



# **BREAKING THE SILENCE**

**HUNGARY: A DIAGNOSIS**

**2019**

A V21 Group Position Paper

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## INTRODUCTION

The 2019 elections for the European Parliament have intensified the debate in Europe between those who seek a common solution to problems and those who would like to follow their own path. Due to the policies of the Orbán government, which have **taken the country ever further from Europe**, Hungary has recently become an oft-mentioned player in this conflict. For a prolonged period after 1989, Hungary had been, together with Poland, at the vanguard of fast convergence with the more advanced part of Europe. Both countries were seen as models of successful modernization in the face of inherited historical disadvantages. But the transition was to prove more painful than hoped. Hungary was particularly heavily affected by the international financial crisis of 2008. Many Hungarians became disappointed in the transition itself, even in democracy and the market economy; others turned towards different, as yet untested solutions.

In the aftermath of the financial crisis, the Fidesz party, nominally on the centre-right, gained extraordinary parliamentary power in the 2010 elections with 52 % of the popular vote. This resulted in a 67% ‘supermajority’ in Parliament. It provided an exceptional opportunity – once the financial crisis was over, and European Union funds were flowing in – to establish a viable civic society with a greater level of solidarity. However, successive Orbán governments have forged a path that distances Hungary from Europe – a path that we believe is doomed to failure. We are not alone with our worries: the European Union, other international organisations, and a number of EU member states have expressed their concerns about **measures taken by the Hungarian government that endanger Western values and are alien to accepted principles**. These warnings have repeatedly fallen on deaf ears.

On 20 March 2019, the European People’s Party (EPP) voted by a huge margin to suspend the membership of Fidesz because its policies deviate so severely from shared democratic norms. The V21 Group was founded by former public office holders in governments of both centre-left and centre-right leanings covering the period of 1990 to 2012. We will not comment on inter-EP issues; but we take European values and principles – our shared values and principles – seriously and thus wish to **assess the present Hungarian situation** accordingly. It is in Hungary’s interests to be represented in each of the large and influential political families in the European Parliament – conservatives, social democrats, greens, and liberals – by Hungarian parties that authentically embody the interests of Hungarian voters.

The juncture of three key events makes 2019 a critical year for the European Union: office holders of the European Parliament and the European Commission are elected and given a mandate for the next five years; the strategic objectives and distribution of the long-term EU budget (2021-2027) are determined; meanwhile, negotiations continue on the United Kingdom’s departure from the bloc. These events will **shape the medium-term prospects for European cooperation**. A slew of historical anniversaries also acts as a reminder of the significance of international developments for Hungary and the Hungarian nation: we joined the EU 15 years ago; became a member of NATO 20 years ago; the peaceful change of regime took place 30 years ago; the Second World War broke out 80 years ago; and most especially, the Treaty of Trianon, which defined the modern borders of Hungary, will be 100 years old next year.

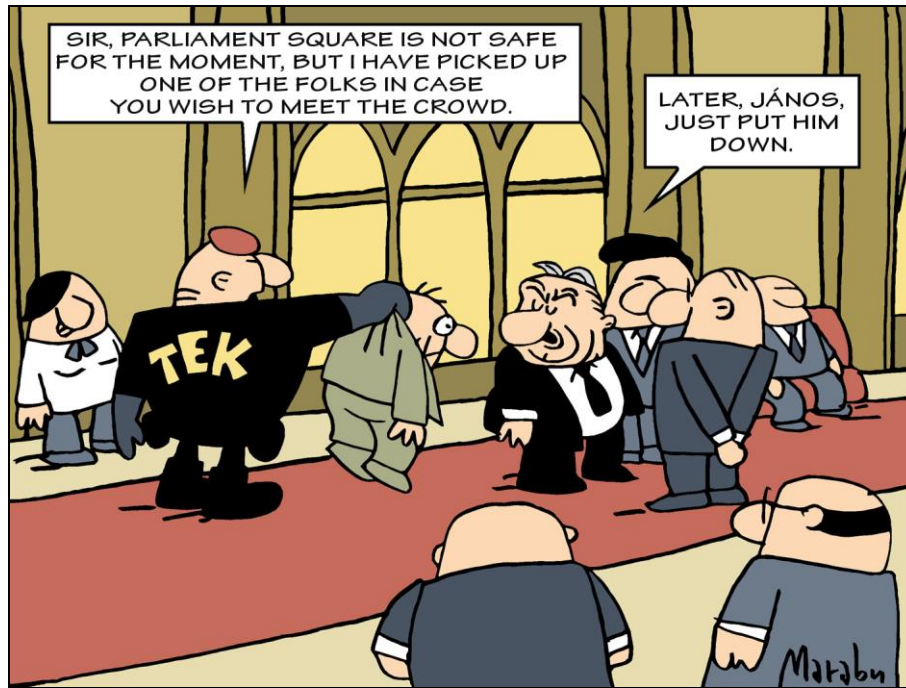
For Hungary, it is crucial how the representatives of the country’s parliament and government have a voice in decisions which will determine Europe’s future. To achieve this, instead of the offended, knee-jerk reactions to foreign (or domestic) criticism so typical of the Orbán administration, we have to assess and understand the reasons behind any external censuring of the Hungarian

government. The V21 as a Group is open to see what should be taken to heart and what serves the good of the country as a whole. Yet, on a list of crucial issues, **Hungarian society remains silent**. Some perhaps have given up hope; others, probably a majority, are just not adequately informed.

In these circumstances the V21 Group, utilising the extensive government experience of its members, has undertaken to study why and how Hungary has deviated to such a degree from the path of European development that our nation had freely chosen, and which the great majority of the citizenry continues to support. This ‘diagnosis’, a succinct appraisal of the situation facing the country, is an assessment meant **to generate public debate**. We publish this in the hope that political parties, trade unions and civic groups and institutions in Hungary will discuss this Position Paper, and add to it. We are confident that a broad-ranging exchange of ideas on the reality of the country’s public affairs can contribute to Hungary making as quick a return as possible to the European path of civic progress, the path it chose to follow in 1990. In autumn 2019, we intend to publish the full report, complemented and enriched by the outcome of these debates, for the benefit of both Hungarian and international audiences.

## 1. A FAREWELL TO DEMOCRACY

### From republic towards re-feudalization



### The birth of tyranny

The Hungarian 'National Cooperation System', announced by Viktor Orbán after taking power in 2010, is **a cover for autocratic rule** quite alien to recent European custom. There is a point where democracy ends: it is the point where the line between private and public interests vanishes. From here on, the state becomes synonymous with the private interests of the politicians and entrepreneurs who inhabit that state, and so the state defends and serves these private interests. As one ideologue of the Orbán regime stated all too candidly: "What people refer to as corruption is in effect the central plank of Fidesz policy".

One of the most important ways that this system deviates from any accepted democracy is the almost complete lack of accountability. In Hungary, **breaking rules has become the rule**. What was previously considered an abuse of power or the law is now simply the everyday exercise of power. The words and sentences repeated by the regime serve merely to conceal reality. The manipulation of the masses is referred to as a 'national consultation'. 'Protection' means the extortion of protection money, while the 'defence of pensions' means the centralised requisition of private pension funds. The 'protection of Hungarians' is synonymous with tearing society in two between those loyal to the government and those daring to disagree with it. The scheme of 'reduced household utility bills, much heralded by the government, has brought centrally-dictated prices and rising costs with a decline in the quality of services. State corruption instigated from above has become part of everyday life; it is now hardly even felt as deviation. Just as a system of public labour for those at the bottom of the pile and a

flat rate of income tax that greatly favours those better off, the regime's legitimacy is supported by grand investment projects demonstrating the symbolic power of the state, and by propaganda campaigns instigated by the government and based on xenophobia.

