



Hungary Report

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Sustainable Governance
Indicators 2019

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Executive Summary

Hungary has been governed by Prime Minister Viktor Orbán and his Fidesz party since 2010. In the parliamentary elections in April 2018, Fidesz succeeded in gaining the third two-thirds majority of seats in a row. This has given it leeway to continue what it has dubbed “systemic change.” Since 2018 at the latest, observers have been speaking of an “Orbán era” in Hungarian history, comparable in the breadth and depth of changes only to the Horthy and Kádár eras.

Since Fidesz’s election victory in 2010, almost all checks and balances have been gradually destroyed. The 2018 elections were free, but blatantly unfair. The incumbent Fidesz government has benefited from its far-reaching control over the media. The combination of decreased registration requirements and generous public funding for candidates and party lists, introduced before the 2014 elections, led to the desired surge in candidacies which confounded voters and weakened the opposition. As in the case of the 2014 elections, the unequal treatment of Hungarians with dual citizenship in neighboring countries and Hungarian citizens working abroad gave Fidesz a considerable advantage. Moreover, the financial gap between Fidesz and the opposition was large, as Fidesz could count on lavish support by enterprises owned by the state or oligarchs close to Fidesz and benefited from the overlap between party and government campaigns and activities, as well as from the instrumentalization of the State Audit Office (ÁSZ) which launched investigations of Jobbik and other opposition parties. Since the 2018 elections, the quality of democracy has further declined. After Lajos Simicska, an enigmatic oligarch who had fallen out with Orbán in 2015, left the country following the 2018 elections and dispensed with his media empire, media concentration has advanced in favor of the Fidesz media empire, thereby further undermining media freedom and pluralism. The “Stop Soros” legislation and the 7th amendment of the constitution, both adopted in June 2018, have formalized the attack on political liberties. Both have contained a criminalization of activities connected to immigration or assisting refugees. Beyond this, a new principle of privacy protection has been introduced that is aimed at protecting politicians against criticism, whistleblowing and investigative journalism. Finally, assembly rights have been restricted as public protests and mass gatherings that could disturb the “privacy of people” (e.g., demonstrations close to the private houses of politicians) are not

allowed. The 7th amendment has also further limited the independence of the judiciary by narrowing the sources of interpretation available to justices. This involves making the reasoning of the proponents of a legal regulation a primary consideration in terms of interpretation. Moreover, it has paved the ground for the creation of a separate administrative court system that is intended to subject the state's actions to judicial review but, in practice, will instead be subject to strong government control. Finally, the Orbán government has intensified its culture war since the 2018 elections and has removed the remaining leftist and liberal actors from their positions in cultural institutions.

While the Hungarian economy recorded strong GDP growth in 2017 and 2018, economic policy has remained subject to power politics and state capture by the “(royal) court” (udvar) around Orbán. An increasing “re-nationalization” of the economy has gone hand in hand with a “re-feudalization” of public procurement. An openly aggressive, predatory politico-business elite has privatized the market economy and the state by grabbing huge fortunes. As a result, the new oligarchs are now richer than the richest Hungarians were in the Austro-Hungarian monarchy and in the Horthy era. In the run-up to the 2018 elections, Hungary's fiscal policy turned pro-cyclical in 2017 and 2018. Despite the strong economic growth and buoyant tax revenues, the general government fiscal deficit rose from 1.6% of GDP to almost 2.5% in 2018, one of the highest in the European Union. Since the 2018 elections, the government has sought to strengthen R&I, which had been neglected for a long time, by increasing spending and by initiating a reorganization of higher education and the public research sector. However, the hands-on-approach of László Palkovics, the head of the newly created Ministry of Innovation and Technology (ITM), is likely to weaken rather than strengthen research and innovation.

The creation of the ITM has been part of a more comprehensive reshuffling of the Hungarian cabinet in the wake of the 2018 elections. Only three ministries have kept their previous function and minister. What has not changed, however, has been the strong centralization of policymaking in the hands of Orbán and his clique. This centralization has made quick and radical decisions possible but has also created bottlenecks. If the prime minister has not been available or ready or able to decide, issues have remained in the air without any decision being made. The fact that the Orbán government has largely ignored independent expertise and refrained from engaging in any substantial consultation has resulted in poor decisions being made and frequent policy changes.

Key Challenges

The 2018 elections have given Prime Minister Orbán and his Fidesz government a further boost. For the prime minister, the election victory shows that Fidesz represents a true “Christian democracy” (a notion that has replaced its controversial predecessor “illiberal democracy”) that both deserves and can play a stronger role in the EU. Since the elections, the Fidesz government has further strengthened its position by extending its already strong control over the media and the judiciary. However, it’s not clear whether Orbán considers the current rules of the game sufficient for safeguarding Fidesz rule.

While the government’s short-term position looks strong, some challenges can be identified. To start with, popular support for the Orbán government might not be so solid as it looks. In a Eurobarometer survey in April 2018, the month in which Fidesz gained its third supermajority, 67% of Hungarians stated that new political parties and movements might find new solutions better than those of the political establishment, and the same percentage of respondents supported the idea that Hungary needs a real change. This suggests that the opposition parties failed to beat Orbán not only because of the obstacles erected by the government, but also because they lack charismatic leaders and inspiration.

While many Western observers remain puzzled over the causes of the “Eastern crisis,” the European Parliament’s request in September 2018 that the EU determine whether Hungary has violated Article 7 of the EU Treaty, along with increasing calls to exclude Fidesz from the European People’s Party (EPP) group in the European Parliament show that that the EU and major European countries are no longer willing to stand by as pure spectators. However, the EU and EPP clearly have little leverage in this regard. Orbán’s furious reactions to the Sargentini report and Fidesz’s activities in the EPP before the 2019 European Parliament elections nevertheless suggest that external pressure might exert a certain disciplinary effect on the Hungarian government.

What makes the Fidesz government most fragile, however, is its strong dependence on the prime minister. The fact that three key political figures of the third Orbán government – János Lázár, the head of the Prime Minister’s Office, Zoltán Balog, the minister of human resources, and Miklós Seszták, the minister of national development – lost their positions after the 2018 elections, suggests a growing sense of paranoia on the part of Orbán that

results in efforts to further centralize its control. Orbán does not receive any meaningful feedback and information from his “royal court,” which means his decisions are increasingly detached from reality. Since the elections, the new oligarchs have begun to demonstrate just how much wealth they have amassed in a more or less openly and provocative manner. It remains unclear how Hungarian society, including those who support the regime, will respond to this development. For now, not many Hungarians seem to feel provoked, though this can easily change. Support for the government might also suffer from an economic slowdown. With the EU transfers set to decline, Hungary’s growth model is reaching its limits, and it seems questionable that the government’s recent attempts at strengthening and restructuring the R&I sector will be enough to put economic growth on a new and more sustainable footing.

Citation:

European Parliament (2018): Democracy on the Move: European Elections – One Year to Go. Eurobarometer Survey 89.2 of the European Parliament A Public Opinion Monitoring Study. Strasbourg (http://www.europarl.europa.eu/pdf/eurobarometre/2018/oneyearbefore2019/eb89_one_year_before_2019_eurobarometer_en_opt.pdf).

European Parliament (2018): Report on a proposal calling on the Council to determine, pursuant to Article 7(1) of the Treaty on European Union, the existence of a clear risk of a serious breach by Hungary of the values on which the Union is founded (“Sargentini-Report”). A8-0250/2018, Strasbourg (http://www.europarl.europa.eu/doceo/document/A-8-2018-0250_EN.pdf).

