



EQUILIBRIUM INSTITUTE

# HOW CAN WE RENEW DEMOCRACY?

THE EQUILIBRIUM INSTITUTE'S POLICY  
PROPOSALS FOR MODERNISING  
DEMOCRACY

POLICY PROPOSAL

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# EXECUTIVE SUMMARY

- ▶ The ongoing intense current debates in Hungary about the quality of democracy and the rule of law are unlikely to settle down in the near future. Some of the prevailing challenges in this context, however, affect everyone regardless of their views of current governmental structure and the changes that have led up to it.
- ▶ Three trends threaten the competitiveness and sustainability of democracies today: a lack of legitimacy, extreme political polarisation, and the public's dwindling faith in the effectiveness of democracy. At the same time, however, technological progress holds out solutions to many problems that had previously seemed insurmountable – we only have to decide what underlying principles we want to follow in availing ourselves of these solutions.
- ▶ Constitutional democracy, that is democracy based on the rule of law, is based on a delicate balance between two fundamental pillars

that are both mutually contingent and in tension with one another: the majority principle (popular sovereignty) and constitutionality (the rule of law). To recalibrate democratic systems, we need to clarify where the respective scope of each ends and the scope of the other begins; in other words, where we need more and where we need less democracy.

▶ To increase the legitimacy of constitutional democracy, let's trust voters more! As part of what's known as participatory budgeting, all urban residents and the residents of Budapest districts should be allowed to decide directly how 2% of the municipal budget is allocated! Let's use the instrument of wiki-democracy to involve

citizens in the process of legislation! Let's make smooth and secure e-voting universally available by 2030!

▶ Let's rejuvenate politics: Let's lower the voting age to 16 and let's make voting mandatory for first-time voters!

▶ To improve the effectiveness and sustainability of democracy based on the rule of law, let's trust voters less! Even today, the inconstancy of the popular will is counterbalanced by numerous anti-democratic institutions – the courts and the central banks above all – which operate independently of the fluctuations in the will of the voters. There are numerous other areas, too, where professional competence clearly leads to superior outcomes,

while political considerations and a dependence on political decision-makers, by contrast, lead to worse decisions. Let's increase the role of meritocratic institutions in those areas (and only in those areas) where the needs of competence and independence so require!

▶ Let's open up senior state offices to leading global experts! Let's leave it to politicians to chart the overall course of public policy, but let's get rid of their control over the institutions that were designed to act as checks on their power! The senior officials in charge of the latter institutions should not be selected by politicians but by independent committees made up of professional

experts, and their selection should be based on established benchmarks of professional excellence, while political loyalties and affiliations should have as little influence on the process as possible!

▶ Let's fortify our democracy! Let's not put our constitutional system at the mercy of the vagaries of electoral fortune: Let's make our pre-eminent constitutional institutions "inflexible"! The amendment of constitutionally-enshrined fundamental rights or of the rules governing democratic competition should be contingent on a three-quarters majority rather than the currently applicable two-thirds majority requirement! As of

2024, the education to civic consciousness and the skills needed for democratic engagement should be taught as dedicated subjects in school, as competency-based and applied classes with at least two weekly class hours in elementary and secondary education!

## ► I. WHAT'S THE PROBLEM?

- **The situation of democracy and the rule of law in Hungary has been the subject of intense debates over the last decade, and these debates continue to rage today. The divisions in Hungarian society on the subject of democracy cannot be overcome in the foreseeable future; the best that can be achieved in the near future are some temporary realignments.** This does not imply, however, that Hungary does not need to address the problems concerning the way its democratic institutions work or the modernisation challenges facing us – these will affect us all in the future, regardless of how we individually view the situation today.
- **Regardless of one's party preference, the declining trust of citizens in politics; extreme political polarisation; the politicisation of public administration; and aging societies all over the world – Hungary included – are disconcerting phenomena, and these problems undermine the stability of democratic regimes.** As a result of these trends, even the optimists among those who reflect on the future of politics highlight the multifaceted crisis of democracy and the urgent need of its renewal.
- There are also **those who argue either openly or by implication that history has simply moved beyond this regime type.** Actually, however, technological progress – the internet above all, but also the proliferation of smartphone and blockchain technology – opens up new possibilities for further developing and improving democratic institutions.
- In the sections below we will explore the following questions: 1. **What kind of answers** can we in Hungary come up with to **help us redress the legitimacy deficit of democracies?** 2. How can we simultaneously increase democratic participation and the quality of decision-making; in other words, **where do we need more democracy and where do we need less of it?** 3. **How could we reduce** the extreme levels of **political polarisation** which undermine the societal acceptance of democracy?
- In answering these questions, we will also discuss how the new **possibilities offered by the technological revolution** can be applied in democratic practice and how they could be put in the service of the goals we want to realise.