The unique characteristics of the current Hungarian political system fit the concept of a mixed regime with an 'uneven playing field'. Those in power unilaterally operate the state in such a way as to violate at least one of the following basic elements of democracy: (1) free elections; (2) the rights of citizens; (3) a level playing field, namely the distribution of material goods, balance in the media, and fair implementation of the law. In Hungary we have reached the point at which all three of these elements are being violated repeatedly; for this reason, whatever epithet might be used to qualify the term, it **cannot be called a democracy**.

The Orbán regime did not take this form from one day to the next – it has changed steadily, but markedly, over time. But immediately on taking power in 2010, Orbán set Hungary on the path away from liberal democracy. In the years after what the prime minister termed the 'ballot-box revolution' of 2010 – during the period of the 'constitutional coup' – the country transitioned from the majority democracy emphasised by its supporters to **a hybrid regime**. This had no respect for the rule of law, for the constitution, or for democratic mechanisms of checks and balances. Hungary turned away from the rule of law in 2013, and Viktor Orbán's 2014 announcement of the building of 'illiberal democracy' represented not the starting-point of a new regime, but rather the further autocratic transformation of the existing one.

The key problem with the regime in the last few years has not been that it is 'illiberal', but rather that it is anti-democratic. Indeed, despite appearances to the contrary, **Hungary is the first member-state in the history of the European Union to distance itself from democracy**.

## A network of vassals

Hungary has a multi-party system, but without real competition; elections are held, but without any real choice. Using its two-thirds 'supermajority' in parliament, Fidesz acts as a 'state-party', and its legislative activity has created a **party-state environment**. The Hungarian Parliament has been emptied: there are no debates of any value. Legislation is largely carried out on the basis of private members' bills submitted by deputies on the government side. These are totally devoid of any impact studies or social dialogue. Only the limited constraining force of the European Union presents any kind of obstacle to the further expansion of the autocratic features of the regime. But the EU does not have the necessary legal powers to obstruct such anti-democratic actions: the EU system is founded on the assumption that it is made up of states based on the rule of law. This notwithstanding, the EU's system of rules stands for procedures that may restrain the development of the Orbán regime into an openly authoritarian dictatorship.

Hungary's 'illiberal democracy' is not democracy, just as 'people's democracy' or 'socialist democracy' did not mean democracy either. Such a system is **governed by an autocratic leader** brought to power through pseudo-democratic elections and supported at the international level by leaders of similar ilk. The leader establishes a centralised, informal system that operates vertically and is dependent on his person, one in which there is no place for horizontal accountability of any kind. In this system political loyalty overrides expertise. It considers heterogeneous solidarity networks, social autonomy, an independent media and civic and non-governmental organisations as dangerous, indeed, as enemies of the regime. In Hungary the state has been taken over by a political clique, one that equally provides a home to family members, proxies who run cover businesses that are fronts for

corrupt contracts, party members and loyal clients – those who are really operating the system. This regime, similar to a feudal system, is however in constant flux, making consolidation unlikely.

## The role of the leader

The political leader – who identifies himself with the ‘native’ people of the country – **confronts the international economic and political elite** just as he does immigrants, who are all considered enemies of the people. All things being equal, the leader’s preference is for the exercise of power without violence, and he insists on regular (if not honest) elections being made, in order to guarantee that his rule is enduring and that he be able to present himself to world opinion as a ‘democrat’. The leaders of such regimes learn much from one another: they use similar methods and techniques. And yet, as these regimes are not dictatorships, there can be independent social and opposition activities, legal demonstrations and spontaneous changes.

The leader of the regime promises the democratic re-politicisation of public discourse, but in truth he brings into being a system characterised by a **central propaganda machine and chaotic public administration**. The promised ‘strong state’ is in reality a state enmeshed in a web of elite corruption, in which the siphoning of public funds is not an infraction, but rather a legitimised phenomenon that maintains the networks of power. The regime can sometimes involve quite brutal methods of redistributing property. The members of the power elite use legislation to achieve the temporary renationalisation of previously privatised assets, in order that these same items of property later are re-privatised for the benefit of themselves or their clientele. In this system, for those in possession of power, all forms of income speedily lose their status as public funds and find their way into the pockets of private individuals.

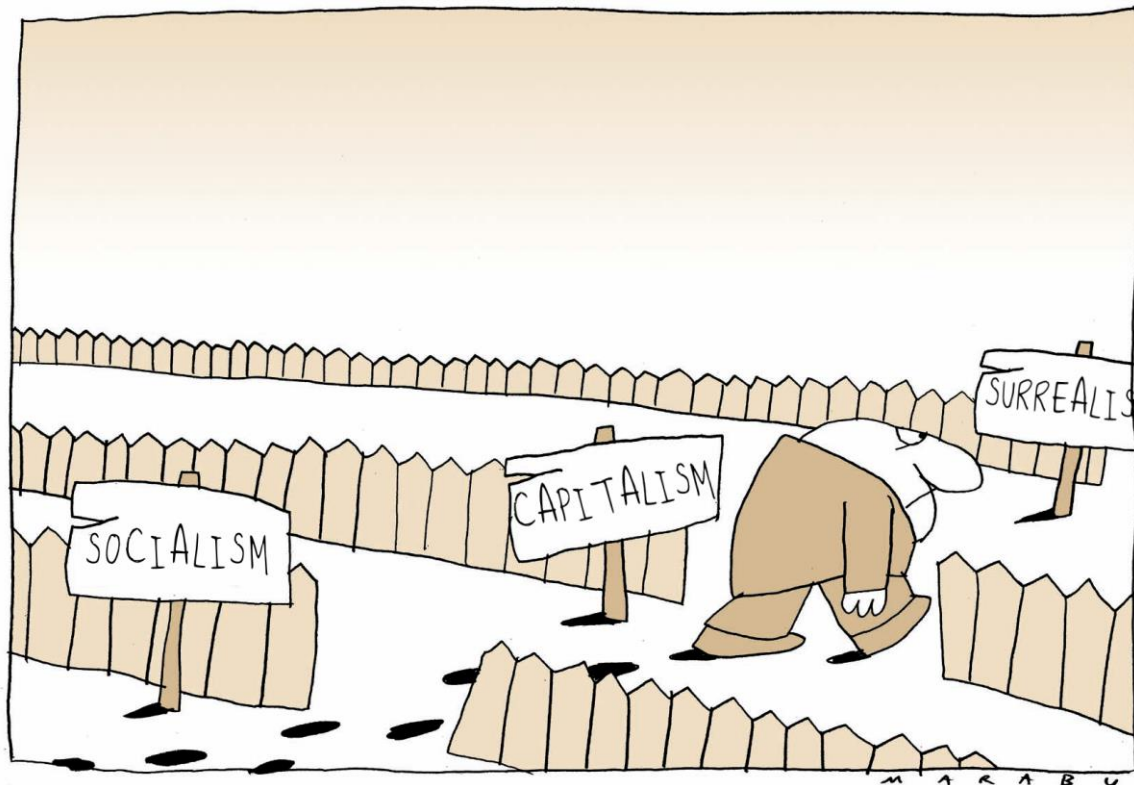
Politics is much more complicated for the leader exerting autocratic power if the country is a member of a community of democratic states. A commitment to multi-level government, to institutional cooperation and to common, basic democratic principles – such as those which form the essence of the European Union – can make things difficult for populist leaders. It is at this point that the leader enters into a hypocritical, cynical game with the representatives of the international community: he **enjoys the financial benefits, but rejects the democratic goals of this cooperation**. Such a system is based much more on the habits and fears of its constituency than on any form of ideology. Fear breeds silence, but it is an error to think that this silence signals approval.

