

# SGI

Sustainable  
Governance  
Indicators

## 2015 Hungary Report

Attila Ágh, Jürgen Dieringer,  
Frank Bönker (Coordinator)



## Executive Summary

Since its clear victory in the 2010 parliamentary election, Victor Orbán's Fidesz party has radically transformed the Hungarian polity, significantly weakening its democratic character. The first three years of the second Orbán government saw the passage of a new constitution and a new media law, a strong centralization of policymaking, a merger of small municipalities, and an overhaul of the division of labor between central, regional and local governments. In the remainder of its second term, representing the first part of the period under review here, the Orbán government focused largely on the implementation of these measures and the reform of the electoral law. By amending this latter law frequently, doing so without consultation and shortly before the elections, the government succeeded in creating uncertainty within the opposition camp, giving Fidesz a head start. The electoral rules ultimately used for the 2014 parliamentary elections were heavily tilted in favor of Fidesz. Since the opposition was fragmented and lacked trustworthy candidates, Fidesz probably would have won the elections anyway. However, the new rules ensured that Fidesz retained its two-thirds majority despite losing 600,000 votes as compared to 2010. While the elections might have been free, they were clearly unfair.

Since the parliamentary elections in 2014, the Orbán government has sought to further consolidate its power. The staff of the Prime Minister's Office and its role in the allocation of EU funds have been further expanded. Moreover, the government established the National Communications Office (Nemzeti Kommunikációs Hivatal, NKH), tasking it with overseeing all government media activities and advertisements, under the tutelage of the Prime Minister's Office. Shortly following the local elections in October 2014, János Lázár, the new minister heading the Prime Minister's Office, announced a radical new "state reform" that included a mass dismissal of personnel in major ministries, the transfer of some ministries' offices to the countryside, a new act on public procurement, the shift of public-service organizational centers for education and health care to the district level, and the creation of a central state body in charge of supervising all public-service providers.

Following its reconfirmation in the 2014 parliamentary elections, the Orbán government also began to intimidate civic activists and non-governmental organizations (NGOs). The September 2014 raid on Ökotárs, an NGO

sponsored by the Norwegian Civil Fund, evoked comparisons with Russia and Turkey and stirred massive international protests. Corruption in Hungary became a major issue in public debates in autumn 2014 when the U.S. government refused to issue visas for six high-government officials, citing concerns about severe corruption. Indeed, widespread corruption has been a systemic feature of the Orbán governments, with influence and benefit allocated through the Fidesz party's informal political-business networks. The Fidesz elite has been involved in a number of corruption scandals, with some members accumulating large fortunes in a short period of time.

In terms of policies, the period under review has not seen major changes. Instead, the Orbán government has largely confined itself to implementing and refining the reforms launched in the first years after the 2010 elections. While some new initiatives in the fields of education and research and innovation policy have been launched, tax, labor-market, pension, health care and family policies have remained almost unchanged. Following the 2014 parliamentary elections, the new government shifted the submission of the draft budget for 2015 from September to the end of October, seeking to avoid paying a political price related to new austerity measures in the upcoming local elections. As the unexpected surge in economic growth in 2014 was achieved largely through temporary measures such as an increased absorption of EU funds, the country's medium-term economic prospects look worse than is true of other countries in the region.

## Key Challenges

Hungarian poet Endre Ady famously described Hungary as a ferry moving back and forth between East and West. This metaphor has featured prominently in current public debates in Hungary. Under the Orbán governments, a clear "turn to the East" has occurred. This is primarily evidenced not by Hungary's growing economic relations with Russia or the government's critique of mainstream EU policies in the Ukrainian crisis, but rather by Orbán's openly declared sympathy for the "illiberal state." There is some irony in the fact that it is Prime Minister Orbán under whom Hungary has turned eastward. In the early 1990s, it was Orbán and his Fidesz who most passionately rejected Ady's metaphor, calling for Hungary to become a full-fledged part of the West.

No clear Western alternative for the Hungarian "ferry" has been formulated in the country's recent political discourse. The parliamentary opposition is fragmented and ideologically diverse, and lacks both programmatic ideas and

adequate political personnel to meet the challenge. Challenges to the Orbán regime's power are thus more likely to result from rifts within the ruling elite, from an increasingly assertive civil society ("Hungaromajdan") and from international pressure.

Prime Minister Orbán has been rather successful in holding the ruling elite together for some time. However, the first major rifts within Fidesz emerged following the 2014 parliamentary elections. Lajos Simicska, an enigmatic Fidesz oligarch and media mogul, seems to have broken with Orbán, and the media organizations under his control have started to criticize the government. The medium- and long-term consequences of this and future "oligarch wars" are difficult to predict. However, any struggles within the ruling elite are likely to further expose the internal nature of the regime in the short run.

Since the 2014 parliamentary elections, the frequency of public protests against the Orbán government has increased, but participants in these protests have distanced themselves from parties of the democratic opposition. Given the sorry state of the opposition, this movement might help to create a credible alternative to Orbán. At the same time, the protestors' political detachment makes it easier for extremist right-wing forces to capitalize on the dissatisfaction with the regime.

International pressure has set certain limits to the semi-authoritarianism of the Orbán regime ever since its installment in 2010, and thus remains of crucial importance. As the impact of the U.S. government's denial of visas for high-ranking Hungarian-government officials suggests, the European Union too would be well-advised not to soften its stance on Hungary. The visa affair also showed that international critique of the Hungarian government could productively pay more attention to the issue of corruption. Highlighting this issue is likely to increase the dissatisfaction with the Orbán regime.

# Policy Performance

## I. Economic Policies

### Economy

Economic  
Policy  
Score: 3

The second and third Orbán government have pursued a heterodox (“unorthodox,” as the government calls it) and unpredictable economic policy that has been strongly criticized by the economic mainstream and by international organizations. Economic policy has been characterized by a growing state role, a strong rhetorical emphasis on the strengthening of national enterprises and the role of central bank on the one hand, and by a critical stance toward the International Monetary Fund (IMF), multinational companies and the banking sector on the other. As foreign investors have complained about additional burdens and unpredictable policy changes, FDI inflows have decreased. Following the end of recession in 2012, GDP growth picked up in 2013 and 2014. However, the unexpected surge in growth in 2014 was largely achieved through temporary measures such as a more efficient absorption of EU funds. Hungary’s medium-term economic prospects look worse than is true of other countries in the region.

#### Citation:

HEBC, Hungarian European Business Council (2014) Annual Report: Sustainable and Inclusive Growth, Budapest, p. 82, [http://www.hebc.hu/wp-content/uploads/2014/07/hebc\\_report\\_2014\\_Sustainable-and-inclusive-growth.pdf](http://www.hebc.hu/wp-content/uploads/2014/07/hebc_report_2014_Sustainable-and-inclusive-growth.pdf)

IMF (2014) Statement at the Conclusion of the IMF’s 2014 Article IV Consultation Mission to Hungary, Press Release No. 14/115, March 20, 2014, <http://www.imf.org/external/np/sec/pr/2014/pr14115.htm>

Inotai, András, 2014: Ein Jahrzehnt ungarisches Mitgliedschaft in der Europäischen Union: eine kritische Bilanz, *Integration* 37(4): 320-344.