## ▶ II. THREE TRENDS: THE THREE MAIN CHALLENGES FOR DEMOCRACY

### 2.1. LACK OF LEGITIMACY

- ▶ There is a widespread sentiment all across the globe that democracy does not serve the interests of the majority but that of a narrow elite, while voters do not have a substantial influence on the trajectory of their common affairs. **In other words, the main threat to democracy is lacking legitimacy and voters' disenchantment with politics.** People are increasingly less likely to believe that popular rule really implies rule by the people, especially when the exercise of popular sovereignty is limited to elections held at regular intervals.
- ▶ The profusion of uncertainties that burden our century, including global terrorism and the impacts of successive natural, financial and economic crises, has substantially **reduced the public's faith in the effectiveness of democracy.** We increasingly often hear someone advancing the hypothesis that because their powers are

unchecked and human rights sensitivities are suppressed, centralised authoritarian regimes can react more effectively to unexpected crisis situations, and as a result such regimes will ultimately prevail over democracies, which are doomed to gradually wither away. Experience shows that it would be premature to declare that democracy is dead, but at the same time **it is inevitably necessary to improve the quality of democratic decision-making in order to stabilise democratic regimes in the long run.**

- ▶ **Among of the most important challenges facing developed societies in the 21<sup>st</sup> century are declining populations and their corollary, aging societies.** This trend also impacts the trajectory of Hungarian demography and the sustainability of our democracy: those over 65 will make up an ever-increasing share of the electorate. **The preponderance of the elderly in the electorate could emerge as a major source of intergenerational friction and could give rise to a**

**legitimacy deficit in the future, all the more so since the preferences of elderly voters typically diverge from those of the younger generations.** If those who actively work come to perceive that they and their children receive an ever-smaller slice of the wealth they produce, while their parents' and grandparents' generations receive ever more, then that could ultimately undermine the cohesion and legitimacy of politics. **Incentivising the involvement of a large number of politically aware and active young voters into is also one of the preconditions that must be in place to increase democratic participation overall and to and promote public support for long-term societal investments, such as education and sustainability.**

## 2.2. THE QUALITY OF POLITICAL DECISION-MAKING

- ▶ Democracy based on the rule of law is predicated on striking a balance between two mutually contingent elements that are at the same time also in an inherent tension with one another: **popular sovereignty (the rule of the people) and constitutionalism (the rule of**

**law), which limits the will of the majority.** If the former becomes preponderant in a regime, then that will result in a dictatorship of the majority, while the dominance of the latter will lead to an illegitimate and elitist technocracy. Neither of the latter developments can be reconciled with the basic needs of a democracy based on the rule of law, which is why the sustainable operation of a democratic regime depends on our ability to clearly delineate where the scope of each of the main pillars of these systems ends and where the scope of the other begins.

- ▶ The main difference between politics and other professions is that **our most important political choices are often not guided by sheer facts or expertise but by convictions and value preferences.** The reason that the temptation of elitist technocracy is dangerous is not only because it ultimately undermines the legitimacy of democracies but also because in reality it is an illusion – it is based on an erroneous assumption which is incompatible with the essence of democracy, namely the notion that politics can be depoliticised, that there is such a thing as a single, objectively correct solution, and that identifying this solution takes nothing but knowledge and expertise.