Party Polarization

Party polarization was already prevalent in 2010 when Fidesz gained its first supermajority. Since then, the Orbán governments have unilaterally launched many radical changes in institutions and policies without involving the other parties or social organizations. As checks and balances have been destroyed and formerly independent institutions conquered, a quasi one-party state with some democratic formalities has emerged. As a result of these unilateral changes, party polarization is complete. The only conceivable cross-party agreement is Fidesz trying to infiltrate an opposition party – Jobbik or LMP – if the Fidesz supermajority proves unsustainable. Given Fidesz’s supermajority in parliament and the lack of any remaining checks and balances, party polarization in Hungary is no obstacle to policymaking, but to democracy. (Score: 3)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 4

Real GDP has grown by more than 4% in 2017 and 2018. However, the strong growth is not sustainable, as Hungary has not followed the big innovative – industrial and digital – “revolutions” in the world. Instead, growth has been primarily based on a high level of EU transfers which will drastically decrease with the new EU financial framework. Moreover, economic policy has been subordinated to power politics and state capture by the “royal court” around Orbán. In 2018, Lőrinc Mészáros, a close friend of Prime Minister Orbán, seems to have purchased a new firm or won a new project in public procurement almost every day. The new wave of FDI by the German carmaker BMW in Hungary has been directed to Debrecen, a Fidesz stronghold under the absolute control of Lajos Kósa, a key figure in the party. Another case in point is the concentration of banks in the hands of pro-government oligarchs. After purchasing foreign-owned banks, the government has privatized them to its friends in nontransparent ways. With new mergers ahead, there is a danger of a financial collapse due to the cross ownership and lack of transparency in the banking sector. Because of the presence of state capture and the lack of legal certainty, Hungary normally ranks last in business environment rankings for the Visegrád countries.

In the new Orbán government, the Hungarian National Bank (MNB) has become the center of decision-making in Hungarian economic policy and other areas when it comes to general strategy-making. The latest Competitiveness Report by the MNB – written in 2017 and rewritten in 2018, after the elections, is a summary of the Orbán government’s economic policy, or in practice, the main strategic tool in safeguarding the consolidation of the Orbán regime. György Matolcsy, the governor of MNB, is the strong man of the “royal court” around Orbán, accompanied by László Palkovics, the new minister of the Innovation and Technology Ministry (ITM). They have

recently elaborated a model of authoritarian modernization that involve making major changes to the budget's structure.

Citation:

European Commission (2019): Country Report Hungary 2019. SWD(2019) 1016 final, Brussels (<https://ec.europa.eu/info/sites/info/files/2019-european-semester-country-report-hungary-en.pdf>).

Labor Markets

Labor Market
Policy
Score: 4

Recorded unemployment has declined significantly since the resumption of economic growth in 2013. However, low unemployment has largely been achieved by controversial public-works programs and an increase in the number of Hungarians working abroad. The public-works programs have provided “workfare” rather than “welfare” and have seldom resulted in the integration into the first labor market. Participants perform unskilled work under precarious conditions and for very modest remuneration. The main beneficiaries of the program have been local mayors who are provided with access to cheap labor to perform communal work. The number of Hungarians working abroad is estimated at 600,000, many of them highly educated and skilled. The resulting brain drain has become a major obstacle to the acquisition of FDI and to economic development in general. The salary boom in the first labor market during the last years has been driven by the lack of qualified labor, arguably the main current challenge to labor market policy, and the resulting increase in competition among companies to find a qualified workforce. Approximately 80,000 open jobs are waiting for employees. The government's “coming home” programs have so far failed to turn the tables. A new idea is to turn Corvinus University into a top international university attracting Hungarians working abroad and international scholars by paying them internationally competitive salaries.

Citation:

Vidra, Z. (2018): Hungary's punitive turn: The shift from welfare to workfare, in: *Communist and Post-Communist Studies* 51(1): 73-80.

Taxes

Tax Policy
Score: 4

Hungary's tax system has become less equitable under the Orbán governments, as the tax burden has shifted from direct to indirect taxes. While the government adopted substantial tax reductions in 2016 and 2017, the tax-to-GDP ratio is still above the level of regional peers, and the tax wedge remains one of the highest in the EU. With the introduction of the lowest corporate income tax rate in the EU (9%) in 2017, the tax burden especially on larger companies has substantially decreased. However, companies still

struggle with frequent changes in taxation and a complex tax regime, including the high sectoral taxes. Moreover, tax policy and tax administration have been instrumentalized to favor oligarchs close to Fidesz and to punish outsiders. The classification of businesses as “reliable,” “average” or “risky” by the National Tax and Customs Authority (NAV) combined with the promise of preferences for “reliable” taxpayers, has smacked of favoritism. So has the government’s attempt to induce companies to contribute to sport organizations by granting them tax deductions (“tao”), but also secrecy and a special taxpayer status. The government has even used taxation as a political weapon in weakening civil society. As part of its 2018 measures to criminalize aid and support to migrants and asylum-seekers, it introduced a special 25% tax on organizations assisting refugees.

Citation:

European Commission (2019): Country Report Hungary 2019. SWD(2019) 1016 final. Brussels, 17-18 (https://ec.europa.eu/info/publications/2019-european-semester-country-report-hungary_en.pdf).

Budgets

Budgetary Policy
Score: 5

In the run-up to the 2018 elections, Hungary’s fiscal policy has turned procyclical in 2017 and 2018. Despite the strong economic growth and buoyant tax revenues, the general government fiscal deficit rose from 1.6 % of GDP to almost 2.5% in 2018, and only a moderate improvement is projected in the next years. In 2018, Hungary’s fiscal deficit was one of the highest in the European Union, and public debt has also remained high for Hungary’s level of development. The structural deficit rose by 2 percentage points of GDP between 2016 and 2018. Against this background, the Council of the EU launched a significant deviation procedure addressed to Hungary in June 2018. The Orbán government’s fiscal policy has also been criticized for its lack of transparency. Budgets are being passed already in May or June, when important information about the coming year is not yet available. Eurostat has continued to criticize the official Hungarian data on the public debt for not including some relevant transactions, most notably those by the state-owned Eximbank and the various foundations of the Hungarian National Bank.

Citation:

European Commission (2019): Country Report Hungary 2019. SWD(2019) 1016 final. Brussels, 10, 39-40 (https://ec.europa.eu/info/publications/2019-european-semester-country-report-hungary_en.pdf).

Research, Innovation and Infrastructure

R&I Policy
Score: 4

After years of neglect, research and innovation policy has become a cornerstone of the technocratic modernization project of the fourth Orbán

government. The 2019 budget provides for a substantial increase in public R&D spending which, for several years, was among the lowest in the EU. At the same time, the centralization of research and innovation policy that set in under the second government dramatically increased. By intensifying the control and colonization of scientific research and higher education, the government has sought to capture one of the remaining autonomous social sectors. After the 2018 elections, the government established a National Council for Science policy, whose president and members are appointed by the government, and set up a new Innovation and Technology Ministry (ITM). The 2019 budget shifted large parts of the Hungarian Academy of Sciences' (MTA) budget to the ITM. In September, a government decree further enlarged the ITM's competences by also granting the ministry the control over the bulk of the universities' research budgets. The ITM has announced plans to restructure the MTA's research institutes and to liquidate some of them, including the prestigious Institute of Economics. The All European Academies (ALLEA) organization has protested – in vain – against this serious constraint on research freedoms.

Citation:

ALLEA (= All European Academies) (2018): Statement on the inappropriate political infringement on academic curricula in Hungary, Berlin (<https://www.allea.org/allea-publishes-statement-on-the-inappropriate-political-infringement-on-academic-curricula-in-hungary/>).

Global Financial System

Stabilizing
Global Financial
System
Score: 4

Being neither a member of the euro group nor a big lender, Hungary's role in international financial markets is limited. The Orbán government has recently emphasized its commitment to euro zone membership, although it is not clear whether this reflects genuine political will or is merely rhetoric. As the country is on its way to meeting the Maastricht criteria, an introduction of the euro seems possible.

II. Social Policies

Education

Education Policy
Score: 3

Since the second Orbán government assumed office in 2010, the education system has undergone major changes. Spending has been cut, competencies and monitoring duties have been centralized, private and religious schools have been strengthened, and secondary education has been restructured with a view to strengthening vocational education. While the quality of public

education has declined, the children of the “royal court” have attended horrifically expensive private schools that remain out of the financial reach of average citizens.