This present ‘diagnosis’ seeks **to break this silence in Hungary**. It identifies and acknowledges the problems caused by this distorted system and hopes to stimulate action that could help the country to return to the path of economic and social advancement that it once chose for itself.



## 2. ONE-PARTY STATE REPLACING THE RULE OF LAW

### From law to tyranny



### The foundations of the ‘National Cooperation System’

In Hungary, one of the key objectives of the transition after 1989 was the creation of a transparent democracy that served the common good. The structures and norms of the democratic states cooperating within the European Union offered the model; the introduction of a European legal system and institutions added the means. By contrast, three decades later, Hungary is at the vanguard of the demolition of democracy. 15 years after EU accession, a single interest group controls all levers at the pinnacle of power. In the process of making itself impossible to remove, the ‘National Cooperation System’ of Fidesz has **violated a series of fundamental constitutional requirements**. Hungary today is no longer a constitutional democracy and no longer a state based on the rule of law.

Fidesz, with its exclusive hold on power, has **systematically dismantled the institutions of the rule of law**, with steps which are interconnected, like cogwheels. In the regime that Viktor Orbán terms ‘illiberal democracy’, the division of power and the checks and balances providing oversight on state institutions barely operate, or do not operate at all. This dismantling of the rule of law was the implementation of the strategy declared at the party faithful picnic of Fidesz at the village of Kötöcs in 2009, namely that a “central political force” would come into being with a single large governing party, characterised by politics built around the permanent governing of this party. On the 10<sup>th</sup>



anniversary of the announcement of this programme, Hungary is no longer a democratic republic, but a ‘party-state’.

The **Fundamental Law**, which replaced Hungary’s former Constitution in 2011, was passed in parliament solely with government votes. Neither was the preparation of the Fundamental Law legitimate. Drawn up exclusively by party insiders, it failed to satisfy the requirements of constitutional legitimacy: transparency, accountability or multi-party democratic procedure. The initiator of the legislation did not discuss it in any meaningful way either with the political parties or with representatives of Hungarian society. For this reason, the Fundamental Law is formally illegitimate, and its contents are neither in harmony with the requirements of the rule of law nor with the mentality and values of Hungarian society as a whole. The ‘National Credo’ that acts as its preamble is based on a one-sided ideology and cites fabricated ‘historical traditions’.

From 2014, the new Fundamental Law reduced the number of members of the **Hungarian Parliament** to little more than half of what it had been. This change served as a means for the prime minister and party leader to keep government party deputies on a short leash, as their candidacies, as well as their future careers depend on him personally. As a result, parliament, instead of overseeing executive power, has become an **uncritical voting machine** for the government. In addition, parliament’s new rules of procedure have further weakened its role in possessing – and its ability to keep a check on – executive power. The principle of the division of power was also severely impaired. Opposition deputies have no chance to exert any real influence on decisions, including on the selection or appointment of the leaders of institutions theoretically independent of government.

## The removal of democratic controls

The **President of the Republic** should in principle have the opportunity to send all laws passed by parliament that present any causes for concern to the Constitutional Court for considered deliberation. Since 2010, however, the president has been picked by the prime minister (and party leader) from his Fidesz party cadres, and then obligingly approved by parliament. The current President of the Republic, in office since 2012 and now in his second term, has made use of his right to constitutional oversight on a mere two occasions. This means the head of state demonstrably fails to fulfil his function to exert constitutional discretion over the legislative branch of power.

Furthermore, all the present members of the Hungarian **Constitutional Court** were appointed by the current government, so it is only on the rarest of occasions that the Court dares to oppose the government’s will. The competences of the Constitutional Court have also been reduced since issues relating to the budget, taxation, duties, welfare contributions and customs have been removed from its scope; moreover, it cannot investigate the contents of measures altering the Fundamental Law. This law, referred to at the time as being “as hard as granite”, has already been amended seven times.

It is only the **courts** that have attempted to resist this encroaching political power, but both the post of Chief Prosecutor and the President of the National Office for the Judiciary are filled with Fidesz party cadres and with very lengthy mandates not typical of democracies. The latest attack on the independence of the judicial system is the creation of ‘public administration courts’ that undertake judicial investigations on matters sensitive to the regime – demonstrations, strikes, and the publication of data on elections or affairs of public interest – with rulings from judges directly appointed by the Minister of Justice.

In the space of a few weeks following the parliamentary elections in 2010, the new Fidesz government comprehensively replaced the **leadership of the state administration**, right down to the

level of middle management, along with all the leading posts in state-owned enterprises. Civil servants working in the central public administration were renamed “government officers”, thereby indicating that from now on they would serve not the community, but the interests of the government. In the selection criteria for filling even medium-level positions in public administration, political loyalty now comes before professional expertise.

The occupation by political power of the institutions that exert democratic oversight has also taken place in the **economic sphere**: the President of the State Audit Office, the President of the Fiscal Council, the Governor of the Hungarian National Bank and his deputies, the members of the Monetary Council, the President of the Economic Competition Authority and his deputies, as well as the President of the Public Procurement Authority are, without exception, cadres of the government party.

## Curbing civil liberties

From 2010, Fidesz has not only occupied the entirety of the system of state institutions; it has also used a series of laws **to curtail fundamental rights and freedoms**. It has limited the right to strike, decreased the authority of trade unions, and tightened the conditions for establishing churches, holding referendums, and on the right of assembly, as well as weakened the ombudsman system.

Freedom of the press and access to information are basic constitutional rights; the media represents the most important means of upholding them. The building of absolute power in Hungary began in 2010 with the **occupation of the media**. The Media Council and the National Media and Info-communications Authority came under one-sided political influence as their composition was changed by filling them with Fidesz loyalists. Thanks to the Media Council’s monopoly position, the media market became one-sided, and the independence of the media has all but vanished. The vast majority of media outlets (some 500 national and local press and media products) have been concentrated into a consortium that is under clear government influence. This means that the majority of the Hungarian population only have access to the information published by public (in fact government-controlled) radio, television and newspapers. It is through these channels that the population is manipulated using fake news and lies (for example, massive campaigns against ‘Brussels’, George Soros, and a distorted picture of the migration issue), a situation that is only exacerbated by the government propaganda billboards filling every corner of the country. It is impossible to provide any counterbalance to all this, as politicians from opposition parties do not have any access to the programmes or material of the ‘public service’, i.e. state-controlled media, and they are frequently blocked from using privately owned billboards.

To maintain power over the long term, it is vital for the regime that the next generation does not become thinking, self-aware citizens keen to make use of their democratic rights, but rather it should be made up of servile subjects with limited knowledge and homogeneous thinking. To serve this goal, the regime has sought to **curb educational freedom**. To this end, it has centralised the education system, nationalised the market for school textbooks (thereby abolishing the variety and free choice of such books), and reduced the school leaving age from 18 to 16.

The Fidesz government’s attack on the autonomous institutions of **higher education and academic research** is similarly a great loss to Hungary and has led to a decline in its international prestige. The government justified its system of ‘chancellors’ installed in every university with an appeal to reasons of financial efficiency, but in reality this solution has provided an opportunity to use financial techniques to limit university autonomy. The government’s treatment of the private Central European University (CEU) is particularly destructive, because there is no rational reason behind its rendering the University’s operations in Budapest impossible. This affair has already brought about a

painful damage to Hungarian academic life. In a similarly shocking move, the government has removed the research institutes of the Hungarian Academy of Sciences from the Academy. The only explanation for this is to control research and the researchers. What links these various cases to each other is that they are all directed at the institutions that used to be independent of the political regime and not under the direct influence of the government.