ECFIN Economic Brief, October 2014,

[http://ec.europa.eu/economy\\_finance/publications/economic\\_briefs/2014/pdf/eb37\\_en.pdf](http://ec.europa.eu/economy_finance/publications/economic_briefs/2014/pdf/eb37_en.pdf).

### Labor Markets

Labor Market  
Policy  
Score: 4

The centerpiece of labor-market policy under the Orbán government has been the new public-works program introduced in 2010. This program, which was temporarily expanded before the 2014 parliamentary elections, and drastically reduced afterward,

has annually given about 200,000 unemployed people some prospect of employment. However, participants perform unskilled work under precarious conditions and for very modest remuneration, and few participants have succeeded in transitioning to a job within the regular labor market. The main beneficiaries of the program have been local mayors who are provided with access to cheap labor to perform communal work, build gutters, and so on. Implementation of the public-works program has become more arbitrary since the 2014 parliamentary elections. As a result, unemployed persons have suffered from increased uncertainty and lower incomes.

Citation:

Sorbe, Stéphane, 2014: Tackling Labor Mismatches and Promoting Mobility in Hungary. OECD, Economics Department Working Paper No. 1122, Paris.

Szikra, Dorottya, 2014: Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary Between 2010 and 2014, *Journal of European Social Policy* 24(5): 486-500.

### Taxes

Tax Policy  
Score: 3

Hungary's tax system has become less equitable under the Orbán governments, as the tax burden has shifted from direct to indirect taxes. The taxation of corporate income has been characterized by a high degree of differentiation and frequent changes. Many changes have been directed at foreign enterprises, since they have served as an ideal collective bogeyman for a populist government. After the 2014 parliamentary elections, the government introduced a controversial tax on media advertising (Act XXII of 2014, 17 June 2014), and proposed a tax on Internet traffic. This proposal was shelved at the end of October 2014 following massive public protests.

### Budgets

Budgetary  
Policy  
Score: 4

The predominant goal of budgetary policy under the Orbán governments has been to keep the fiscal deficit below 3% of GDP. The European Commission closed the excessive deficit procedure for the country in June 2013. As evidenced by the recurring reliance on short-term austerity packages, however, fiscal adjustment was accomplished by ad hoc measures rather than by structural reforms. After the 2014 parliamentary elections, the new government shifted the submission of the draft budget for 2015 from September to the end of October, with the clear goal of delaying any political price related to new austerity measures until after the local elections. Hungary is still far from meeting the debt ceiling of 50% of GDP enshrined in the 2011 constitution. Hungary has ratified the EU's Fiscal Compact, but has insisted that its consolidation obligations will apply only after it achieves membership in the euro zone.

## Research and Innovation

R&I Policy  
Score: 4

Hungary's research and innovation (R&I) sector is fairly advanced but chronically underfinanced. Under the Fidesz governments, the situation has worsened further. Public funding for universities and research has been drastically cut. The Hungarian Academy of Sciences still suffers from the effects of a radical and politically motivated reorganization performed under the second Orbán government. The European Institute of Technology and Innovation (EIT), which was established by the European Union in Budapest in March 2008, has not had much effect on R&D in Hungary to date, largely due to a lack of resources on the Hungarian side. The third Orbán government has put more emphasis on R&I. For instance, it transformed the National Innovation Office (Nemzeti Innovációs Hivatal, NIH) into a more comprehensive National Research, Development and Innovation Office (Nemzeti Kutatási, Fejlesztési és Innovációs Hivatal, NKFIH), which commenced operations in January 2015.

## Global Financial System

Stabilizing  
Global  
Financial  
Markets  
Score: 4

Despite its frequent attacks on the financial sector, the Orbán government has not shown much interest in enacting better regulations in this area. The merger of the National Bank of Hungary (NBH) with the State Authority for the Supervision of Financial Institutions (PSZÁF) was motivated primarily by the goal of increasing the power and maneuvering room of the new NBH president, György Matolcsy, as the chief representative of Orbán's economic policy. Because of its confrontational stance with the European Union, Hungary has not played a role in EU debates over reforms of the international financial architecture. Hungary did not join the efforts to introduce a European financial-transactions tax.

# II. Social Policies

## Education

Education  
Policy  
Score: 3

The second Orbán government radically revamped Hungary's education system. Municipalities have been deprived of their functions in primary and secondary education. A central-government agency has become the employer of all teachers in Hungary, and the choice and provision of school books has been centralized as well. Remarkable changes have taken place in the contents of history books, with right-wing ideology replacing more liberal views. The centralization trend has continued since the 2014 elections. The government's installation of powerful chancellors has drastically reduced universities' autonomy. It has also established a new University of

Public Service (Nemzeti Közszolgálati Egyetem, NKE) to educate loyal bureaucrats. More broadly, the Orbán government has strongly promoted vocational education to the detriment of the general secondary-education system (“gimnázium”). At the end of October 2014, it officially announced that the number of pupils in the academically oriented secondary-school track would be cut by half, since this would in the future be meant only for those intended to go to university. At the same time, the 2015 austerity budget included new cuts for the universities, which had already lost a quarter of their funding between 2010 and 2014.

### Social Inclusion

Social  
Inclusion  
Policy  
Score: 4

The basic social message of Fidesz in the 2010 election campaign was that a Fidesz-led government would fight for upward mobility in Hungarian society, representing the interests of both the middle class and low-income earners. In fact, however, despite the recent rise in economic growth rates, both the impoverishment of people in the lower income deciles and the fragmentation and weakening of the middle classes have continued. Surveys show that 46% of Hungarians fear that they will fall into deep poverty, and current household-consumption levels are still 10% percent below their 2008 level. The poorest strata of the population, particularly the Roma, have become increasingly isolated and dependent on state support. Following the 2014 parliamentary elections, the Orbán government provided some relief for the hundreds of thousands of individuals holding foreign-currency debt by shifting a portion of their debt burden to foreign banks. However, the draft budget for 2015 also cut social spending by 5%.

Citation:  
Eurobarometer 81 (July 2014)

Szikra, Dorottya, 2014: Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary Between 2010 and 2014, *Journal of European Social Policy* 24(5): 486-500.

### Health

Health Policy  
Score: 4

Health care has been one of the most conflict-ridden policy fields in Hungary. Policymaking has suffered from the lack of a separate ministry to deal with health care issues. The Orbán government has failed to tackle the widespread mismanagement and corruption in the health sector, the large debt burden held by hospitals, the discretionary refusal of services by medical staffers, and the increasing brain drain of doctors to other countries. Cuts in public health expenditures have continued, with public spending in the sector falling from 6.0% of GDP in 2013 to 5.1% in 2014. No major organizational reforms were adopted during the review period.



