the general Hungarian public, liberals are hardly an exception. Hungarian liberalism doesn't carry with it the economic views that normally separate it from other ideologies, in fact, if not for self-proclamation, researchers would likely categorize Hungarian liberals as socialist. This isn't a secret to anyone following the political discourse of Hungary, the "liberal left" is a common term used to describe opposition voters, while the Hungarian government is labeled right-conservative (while introducing mixed policies, often leftist economic policy). In fact, the socialist governments of the 2000s featured a liberal coalition partner which reinforced the affiliation of the two seemingly contradicting labels.

To speak to Hungarian liberal voters, one must take into consideration that openness to progressive ideas and liberal economic vision is limited. Strength is a highly valued attribute in any government, as well as the capability to ensure safety. Ideological labels can be just as misleading in 21<sup>st</sup> century Hungary as populist rhetorics are, and anyone with the goal of promoting liberal values must take into consideration that in an international context, we use the same labels, but we mean different things. Finally, if we consider liberalism to be the hated label which the Fidesz-KDNP government uses as an insult, perhaps it is an act of pure liberalism to label ourselves as the very thing the Orbán government denounces: Liberals, believers in a free and transparent society, critics of the authoritarian state the Fidesz-KDNP government has been building for over 14 years.

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