## Unfair elections

The regime uses all means at its disposal to restrict any chance of change being achieved through democratic elections. The **new election law** disposed of the previous two-round election system, removing the opportunity for opposition parties to make alliances between rounds. The new law makes it possible for the governing party alliance to attain a supermajority of two-thirds of seats in parliament with the support of only a minority of voters. One means to achieve this was gerrymandering: the unilateral reorganisation of electoral constituencies so that there would be fewer districts with likely opposition majorities. The Orbán government also changed the nationality law, inviting ethnic Hungarians in neighbouring states and further afield to apply for citizenship in a process that itself attracted allegations of corruption. It also gave these new citizens the right to vote, by mail, via a procedure that provides ample opportunity for abuse as it is impossible to guarantee that the ballot is genuine. Yet Hungarian citizens with a permanent address in Hungary but who reside abroad (mostly working in the west) may only vote by appearing in person at one of the Hungarian diplomatic missions abroad, an obligation that in many cases involves considerable time and expense.

Then there is the issue of **party campaign finance**, which has never been resolved satisfactorily, even though its transparency is a prerequisite for fair elections. The State Audit Office exploits this situation, only finding objections to be made during the investigation of opposition parties: it retracts sizeable financial support from these parties, or imposes fines on them, typically before the campaign period, even though this is beyond the scope of its authority. What is more, there is no process of legal appeal against the Audit Office's decisions.

By contrast, Fidesz makes use of **money from the state budget** to spend many times what it would legally be allowed to allocate to campaigns. It (mis)uses the 'public service' media – which have become mouthpieces for the government and which receive record levels of state funding – as well as so-called 'government information campaigns' to get its message across. Such blatantly unfair techniques are unlike anything known in the democratic world, yet neither the State Audit Office nor the National Election Office have seen fit to raise any objections. In addition to this massive financial advantage, the government parties are assisted by the conditions in the press, media and billboard markets, giving the campaign messages of the government parties an overwhelming advantage in reaching voters, most especially outside the capital. As the OSCE observers noted, since 2010 **parliamentary elections in Hungary have been "free, but not fair"**. By such means, the Orbán regime has placed huge, essentially insurmountable obstacles in the way of changing the government by means of democratic elections.

### 3. 'JOBS FOR THE BOYS'

#### Public funds to private pockets



#### Limiting competition

Thirty years ago Hungary rejected the party-state and planned economy in the hope of democracy and material prosperity. The overwhelming majority of Hungarian society supported the move to a **free-market economy**, in which it is not the party in power that decides on business matters or company policies. In the early years of the change of regime the institutions of the European market economy were established anew; privatisation and the removal of obstacles to private enterprise ended state control over property. This great transformation shook society, but within the ranks of countries in similar circumstances Hungary was considered a leading success story in terms of progress in privatisation, foreign direct investment and the numbers of new enterprises established in the first decade after 1989.

Today, however, Hungary's former economic advantage over its neighbours has been lost. In Central and Eastern Europe it is in Hungary that foreign-owned companies have the largest proportion of economic activity, but this is a sign not of the strength of our national economy but rather of the weak state of domestically-owned enterprises. Among the Visegrád group, Hungary is today ranked fourth, i.e. last place on the basis of per capita GDP. Similarly, **the country has plummeted in the rankings for international competitiveness, and perceptions of corruption.**

No state is free from financial abuse, crime and corruption, not even within the exemplary countries of Western Europe. But the use of public funds in Hungary has further worsened; the unique behaviour of state power has made conditions severe. A series of government measures since 2010 have **restricted economic competition** by means of extending official regulations and declaring certain otherwise everyday business affairs to be of "national strategic importance". The government

has signed special agreements, the contents of which have not been disclosed, with certain large companies. While most Hungarian enterprises, big and small, are weighed down with a huge administrative burden and a great many tax obligations, the government gives special ‘friendly’ treatment to favoured companies, often granting them generous state support. Meanwhile, citing the critical state of the economy, special taxes have been placed on certain sectors; and gradual reductions to these burdens are made, predicated on good relations being kept with the government. All of these measures act in opposition to the norms of stable, decent business activity.

Another characteristic of the regime is the practice of a narrow group of politicians making decisions involving large sums of money, without any kind of supervision, as, for example, in the case of granting residence permits (effectively a form of ‘golden passport’ valid for the entire European Union) in return for the large-scale purchase of state bonds. **Opaque international agreements** are made without any real professional or political discussion, leaving behind enormous future obligations. Perhaps the most infamous example is for the expansion of the Russian-built nuclear power station in Paks, central Hungary, utilising a huge Russian loan. Another is the Chinese-financed construction of an express railway line between Budapest and Belgrade. The government claims international precedents for all these interventions, meanwhile justifying its actions with reference to the difficult economic climate, the lack of competitiveness, or the excessive presence of foreign capital. While each of these interventions includes methods that may have been employed in other countries, nowhere are they all used simultaneously. The present-day practices of the Hungarian government are certainly unique for an EU-member state.

## The siphoning off of public funds

What is particularly disturbing is the **disappearance of public funds**. The Hungarian authorities do not take any real action against the abuse of public procurements or against overpricing for services rendered. Prosecutors and the police do nothing in the face of the sudden enrichment of those close to cliques in power and the obvious violation of the norms of proper competition. The government camp regularly refers back to previous corruption scandals, yet no prosecutions have been initiated. State media keeps current corruption issues at arm’s length from the public.

Government-friendly opinion makers claim that malpractices do not amount to **corruption**; this is simply “consolidation of wealth” and it serves to strengthen the Hungarian entrepreneurial class. This ideology is both mistaken and dangerous. We were witness to the fast rise of certain entrepreneurs close to the corridors of power under previous administrations, but these companies with purses swollen by Hungarian taxpayers’ money shrivel according to political whim, as happened to the empire of legendary Fidesz oligarch Lajos Simicska after he fell out of favour. Those citing this ‘patriotic economic policy’ should be aware that entrepreneurs who become rich from political connections do not tend to be successful when faced with the conditions of real competition; indeed, companies bolstered with public funds often require further injections of public money to survive.

The situation in Hungary has by now come to the attention of the outside world. Meanwhile Hungarian businesses have experienced at first-hand how Orbán’s childhood friend Lőrinc Mészáros, his son-in-law István Tiborcz and a handful of other individuals **enjoying political favour** have acquired fantastic riches. Those suddenly achieving such wealth from both Hungarian taxpayers’ money and EU funds intended to assist Hungary’s convergence, did not earn their stripes through innovation or by creating value. On the contrary, behind their rise one can identify losses suffered by other, more efficient entrepreneurs – both Hungarians and foreigners – who have been squeezed out of business. We could see this during the scandal of 2013, when the government created a new, state



monopoly of tobacconist shops: licences to sell tobacco were taken away from all retail outlets, from supermarkets and small Hungarian business owners, and handed over to those enjoying political favour. Similarly, the sale and transfer of ownership of Hungary's agricultural lands was also dependent on political connections, with no heed paid to competitiveness or the interests pertaining to the development of ordinary local farmers.

Practices such as these are grossly unfair. They also **ruin the long term efficiency of the Hungarian economy** and destroy its potential for innovation. When public opinion in those EU countries which are net contributors to the EU budget is becoming less and less inclined to support the recipient member states, news of such flagrant abuses could greatly weaken Hungary's future negotiating positions in shaping the next Multiannual Financial Framework of the EU for 2021-2027. The negative effects of such blatant, widespread corruption on the career choices of the next generation is another concern for genuinely patriotic Hungarians.