The government’s efforts to exercise control over universities has proceeded over a series of several steps. Under the second Orbán government, the University of Public Service (Nemzeti Közzolgálati Egyetem, NKE) was established and tasked with controlling public administration and, to some extent, legal education. In addition, the government appointed “chancellors” in all universities. The third Orbán government passed a new act on higher education in April 2017 that targeted the Central European University (CEU), the most prestigious institute of higher education in Hungary, in an effort to force it out of the country. Massive protests both inside and outside Hungary, including threats of an infringement procedure on behalf of the EU, led the government to amend the act in October 2017, without really giving up on its goal of disturbing the work of the CEU. Under the fourth Orbán government, government control over the higher education sector has continued with the transfer of the prestigious Corvinus University from the Ministry of Human Resources (which is the successor to the Ministry of Education), to the newly created Ministry of Innovation and Technology. The goal here is to transform Corvinus University into a “private” university for a new business elite that is loyal to the government. The privatization of higher education has also been favored by the establishment of a new system of “private” universities with a clear pro-government profile that derives its resources from various foundations established by the Hungarian National Bank (e.g., Neumann János University in Kecskemét). So far, the Orbán government’s impact on universities has had a negative effect on teaching and research quality and on Hungarian higher education’s international reputation.

Social Inclusion

Social Inclusion
Policy
Score: 4

The basic social message of the Orbán governments has always been that they would fight for upward mobility of “hard working people” in Hungarian society, representing the interests of both the middle class and low-income earners. However, despite some economic recovery since 2013, both the impoverishment of people in the lower income deciles and the weakening of the middle classes have continued. Ranking 35 out of 38, Hungary trails behind in the OECD’s Life Satisfaction Index, and only one-third of Hungarian society can achieve a way of life similar to that in the developed EU countries. There are also strong regional disparities in terms of social inclusion, with big islands of poverty prevailing in Eastern Hungary, and a growing segregation of the Roma population. The wage gap between men and women in comparison to other OECD countries is still extremely high.

Citation:

OECD, Better Life Index (<http://www.oecdbetterlifeindex.org/topics/life-satisfaction/>).

Szikra, D. (2018): Welfare for the Wealthy: The Social Policy of the Orbán-regime, 2010-2017. Budapest: Freidrich-Ebert Foundation (<http://library.fes.de/pdf-files/bueros/budapest/14209.pdf>).

Health

Health Policy
Score: 3

Health care has been one of the most conflict-ridden policy field in Hungary. A continuing series of scandals have made this issue a major Fidesz policy weakness and a subject of large-scale public protest. Health care has suffered from the absence of a ministry tasked with addressing health care issues and from a limited health care budget, which is one of the lowest in the OECD with spending per capita at around 50% of the EU average. The Orbán governments have 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 and nurses to other countries. Good quality services are available in the private sector, but only for a small share of society. Despite some reform announcements in the campaign to the 2018 elections, health care has remained a low priority issue for the new Orbán government. Anikó Nagy, the new State Secretary for Health resigned already in early October, after less than five months in office.

Families

Family Policy
Score: 5

Family policy has always been a rhetorical focus for the Orbán governments. In the context of the government's campaign against refugees, it has attached even greater importance to family policy. The government has repeatedly stressed its view that the ongoing decline in population must be tackled not by immigration, but by increasing birth rates in the country and has declared this to be a major political goal. In institutional terms, family policy has been strengthened by the creation of a cabinet committee on family affairs that is chaired by the minister of human capacities (EMMI). After the April 2018 elections, the government further intensified its pro-family rhetoric. Prime Minister Orbán, having referred to a "demographic focus" of the fourth Orbán government, announced a "deal with the Hungarian women" that is intended to stop the declining numbers of Hungarians. In November 2018, the eighth "national consultation" dealt with support for families. The first of the ten questions posed reveals the essence of the government's propaganda campaign. It asked whether the problem of the decreasing population should be solved by immigration or by supporting families that have more children.

Since 2016, the Orbán government's family policy has gone beyond measures to raise family assistance and other social benefits for families. However, the expansion of childcare facilities announced by the government several times has progressed slowly.

Pensions

Pension Policy
Score: 4

Hungary introduced a three-pillar pension system along World Bank guidelines in 1997 that featured a strong mandatory, fully funded second pillar. Upon coming to office, the second Orbán government abolished this second pillar and confiscated its assets. It also shifted disability pensions to the social assistance scheme, eliminated some early-retirement options and did not reverse the shift from Swiss indexation (which adjusts outstanding pensions by the average of the price and wage indices) to price indexation, as it had been introduced by the previous government in the context of the great recession. As a result, pensioners have not benefited from the strong recent growth in wages. These changes have improved the financial sustainability of the first pension pillar but have also increased poverty among pensioners. The Orbán governments have failed to address this issue. The main reform project of the third Orbán government was the monstrous merger of the Pension Insurance Fund (Országos Nyugdíjbiztosítási Főigazgatóság, ONYF) and part of the National Health Insurance Fund (Országos Egészségbiztosítási Pénztár, OEP). In a populist move in the electoral campaign in 2018, the government sent vouchers worth HUF 10,000 (€3) to all pensioners.

Integration

Integration Policy
Score: 3

The refugee crisis has proven that Hungary is still primarily a transit country with only a small number of migrants who want to stay in the country. The fragile economic situation, low wages, a difficult language and a government-orchestrated xenophobic public climate are deterrents. The Orbán government has fiercely refused the integration of non-Europeans and non-Christians as a lethal danger to Hungarian national culture and identity. The Orbán government's tough stance on refugees contrasts with the government's generous Hungarian Investment Immigration Program. In this framework, non-EU citizens can get Hungarian passports for investing in the country. So far, the government has collected €403 million from these residency bonds issued for twenty thousand persons, many of them from China and Russia. This business has been organized by the Antal Rogán, the head of prime minister's cabinet office, and managed by Fidesz close offshore companies accumulating a large amount of private profit from this business. Because of protest against this nontransparent scheme, the business was allegedly suspended, but still seems to be going on in some ways.

Citation:
 Helpers HU (2018): Hungarian Investment Immigration Program. Budapest (<https://helpers.hu/services/immigration/investment-program/>).

Safe Living

Internal Security
 Policy
 Score: 6

In Hungary, regular crime is largely within normal limits. Budapest is a rather safe capital city and the crime incident rate in the country remains relatively low. According to the Hungarian Statistical Office, the number of committed crimes fell significantly from 290,779 in 2016 to 226,452 in 2017 (Hungarian Statistical Office 2019) and is now at the level observed in 1989. However, public trust in the police has remained low, and 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

Global Inequalities

Global Social
 Policy
 Score: 3

Hungary pays only relatively little policy attention to developing countries. The Orbán government adopted a strategy for international development cooperation and humanitarian aid for the period 2014-2020 in March 2014. Hungary's development cooperation focuses on countries which have a large Hungarian minority and strong trade links with Hungary (Serbia, Ukraine) or in which Hungary has been militarily involved (Afghanistan). About 80% of all funds go to Serbia and Ukraine. Hungary's net ODA has fallen short of the official EU and OECD targets and has further declined relative to GDP in recent years.

Citation:
 OECD (2017): Development Co-operation Peer Review Hungary 2017. Paris (<http://dx.doi.org/10.1787/dcr-2017-24-en>).