## Families

Family Policy  
Score: 4

Family policy has been a rhetorical focus for the Orbán government, but has been understood in a very traditional manner. It has aimed at stabilizing traditional family models rather than at improving opportunities for women to combine parenting and employment. The second Orbán government introduced a new family-based tax allowance and extended the maximum period for parental leave from two to three years, thereby luring women away from the labor market. In 2014, the family tax allowance was changed to a so-called family contribution allowance, making it possible for families to use any remainder of the family tax allowance not utilized for decreasing the personal income tax to decrease their health or pension insurance contributions. Despite its pro-family rhetoric, the Orbán government cut family allowances by 4% in the draft budget for 2015.

Citation:

Szikra, Dorottya, 2014: Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary Between 2010 and 2014, *Journal of European Social Policy* 24(5): 486-500.

## Pensions

Pension  
Policy  
Score: 4

Hungary introduced a three-pillar pension system along World Bank guidelines in 1997, featuring a strong mandatory second pillar. Upon coming to office, the second Orbán government abolished this second pillar. In order to improve the fiscal situation and the sustainability of the pension system, it also eliminated some early-retirement options. The elimination of the pension system's second pillar and the limitations on early retirement strongly increased uncertainty regarding income in old age. The Orbán government failed to address these issues during the period under review.

## Integration

Integration  
Policy  
Score: 5

Hungary is still primarily a transit country, with only a small number of migrants who want to stay in the country. Due to legislation that allows double citizenship for ethnic Hungarians, the integration of ethnic Hungarians from neighboring countries – above all from Romania, Serbia and Ukraine – has gone fairly smoothly. By contrast, the integration of other migrants remains a controversial process, as the government does not allocate sufficient resources for their cultural and social integration.

## Safe Living

Safe Living  
Conditions

In Hungary, regular crime is largely kept within “normal” limits. By European standards, Budapest is a rather safe capital city. However, there are strong security

Score: 5

risks associated with violence perpetrated by extreme-right groups and confrontations between opposing political camps on the streets. The government's attempts to prevent atrocities from being perpetrated against Roma, Jews and homosexuals, as well as to protect opposition demonstrators, have remained rather half-hearted. In fact, the government has tolerated the militant organizations centered around the Jobbik party. In October 2014, for instance, following the dissolution of the extreme-right paramilitary organization For the Better Future, the government did not prevent it from reorganizing.

### Global Inequalities

Global Social  
Policy  
Score: 3

Hungary pays little policy attention to developing countries. According to OECD statistics, Hungary spent \$120 million on official development assistance (ODA) in 2013, or just 0.10% of gross national income. The target commitment for 2015 is 0.33%; therefore a gap of 0.23 percentage points persists. ODA is directed to countries with strong trade links with Hungary both in the local neighborhood (Serbia, Ukraine) and in Asia (China, India), or where Hungary has been militarily involved (Afghanistan).

Citation:

<http://www.oecd.org/hungary/hungarys-official-development-assistance.htm>  
<http://iif.un.org/content/brussels-eu-target-2015-oda-hungary>

## III. Environmental Policies

### Environment

Environmenta  
l Policy  
Score: 6

As the 2011 constitution incorporated “green” values, the constitutional basis for environmental policy in Hungary is strong. Comprehensive environmental regulations are in place, and the European Union continues to serve as an important driver of policy action. However, environmental policy has suffered from the country's tight budgetary situation and the lack of a separate Ministry of Environment. In the third Orbán government, environmental issues have been dealt with by a Ministry of Agriculture department led by a deputy state secretary. While there is a certain awareness of the importance of environmental policy, the government has failed to address pressing issues such as the ragweed allergy that has been a big problem for many Hungarians, or the mismanagement of water levels in Lake Balaton, which has caused serious flooding in the neighboring region.

Citation:

Antal, Attila, 2014: Strong Constitutional Basis, Weak Environmental Policy. Paper Prepared for the 3rd UNITAR-Yale Conference on Environmental Governance and Democracy, 5-7 September 2014, New Haven  
([http://www.academia.edu/8117004/Strong\\_Constitutional\\_Basis\\_Weak\\_Environmental\\_Policy\\_The\\_Case\\_of\\_Hungary](http://www.academia.edu/8117004/Strong_Constitutional_Basis_Weak_Environmental_Policy_The_Case_of_Hungary))

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 5

Global reforms have not been part of the official public discourse in Hungary. Like their predecessors, the Orbán governments have engaged in free-riding behavior. The third Orbán government has stressed its commitment to international efforts and has publicly supported the European Union's environmental policy, but remains far from being a driving force.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 6

The far-reaching changes to Hungary's electoral law in the run-up to the April 2014 parliamentary elections included amendments to registration procedures. Despite the increasing size of constituencies, the number of signatures required for registration as a candidate was reduced. The combination of decreased registration requirements and generous public funding for candidates and party lists led to a surge in candidacies. A record-high 53 parties took part in the elections, 18 of which were able to form a national list. The governing Fidesz party actively promoted this associated fragmentation with the evident aim of confounding voters and weakening the opposition. In some cases, it even masterminded fake candidacies. The registration process suffered from a lack of transparency. Election commissions at both the central and constituency level largely failed to address cases of alleged signature fraud.

Citation:

OSCE / ODIR, 2014: Hungary – Parliamentary Elections, 6 April 2014. Limited Election Observation Mission Final Report. Warsaw, 11-12.

Media Access  
Score: 3

In the run-up to the 2014 parliamentary elections, access to the media and other means of communication were highly contested. In the 2012 – 2013 period, the Orbán government sought to introduce a ban on election advertising in the private media. In response to criticism by the European Commission, however, the Act on Elections that was eventually adopted in September 2013 did not contain such a ban. Nevertheless, a government decision in January 2014 severely limited campaign-advertisement space in public places. Access to the media has been uneven, as the Orbán government has exerted strong control over the public media, and an increasing share of private media organizations have fallen into the hands of owners close to Fidesz.

Citation:

European Commission (2014) A new EU Framework to strengthen the Rule of Law, Brussels, 11.3.2014, COM(2014) 158 final.

Voting and  
Registrations  
Rights  
Score: 3

Registration and voting procedures in the 2014 parliamentary elections were heavily tilted in favor of the governing Fidesz party. The single most important problem has been the unequal treatment of citizens living abroad without permanent residence in Hungary, most of them either ethnic Hungarians in neighboring countries with dual citizenship or Hungarian citizens with permanent residence, but who were out of the country on election day. The first group, with its strong political affinity with the governing Fidesz party, not only benefitted from less restrictive registration requirements, but was also allowed to vote by mail. By contrast, the second group was required to vote person at crowded diplomatic missions. As a result, participation rates in the 2014 parliamentary elections differed strongly between the two groups. Out of about 550,000 Hungarian citizens without permanent residence in Hungary, about 200,000 cast their ballot. By contrast, less than 30,000 of the roughly 600,000 Hungarians living temporarily abroad took part in the elections.