## Economic power in government hands

The Orbán **government has concentrated economic power** to a degree that is unprecedented in a market economy. The size of the country's public finances is already extensive: of the newer EU member-states, Hungary has the highest percentage of public income collected in the form of taxes, levies, contributions and duties. Hungary also has the highest proportion of public expenditure relative to GDP. This excessive state presence would be an issue even if the taxation system were efficient and transparent, and the enormous level of expenditure were satisfactorily overseen by the Hungarian Parliament and public opinion. Tragically, neither is the case.

Hungarians' everyday experience is borne out by international evaluations of the country's system of public finance: there are many problems with the collection and spending of public funds as these processes are not transparent. The latest laws on the **use of public funds** give the government, which essentially means the person of the prime minister, a broad canvas for the making of decisions. The various items of public income and expenditure pass through the parliament with no genuine political deliberation or independent expert opinion being sought. The parliamentary majority displays a striking lack of interest in both the way public funds are spent and how public property is withdrawn from the oversight of parliament, whether through foundations or other means, e.g. via the activities financed with the profits of the Hungarian National Bank.

In similar vein, the Hungarian Parliament has repeatedly made decisions affecting entire industrial sectors – and the broader public – shorn of any meaningful debate, and **without any consultation**, as prescribed by law and needed for informed decision making. Preliminary consultations with EU institutions, such as the European Commission and European Central Bank, have also often been lacking. But it is not only with outside organisations that the government behaves in this way: time after time regarding important issues, the government rides roughshod over those directly involved, ignoring the likes of social partners (trade unions, alliances of employers), civic groups and academics as it forces through its will. Inevitably, this has a detrimental effect on the quality of economic legislation. Numerous corrective amendments to hastily passed legislative acts become necessary, but such practices weaken the nature of the rule of law and undermine the environment for business planning. This erratic government practice is one of the reasons why Hungary's international credit rating is below what its economy would otherwise justify; while its sovereign rating has been upgraded in recent years, it is still below those of the other Visegrád countries.

## An unsustainable path of development

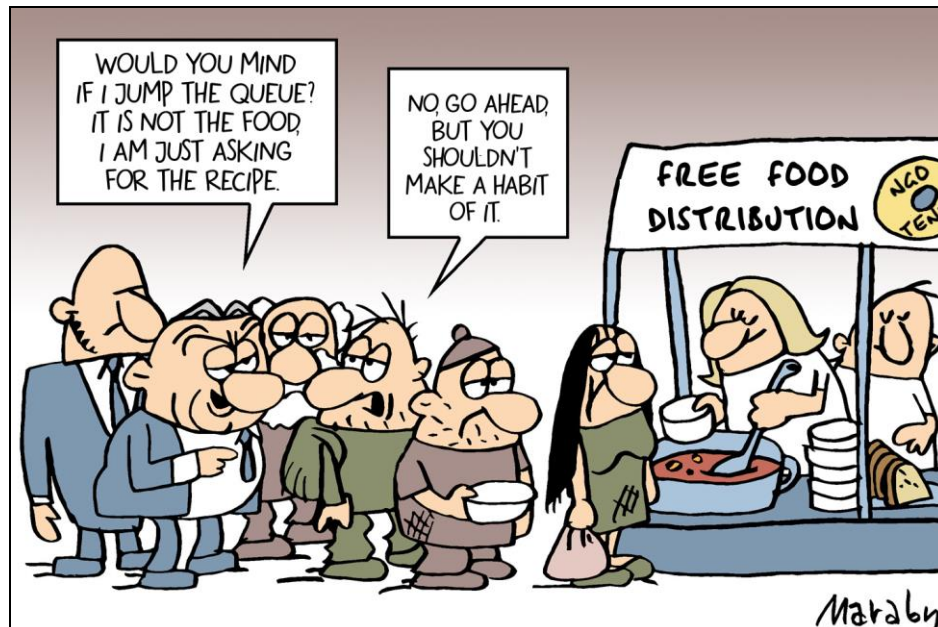
Hungary's good **macroeconomic figures** are often mentioned as a counter-argument to the problems listed above, as if such criticisms could only be motivated by political bias or a lack of knowledge. There is no doubt that the Hungarian economy has left the 2008-2009 crisis behind, and that – as part of the East-Central European region – it has profited a great deal from the favourable European economic situation, from FDI inflow, and in particular from EU funds. Thanks to these tens of billions of euros and trade surplus, Hungary's external financial vulnerability has indeed been reduced. The budget deficit has for years been within EU limits, and the national debt relative to GDP, the highest in our region, is also acceptable. Hungary's GDP has been growing quickly for the last couple of years, but it is no secret that the sources of this growth include favourable external factors that cannot be counted on in the long term.

Hungary's economic performance is nothing like as rosy if we compare it to that of the three other Visegrád countries. This is the most reasonable comparison; it is of less use to compare Hungary's current growth to that of advanced western countries. But even the most favourable macroeconomic indicators cannot sweep aside the serious concerns about the economic regime that has developed in Hungary, concerns that relate not only to the current growth figures. Due to the poor performance of the state and the declining standard of public services, the Hungarian economy is **steadily drifting towards the periphery of Europe**. In many respects, the demand for products, the quality of investments and employment bear the hallmarks of the periphery. The wage level is light years away from that of neighbouring Austria. High value-added investments are less eager to enter Hungary than before. Hungary's main manufacturing sector is automotive assembly, involving multiple risk factors. This sector may become one of the first victims of a turnaround in economic growth: production lines can be closed or relocated. Assembly wages are suppressed, research, development and marketing takes place at centres in other countries; meanwhile the product itself is undergoing transformation, with the arrival of electric cars and self-driving vehicles. But the greatest problem is that Hungary has found itself on a path that diverges sharply from the direction set by social consensus at the time of the regime change, a path that distances the country from its fellow nations in Europe, and a path that is economically unsustainable.



## 4. A NEW VASSALAGE

### A country of underlings and the new lords of the land



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### The rejection of the social market economy

“Let’s return to Europe, all of us!” – this was one of the promises and hopes of the regime change in 1989. Based on the model of European development, Hungary should have used its advantages and its traditions to establish an order in which the efficiency delivered by the market economy could coexist with the need for fairness, freedom and solidarity. This goal appeared first in the preamble to the Hungarian Constitution of 1989 which specified a social market economy as the ideal socio-economic mode. Yet, following the years of transition crisis, the new order was formed at a much slower pace than hoped, bringing widespread disappointment. The economy did start to grow after a couple of years, but so did **disparities in income and wealth**, while inflation and unemployment became stuck at overly high levels.

In 2008 Hungary was again in financial trouble. As a result of excessive national debt, irresponsible bank lending, and overspending by households, Hungarian society was particularly affected by the global financial crisis. Thanks to effective crisis management by the government of the time, as well as massive external underwriting of loans, Hungary survived this challenge and began recovering. After 2010, the new Fidesz government energetically continued the reorganisation of the economy and the reduction of the country’s external vulnerabilities. Yet it was becoming ever clearer that the regime was exploiting the widespread **weakening of (already less than solid) public trust in the market economy** for its own political ends. Using its supermajority in parliament, Fidesz pushed economic competition into the background and used a series of new laws to adjust the power relationship between the state and society. Invariably, the ultimate beneficiaries were groups and

interests with close connections to Fidesz. The government promised economic growth without austerity, coupled with unparalleled competitiveness, but the reality proved to be different. Hungary fell behind, even by the standards of its own region, while the values of fairness, freedom and solidarity would repeatedly be trounced.