III. Environmental Policies

Environment

Environmental
 Policy
 Score: 5

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 EU continues to serve as an important driver

of policy action. However, environmental policy has suffered from a lack of commitment and institutional fragmentation. Ever since the second Orbán government, no separate Ministry of Environmental Policy has existed. Environmental issues have largely been dealt with by the Ministry of Agriculture, in a department. Here a large number of employees were fired in 2018, a fact heavily criticized by Greenpeace. However, water management has rested with the Ministry of the Interior, and, the subnational environment authorities have become part of the newly created government offices at the county level. Due to the low importance attached to the protection of the environment, problems such as the frequent contamination of drinking water resources and the mismanagement of garbage sites poisoning the environment have grown. The megalomaniac construction activities of the government have led to a serious “deforestation” in Budapest, as hundreds of big trees in many parts of the capital have been cut. Especially in the field of air pollution (particulate matter emissions) there is little if no progress. The extension of the Paks nuclear power plant has been one of the biggest bones of contention between the government and the opposition, since the Danube may not be sufficient in cooling the hot water produced by Paks-2.

Citation:
OECD (2018): Environmental Performance Review: Hungary. Paris
(<https://www.oecd.org/publications/hungary-2018-9789264298613-en.htm>).

Global Environmental Protection

Global
Environmental
Policy
Score: 5

Issues of global environmental protection do not feature very prominently in Hungary. The Orbán government has stressed its commitment to the EU’s environmental policy but has not been a driving force. The controversial extension of the Paks nuclear power plant will help reduce carbon-dioxide emissions but has raised other environmental issues such as the storage of nuclear waste. Moreover, it has prompted conflicts with neighboring countries.

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. The combination of decreased registration requirements and generous public funding for candidates and party lists has favored a surge in candidacies, with the evident aim of confounding voters and weakening the opposition. Right before the 2018 parliamentary elections there were about two hundred registered parties. Because individuals can sign up for several parties, many parties succeeded in collecting enough signatures to appear on the ballot. In some cases, the list of signatures for one party was simply copied by another. As a result, the party list was intransparent for many citizens, even more so as the names of some of the pseudo or fake parties were similar to those of opposition parties. Similarly, many candidates running in relatively big numbers in single member districts just picked up the money and disturbed the voters on the opposition side by causing uncertainty. Election commissions at both the central and constituency level largely failed to address cases of alleged signature fraud. While the votes for phantom parties cannot account for Fidesz's victory as such, the presence of phantom parties may have been critical to Fidesz being able to regain a two-thirds majority.

Citation:

OSCE/ODIHR (2018): Hungary – Parliamentary Elections, 8 April 2018. Limited Election Observation Mission Final Report. Warsaw, 10-12
(<https://www.osce.org/odihr/elections/hungary/385959?download=true>).

Media Access
Score: 2

In the 2018 election campaign, media access was highly uneven. The Orbán government ignored the existing formal duties for balanced coverage and made strong use of its control over the public and private media. After the failed anti-refugee referendum in 2016, the Orbán government also radically rearranged the advertisement market by handing over the control of billboards to pro-government companies and subnational governments. The opposition had some access to the public via the media empire of Lajos Simicska, an enigmatic oligarch that fell out of favor with Orbán in 2015 and supported Jobbik in the 2018 election campaign.

Voting and
Registration
Rights
Score: 3

Registration and voting procedures for the parliamentary elections in Hungary have been heavily tilted in favor of the governing Fidesz party. The single most important problem has been the unequal treatment of three groups of eligible voters: (1) Hungarians living in Hungary, (2) Hungarians with dual citizenship in neighboring countries and (3) Hungarian citizens working abroad. While the first group can vote without registration, the others have to register beforehand through a complicated procedure. Hungarians living abroad and in possession of dual citizenship – who usually demonstrate a strong political affinity for Fidesz – can vote by mail. In contrast, Hungarian citizens working abroad, who are often opposed to the Orbán government can vote only at diplomatic missions which, often far away and easily challenged by possible high turnouts. These biased procedures gave a big advantage to Fidesz both in the 2014 and 2018 elections and contributed to its victories

Citation:

OSCE/ODIHR (2018): Hungary – Parliamentary Elections, 8 April 2018. Limited Election Observation Mission Final Report. Warsaw, 9-10(<https://www.osce.org/odihr/elections/hungary/385959?download=true>).

Party Financing
Score: 3

The Orbán government has kept the public financing of bigger, parliamentary parties low. An amendment of the law on party financing in 2013, shifted funds toward individual candidates and smaller parties, thus contributing to the large number of candidates in the 2014 and 2018 parliamentary elections. While it has become easier for small parties to enter the political arena, the political landscape has got more fragmented, to the detriment of bigger opposition parties. The financial gap between Fidesz and the opposition has been large. With membership declining, the non-governing parties have lost revenues from membership fees and have become dependent on rich donors. While Jobbik has benefited from the support by Simicska, the time of tycoons with leftist leanings has passed. Even more importantly, Fidesz has been able to circumvent the restrictions on campaign spending by involving formally independent civic associations and by blurring the boundaries between itself and government campaigns. The government also succeeded in weakening opposition parties by punishing them for alleged financial irregularities. For example, in December 2017, the ÁSZ, the state audit office, pushed Jobbik, its main contender, to the wall by imposing a fine of HUF 600 million. Some other opposition parties were concerned, too, and there was no opportunity to appeal the ÁSZ decisions, which left all opposition parties with limited financial resources for their election campaigns.

Citation:

OSCE/ODIHR (2018): Hungary – Parliamentary Elections, 8 April 2018. Limited Election Observation Mission Final Report. Warsaw, 15-17 (<https://www.osce.org/odihr/elections/hungary/385959?download=true>).

Popular Decision-
Making
Score: 5

The 2011 constitution has 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 to a 50% participation threshold. For the weak and fragmented opposition, referendums could have become the most important means of mobilizing support and expressing dissent. A case in point is the successful mobilization for a municipal referendum in Budapest against the 2024 Olympic Summer Games. In January 2017, a group of young activists organized a movement called Momentum and launched a campaign against the unpopular Olympic Games, a prestige project of the Orbán government. All opposition parties joined the “NOLimpia” campaign and Momentum succeeded in collecting 266.000 signatures in a short period of time, much more than needed to have a referendum. Realizing the resistance of the citizens, the Orbán government withdrew its bid for the games in February 2017. Inspired by this success, proposals for referendums have become a fashionable instrument for the opposition. However, all initiatives have been refused by the government-controlled National Election Committee (NVB), which enjoys considerable discretion in deciding whether the issues are eligible for a referendum or not. At the same time; the government has continued in carrying out its annual “national consultations,” fake referendums that are based on letters to citizens with misleading and manipulated questions.

Access to Information

Media Freedom
Score: 2

In Hungary, media freedom exists only on paper, since more than 90% of media are controlled by the government, either directly, as in the case of the public media, or indirectly, as in the case of private media owned by Fidesz oligarchs. The highly controversial media laws in 2010/11 have effectively involved a “media capture” by the state since they have strengthened government control over the media by vesting a Media Council (staffed entirely by Fidesz associates) with media-content oversight powers and the right to grant broadcasting licenses. Since then, media freedom has been further restricted by the takeover of formerly independent media by oligarchs close to Fidesz, supported through the strategic allocation of government advertisements. Fidesz oligarchs now control all regional dailies, which still have a large readership, and almost all local radio stations. The situation with weeklies is not as bad, but their readership is limited to the elite of the country. Moreover, society is vulnerable to disinformation campaigns and fake news. In recent years, the Hungarian media has been penetrated by around 100 locally operated, Russia-linked disinformation sites, which have supported the Fidesz agenda.

Since the 2018 elections, Fidesz has completed its media capture through the liquidation of Simicska media. The government has also brought about radical changes in pro-government media, which includes a reorganization of media outlets that are close to or owned by Fidesz. This involves disciplining employees and bringing in new editors to outlets such as *Kommentár* (monthly) and *Mandiner* (online). There has been a big scandal surrounding Fidesz's first and most prestigious media outlet, the monthly *Századvég*, which was launched in the late 1980s. Because the fall 2018 Issue of *Századvég* contained critical papers about the government's economic policy, it was destroyed, and the editors dismissed. The government has also announced plans to merge all Fidesz papers into one company (Media Fundamentum) in order to exercise better control over them.