Citation:

OSCE / ODIHR, 2014: Hungary – Parliamentary Elections, 6 April 2014. Limited Election Observation Mission Final Report. Warsaw, 5-6, 9-11.

Party Financing  
Score: 3

The Orbán government promised to reform party and campaign financing several times, but postponed decisions several times with an evident view to creating uncertainty within the parliamentary opposition regarding the rules of the game for the 2014 parliamentary elections. The amendment of the law on party financing (Act LXXXVII of 2013) shifted funds toward individual candidates and smaller parties, thus contributing to the record-high number of candidates. The fact that their financial activities were monitored only after the campaign facilitated fraud. The legal framework for campaign financing has lacked any limits on private donations, and has not required a dedicated bank account for campaign purposes. As no regulations on third-party campaigning have existed, parties have been able to circumvent existing restrictions on campaign spending by involving formally independent non-profit organizations. Among these organizations, the Fidesz-affiliated Civil Unity Forum (Civil Összefogás Fórum, CÖF) stood out, running an expensive campaign against several opposition leaders.

Citation:

OSCE / ODIHR, 2014: Hungary – Parliamentary Elections, 6 April 2014. Limited Election Observation Mission Final Report. Warsaw, 13-15.

Popular Decision-  
Making  
Score: 6

In Hungary, citizens can initiate referendums, and there have been cases of successful initiatives for referendums at the national and local levels in the past. However, the new 2011 constitution limited the scope for popular decision-making by abolishing popular initiatives, expanding the set of issues exempt from referendums and raising the thresholds for referendum success.

Now, for a referendum to be successful, at least 50% of voters need to take part. In the period under review, the opposition tried to initiate several national referendums. However, all such initiatives were refused by the government-controlled National Election Committee (NVB), which enjoys a high level of discretion in deciding whether issues are eligible for a referendum or not. The most controversial issue was the referendum proposed by Együtt-PM, one of the leftist opposition parties, on the new Paks-2 nuclear-power station. This was refused by the NVB on 17 February 2014.

### Access to Information

Media Freedom  
Score: 3

The Orbán government pushed through highly controversial media laws in 2010/11, which were changed only slightly in response to fierce criticism from the European Commission and other international and national actors. The new laws strengthened government control over the media by vesting a Media Council exclusively composed of persons affiliated with Fidesz with media-content oversight powers and the right to grant of broadcasting licenses. In 2014, the situation has worsened further due to a tax on advertising that financially weakened the private media. In a new overcentralizing effort, the government established the National Communications Office (Nemzeti Kommunikációs Hivatal, NKH) on 10 October 2014, tasking the body with oversight of all government media activities and advertisements, while placing it under the tutelage of the Prime Minister's Office. The government has also announced that the three public-media broadcasters – Hungarian TV (MTV), Duna TV and Hungarian Radio – will be reorganized into a single company. Self-censorship is a growing problem as journalists are increasingly afraid of personal or employment repercussions when criticizing the government.

#### Citation:

Bajomi-Lázár, Péter (2013) "The Party Colonisation of Media: The Case of Hungary," *East European Politics and Societies*, Vol. 27, No. 3, pp. 69-89

Media Pluralism  
Score: 4

Media pluralism in Hungary has suffered both from increasing government control over the public media and a process of concentration of private-media ownership in the hands of firms close to Fidesz. Since the 2014 elections, however, some rifts within the right-wing camp have been evident, as some private media owned by Lajos Simicska, an enigmatic Fidesz oligarch and media mogul, have started to criticize the government. Independent media still exist (for instance ATV, Klubrádió, and various print publications), but these work under very difficult financial and political circumstances. The proposed tax on Internet traffic, which was shelved after mass protests at the end of October 2014, was widely interpreted as an attempt to limit media pluralism by containing the reach of the difficult-to-control Internet.

Access to  
Government  
Information  
Score: 5

While existing law provides for far-reaching access to government information, the government has frequently stretched the provisions of the law, making it difficult for the public and the media to obtain information, especially on issues relating to public procurement. The second Orbán government made enforcement of this access more difficult by shifting oversight responsibility from an independent data protection commissioner to a Data Protection Office (Adatvédelmi Hivatal) within the state administration. This move was criticized by the European Commission. The situation has worsened further under the third Orbán government, as there has been a constant fight between the government and the democratic opposition over access to government data. Opposition parties have increasingly turned to the courts as a result. The independent media has also challenged government secrecy with some success, but only through court decisions. Independent media organizations (websites such as hvg.hu and index.hu) have regularly published closed government information, and some organizations – notably Transparency International Hungary, the Society for Freedom Rights (TASZ) and the “Átlátszó” (Transparent) website – have worked intensively to demand government information.

### Civil Rights and Political Liberties

Civil Rights  
Score: 5

The Orbán governments have formally respected civil rights. However, the rule of law has suffered from the government’s politicization of the courts. Moreover, the government has failed to protect Roma and other minorities from harassment and hate speech. The second Orbán government accused former high government officials of criminal wrongdoing, but these cases have largely failed in the courts. For example, in October 2014, the European Court of Human Rights cleared Zsolt Császy, a former leading official of Hungarian National Asset Management, of all charges, and urged the Hungarian government to compensate him. Foreign investors have continued to complain that their rights are not respected.

Political Liberties  
Score: 5

Up until the 2014 parliamentary elections, the Orbán governments largely respected the freedom of expression and the right to assembly. However, strong doubts regarding the government’s respect for political liberties were raised by the September 2014 raid on Ökotárs (Eco-partner), a prominent NGO sponsored by the Norwegian Civil Fund. As a result, human-rights activists and their organizations (TASZ, Helsinki Committee and the likes) have become much more engaged in public debates. More and more people have turned to them for advice and protection, and the opposition media have devoted more attention than ever before to the protection of political liberties. In April 2014, the European Court of Human Rights decided that the 2011 legislation on the registration of and public support for religious communities

Non-discrimination  
Score: 5

violated religious freedoms by depriving many smaller faith communities of the title of church.

Hungary has a comprehensive anti-discrimination legal framework. In practice, however, anti-discrimination efforts have shown only limited success. Discrimination against women in the areas of employment, career and pay is exemplified by the small number of women in Hungarian politics (e.g., in parliament or in high-ranking government positions). The failure is even greater regarding the Roma, since about half of all Roma children in Hungary still live in segregated communities and receive substandard education. In many cases, court rulings against segregation are not enforced. Other groups have suffered from discrimination as well. Rising levels of anti-Semitism in Hungary led the World Jewish Congress to convene its 2013 annual congress in Budapest. The biggest conflict in this respect has been around the new monument at Szabadság Square, allegedly raised to commemorate all victims of the German occupation in March 1944. In fact, this monument argues that the Hungarian state was innocent in the mass deportation of Jews, emphasizing that they were victims only of German Nazism. The Jewish community has deemed this monument to be a “historical lie,” and the democratic opposition has organized permanent demonstrations against it. The erection of this monument – at night, in deep secrecy, and by keeping it protected by police for weeks – strongly undermined the relationship between the Jewish community and the Orbán government, and also drew harsh criticism from within the wider public. Separately, homophobia remains a visible issue, especially in the form of prejudices throughout the right-wing camp. This is particularly evident in the Jobbik party ranks, but also visible in the KDNP and Fidesz, although not to the extent seen in Russia and other countries to the east.