- ▶ **At the same time, there are numerous areas of state operation in which there are facts that can actually be ascertained, and there are professional/expert insights that are not only vital but can also be evaluated with reasonable objectivity** – and in these areas it is outright destructive if political considerations or various political dependencies trump expert/professional criteria. To work properly, these areas require specific professional **expertise** which often yields decisions that run counter to the short-term will of the majority, which is made up of laypersons who lack the specialised knowledge when it comes to the underlying issues. The example of the **justice system and of central banks that control monetary policies independent of governments and of the will of the voters highlight that however paradoxical it may seem, in certain contexts the long-term competitiveness of democracies is best served by less democracy.** The question is what principle we apply in drawing the boundaries that help us prevent the emergence of either a dictatorship of the majority or an illegitimate technocracy.
- ▶ Thus far, meritocracy has mostly proven superior to a mandate based on the majority in areas that have two key distinguishing features: **a) unlike in most situations involving political decisions, “good” and “bad” options are easily told apart; in other words it is easy to distinguish between the choices that serve the common objectives shared by everyone from those options that do not serve the best common interest;** and that **b) political influence on the decision-making process consistently steers decisions in a “bad” rather than a “good” direction.** These two conditions tend to apply concurrently in two areas: in public administration (that is when it comes to the practical implementation of the objectives and goals designated by politicians) and in the work of the institutions that are responsible for enforcing the fairness of political competition and the norms of fundamental rights – if we restrict the principle of less democracy to these areas, then we can make democracy more effective and sustainable without allowing it to devolve into a mere elitist technocracy.

## 2.3. EXCESSIVE POLITICAL POLARISATION AND THE LACK OF SOCIAL TRUST

- ▶ In recent decades political polarisation has reached levels that threaten the entire political system in many countries that were previously believed to be stable democracies. **Politicians and active voters alike are less likely to seek compromise and they exhibit a predilection for unyielding and extreme ideological positions; this renders efforts at cross-partisanship increasingly impossible**, while it also impedes conciliatory gestures towards the other side. Occasionally, the rejection of the other side goes so far as to deny the very legitimacy of the other's existence.
- ▶ **Extreme polarisation impairs the quality of policy decision-making; it weakens social cohesion; undermines the legitimacy of the constitutional order; and it also slows economic growth.** When citizens are divided on fundamental questions, it is only natural that

there is an increased level of distrust in society – however, when this distrust undermines the public's faith in democracy, the ramifications could be unpredictable and tremendously harmful.

- ▶ **The level of polarisation in Hungary has grown substantially in the last two decades.** Moreover, based on surveys conducted in recent years, the divisions that pit the various segments of society against one another do not only stem from spontaneous social developments and processes; the divisions in society are exacerbated by the extremely polarising political discourse emanating from rivalling elite groups. It is inconceivable for democracy in Hungary to work in the long-run unless this problem is addressed and remedied.

## ▶ III. THE RECOMMENDATIONS OF THE EQUILIBRIUM INSTITUTE

### 3.1. LET'S TRUST THE VOTERS MORE!

- ▶ **Let's make e-voting both smooth and secure by 2030!** In order to increase democratic participation (and especially that of younger voters), **we need to make sure that by 2030 all Hungarian voters can vote electronically, either online or on their smartphone!**
- ▶ In addition to making sure that the requisite technological preconditions are in place, we also need to prepare voters for using these new methods of voting – especially through **the targeted development of digital skills and by providing the public with relevant experience.** To this end, we should use the coming decade to conduct small-scale experiments, for example in the context of local referendums; the electronic consultation of citizens; or by extending the option of “parallel” voting (that is the optional possibility of voting electronically at local voting

stations on an experimental basis, with the simultaneous presence of paper ballots for those who prefer).