The new Basic Law of Hungary does not even refer to the social market economy. Instead, the regime talks endlessly of the “nation” and “national interests”, while in fact it is the interests of a **centralised state structure** that have become dominant. On the way, the financial space of local authorities has constantly been restricted as part of a more wide-ranging programme of centralisation. Indeed, the government has robbed local authorities of both their activities and their jurisdiction: for example, it has centralised elementary and secondary education, and healthcare institutions (other than those for emergency patients) have been removed from local authorities’ control. The state administration duties formerly delegated to local authorities have been transferred to new district bodies, which are subordinated to the county-level government offices; meanwhile, county authorities have been rendered insignificant.

## The curtailment of civil society

**Interest groups** that reflect the complex layers of society, such as trade unions and employers’ organisations, **have been sidelined**, and no longer have any genuine influence on legislation, social problems, or everyday affairs. The latest manifestation of this change, driven by political coercion, is the promulgation of the so-called ‘slave law’. This radical change in labour code allows employers to oblige workers to undertake overtime that may only be paid for up to three years in arrears. Both the content of this law and the mode in which it was passed are a violation of the rights of workers and of the organisations that represent them.

Neither does this regime see a need for the work of **non-governmental organisations (NGOs)**; indeed, it is frequently downright suspicious of them. People working for such organisations have been harassed by the authorities and subject to vicious slur campaigns in pro-government media if their activities do not fit the current needs of the government. This, in a country where civic society is weak and where the many poor and disadvantaged groups are typically under-represented and in desperate need of such support and services. Furthermore, as the outside world gradually learns of the despicable government treatment of “enemy” civic groups, so Hungary’s reputation abroad diminishes.

The **churches** too have felt the impact of all-encompassing government legislation. At the end of 2010, not one year after the start of Orbán’s ‘ballot-box revolution’, the 1990 law on the freedom of conscience, religion and churches was scrapped to be superseded by the new ecclesiastical law of 2011. Enacted without any consultation with those it most affected, the new law makes religious communities dependent on the government of the day and limits the variety of religious life. Apart from a select number of ‘recognised’ churches, all other confessions have been obliged to follow new procedures in order to achieve equal status to the ‘historical’ churches, that is, have the same chance of being granted religious privileges by the state. Even if they satisfy all conditions, their official status is now subject to parliamentary vote, and not to a court ruling (as previously). In the light of growing international pressure, the law was last amended significantly in 2019, with the result that the Hungarian state now recognises confessions with four different kinds of legal status. The aim of this discrimination is as obvious as it is unchanged: the distribution of institutional advantages and financial rewards under the control of the establishment party to favoured institutions – a set up strongly reminiscent of the communist era. Thus the law on churches simultaneously displays the

centralising policy of the revived ‘party-state’ in Hungary, its rejection of autonomous organisations and independent civic activities, and the use of law as a political tool of repression.

## The costs of centralisation

Centralisation by a state can bring short-term advantages, but its disadvantages will make themselves obvious soon enough. We can observe this pattern in Hungary with the expansion and centralisation of the creation of the **public works scheme** after 2010: this did assist in mobilising inactive social groups that had been stuck in long-term unemployment, but did so by tying the individuals concerned to the government bureaucracy and to the government party. The movement of workers from the scheme to the real labour market – that is to the world of value creation – is still too cumbersome, even though the labour shortage in Hungary is now acute.

Centralisation is spreading to more and more fields. One of its victims has been **public education**. Here, the hoped-for increase in efficiency from centralisation did not emerge, while great dangers have accrued. In lowering the school leaving age, the government followed an outdated and unfounded educational ideology, again ignoring arguments from expert groups, and without paying attention to successful European role-models. There is a considerable risk that many young people ejected too early from the public education system will simply be incapable of undertaking work of genuine value in the economy. The educational level of young people in Hungary depends to an exceptional degree on where they live and on their family income and educational background. We should not be willing to accept that such restrictions to social mobility are inevitable.

Neither has excessive centralisation left the **healthcare system** untouched. We can learn much about the effectiveness of this system from the fact that the life expectancy at birth of Hungarians is 4.8 years lower (5.6 for men, 3.9 for women) than the EU-28 average. Within the country there are huge regional variations in both life expectancy and healthcare provision. Healthcare expenditure per head in Hungary is only half of the EU average, even though the country is worse than middling in terms of all the most important risk factors (smoking, consumption of alcohol, obesity). The present system of healthcare provision is not sustainable in the long term. Many healthcare institutions are struggling with debt, while the numbers of doctors and healthcare staff are continually declining as a result of employees leaving either the profession or the country in search of better salaries. While Hungary’s population is constantly getting older, the number of those gaining medical qualifications has stagnated. The proportion of licenced doctors and healthcare professionals relative to the population is now lower in Hungary than in the European Union as a whole.

The Fidesz government that came to power in Hungary in 2010 immediately set about attacking the individually funded compulsory **private pension fund system**, one pillar of the so-called mixed pension system that had been in operation for about a decade and a half. The official justification of the de facto nationalisation of this pillar was the reduction of the national debt, but the government’s real objective was to expand its financial room for manoeuvre. Almost half of the funds thus nationalised (nearly 3000 billion forints, i.e. more than 10 billion euro) was effectively ‘burned up’ in the process of unverifiable financial transactions, and only the other half served debt reduction. Quite apart from depleting these individual savings, the government thereby also greatly worsened the future structural problems of the state pension system, while undermining trust in pension savings and in the pension system in general.

The new Fundamental Law then **curbed pension rights**, in some cases abolishing them altogether. For example, anyone previously awarded a disability pension was obliged to undergo humiliating tests to regain eligibility under a process which undermined their income security. The

new system of provisions fell far short of achieving the hoped-for savings; instead, tens of thousands of people were granted new levels of provisions of lower value. The right to social security and to the provisions gained by work and contributions is only referred to in the Fundamental Law as a “government objective” instead of constitutional right; the state as gracious benefactor has come into the foreground. The Fundamental Law might proclaim a state pension system based on the principle of solidarity, but the laws that have followed it have instead weakened the social solidarity between generations; indeed, they have pitted social groups against one another. The system helps set particularly high pensions for some groups and this justifiably annoys society. Meanwhile, the linking of ordinary pensions only to inflation (rather than economic growth or average income level) means that pensioners are excluded from growing wage prosperity.

## Emigration, social and regional exclusion

The **mass loss of residents to emigration**, combined with national demographic trends, is the greatest question mark over Hungary’s future. The motivations for emigration maybe higher wages, family circumstances, housing problems, or a variety of career considerations; the state has only limited means to affect these. Support for house purchases is the preferred area of the present government’s efforts but this is unlikely to correct housing problems, for the lack of mobility in the housing market is as big a problem as housing shortage.

The key reason for the high level of migration from Hungary to more developed countries is the **wage differential**, but there are other factors, which include the general mood in the country, the continual cutback of the rights of various minorities and the deteriorating chances for the young to advance based on merit. While wages in Hungary have started to grow recently after being throttled for many years, they still remain below those of the Visegrád region as a whole. Little disposable income remains after the world’s highest level of VAT, after income tax, and after social security and other contributions are deducted. This means that the phenomenon of the ‘working poor’ is not limited to a narrow group. Multinational companies, with their higher productivity, can afford further wage increases, but the largest part of the Hungarian labour force is employed by small and medium-sized companies; and growing problems with productivity are most obvious here. The burdens imposed by state bureaucracy fall most severely on this sector too, while small businesses see the least benefit of large-scale public investment projects .