#### Rule of Law

Legal Certainty  
Score: 3

Legal certainty in Hungary has strongly suffered from chaotic, quickly changing legislation, which is sometimes even implemented retroactively. One case in point is the volatile electoral law. The Act on Local Government Elections (Act L of 2010), for example, was amended by Act XXIII of 2014 on 10 June 2014, just three months before the local elections. The degree of legal uncertainty is also indicated by the unprecedentedly large number of acts (859) and amendments (538) passed during the second Orbán government. The frequent, often surprising changes in the legal environment and the tax system have provoked fierce criticism by businesspeople and investors. As documented by the declining FDI figures, this environment has dramatically reduced Hungary’s attractiveness as a place for investment.

Judicial Review  
Score: 5

The independence of the Hungarian judiciary has drastically declined under the Orbán governments. While the lower courts still make independent



decisions, the Constitutional Court and the Kúria (Curia, previously the Supreme Court) have increasingly come under government control. The curtailment of the competencies of the Constitutional Court began in 2010 – 2011, and continued with the decision that the Constitutional Court was no longer allowed to reject constitutional amendments on matters of substance, or to base its rulings on decisions made before the enactment of the new constitution in January 2012. Parallel to the weakening of the remit of the Constitutional Court, the court itself has been staffed with Fidesz loyalists, some of whom are not even specialists in constitutional law. Three appointments in summer 2014 almost completed this process. Similarly, the Kúria has been very close to the government and has been widely criticized for making biased decisions.

Appointment of  
Justices  
Score: 2

The new constitution left the rules for selecting members of the Constitutional Court untouched. Its justices are still elected by parliament with a two-thirds majority. However, given the strong Fidesz majority in parliament and the government's lack of self-restraint, this two-thirds threshold has failed to limit the government parties' control over the process. Fidesz has used its majority to appoint loyalists to the court, some of whom even lack any special expertise in constitutional law.

Corruption  
Prevention  
Score: 3

Corruption in Hungary became a major public issue in autumn 2014, when the U.S. government refused to issue visas for six high government officials, citing severe corruption as grounds for the decision. However, widespread corruption has been a systemic feature of the Orbán governments for some time, with benefits and influence accruing through Fidesz's informal political-business networks. Members of the Fidesz elite have been involved in a number of corruption scandals, with many accumulating substantial wealth in a short period of time. In the period under review, a number of scandals emerged. Confronted with media questions, the leader of the Fidesz parliamentary group, Antal Rogán, had to "amend" his property accounts several times. Péter Szijjártó, who became minister of foreign trade and foreign affairs after the 2014 parliamentary elections, failed to declare his luxurious villa. In autumn 2014, Lajos Kósa, the acting president of the Fidesz party, admitted that he had several big apartments and houses, some of which had gone unreported.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 3

Political action often outpaces strategic planning in Hungary. In its early years, the second Orbán government produced a large number of strategy papers. However, these plans suffered from a short-term focus and a lack of consistency, and were often later abandoned. As the Orbán governments have subordinated all political actions to the goal of consolidating their power, economic and fiscal priorities have frequently shifted, and not much effort has been invested in building institutional capacities for strategic planning. After the 2014 local elections, Prime Minister Orbán promised to elaborate a long-term development strategy for the country. The lack of such a strategy featured prominently in the 2014 Annual Report of the Hungarian European Business Council (HEBC), an association made up of Hungary's major exporting companies. According to this report, "If the government were to sum up and publish its ideas for the future of Hungary in a country strategy it would receive a unanimous welcome from the business world. (...) A country strategy would largely contribute to predictability and increased competitiveness."

Citation:

HEBC, Hungarian European Business Council (2014) Annual Report: Sustainable and Inclusive Growth, Budapest, [http://www.hebc.hu/wp-content/uploads/2014/07/hebc\\_report\\_2014\\_Sustainable-and-inclusive-growth.pdf](http://www.hebc.hu/wp-content/uploads/2014/07/hebc_report_2014_Sustainable-and-inclusive-growth.pdf)

Scholarly Advice  
Score: 2

The political polarization in Hungary has resulted in deep conflict between the government and non-governmental academic experts. The Orbán governments have shown no interest in seeking independent advice. Some eminent experts who were initially close to the Orbán government later turned against it. The most prominent case in this regard has been Tamás Mellár, president of the Hungarian Central Statistical Office under the first Orbán government, and research director of Századvég Institute during the second. Mellár supported

the demonstrations against the Internet tax, and criticized his former institute in several interviews for being a “money laundering” institution. The third Orbán government dissolved the Institute of International Relations affiliated with the Ministry of Foreign Affairs. For administrative issues, it has relied almost exclusively on the newly established University of National Administration (Nemzeti Közsolgálati egyetem), at the cost of traditional universities’ influence.

### Interministerial Coordination

GO Expertise  
Score: 8

The Orbán governments have steadily expanded both the competencies and the resources of the Miniszterelnökség, or Prime Minister’s Office (PMO). Under the third Orbán government, the number of state secretaries and undersecretaries in the PMO has been further expanded, and now stands at about 30. At the same time, one of the three research institutes that previously supported the PMO was moved to the Ministry of Foreign Trade and Foreign Affairs after the 2014 elections. Nevertheless, the top decision-makers in the PMO often have access to more information than do ministers or their state secretaries.

GO Gatekeeping  
Score: 10

Under the Orbán governments, the PMO has played a dominant role in policy coordination. The autonomy of line ministries has been limited, and all important personal, political and policy decisions have been made by the prime minister and his confidants. The small group of Orbán’s closest confidants controls all government activities. This includes first of all the two newly appointed young ministers, Minister of the PMO János Lázár and Minister of Foreign Trade and Foreign Affairs Péter Szijjártó. Strangely, the closest advisor to Orbán, Árpád Habony, has no official position and no public presence, so he cannot be interviewed, made subject to oversight, or investigated.

Line Ministries  
Score: 10

The Orbán governments have radically limited the role of the line ministries in the implementation of decisions made by the prime minister. Line ministries have mostly acted as executive agencies following orders from above, and their activities have been subject to detailed oversight by the PMO. In order to facilitate this central control, the number of line ministries was reduced to eight in the third Orbán government, with portfolios for foreign trade and foreign affairs, defense, interior, justice, national economy, national development, human resources, and agriculture.