- ▶ To help the transition process, **starting with the first national election held after 2022 all voting stations should feature the possibility of casting a ballot with electronic voting machines – so-called voting kiosks – instead of using the traditional paper ballot.** In addition to helping citizens gradually transition from paper-based voting to electronic voting, as well as allowing the electoral bodies to amass experience in managing this, the use of voting machines also **pre-empts most types of electoral fraud that we are aware of today – including chain voting, for example.**
- ▶ **Let's rejuvenate politics! – Starting in 2026, the voting age should be lowered to 16 years!** Based on insights from the neurological and psychological sciences, at that age humans are in possession of all the necessary faculties to make deliberate decisions. Furthermore, studies have

shown that those under 18 **are more likely to exercise their right to vote immediately upon reaching the age of eligibility, and if actually do so then voting is more likely to become a habit for them.** Considering the extreme differences between the participation patterns of the youngest and oldest Hungarian voters, there is a lot of room for progress here. Waiting until 2026 – the time of the first scheduled national parliamentary election after the vote in 2022 – should give the **public institutions involved and the political parties enough time to prepare and lay the groundwork for this change.**

- ▶ **From a mere opportunity to actual practice – Let’s make first-time voting mandatory!** Research has shown that **individuals who exercise their right to vote immediately upon becoming eligible to do so are more likely to turn out in subsequent elections.** That is why it is so vital that those who are eligible to vote for the first time do indeed exercise the right of suffrage they were recently awarded. We could use either a “hard” or a “soft” instrument to achieve this. The first option **would make it mandatory for every Hungarian citizen to vote at least once, in the first election in which they are eligible to**

**do so** (they could of course cast an invalid vote, too, if they prefer). **However, we could also use incentives rather than compulsion to motivate young people to vote for the first time,** for example by adding points to their scores when they apply to study at institutions of higher education or by giving them a “voter bond” modelled on the baby bond; the bond would become available for a young person if they can verify that they have voted.

- ▶ **Starting in 2024, as part of what’s known as participatory budgeting all local residents of cities and Budapest districts should be allowed to directly decide how at least 2% of their municipal budgets is allocated!** Experience shows that participatory budgeting reinforces trust in politics and increases citizens’ emotional attachment to their municipality while it also strengthens the local community’s ability to cooperate and to better understand political processes. **It is vital that participatory budgeting is not used as a campaign-like ploy to create the illusion of participation.** It needs to become an actual right that citizens can exercise each year with the mandate to dispose over a recurrent amount that makes an actual difference. **Two percent of cities’ municipal**

**budgets would involve funds in sufficient amounts to allow citizens to make a real and discernible difference when they use the money in question;** at the same time, despite having a real impact, it is not an amount that is large enough to cause financial difficulties for municipal governments.

- ▶ **Let's include citizens in the legislative process: wiki-democracy!** Today, the internet already makes it possible for people who have never met to cooperate and create joint contents. Online encyclopaedias as Wikipedia, where each entry is reviewed by a multitude of dedicated users, are evidence that such a process does not need to become derailed by centrifugal forces, that it can work effectively based on user-governed internal control mechanisms. **But the experience we can draw on is not limited to such examples. In fact, we also have a wealth of information about its "live" use in legislative processes, from New Zealand all the way to Brazil.** As part of the models that have been tried in actual practice, citizens are given a limited amount of time to work on the **specific details of legislative bills aimed at realising some clearly delineated objectives; to draft portions thereof; or to**

**work on those aspects of the law where it makes most sense to channel the needs of the widest possible array of stakeholders into the legislative process. Starting in 2024, once the necessary infrastructure is in place and citizens have been adequately prepared, we can begin experimenting with this method in Hungary, too!**

### **3.2. LET'S TRUST VOTERS LESS!**

- ▶ **We need meritocratic institutions!** The leaders of those institutions that act as a check on political power or which are entrusted with the defence of fundamental constitutional rights should not be selected by those very politicians whom the respective institutions are meant to keep in check! In the interest of ensuring that they possess the proper professional qualifications and are politically independent, the leaders in charge of the Constitutional Court; the Hungarian high court, the Curia; the National Office for the Judiciary; the Prosecutor's Office; the State Audit Office; the National Election Commission; the National Media and Info-Communications Authority; the Hungarian National Bank; the Economic Competition Office and the Public Procurement Office should be

selected by **qualified professional bodies rather than politicians**. Such bodies could be made up of members delegated or elected by university faculties, professional associations or even the most pre-eminent representatives of the given profession selected based on previously defined indicators that reflect relevant scientific metrics – the point is that to the utmost extent possible, **their selection should be guided by measurable professional excellence, while their political attachment should play as limited a role as possible. Depoliticising the workings of institutions that are constitutionally vested with the power to monitor the government and check its powers, and ensuring that they are genuinely independent in their operations, could simultaneously boost the professional quality of their work as well the esteem in which they are held by society.**