Media Pluralism
Score: 3

Since the second Orbán government assumed office in 2010, 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 companies close to Fidesz. This process continued after the parliamentary elections in April 2018 when Lajos Simicska, an enigmatic oligarch who had fallen out with Orbán in 2015, left the country and dispensed with his media empire. He closed down the daily *Magyar Nemzet*, the radio station *Lánchíd Radio* and the weekly *Heti Válasz*, and sold the news channel *Hír TV*, the most popular rightwing-conservative TV station. There are still some independent media, but they work under very difficult financial and political circumstances and reach only 10% of the overall population. *Klubrádió*, the one and only independent radio station, is on air only in Budapest. *Népszava*, the only national-wide independent daily, has a small circulation. It has been kept alive by government ads in order to serve as a fig leaf. The remaining independent weeklies (*hvg*, *Magyar Narancs* and *168 óra*) address predominantly highly educated urban readers. The internet as a source of information away from state-influenced media has become more and more important. But even free information via the internet is increasingly under threat as bots seek to influence the discourse with fake news and defamation campaigns on behalf of the government.

Access to
Government
Information
Score: 4

While existing law provides for far-reaching access to government information, the government has made it difficult for the public and the media to obtain information, especially on issues relating to public procurement by referring to business secrets. Under the Orbán governments there has been a constant fight between the government and the democratic opposition over access to government data and documents, often fought at the courts. Professional NGOs – notably Transparency International Hungary, the Hungarian Civil Liberties Union (TASZ) and the “Átlátszó” (Transparent) website – have worked intensively to claim government information through the courts, and independent media organizations (websites such as *hvg.hu*, *444.hu* and *index.hu*) have regularly published categorized government

information. Providing day-to-day information on fake government deals (“mutyi-mondó”) has become a new feature of the opposition online media. As a reaction, the government has tried to raise fees substantially for processing public documents.

Civil Rights and Political Liberties

Civil Rights
Score: 4

The Orbán governments have formally respected civil rights. However, the rule of law has suffered from the government’s politicization of the courts, its failure to protect Roma and other minorities from harassment and hate speech, and its attempts to criminalize the (former) left-wing elite. The Prosecutor General has acted as a shield protecting Fidesz affiliates and initiating fake legal processes against opposition actors, damaging their economic situation and private life. In the context of the EU refugee crisis, the Orbán government adopted emergency legislation that has raised fears of an emerging police state both inside and outside Hungary. The forced detention for all asylum-seekers introduced in March 2017 prompted harsh criticism by the international community. So had the government’s new legislation on NGOs adopted in June 2017 which obliges all NGOs receiving more than 7.2 million HUF (around Euro 24.000) annually from abroad to register with the courts and to present themselves to the public as “foreign-funded NGOs.” Like the Russian “foreign agent” legislation, it has especially aimed at stigmatizing those organization and activists which get resources from the international networks to protect civil rights, including Amnesty International or the Red Cross.

Political Liberties
Score: 3

The Orbán governments have shown little respect for political liberties. They have harassed NGOs and have used “soft violence” against demonstrators at public or political events by relying on aggressively acting “private” security services (e.g., Valton Security). In Putin style, Orbán and other Fidesz leaders have defamed opposition activists as traitors to the Hungarian nation and as foreign agents paid by George Soros. During the period under review, a tough campaign involving threats and intimidation was waged against Hungarian members of the European Parliament and others who have expressed support of the Sargentini Report. The “Stop Soros” legislation and the 7th amendment of the constitution, both adopted in June 2018, have formalized the attack on political liberties. Both have contained a criminalization of activities connected to immigration or assisting refugees. Beyond this, the government has introduced a new privacy protection principle aimed at protecting politicians from criticism, whistleblowing and investigative journalism. Finally, assembly rights have been restricted by not allowing public protests and mass gatherings that could disturb the “privacy of people,” in other words, demonstrations that are held close to the politicians’ private homes.

Citation:

Amnesty International (2018): Hungary: New Laws That Violate Human Rights, Threaten Civil Society and

Undermine the Rule of Law Should be Shelved. London (<https://www.amnesty.org/en/documents/eur27/8633/2018/en/>).

European Parliament (2018): Report on a proposal calling on the Council to determine, pursuant to Article 7(1) of the Treaty on European Union, the existence of a clear risk of a serious breach by Hungary of the values on which the Union is founded (“Sargentini-Report”). A8-0250/2018, Strasbourg (http://www.europarl.europa.eu/doceo/document/A-8-2018-0250_EN.pdf).

Hungarian Civil Liberties Union (2018): Summary of the Hungarian Civil Liberties Union’s analysis of the new bill on the Right to Assembly, July 24, Budapest (<https://hclu.hu/en/articles/summary-of-the-hungarian-civil-liberties-unions-analysis-of-the-new-bill-on-the-right-to-assembly>).

Non-discrimination
Score: 4

Hungary has a comprehensive anti-discrimination legal framework in place, but in practice, little is done to enforce it. Fidesz’s traditional family concept corresponds with strong discrimination against women in the areas of employment, career and pay. Tellingly, there is only one female minister in the fourth Orbán government. The failure is even greater regarding the Roma minority. By trying to create a separate school system, the Orbán government has aggravated the segregation in education. The government has also continued its hate campaign against Muslims and refugees. As a result, xenophobia has grown among Hungarians, with a spillover to all kinds of minorities, including Jews, since the government’s aggressive campaign against George Soros invoked anti-Semitic stereotypes.

Citation:

European Commission (2018): Civil society monitoring report on implementation of the national Roma integration strategies. Brussels (<https://cps.ceu.edu/sites/cps.ceu.edu/files/attachment/basicpage/3034/rcm-civil-society-monitoring-report-1-hungary-2017.pdf>).

Rule of Law

Legal Certainty
Score: 3

As the Orbán governments have taken a voluntarist approach toward lawmaking, legal certainty has strongly suffered from chaotic, rapidly changing legislation. The hasty legislative process has regularly violated the Act on Legislation, which calls for a process of social consultation if the government presents a draft law. Legal certainty will be further weakened by the planned establishment of administrative courts, a new branch of the judiciary that is entirely under governmental control. As a result, Hungary is not characterized by the rule of law, but by rule by law.

Judicial Review
Score: 4

The independence of the Hungarian judiciary has drastically declined under the Orbán governments, and the impact of the fourth Orbán government will probably limit it even further. While the lower courts in most cases still take independent decisions, the Constitutional Court, the Kúria (Curia, previously the Supreme Court) and the National Office of the Judiciary (OBH) have increasingly come under government control and have often been criticized for taking biased decisions. The same goes for Péter Polt, the Chief Public

Prosecutor and a former Fidesz politician, who has persistently refrained from investigating the corrupt practices of prominent Fidesz oligarchs. The Alliance of Hungarian Judges (Magyar Bírói Egyesület) has repeatedly criticized President of National Judiciary Office (OBH) Tünde Handó who has no formal power to promote judges to a higher position but has in fact used her position to influence decisions. As a result of the declining independence and quality of the Hungarian judiciary, more and more court proceedings have ended up at the European Court of Human Rights (ECHR) in Strasbourg. Hungary is among the countries generating the most cases, and the Hungarian state often loses these lawsuits.

After the 2018 elections, the government launched a new round of judicial reforms. In June 2018, Prime Minister Orbán announced a long series of basic amendments to be made to the Fundamental Law, the Hungarian constitution, that have been prepared by a new constitutional committee. The first step was taken with the 7th constitutional amendment passed by parliament in June 2018. It has narrowed the sources of interpretation available to justices by making the reasoning of the proponents of a legal regulation a primary consideration in terms of interpretation. Moreover, it has paved the way for the creation of a separate administrative court system which is supposed to monitor state activity, but is under strong government control.