Part of Hungarian society is open to the potential changes brought by digitalisation, but these are mostly employees of capital-rich foreign companies, i.e. exactly those people who are most tempted by opportunities to work abroad. The prospects for less educated young people of working age, and those further away from dynamic regions are much poorer. Despite so many EU structural funds being used, deprived regions in the north, east and south of the country, have become **destitute regions**. There are also serious demographic discrepancies in a number of micro-regions. The everyday experience of a not negligible proportion of society is one of servitude and fear of the future.

## 5. PHONEY FOREIGN POLICY

### The 'peacock dance' and isolation



### Hungary battling its allies

In today's world, Hungary, a landlocked country of 10 million people, has every need for powerful friends: to guarantee its security, increase its prosperity, and preserve its national character. Through NATO and the European Union, Hungary has become part of a powerful system of alliances, one that expands the country's room for manoeuvre and puts a dampener on damaging external influences. Since 2010, however, the Fidesz government has broken the national consensus that since 1989 regarded **Euro-Atlantic membership** as the cornerstone of Hungarian foreign policy and which governed Hungary's policy towards its neighbours and the ethnic Hungarian minorities living in those countries.

Hungary is a faithful member of **NATO**, its soldiers have participated in a number of military operations, but the country's army is small and not adequately equipped. The backbone of Hungary's relationship with the **United States** is determined by the interests of NATO, including the purchase of modern American weapons and reductions to the country's one-sided dependence on Russian energy. Hungary's strategic significance, or the lack of it, is reflected in the fact that Prime Minister Orbán, after nine years of government, was the last of the Central European leaders to be welcomed by the current President of the U.S.



The Fidesz government has, for no good reason, **turned against ‘Brussels’**, that is, Hungary’s European allies, announcing a ‘freedom fight’ against them. Fidesz frequently vetoes collective steps taken by the EU, while presenting its trouble-making and deliberate infringements of rules as if it were the EU that were attacking Hungary. It attempts to earn support at home with this, while currying favour with extreme-right political forces bent on destroying European cooperation. The Fidesz government’s behaviour is dangerous for Hungary, because it poisons relationships with its most important economic and political partners, while putting at risk future financial support from the EU.

In many areas, the EU implements joint governance, in which Hungary plays a part, but the government keeps silent about or even denies the fact that final decisions are agreed jointly by the leaders of the governments of **sovereign member states**. The most important issues (citizenship, currency, budget, border protection, foreign policy, etc.) are still in, and will continue to be in the hands of national governments. Hungary’s independence and security is increased by being connected to the European transport and energy networks currently under construction. All experiments and adventurist projects that contradict this – notably the Russian-backed expansion of Paks nuclear power plant and the Budapest-Belgrade express railway line to be built using a Chinese loan – are not justified economically and themselves put the country’s sovereignty at risk.

Partly as a result of such policies, Hungarian diplomacy has **become ineffective and isolated** in recent years. The country today under Orbán has few friends in the world; not even the three other Visegrád countries are unanimous in supporting it. Within the EU, only a few extremist political parties back Hungary’s domestic and foreign policy, including the Lega (Nord) in Italy, FPÖ in Austria, AfD in Germany, RN in France, and the Freedom Party in the Netherlands. When abroad, Hungarian citizens frequently experience for themselves the effect of the government’s political hypocrisy and of the growing level of international disagreement. The favourable image of the Hungarian nation, so strong after the fall of the Berlin Wall, has deteriorated, and its prestige in the world is on the decline.

## Conflicts to the west, adventures to the east

Of the various international risk factors, the Fidesz government focuses solely on the subject of immigration from overseas to Europe, and constructs its election campaigns on this platform. Government propaganda paints Hungary as a destination country for migration, despite the fact that it was only a transit country for a brief period in 2015. In fact, **Hungary is experiencing outward migration** in large numbers. Despite the relentless claims of government propaganda, it is not possible for “Brussels” to “settle” anyone in the country without the consent of the national authorities. Nevertheless this anti-migrant sentiment, whipped up for domestic political gain, has been extremely effective on a large swathe of society. Still very much in play, it, together with the deceitful and unnecessary ‘national consultation’ projects have used up huge state resources. Rather than analyse the real causes of migration, the Fidesz government continually talks of an enormous international conspiracy in which the instigator of this devilish plan is the EU itself. In truth, the EU is striving to hold back migration towards Europe and to apply coordinated efforts to make it possible to supervise the migration issue. The best method of halting illegal immigration is common action taken at the EU level, and indeed, in the last few years the EU has successfully reduced mass immigration.

This stubborn, destructive opposition to the EU has had consequences. It was a factor in the **European People’s Party** (the family for conservative and Christian Democratic parties in the European Parliament), deciding on 20 March 2019 to **suspend the membership of Fidesz**, as its rule raised serious concerns about sustaining the norms of democracy and rule of law. This means that

there is no one to represent Hungarian interests with adequate clout in the largest political family of Europe – just as decisive changes are underway: the follow-up to Brexit is just about to be decided, a new European Parliament is being elected, a new European Commission is to begin its term, and the debate on the seven-year EU budget to 2027 is reaching its concluding phase.

The Fidesz government has attempted to compensate for worsening relationships with the West with its policy of ‘**Opening to the East**’, but with little success. Countries, whose politics cannot, by the standards of European democracy, be considered acceptable, have instantly become “friends” of Hungary. The prime minister maintains a close relationship with Russian President Putin; he was also the only EU leader to be present at the inauguration of several leaders with dictatorial tendencies – for example Turkish President Erdoğan and Brazilian President Bolsonaro – and Orbán is very fond of the former Soviet world of Central Asia. We believe that Hungary can trade with many partners, but should not embrace questionable or reprehensible policies.

**Russia** is a key power factor in the world, and could become an important market, if its economy stabilises, but its expanding political ambitions today make it a risky partner. For this reason, Hungary’s traditional energy dependence needs to be lessened, not increased, while other long-term business deals and banking connections with Russia should be dealt with carefully. All should recognise the growing role in the world economy of **China, India** and other rapidly developing economies, but for Hungary geographical distance and the accompanying risks place limitations on closer ties.

## Policy for ethnic Hungarians beyond Hungary’s borders, and election trickery

Hungarian foreign and domestic policy pays particular attention to ethnic Hungarians beyond the country’s borders. Hungary has **a moral obligation** towards the Hungarian minority communities in neighbouring countries, to the Hungarian diaspora spread across the world, and to the hundreds of thousands of Hungarians who have recently left the country seeking employment abroad.

Hungary should support those Hungarians **living as an ethnic minority** in countries bordering Hungary in such a way that their national identity and their citizenship should not come into conflict. Minority rights begin with the free display of Hungarian identity, its symbols, and with the unimpeded use of the Hungarian language. The support that Hungary can provide should in the first instance be sent to institutions that work on the development of Hungarian-language education, on the maintenance of media in Hungarian, on cultural life in Hungarian, and on exercising their religion. The political parties entrenched in the political life of the given country are best placed to formulate and represent the rights of these minorities in an authentic way. Fidesz, however, only enters into dialogue with those parties that in return offer their unconditional support for its policies. Such support, for example, includes efforts to ensure those Hungarians across the borders that hold double citizenship vote for Fidesz in elections in Hungary.

In view of the often troubled histories between **Hungary and its neighbours**, the issue of how Budapest deals with its minorities in the near abroad is sensitive for all concerned. Achieving historical reconciliation with neighbours is likely to improve the lot in life of minority Hungarian communities, but this should not mean curtailing the rightful claims of these people. Equally, the government in Budapest needs to be aware of emotions and perceptions entrenched in the national conscious of each host nation to achieve better relations all round.