- ▶ **Let's make sure there is some distance between the work on policy details and politicians!** Drawing a line between professional expertise and political considerations is the best way to go not only when it comes to filling certain key public offices, but also **in the optimal implementation of certain responsibilities**

**that have been designated by the political leadership.** Thus, for example, the incoherent structure and poor operation of the tax system is mostly the consequence of politically motivated exemptions, contradictions in the relevant regulatory details or, for that matter, opaque lobbying activities. Based on the model of independent central banks, **we need to set up a Tax Council that is responsible for drafting the details of tax policies!** The key parameters of the tax system (including, for example, the issue of what percentage of the GDP tax revenues can amount to; what share of these revenues needs to be paid by the top 10%; or whether the tax system should serve social policy objectives or be used exclusively to stimulate economic growth, etc.) should continue to be determined by elected politicians. But the detailed rules that help in actually realising these goals should be drafted by a Tax Council that is shielded from any manner of political influence. The consistent application of this principle would allow us to improve the quality of public policies in a wide array of areas, especially in public procurement, where the politicisation of policy implementation consistently results in vast damage to the national economy.

► **Let's open up the state to the best global experts!** Many countries have opened up job opportunities at certain state agencies to the world's best experts regardless of their citizenship. Hungary, too, could do this – naturally, only for areas and positions where native fluency in the Hungarian language is not an essential prerequisite of performing the given responsibilities. **Let's issue open competitions to pick the world's best experts to manage the Hungarian National Bank, the Economic Competition Office, the National Public Health Centre or even the Centre for Budapest Transport!** As part of the competition, applicants would be required to show that they have **the necessary knowledge about the relevant domestic regulations**, which would still give Hungarian applicants (or ethnic Hungarians who live outside the Hungarian borders as the citizens of other countries) an edge in the application process.

### 3.3. LET'S FORTIFY DEMOCRACY!

► **Let's dare to be slow - we need to enshrine the democratic ground rules in legal statutes that can only be amended with a three-quarters majority!** We can only speak of a democracy when fundamental rights are being safeguarded; and we can only speak of democratic competition when said competition is clean and takes place based on stable, reliable and impartial rules. **That is why the constitutionally established system of institutions that govern the aforementioned cannot be exposed to the vagaries of electoral fortunes.** We need to minimise the chances that any one party or political side can unilaterally amend – to serve its own power interests – constitutionally enshrined fundamental rights or the laws that have a direct bearing on how power is distributed based on the political competition that defines a democracy. **That is why we need to increase the majority requirements concerning the amendment of fundamental rights and the laws regulating the fundamental constitutional institutions.** Currently, most

**of these can be amended with a two-thirds majority in parliament. The relevant majority threshold should be increased to three-quarters and, in the case of the most vital constitutional institutions, amendments should only become effective with a four-year delay!** This would neither stand in the way of effective governance nor would it rule out the possibility of adapting the constitutional institutions to changing circumstances; all it would do is to **slow down the process of change and – even more importantly – it would force whatever governmental majority prevails at the time to engage in substantial consultations with the opposition and to take the latter seriously.**

- ▶ **Let's dare exercise self-restraint – let's pre-empt tactical changes to electoral district boundaries!** The adjustment of electoral district boundaries for partisan gain and with the objective of distorting democratic competition (so-called gerrymandering) has been used as a tool by politicians for centuries. For demographic reasons, the occasional adjustment of district boundaries

is necessary. However, these days it would be easy to automate the process, which would also serve to fend off any accusation of political manipulation. **In many countries across the globe this particular task is already performed by algorithms that operate transparently and are subject to public review. They carry out the redistricting based on criteria established by the legislators. They are far better equipped to safeguard the impartiality of the process – and hence also its legitimacy – than any human expert. There is absolutely no technical obstacle in the way of Hungary deploying the same method.**