Appointment of
Justices
Score: 2

The 2012 constitution left the rules for selecting members of the Constitutional Court untouched. Its justices are still elected by parliament with a two-thirds majority. The second Fidesz government (2010-2014) used its two-thirds majority to appoint loyalists to the court. The third Fidesz government initially enjoyed a two-thirds majority, but lost it during the term. It succeeded in getting the support of the opposition party Politics Can Be Different (LMP) for the nomination of four new justices in November 2016. The 2018 elections restored the government's two-thirds majority, thus restoring the Fidesz government's complete control over the appointment of the justices of the constitutional court.

Corruption
Prevention
Score: 3

Widespread corruption has been a systemic feature of the Orbán governments, with benefits and influence growing through Fidesz informal political-business networks. Members of the Fidesz elite have been involved in a number of corruption scandals, with many people accumulating substantial wealth in a short period of time, most notably Lőrinc Mészáros, István Garancsi and István Tiborcz (the son in law of Orbán). According to Forbes Hungary, Mészáros, for example, has tripled his fortune in 2017. Corruption has become so pervasive that even some senior Fidesz figures have begun openly criticizing the Fidesz elite's rapid wealth accumulation. Corruption in Hungary has to be seen through the prism of oligarchic structures and is strongly linked to public procurement, often related to investments based on EU funds and facilitated by the new public procurement law of 2012. A general problem

here is that there is comparably little competition in this field, in 36% of public procurements there has been just one contender, the second worst case in the EU. Its political power has allowed the Orbán government to keep corruption under the carpet. De-democratization and growing corruption are thus mutually reinforcing processes. As a result, the fight against corruption has largely rested with the political opposition and some independent NGOs. In addition to Transparency International Hungary and Átlátszó (Transparent), Ákos Hadházy, the former co-president of the opposition party Politics Can Be Different (LMP), has been very active and effective in investigating the corruption by the leading Fidesz politicians and oligarchs, and he has recently begun collecting signatures to join the European Public Prosecutor's Office, refused by the Hungarian government.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 3

The Orbán governments have subordinated all political actions to the goal of consolidating their power and have reacted to problems and challenges on a day-to-day basis, without reference to an over-reaching plan. The 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, Orbán promised to elaborate a long-term development strategy for the country but has failed to do so thus far. In late 2016, the government announced the adoption of the third Széll Kálman Plan, a new plan for economic development in the tradition of two strategic documents adopted in 2011 and 2012. Instead of drawing up such a plan, however, the Orbán government became increasingly preoccupied with the campaign for the parliamentary elections in April 2018 and switched to a “campaign government” modus in fall 2017. Since the 2018 elections, the government has begun preparing a long-term technocratic modernization project to be managed by the newly created Ministry for Innovation and Technology (ITM).

Expert Advice
Score: 2

The Orbán governments have shown no interest in seeking independent and knowledge-based advice and have alienated many leading experts who initially sympathized with them politically. The culture war waged by Fidesz and the growing restrictions placed on academic freedom have further intensified this alienation. Fidesz has also invested considerably in creating a network of partisan experts in fake independent institutions that can influence public opinion and has used such institutions to give a voice to government views in the international debates. There is a relatively new, pseudo-professional Institute, Center for Fundamental Rights (Alapjogokért Központ), which tries to deliver legal arguments against the criticisms voiced by EU institutions and/or Hungarian professional NGOs acting as watchdog organizations. For the politics of historical memory, Veritas Institute plays the same role. Altogether, spinning seems to have replaced advice based on facts.

Interministerial Coordination

GO Expertise
Score: 7

The Orbán governments have steadily expanded both the competencies and the resources of Prime Minister's Office (PMO). The PMO is central in policy coordination and makes sure that policies are as close in line as possible with the prime minister's policy preferences and Fidesz's ideological rhetoric. The PMO is supported by five background institutes with about 200 employees paving the ground for ideological coherence. The Veritas Institute, an institute of contemporary history, is the most important among them. Its main role is to rehabilitate the Horthy era. The usual expert bases are the Nézőpont and Századvég Institutes, both with well-paid, but strongly biased researchers. In addition to the PMO, there is the prime minister's cabinet office. Under its head Antal Rogán, it has developed into a ministry with state secretaries and undersecretaries responsible for government communication.

Line Ministries
Score: 8

Under the Orbán governments, line ministries have mostly acted as executive agencies that follow orders from above and whose activities have been subject to detailed oversight by the Prime Minister's Office (PMO). The PMO has made sure that policies are as close in line as possible with the prime minister's policy preferences and the ideological rhetoric. However, the strong coordination capacity of the PMO has also meant that it has sometimes become a bottleneck in the process of policymaking. Moreover, the co-existence of the PMO and the Cabinet Office has created unnecessary complexity.

Citation:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 442-443 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).

Cabinet
Committees
Score: 7

Given the dominant role of the PMO and the small number of ministries, cabinet committees played a much less significant role under the second and third Orbán governments than under previous governments. Whether or not the institutional changes after the 2018 elections will have an effect on the role of cabinet committees remains to be seen.

Ministerial
Bureaucracy
Score: 5

Given the relatively small number of ministries in Hungary, interministerial coordination has, to some extent, been replaced with intra-ministerial coordination, especially within the Ministry of Human Resources (EMMI), the largest superministry. In addition to policy coordination by the PMO, senior ministry officials meet in order to prepare cabinet meetings.

Informal
Coordination
Score: 10

The strong formal role of Prime Minister Orbán and his Prime Minister's Office is complemented by informal coordination mechanisms. As the power concentration has further increased in the fourth Orbán government, so has the

role of informal decision-making. Formal mechanisms only serve to legalize and implement improvised and hastily made decisions by the prime minister. Orbán travels with his personal staff and rules the country by phone calls as a “remote control” that terrifies medium-level politicians. If the prime minister is not available or not ready or able to decide, issues remain in the air without any decision being made. Orbán regularly brings together 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 decision-making possible. Given the pivotal role of the prime minister, this system encourages anticipative obedience, but also creates a bottleneck in the implementation of decisions and precludes any genuine feedback.

Digitalization for
Interministerial
Coordination
Score: 6

The second and third Orbán governments did not pay much attention to the digitalization of government activities in general and of interministerial coordination in particular. The entry of the fourth Orbán government might represent a turning point. As the government has sought to enhance the competitiveness of the Hungarian government through technical modernization, the newly created Ministry of Innovation and Technology (ITM) has set more ambitious goals with respect to digitalization.

Citation:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 455-456 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).

Evidence-based Instruments

RIA Application
Score: 4

The Orbán government amended the Act on Lawmaking (Act of CXXX of 2010) that included provisions on RIA. It established the Government Feasibility Center and assigned it to the Ministry of Justice. In practice, RIA has suffered from sluggish implementation and has been applied almost exclusively in the environmental context and/or in cases where international obligations have demanded it.

Quality of RIA
Process
Score: 2

The quality of the RIA process in Hungary has been poor. Stakeholder participation is usually lacking, since the very idea of consultation has been alien to the Orbán governments. RIA performance has rarely or only partially been made available to political actors on the special website for RIA (hatasvizsgalat.kormany.hu).

Sustainability
Check
Score: 2

The Hungarian parliament passed a National Sustainability Strategy in March 2013 and afterwards the parliament’s environmental committee was transformed into the Committee of Sustainable Development (consisting of parliamentarians) and supported by the National Sustainability Council.

However, the Sustainability Strategy and RIA processes have not yet been coordinated because sustainability checks are not an integral part of RIA.

Quality of Ex Post Evaluation
Score: 3

There is no formal framework for carrying out ex post evaluations in Hungary. Such evaluations are rarely carried out since the Orbán governments have been more interested in exercising political control than in the effectiveness of their measures.