Cabinet  
Committees  
Score: 6

Given the dominant role of the PMO, cabinet committees have played a much less significant role than under previous governments. The main exception is the Government Committee for National Development, which consists of the prime minister, the PMO’s state secretary (or since the 2014 elections, the minister of the PMO), the minister of national development (NFM), and the

Ministerial  
Bureaucracy  
Score: 5

minister of national economy (NGM). It was established in July 2012 when the government realized that it had failed to spend EU transfers in a timely fashion. This committee was recently attached to the PMO.

Given the small number of ministries in Hungary, interministerial coordination has to some extent been replaced with intraministerial coordination, first of all within the Ministry of Human Resources (EMMI), the biggest superministry. In addition to policy coordination by the PMO, there is some coordination by ministry officials. Senior ministry officials meet for the preparation of cabinet meetings, and there is an Interministerial Coordination Committee for European Affairs (EKTB), a committee consisting of senior ministry officials tasked with coordinating EU-related issues.

Informal  
Coordination  
Score: 10

The strong formal role of Prime Minister Orbán and his PMO is complemented by informal coordination mechanisms. There are about 150 top decision-makers within Hungarian government that are appointed directly by the prime minister. Within this group there are two circles of informality and confidence. First, Orbán regularly meets with the 20 to 30 people closest to him, with many important decisions stemming from these personal encounters. Second, Orbán from time to time convenes officials from his larger circle in order to give instructions. Many decisions originate from these meetings, which subsequently ripple informally through the system before any formal decision is made. These informal-coordination mechanisms make rapid decisions possible. Given the pivotal role of the prime minister, however, they also create a bottleneck and encourage anticipative obedience.

### Evidence-based Instruments

RIA Application  
Score: 4

Hungary has a long history of RIA legislation since the first act on this issue was passed in 1987. However, RIA has suffered from sluggish implementation and has been applied only in some cases. The Orbán government amended the act on law-making that includes provisions on RIA (Act of CXXX of 2010). The new measure created the position of a deputy state secretary in the Ministry of Justice responsible for feasibility studies, and established the ECOSTAT Government Feasibility Center for assisting the preparation and implementation of impact studies. In practice, however, RIA has been almost exclusively applied in the environmental context and/or in cases where international obligations have demanded it. The recent hasty creation of austerity packages, as in the case of the 2015 budget, has meant that RIA has in many cases not been applied meaningfully, and sometimes not even formally, in the fields of economic, fiscal and social policy.

Quality of RIA  
Process  
Score: 2

The quality of the RIA process in Hungary has always been poor. First, stakeholder participation is usually lacking. While rhetorically emphasized in many official documents, the very idea of consultation has been alien to the

Orbán government. Second, even if a comprehensive RIA is performed, its results are rarely or only partially made available to political actors. A case in point is the limited information available on the Orbán government's own special website for RIA ([hatasvizsgalat.kormany.hu](http://hatasvizsgalat.kormany.hu)). Third, evaluations are closed procedures, and are not really used for improving RIA overall.

Sustainability  
Check  
Score: 2

The Hungarian parliament passed a National Sustainability Strategy only in March 2013. This strategy is a long document that surveys relevant international documents and provides some Hungarian applications, with a detailed table of proposed tasks at the end. However, there is only a small paragraph related to RIA in the document, and the Sustainability Strategy and RIA processes have not yet been coordinated. Sustainability checks are not an integral part of RIA. Moreover, the set of indicators used for RIA is limited, and long-term thinking tends to be lacking.

### Societal Consultation

Negotiating  
Public Support  
Score: 2

The Orbán governments have largely refrained from consulting with independent societal actors. Prime Minister Orbán has argued that the government's two-thirds majority has vested it with sufficient legitimacy to carry out profound changes without consulting stakeholders. The second Orbán government abolished the former tripartite National Interest Reconciliation Council (OÉT) and replaced it in October 2011 with a new National Economic and Social Council (NGTT), with more limited competencies. Unlike its predecessor, this body meets only once or twice a year and cannot make any decisions, thus primarily serving the goal of showing the government's commitment to some sort of social dialogue. However, the austerity budget for 2015 created such a public uproar that the NGTT members demanded a special session about the budget in November 2014. As an alternative to consultation with societal actors, the second Orbán government introduced a system of "national consultations" – essentially questionnaires sent to all households on issues such as the new constitution. A consultation focusing on Internet issues was slated to take place in January 2015.

### Policy Communication

Coherent  
Communication  
Score: 9

The PMO seeks to coordinate and control the government's communication. It places regular "success stories" in the government-controlled media, which are often based on a dubious interpretation of statistics and border on propaganda. Ministers have tended to follow the wording of the prime minister in their own statements. For that reason, the cabinet has often been derided as a "parrot chorus." After the 2014 parliamentary elections, a National Communications Office was established within the PMO, with the goal of creating even

stronger discipline and coordination. However, ministries provided contradictory information in the context of the U.S. visa affair and the demonstrations against the Internet tax, thus showing that the coherence of government communication is far from perfect.

### Implementation

Government  
Efficiency  
Score: 5

The Orbán governments have been quite successful in consolidating political power, centralizing policymaking, and weakening the remaining checks and balances. At the same time, they have largely failed to meet broader goals such as fostering economic growth, consolidating the budget and increasing employment in the private sector. The low degree of government efficiency has been illustrated by frequent policy changes in all policy fields. A central problem has been the implementation of new bills and regulations. Overhasty policymaking has led to incoherent and contradictory legal texts, causing extreme difficulties for local and regional administrations.

Ministerial  
Compliance  
Score: 10

Prime Minister Orbán and his PMO have closely monitored the activities of all ministries and ministers, and have largely succeeded in ensuring the implementation of the government's program. The high level of ministerial compliance has been made possible by Orbán's strong and uncontested position as party leader and prime minister, as well as the strong capacities of the Prime Minister's Office. The reshuffling of the cabinet after the 2014 elections was aimed at demonstrating the power of the prime minister, and had a disciplinary effect.

Monitoring  
Ministries  
Score: 10

The Prime Minister's Office has successfully monitored line ministries in all stages of the implementation process, enforcing obedience to the political will of the central leadership. As all core executive figures have been Fidesz party stalwarts, control has functioned largely through party discipline. Those who have failed to keep discipline, even in comparatively insignificant matters, have lost their positions. The existing civil-service legislation has made it easy to dismiss public employees without justification. The third Orbán government announced a mass dismissal of public servants. In the Ministry of Foreign Trade and Foreign Affairs, changes in staff accelerated when Tibor Navracsics became EU commissioner in November 2014.

Monitoring  
Agencies,  
Bureaucracies  
Score: 10

Upon taking office, Prime Minister Orbán's second government replaced the heads and core executives of all state agencies at the national level. The weakening of subnational self-governments and the centralization of administration further extended the government's control over agencies. As in the case of line ministries, the government adopted a hands-on approach and closely monitored the agencies' implementation activities. The third Orbán government has brought most agencies under the direct control of the Prime Minister's Office.