- ▶ **Let's learn how democracy works – teaching democratic competencies needs to become a distinct subject in public education!** A quality participation in democracy is contingent on such essential skills as the ability to inform oneself autonomously and critically; the ability to grasp complex problems; a democratic debate culture; legal awareness; and the ability to compromise. It is up to the education system to foster and develop these



skills, and in many developed democracies the relevant education has been a key component of the educational curriculum for decades already, either integrated into other subjects or as a distinct subject of its own. **Starting in 2024, an education aimed at instilling in students a civic consciousness and teaching them democratic skills should become part of the Hungarian curriculum, as a competency and experience-centred subject taught in primary and secondary education! Starting in their first year in elementary school right up to the time they graduate, students should receive at least two class hours each week of education that seeks to provide them with knowledge and hands-on experience about the functioning of democracy, as part of which they should also have the opportunity to learn the basic skills and knowledge they need for democratic participation.** As part of this subject, youths should be exposed to live situations (such as for example classroom debates or the introduction of "participatory budgeting" that allows students to dispose over a limited budget) in which they can personally experience what

civic rights and responsibilities mean in practice and which allow them to learn the essential skills needed to form nuanced judgments, disagree peacefully, argue for positions and search for compromise (*The Equilibrium Institute will address the issue of education for democracy in a separate policy brief*).

### THE EQUILIBRIUM INSTITUTE’S RECOMMENDATIONS FOR RENEWING HUNGARIAN DEMOCRACY

AREA	PROPOSAL	IMPROVING THE QUALITY OF DECISION-MAKING	<p>Meritocratic institutions: The officials in charge of the most important constitutional control bodies need to be designated by professional nomination committees rather than politicians!</p> <p>Let’s take the policy grunt work out of the hands of politicians: The detailed rules of tax policy and public procurement should be worked out by experts who work independently from politics!</p> <p>Let’s open up the state to the world’s best experts!</p>
<p><b>LEGITIMACY DEFICIT</b></p>	<p>Let’s lay the ground for the availability of smooth and secure e-voting by smartphone by 2030!</p>	<p><b>FORTIFYING DEMOCRACY</b></p>	<p>Let’s dare to be slow! – The democratic ground rules should be protected by laws that can only be changed with a three-quarters majority!</p>
	<p>To foster the transition to e-voting, starting with the first national election after 2022 voters should have the option of casting their ballot using an electronic voting machine (so-called voting kiosks) rather than the traditional paper ballot.</p>		<p>Let’s dare exercise self-restraint! – Leave the redrawing of electoral district boundaries to algorithms!</p>
	<p>Let’s rejuvenate politics! – Starting in 2026, the voting age should be lowered to 16 years!</p>		<p>Starting in 2024, education aimed at promoting civic consciousness and the acquisition of the skills needed for democratic participation should be taught as a distinct, competency and experience-centred school subject with at least two class hours a week!</p>
	<p>Every Hungarian citizen should be obliged to vote in the first election after they become eligible to vote!</p>		
	<p>As part of participatory budgeting, starting in 2024 all the residents of cities and Budapest districts should have the option to collectively decide on the allocation of at least 2% of the total budget!</p>		
	<p>Let’s involve citizens in the legislative process: Starting in 2024, we should gradually introduce the institution of wiki-democracy!</p>		

## ABOUT US

The Equilibrium Institute is a future-oriented Hungarian think tank. We are writing political, economic, and cultural visions and policy proposals for Hungary. We are establishing an intellectual background to underpin the success of Hungarians in the rapidly changing 21st century.

We are discussing topics that are underrepresented in public discussions. These topics include robotization, the transforming labour market, the air quality and the pollution of freshwater, national identity and the role of communities in a society, the future of education, the country's economic take-off, or the changing world order.

The Equilibrium Institute's research team and its advisory board consist of a wide variety of economists, sociologists, political analysts, climate experts, foreign policy experts, and researchers with extensive experiences in their academic fields being theoretical or applied sciences.



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