Societal Consultation

Public Consultation
Score: 2

The Orbán governments have largely refrained from consulting with independent societal actors. Orbán has argued that the government's strong parliamentary majority has vested it with sufficient legitimacy to carry out profound changes without consulting stakeholders. Instead, the government's main means of "listening" to society and citizens has been the so-called national consultations, fake referendums based on letters to citizens with misleading and manipulated questions. While the government justifies the national consultations as evidence that it is listening to the people, their real functions are the mobilization of Fidesz voters on a permanent basis, not the least by making it possible to compose lists of those who have answered these letters. In early November 2018, the government launched the 8th national consultation focusing on the support for families.

Policy Communication

Coherent Communication
Score: 7

The government tries to maintain coherent communication by taking drastic disciplinary measures at all levels. Most Fidesz politicians avoid journalists. At public events, they do not give interviews, but confine themselves to reading out texts written by the Cabinet Office, which is headed by Antal Rogán. The government also seeks to control the agenda by launching new topics to divert public attention away from problems raised in the media that can reflect poorly on Fidesz. Government communication is coherent, but it is not designed to communicate information. It is instead an instrument of power politics aimed at bringing public discourse in line with the prime minister's and governing party's will. It uses fake news and manipulative strategies to achieve this goal.

Implementation

Government Effectiveness
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 long-term sustainable economic growth or increasing productivity and innovation in the private sector. The low degree of government efficiency

has been illustrated by frequent policy changes in all policy fields and by the lack of coordination of the key policy fields, caused by selection of personnel based on party loyalty, not on merit, and by putting ideology over problem solving. A central problem has been the poor implementation of new bills and regulations. Overhasty policymaking has led to incoherent and contradictory laws and regulations, making things very difficult for local and county administrations. A case in point is family policy, where the central goal of stopping the decline in population numbers has not been achieved, despite the fact that various measures have been implemented since 2010.

Ministerial
Compliance
Score: 9

Under the Orbán governments, Orbán's strong and uncontested position as party leader and prime minister, as well as the strong capacities of the PMO, have ensured a high level of ministerial compliance. From 2014 to 2018, compliance diminished somewhat. The replacements for the purged Simicska followers were loyal, but incompetent, so that their actions were often chaotic. The increasing disorder led to soft resistance by János Lázár, the head of the PMO in the third Orbán government, who sometimes criticized the official line indirectly but publicly. The radical reshuffling of the cabinet after the 2018 elections has been aimed at raising ministerial compliance by bringing in committed ministers and by sending a strong signal that everyone is replaceable.

Monitoring
Ministries
Score: 10

The Prime Minister's Office has successfully monitored line ministries in all stages of the policy 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.

Monitoring
Agencies,
Bureaucracies
Score: 10

The Orbán governments have closely controlled the appointment and activities of the heads and core executives of all state agencies at the national level. The centralization of state administration in county-level government offices has extended the government's control over all subnational agencies, since they have been concentrated in these county offices. As in the case of line ministries, the government has adopted a hands-on approach and has closely monitored the agencies' implementation activities.

Task Funding
Score: 2

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. Moreover, central government grants have been discretionary and unpredictable. Municipalities and counties with an influential Fidesz leader have been in a better position to get additional funding; the other have been confronted with the newly introduced "solidarity tax" imposed upon rich municipalities. A good case in point of the problems

associated with the discretionary budgeting of the central government is Budapest, which has suffered from funding conflicts between the government and the city, since it has been perceived by Fidesz leaders as a left-liberal stronghold, even though it has a Fidesz mayor. Due to the budgeting problems in late 2018, the settlements' financial resources have been curtailed and, in many cases, there are not enough resources to carry out basic functions in the settlements such as garbage collection.

Citation:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 434-435 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).

Constitutional
Discretion
Score: 3

The government has decided to tackle the long-lasting problem of inefficient subnational governance by introducing a wave of centralization accompanied by the deconcentration of state administration – with mixed results. The second Orbán government initiated a far-reaching reform of local governments. The government has 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 has been especially severe in the case of the city of Budapest, a traditional liberal stronghold which has since lost its special role in national politics. 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. Local Fidesz strongholds like Debrecen seem to have enjoyed special treatment in the process of allocating EU funds.

Citation:

Hajnal, G., K. Kádár, É. Kovács (2018): Hungary, in: N. Thijs, G. Hammerschmid (eds.), *Public Administration Characteristics and Performance in EU28*. Luxembourg: European Union, 426-459, 429-430 (<https://publications.europa.eu/en/publication-detail/-/publication/ae181e42-9601-11e8-8bc1-01aa75ed71a1/language-en>).

National
Standards
Score: 4

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 have only gradually gained experience in providing services. 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 as well as from conflicting legal norms and the complexity of some regulations. 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.

Effective
Regulatory
Enforcement
Score: 3

The Hungarian government can enforce regulations quickly and drastically. However, given the capture of the Hungarian state, agencies have acted ineffectively and with bias when the interests of important oligarchs have been involved.

Adaptability

Domestic
Adaptability
Score: 4

The Orbán governments have paid little attention to the adaptation of domestic government structures to international and supranational developments. In public, Orbán has stressed Hungarian independence, and has argued that his government is waging a freedom fight for national sovereignty against the European Union. 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. There is often a mismatch in rank, as Hungarian ministers have to cover more Councils than their counterparts in other countries with more minister forming the government. Nonetheless, the administration ensures more or less that the *acquis communautaire* is implemented. Due to the high systemic corruption in the allocation of EU transfers, however, some transfers have been suspended.

International
Coordination
Score: 3

Since the beginning of the EU refugee crisis, Prime Minister Orbán has looked for an international role for himself and has increasingly been elevated to one of Europe's "strong men" in the Fidesz press. He has intensified cooperation within the Visegrád group, especially on migration policy and has boasted about his good relationship with Putin and China. However, all these activities have further undermined his standing with other European leaders, especially as Orbán actively seeks to build alliances in Brussels against all projects not being in line with the new nationalist-populist ideology he follows. The Hungarian prime minister became the driving force in this respect. The conflict of the Orbán government with the EU further deepened in the refugee crisis and by the "Stop Brussels campaign." It reached a new high in September 2018 when the European Parliament, with a two-thirds majority, passed the Sargentini Report criticizing the Hungarian government in detail for its violation of European rules and values. Questioning the voting procedure, the Orbán government has declared this resolution null and void. Due to Orbán's uncompromising and aggressive behavior, calls to exclude Fidesz from the European People's Party group in the European Parliament have grown louder.

Citation:

Kirchick, J. (2019): Is Hungary Becoming a Rogue State in the Center of Europe? Washington, D.C.: Brookings Institution (<https://www.brookings.edu/blog/order-from-chaos/2019/01/07/is-hungary-becoming-a-rogue-state-in-the-center-of-europe/>).

Organizational Reform

Self-monitoring
Score: 8

In Hungary, there is no regular formal monitoring of the institutional arrangements of governing in place. However, there is strong and rather comprehensive oversight of the working of the state apparatus from the top down, measured against the political will of the leadership, and the government has been quick to change any institutional arrangements it has deemed to be politically dangerous. The Orbán governments underperform with regard to coherent policy planning but react quickly to failures in individual political cases or in major policymaking mistakes. Public policy has often been very volatile, changing according to the government's current needs.