Sadly, the Orbán government tends to **shirk away from real problems** rather than look for solutions when dealing with its neighbours. Examples include the situation facing Hungarian



educational institutions and the issue of the restitution of property in Romania, and how to deal with the issue of dual citizenship in Slovakia. Probably the most damaging and counter-productive example involves the subject of Hungarian-language education in Ukraine after the government in Kiev enacted a restrictive language law. This is a genuine grievance for ethnic Hungarians living in Ukraine. Instead of calmly initiating bilateral negotiations with Kiev, the Fidesz government immediately reacted aggressively, effectively trying to blackmail the Ukrainian side by blocking that country's efforts to come closer to NATO. Given that Ukraine is struggling to contain Russian-backed insurgency in its eastern territories, Budapest's policy is obviously favourable to Russian interests.

Granting Hungarian citizenship to members of ethnic Hungarian communities in neighbouring countries and to those in the Hungarian diaspora is one way of strengthening their Hungarian national identity. We believe it is the duty of the Hungarian state to create conditions that allow **dual citizenship** to be freely used and enjoyed. But dual citizens from communities beyond Hungary's borders must not be granted more favourable treatment than native Hungarian citizens who live, work and pay tax in Hungary. It is also important that Hungarians working in the West should be able to submit postal ballots in elections in Hungary – just as those from minority communities in neighbouring countries can. Hungarian citizenship should not become a marketable commodity that can be bought for money by those who are not eligible for it. In short, dual citizenship should not be a means of **obtaining votes** for any political party in Hungary.

For Hungarians around the world, the **behaviour of the motherland**, its achievements and its international reputation act as important reference points; it is with awareness of this that politics in Hungary should be conducted with responsibility and to the highest standards. The Fidesz system, however, hiding behind a handful of nationalist slogans, does exactly the opposite. Today, Hungary is infamous for its rejection of the European idea, for its xenophobia, for its economic performance falling behind that of its region, and for its increasing corruption. The unity of the whole Hungarian nation can only be achieved within the framework of European unity. Our fellow Hungarians in the states neighbouring Hungary have the best chance to stay in the countries of their birth and of preserving their national identity if they can freely travel and work in a Europe without border controls, and if they can keep their native language and their culture as **citizens of the European Union**.

## EPILOGUE

This Position Paper was completed in the run-up to the election of the European Parliament on 26 May 2019. This time, polls have definitely brought about more surprises in the political life of Hungary than at the earlier parliamentary elections. The turnout (43%) has been higher than on former occasions and surpassed all expectations. The distribution of EP seats among the political parties was very different from the pre-election forecasts, and while the 13 seats won by Fidesz is a significant result, it was below this party's own expectations. Ultimately, the proportion of seats shared between the government and opposition sides has not changed fundamentally, but **essential rearrangements happened within the opposition camp**. The centre-left Democratic Coalition has strengthened and the success of the liberal Momentum party (which has a strong European orientation) outstripped even their best hopes. These parties therefore may have new opportunities in European politics as well as promising prospects at the local elections in Hungary, due in the autumn 2019. With the decline of Jobbik, the 'central power' concept of Orbán constituting the basis of his 'National Cooperation System' seems to have been eroded.

Of course, important changes also occurred regarding the **European Parliament as a whole**. For the first time ever, the two biggest political families, the European Peoples' Party and the Socialists and Democrats, cannot constitute an absolute majority together. They need at least one third grouping (Liberals or Greens) in order to adopt important decisions, for example to approve the composition of the new European Commission or the EU's budget for the next seven year period. Extremist political parties, which are typically highly critical of, or seek to dismantle the means of European cooperation, gained votes. However, they have not become decisive political forces in the EP, and their support is not needed by those who intend to construct a more powerful Union.

It is in this context, that we, the V21 Group, seek to give an **authentic picture about the situation in Hungary** with this "Breaking the Silence" paper. Three decades after the demise of Communism, we had to recognise that the present state of affairs in Hungary is far from what the people had held as objectives in 1989-90. We had very different aims then. However, Hungary has fundamentally deviated from its mission to catch up with the West. In 1990, together with Poland, we were the pioneers in the region. Two decades later our two countries have stalled, no longer striving to rid ourselves of tyranny and of mendacious behaviour from its political leaders.

How is it that Viktor Orbán is able to muster a durable block of supporters when he is steadily dismantling democratic institutions and **governing Hungary through demagoguery and despotism** copied from eastern models? When the population is increasingly experiencing breakdown of social institutions such as education, health care and local government paid for from their own taxes? And all this while in the eyes of our most important partners and allies the government of Budapest – and step by step Hungary as a nation – is losing credibility. How is it that the government hate campaign directed at "migrants" – a campaign without any real evidence that fundamentally differs from European values – impresses people in the country so effectively? Why do Orbán's supporters accept, without criticism, the repeated diatribes against the West and blindly support their leader's risky eastern adventures with nations that have, historically, had nothing to do with, or worse, been inimical to the country's development?

The answers are to be found in the **immature nature of Hungarian civil society and old injuries of the peoples' soul**. Without a thorough investigation and adequate treatment of those shortcomings no convenient answers can be formulated to the challenges of today. The first decades since the regime change in 1989-90 have not resulted in the expansion and strengthening of the middle class in Hungary. After the political turn, the slow development of the market economy, together with the unjust distribution relations, have led to rapid and deep division of society. For centuries, Hungary was unable to enjoy unfettered national sovereignty. While other nations were learning to decide about their affairs autonomously and with responsibility, Hungarians had to concentrate their forces on resisting foreign domination or circumventing it.

Instead of helping Hungarian society in overcoming its historical backwardness, “Orbanism” cynically **misuses all these social shortcomings** for the primary benefit of its own narrow leadership cabal. In particular, the regime has worked unceasingly to construct a series of unprincipled moral deals and create a series of ‘in-house’ companies with the single aim of tapping the EU’s development funds. It pretends, untruthfully, to be a political force creating a competitive, home-based capitalist class while leading a ‘European freedom fight’ for the nation. For many in Hungary it seems an impossible task to remove this regime by democratic elections, although others believe that changes in external circumstances and the pressure of the opposition groups, slowly learning to cooperate, can bring about the renewal.

One of the main conclusions of our analysis is that the economic wellbeing of the majority of our people, based on a more just distribution of goods and revenues, along with social harmony and public discourse and private life cleared of lies will only become the norm if authority in Hungary shuns a culture of lies and deception and approaches governance in an ethical, European, democratic manner. We believe that a **return to civic security and to a society governed by the rule of law is still possible in this country**, but it will require the resolute, sustained work of many. We should not accept that acquiescing in the interests of an unprincipled minority in power is of higher value than investigating and speaking out the truth. Nobody should become an accomplice to fraudulent politics, deceiving foreign supporters or investors and slyly sharing stolen money. People should understand that the defence of national interests is not accomplished by the malicious exclusion of others, be they close neighbours or natives of remote continents.

The V21 Group calls on all political organisations, civic circles, unions and all who feel responsibility for the fate of Hungary to participate in a **nation-wide discussion of the document “Breaking the Silence”**: let us read and scrutinise our diagnosis together! The widest possible common evaluation of Hungary’s situation is necessary to determine policies which will move society towards democracy at the local elections this autumn and begin the fundamental transformation of the political landscape.

Budapest, June 2019

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Opinion, Choice, Change – for a Hungary for the New Century



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