Task Funding  
Score: 2

The second Orbán government merged small local authorities and shifted a portion of subnational self-governments former competencies to the central government administration. However, the transfer of competencies from the subnational to the national level has gone hand in hand with an even stronger reduction in subnational governments' revenue sources. As a result, the latter have fewer resources for the remaining tasks than before. The third Orbán government continued the populist policy of imposing caps on energy prices and the costs of other services for households. By limiting the profits of public-sector service providers, this policy has deprived local authorities of much-needed revenues.

Constitutional  
Discretion  
Score: 3

Hungary has undergone a far-reaching reform of local government. The second Orbán government fostered the fusion of small municipalities' administrations (though mayors can still be elected). It also reduced the original functions of local self-governments, especially in the realm of education, and established new tiers of state administration at the county and district level that were given some of the functions previously exercised by local and other subnational self-governments. This stripping of competencies was especially severe in the case of the city of Budapest, a traditional liberal stronghold. Following the local and regional elections in October 2014, self-governments have functioned fully under the new regulations. On the one hand, the reform lifted a significant burden from smaller units, as it professionalized services in deconcentrated state bodies. On the other hand, the general shift of competences did not at all improve self-governments' performance flexibility in those areas remaining under their control. As a result, both the formal powers of subnational self-governments and their capacities to make full use of these powers have declined. A lack of resources and chaotic policymaking on the national level (with policies largely administered on the local level) are two reasons for this process. In campaign speeches during the 2014 local elections, Prime Minister Orbán repeatedly made clear that only those municipalities that elected a pro-government leadership would qualify for financial support by the central government or EU transfers.

National  
Standards  
Score: 3

In Hungary, the quality of subnational public services has suffered as a result of the reorganization of subnational governments. The state administration's new subnational tiers lack experience in providing services. Preoccupied with getting started, they have not paid much attention to service quality. The provision of those public services that have been left with subnational self-governments has in turn suffered from self-governments' lack of financial resources and administrative capacities. The central government has exercised strong control, but has not focused on quality issues. As a result, national standards have increasingly been undermined, especially in the fields of health care, education and social services.

### Adaptability

Domestic  
Adaptability  
Score: 3

The Orbán governments have paid little attention to the adaption of domestic government structures to international and supranational developments. In public, Prime Minister Orbán has stressed Hungarian independence, and has argued that his government is waging a freedom fight for national sovereignty against the European Union, the IMF, and most recently the U.S. government. Major institutional reforms have even reduced the fit of domestic-government structures with international and supranational developments. The radical reduction in the number of ministries, for instance, has created huge problems with regard to EU affairs, as the ministries' organization no longer matches that of other EU countries or the structure of the European Union's Council of Ministers. Hungary has also performed relatively badly with regard to the absorption of EU transfers. By July 2014, it had absorbed only 66.57% of available funds, earning it the 20th place in the EU on this measure.

Citation:

Inotai, András, 2014: Ein Jahrzehnt ungarischer Mitgliedschaft in der Europäischen Union: eine kritische Bilanz, *Integration* 37(4): 320-344.

International  
Coordination  
Score: 3

The Orbán governments have been self-centered and inward-looking. They have had neither an interest in nor the capacity to engage in collective global efforts, or to contribute to them with their own efforts and initiatives. Orbán has often acted unpredictably and has engaged in double-talk in international encounters; thus, he has become isolated within the international community, especially in the value-based EU. This isolation became clear during the recent Ukrainian crisis, when Orbán opposed the mainstream Western policy and continued his close contacts with Russia and Putin. The government's capacity for international coordination has suffered from the government's hostility toward independent experts and its frequent changes in personnel. After the change of leadership in the Ministry of Foreign Trade and Foreign Affairs, almost no foreign-policy expert has remained in place. The new staff's lack of familiarity with normal diplomatic practices aggravated the conflict with the United States in the 2014 visa affair.

### Organizational Reform

Self-monitoring  
Score: 10

In Hungary, there is no regular formal monitoring of the institutional arrangements of governing. However, there is strong and rather comprehensive oversight of the working of the state apparatus from the top down, and the government has been quick to change any institutional arrangements it has deemed to be ineffective. The Orbán governments underperform with regard to coherent policy planning, but react quickly to



Institutional  
Reform  
Score: 2

failures in individual cases. Public policy has often been very volatile, changing according to the government's current needs.

In the period under review, the Orbán government continued to announce and implement comprehensive reforms. Following the three 2014 elections, János Lázár, the new minister of the Prime Minister's Office, announced a radical "state reform," including the transfer of some ministries to the countryside, a new act on public procurement, the shift of public-service organizational centers for education and health care to the district level, and the creation of a central state company in charge of supervising and collecting all public-service fees. By and large, the Orbán governments' institutional reforms have tended to weaken rather than improve the government's strategic capacity. The overcentralization of decision-making resulting from most reforms has created bottlenecks at the top, has facilitated political patronage, and has led to the adoption of ideological decisions that have often turned out to be inadequate.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 4

Policy knowledge among the Hungarian public is rather weak. Reasons include political apathy, the biased and spin-filled information policies of the government, and the centralization and lack of transparency characterizing policymaking. The media on both sides of the political spectrum have concentrated on scandals instead of analyzing issues, and have focused their reporting on persons rather than on policies. The strong political polarization means that many citizens are not really interested in policy details. The governing Fidesz party, for example, can count on a large number of hard-core followers, estimated at up to 20% of the electorate, that support it almost unconditionally. It is characteristic that Fidesz had no program for the 2014 parliamentary elections; rather, Orbán simply declared, "We will continue." However, the 2014 protests against the Internet tax, the "turn to the East" in foreign policy, and the cuts in university budgets have prompted increasing political interest.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 5

Hungarian MPs have some funds for professional advice. The Hungarian parliament has a good library and even a small research section. However, these resources have not been sufficient to keep up with the Orbán governments' hectic style of policymaking, with its unprecedentedly high

number of legislative decisions. The Fidesz parliamentary party group has often provided legislators with draft bills slated for a Monday vote as late as the preceding Friday afternoon. For the small and ideologically fragmented opposition, it has thus been rather difficult to monitor the Orbán government's legislative activity. Thus, it is the political process, rather than the parliamentary resources per se, that establishes bottlenecks and undermines effective monitoring.

Obtaining  
Documents  
Score: 5

Traditionally, parliamentary committees in Hungary enjoyed far-reaching access to government documents. However, the new standing orders of the Hungarian parliament, as adopted under the 2012 Act on Parliament, do not regulate the access of parliamentary committees to government documents. In practice, the Orbán governments have used its parliamentary majority to restrict access to government documents, even for discussion within parliamentary committees. The denial of documents on issues of public procurement and/or European transfers, both prominent issues, has been justified by appealing to the private-business interests involved. In 2014, there was a significant fight over obtaining documents in the committee tasked with oversight of the secret services. In the case of the U.S. visa affair, the government had not as of the time of writing released documents or information on the institutions and persons involved (particularly the National Office of Tax and Customs (NAV) and its president, Ildikó Vida).