Institutional
Reform
Score: 2

From time to time, Prime Minister Orbán has reorganized the workings of his government with an open effort to get rid of managing smaller issues and promoting rivalry in the top elite to weaken them, but without improving the strategic capacity of government. The institutional reforms introduced since the 2018 elections have not been concerned with government effectiveness but with increasing its concentration of power and managing the fourth Orbán government's new technocratic modernization project. The latter has a rather complicated functional and personal composition involving ten ministries and ministers (one of them, Mihály Varga, is also deputy prime minister), two ministers without portfolio and, in addition, one symbolic deputy prime minister (Semjén), not mentioning the large army of prime minister commissioners and ministerial commissioners. The structure of government has radically changed with new ministries and ministers and a new allocation of competencies. Only three ministries have kept their previous function and minister: the Ministry of Foreign Affairs and Trade (Péter Szijjártó), the Ministry of Interior (Sándor Pintér) and the Ministry of Justice (László Trócsányi). The Ministry of Agriculture and the Ministry of Defense remained structurally unchanged, but new ministers (István Nagy and Tibor Benkő) have been appointed. The Ministry of Finance has been (re-)established as a central unity combining two former Ministries under the leadership of Mihály Varga. The Ministry of Human Capacities (EMMI) remains a superministry, both in terms of personal capacity and policy areas covered. It stretches over central policies such as health, education and culture. However, the ministry has lost competencies to the new Ministry of Innovation and Technology (ITM)(László Palkovics) and a new minister has been appointed (Miklós Kásler). The new minister without portfolio, Andrea Bártfai-Mager – the one

and only woman in the government – is responsible for state property and state-owned enterprises. The other minister without portfolio is János Süli, responsible for the Paks-2 nuclear station. In addition, Zsolt Semjén – who represents the symbolic in nature Christian Democratic People’s Party (KDNP) as an alleged coalition partner of Fidesz, but he is not running in the elections as a candidate does not figure in any public opinion survey – has stayed on as deputy prime minister responsible for the Hungarian Communities Abroad.

II. Executive Accountability

Citizens’ Participatory Competence

Political
Knowledge
Score: 4

In 2018, political apathy has been reinforced by the failure of the democratic opposition in the 2018 elections, but also by the government’s biased information policies and the lack of transparency characterizing policymaking. However, the everyday situation in vital fields such as education and health care is so bad that ordinary people discuss policy issues in detail based on direct experiences. Independent policy institutes such as Policy Agenda, Political Capital and Policy Solutions have provided detailed policy knowledge for the public at large, as have many professional NGOs.

Open
Government
Score: 3

The Hungarian government is certainly not an open government, since access to relevant information is very difficult even for members of parliament and much more for ordinary citizens. In December 2016, the Orbán government approved a White Paper on National Data policy that called for strengthening efforts to make public sector information available as open data. As it stands, the datasets available at the central open data portal www.kozadat.hu are limited and difficult to use.

Legislative Actors’ Resources

Parliamentary
Resources
Score: 5

The Hungarian parliament has a good library and even a small research section. Moreover, members of parliament are provided some funds for professional advice. However, since these funds are apportioned according to the share of seats in parliament, the democratic opposition parties receive only a small amount of money. This has made it difficult for the small and ideologically fragmented opposition to monitor the government’s hectic legislative activity. The key obstacle to effective monitoring of the government is not the lack of resources but the behavior of the Fidesz majority in parliament and its committees.

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 public documents. The Orbán governments have used their parliamentary majority to restrict access to public documents, even for discussion within parliamentary committees.

Summoning
Ministers
Score: 6

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. In the period from the 2018 parliamentary elections to the end of 2018, the number of questions to ministers and the prime minister amounted to 184, out of which 39 were posted by members of parliament from the government's majority. The prime minister was addressed on 21 occasions (only opposition side members of parliament). The most summoned minister was by far the minister of human capacities (60), followed by the finance minister (25).

Summoning
Experts
Score: 9

According to the standing orders of the Hungarian parliament, all parliamentary party groups 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. The real policy discussions, if any, usually take place not in the parliamentary committees but in the media or at conferences organized by opposition expert groups or NGOs.

Task Area
Congruence
Score: 4

The reshuffling of ministries since 2010 has not been accompanied by a reorganization of parliamentary committees. 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 has complicated the monitoring of ministries. Moreover, the real decision-making centers, the PMO and the Cabinet Office are not covered by any parliamentary committee at all.

Media

Media Reporting
Score: 3

The Hungarian media landscape has undergone two different processes in the last years: depolitization and scandalization. Depolitization is the result of a new type of self-censorship, caused by the attacks of the government and their representatives on the press and civil society organizations. The official media often does not report on the events that reflect poorly on the government, and since the majority of the population can reach only the state-controlled media, they are not informed of these events. 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 in the state-controlled public media, or in those private outlets close to Fidesz. The independent policy institutes and some expert-based NGOs have regularly published policy analyses that have been widely discussed in the opposition media. The mass demonstrations, as well as the deepening rift within Fidesz, stemming from regular corruption scandals and provocative luxurious consumption habits, have elevated the significance of media reporting. The print media, including the tabloid press, have been important in discovering the big scandals and policy failures. The significance of online media – Index, 444, HVG, Átlátszó, Mércé – has grown tremendously because they have been decisive in revealing the government's behind-the-scene activities.

Parties and Interest Associations

Intra-party
Decision-Making
Score: 4

Intra-party democracy has been a rarity in Hungary. Although regulations for electing party leaders and for establishing candidacies for national, regional and local elections are formally in place, they do not play a dominant role in intra-party democracy. Fidesz is completely controlled by its president. Among the left parties, Hungarian Socialist Party (MSZP) is democratically organized with a weak leadership, whereas Demokratikus Koalíció (DK) is dominated by former Prime Minister Ferenc Gyurcsány. The other opposition parties are in a state of complex chaos and disorganization after the April elections. Gábor Vona, the former president of Jobbik has left the party, his successor is a weak figure, and the party has gone through a painful split. Politics Can Be Different (LMP) is now subject to even greater chaos, both former co-presidents have gone, and the political profile of the party is unclear.

Association
Competence
(Employers &
Unions)
Score: 4

While the main domestic business associations have proved generally loyal to the government, some business associations, first of all the National Association of Entrepreneurs and Employers, (VOSZ), have become rather critical of the government's lack of predictability in economic policy and legal regulations. Moreover, the Orbán government has been criticized by the Hungarian European Business Council (HEBC). Representing Hungary's 50 most important export companies, HEBC has urged the elaboration of a country strategy with the deep reconstruction of education system, taking the Fourth Industrial Revolution and the digital transformation into account. The trade unions have also adopted a critical position toward the government, but their membership is small (somewhat below 10%), they are still rather fragmented, and their voice is weak in the public debates.

Association
Competence
(Others)
Score: 3

The Orbán governments have created a big, lavishly financed pro-government network of fake civil society associations and foundations. In public life they have presented themselves as independent and autonomous organizations, although they clearly support government positions and provide a democratic

façade for the government. A series of scandals have arisen as it has become clear that these organizations have received financing from state-owned enterprises. By contrast, Hungary's genuine civil society has suffered from decreasing financial support and increasing legal restrictions. This has clearly infringed upon their capacity to formulate relevant policies.

Independent Supervisory Bodies

Audit Office
Score: 6

The Hungarian State Audit Office (ÁSZ) is accountable only to the parliament. The Orbán government has used its parliamentary majority to take control of this body by appointing a former Fidesz parliamentarian to head the institution, and also by replacing other top officials. Nevertheless, the ÁSZ has monitored part of the government's activities rather professionally. In its campaign for the 2018 elections, the government instrumentalized the ÁSZ by bringing it to investigate the finances of some opposition parties, so as to complicate their campaigning.

Ombuds Office
Score: 7

Hungary has an Ombudsman of Basic Human Rights, elected by parliament. Unlike its much-respected predecessor, the acting ombudsman, László Székely, has not served as a major check on the government and has not become an important public figure. The Ombudsman Office (AJBH) has been rather busy in small individual legal affairs, but it has not confronted the government about serious violations of civil and political rights.

Data Protection
Authority
Score: 6

The National Authority for Data Protection and Freedom of Information is responsible for supervising and defending the right to the protection of personal data and freedom of information under the Act CXII of 2011. So far, the office has not played a major role in the public debate, and there is no experience yet with the new European regulation in the field. The data protection issue has emerged from time to time at elections. It is well-known that Fidesz has collected data on the political orientation of citizens (the so-called Kubatov list on those who are supporting Fidesz) for campaign use. Rumor has it there is also a list of Fidesz's "political enemies," but it is unclear to what extent systematic data collection is involved in this case.

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