Summoning  
Ministers  
Score: 5

The standing orders of the Hungarian parliament stipulate that ministers have to report personally to the parliamentary committee(s) concerned with their issue area at least once a year. However, they do not guarantee parliamentary committees the right to summon ministers for other hearings as well. Departing from the previous practice, committees have rarely invited ministers under the Orbán governments. Although the number of ministries has declined and ministers have covered larger policy areas, individual ministers have not been summoned more often.

Summoning  
Experts  
Score: 9

According to the standing orders of the Hungarian parliament, all parliamentary factions can invite experts, and the sessions of the committees are open to the public. In practice, however, Fidesz's overwhelming majority and the hectic pace of legislation have reduced the involvement of experts to a mere formality.

Task Area  
Congruence  
Score: 4

The reduction in the number of ministries (to a total of nine) has not been accompanied by a reduction in the number of parliamentary committees (17 since May 2014). The result has been a strong mismatch between the task areas of ministries and committees. The fact that ministries have been covered by several committees, sometimes with large overlaps, has complicated the monitoring of ministries.

Audit Office  
Score: 6

According to the law, the Hungarian State Audit Office is accountable only to the parliament. However, the second Orbán government used its parliamentary

Ombuds Office  
Score: 7

majority to take control of this body. It appointed a former Fidesz legislator as head of the institution, and also replaced the vice president and other top officials. Nevertheless, the audit office has acted relatively independently, and has monitored the government's activities in some detail.

Hungary has an Ombudsman of Basic Human Rights, which is elected by parliament. Since the abolishment of "actio popularis" (a provision giving all citizens the right to access the Constitutional Court), the ombudsman has been an important gatekeeper between the population and the Constitutional Court. The term of Máté Szabó, the much-respected ombudsman elected in 2007 under the Gyurcsány government, expired in September 2013. His successor, László Székely, has behaved in a less independent manner; as a consequence, the ability of the ombudsman to function as a check on the government has been undermined. While Szabó sent 17 issues to the Constitutional Court in his last year, Székely sent just two issues in his first year (one was the dispute regarding leasing land to foreigners, an issue also discussed by the European Commission). While Székely has dealt with many important issues, he has not raised his voice in the Ökotárs affair, even though most legal experts found the investigation by the Control Office of Government (Kormányzati Ellenőrző Hivatal, KEHI) to be unconstitutional.

### Media

Media Reporting  
Score: 4

The sharp polarization of political life in Hungary has facilitated a replacement of in-depth analysis by a preoccupation with scandals, whether real or alleged. There is relatively little in-depth analysis of government decisions and the performance of the government in the government-controlled media, or in those outlets close to Fidesz. Aside from the influences of camp bias and a weak coverage of international affairs, however, some of the print publications close to the parliamentary opposition have kept up a relatively intensive coverage of government actions. As a reaction to the government's attempts at controlling the media, social media and Internet editions of established print publications have gained in importance. In the months since the 2014 parliamentary elections, the establishment of the government's National Communications Office and the announced advertisement tax have raised concerns about a further decline in the quality of media reporting. At the same time, the rifts in the Fidesz camp that emerged in the second half of 2014 might ultimately lead to a greater degree of media pluralism.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 4

Hungary's former party system collapsed during the 2010 elections. Since then, Fidesz has been the dominant party, competing with a fragmented left and an increasingly strong extreme right. This situation was consolidated during the

2014 elections, which left seven parties in the parliament: Fidesz (133 MPs, 66.83%), three parties of the left (MSZP, DK and Együtt-PM: 38 MPs in total, 19.10%), Jobbik (23 MPs, 11.56%) and the LMP (5 MPs, 2.51%). The three leftist parties ran during the 2014 election as an alliance (Unity), but maintain separate groups in the parliament: MSZP (30 MPs), DK (Democratic Coalition, 4 MPs) and Együtt-PM (Together-PM, 4 MPs). Notwithstanding its formally democratic procedures, Fidesz is completely controlled by the party leadership. Prime Minister Orbán decides on core personnel, candidacies and positions within the party. In the case of Jobbik, an extreme rightist party, the core party leadership is dominant, even though there is no focal person equivalent to Orbán. The three leftist parties that emerged from the split of the Hungarian Socialist Party (MSZP) are democratically organized. The LMP has stagnated at a relatively low level, but it shows a reasonable degree of intra-party democracy.

Association  
Competence  
(Business)  
Score: 4

The analytical capacity of economic-interest associations in Hungary varies. The main domestic business associations have proved generally loyal to the government. They have confined themselves to criticizing policy details and have largely refrained from formulating policy alternatives. This applies to the Hungarian Chamber of Commerce and Industry (Magyar Kereskedelmi és Iparkamara), the reorganized Hungarian Agrarian Chamber, the National Association of Entrepreneurs and Employers (VOSZ) and the Confederation of Hungarian Employers and Industrialists (GYOSZ). However, the third Orbán government has been strongly criticized by the Hungarian European Business Council (HEBC). Representing Hungary's most important export companies, this body has outlined an alternative economic and social program. The trade unions have also adopted a critical position toward the Orbán government. Their capacity to formulate relevant policies has benefited from the merger of three of Hungary's six trade-union federations. The new Hungarian Trade Union Confederation (MaSZSZ) held its first congress on 21 November 2014.

Association  
Competence  
(Others)  
Score: 3

The analytical capacity of non-economic interest associations has suffered from the government's control of the sector. The National Civil Fund (NCA), a body in charge of monitoring and supporting civic organizations and NGOs, was taken over by the Orbán government and transformed into the National Cooperation Fund (NEA). As this new body has financed only associations loyal to the government, independent associations have struggled with a lack of funding. However, there are some small but very important NGOs with substantial policy expertise. One of these is the Ökotárs Foundation, which is sponsored by the Norwegian Civil Fund. The Orbán government's raid on Ökotárs in September 2014 triggered massive international protests, and has broadly been seen as an attempt to intimidate civic activists.

Citation:

The Norwegian Minister, Helgesen, Vidar (2014) Hungary's journey back into past, Financial Times, 29 August 2014, <http://www.ft.com/intl/cms/s/0/2234f99a-2942-11e4-8b81-00144feabdc0.html#axzz3Bko4IFrW>.

This country report is part of the Sustainable Governance Indicators 2015 project.

© 2015 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh

Dr. Daniel Schraad-Tischler  
[daniel.schraad-tischler@bertelsmann-stiftung.de](mailto:daniel.schraad-tischler@bertelsmann-stiftung.de)

Dr. Christian Kroll  
[christian.kroll@bertelsmann-stiftung.de](mailto:christian.kroll@bertelsmann-stiftung.de)