



Hungary Report

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Sustainable Governance
Indicators 2020

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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 its third successive two-thirds majority in the parliament. This has given it leeway to continue what it has described as “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 takeover of the media has culminated in the consolidation of about 500 media outlets closely associated to Fidesz under the Central European Press and Media Foundation (KESMA) in late 2019. In the campaigns for the European Parliament elections in April 2019 and the municipal elections in October 2019, Fidesz made heavy use of its power to weaken the opposition. The national and local public TV stations did not invite opposition candidates on air, and did not organize any public debates. The opposition could not make itself heard via billboard advertising. Fidesz also ran a smear campaign in the media, it sought to discredit the opposition and to confuse voters by promoting fake candidates, it “imported” non-resident dual citizens from neighboring countries to vote, and it disturbed the opposition’s public meetings and demonstrations. Despite these obstacles, however, the opposition succeeded in winning in large parts of “urban Hungary” in the municipal elections. Key to this success has been cooperation between opposition parties, which agreed on a common anti-Fidesz democratic political program and nominated just one candidate in all places.

While the Hungarian economy has grown strongly since 2014 and has been one of the few countries to withstand the international slowdown in economic growth in 2019, economic policy has remained subject to power politics and state capture by the “(royal) court” (udvar) around Orbán. A “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 under the Austro-Hungarian monarchy or during the Horthy era. After a pro-cyclical fiscal policy in 2017 and 2018, the

government tightened fiscal policy in 2019. While the structural deficit is expected to decline, the decline has been smaller than recommended by the European Council. Since the 2018 elections, the government has sought to strengthen R&I, which had long been neglected, by increasing spending, and by initiating a reorganization of higher education and the public research sector. However, the dismemberment of the Hungarian Academy of Sciences (HAS) has put academic freedom at risk, and has stirred massive protests both inside and outside Hungary. While a new research network (ELKH) has been established under the control of the Ministry of Innovation and Technology (ITM), which is led by the new strong man of the Orbán government, László Palkovics, the future institutional structure of the R&I sector remains unclear.

The creation of the ITM was part of a more comprehensive reshuffling of the Hungarian cabinet in the wake of the 2018 elections. Only three ministries kept their previous function and minister. In the period under review, the competencies of the ITM have been further strengthened. Moreover, Judit Varga replaced László Trócsányi (who was nominated for the European Commission, but eventually rejected by the European Parliament) as minister of justice and the ministry gained responsibility for European affairs. 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, 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 strong showing of the opposition in the 2019 municipal elections has exploded the myth of Fidesz's "invincibility." After a decade of infighting, opposition parties have finally succeeded in collaborating and in winning in most parts of urban Hungary. As the Momentum and Democratic Coalition (DK) have become stronger, and MSZP and Jobbik have lost ground, the opposition has become more dynamic. The position of Gergely Karácsony as the leader of the opposition has been strengthened. As the newly elected lord mayor of Budapest, Karácsony will be a credible challenger to Orbán in the coming parliamentary elections. Thus, the political situation has changed with greater opportunities for widespread change in general and in the 2022 parliamentary elections in particular.

As the electoral victory has provided the opposition with new resources, their chances of being heard and reaching out have improved. One crucial issue over the next few years will be whether or not the opposition remains united, intensifies cooperation, develops credible policies and capitalizes on their recent success. Of course, the answer to this question strongly depends on how the Orbán government will respond to the new situation: Will it be ready to accept the new situation or will it react by further intensifying oppression and “Putinization”?

Contributing to the fragility of the Fidesz government is its strong dependence on the prime minister. The difficulties of the Fidesz leadership to react to the unexpected outcome of the municipal elections in the absence of Orbán have been telling. The fact that key political figures in the third Orbán government lost their positions after the 2018 elections suggests a growing sense of paranoia on the part of Orbán, which has led to further efforts to centralize 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 provocative manner. It remains unclear how Hungarian society, including those who support the regime, will respond to this development. For now, not many Hungarians appear to have been provoked, though this could easily change. Support for the government might also suffer from an economic slowdown. With EU transfers to Hungary set to be reduced and structural problems in the German car industry, Hungary’s growth model is reaching its limits, and it seems questionable whether the government’s recent attempts to strengthen and restructure the R&I sector will be enough to put economic growth on a new and more sustainable footing.

Hungary’s increasingly autocratic tendency has become a danger for the European Union as a whole. The demolishing of democracy and the rule of corrupt politico-business networks in Hungary have been copied in other EU member states. Moreover, the Hungarian government has disturbed further European federalization in general and several necessary concrete EU reforms in particular by organizing resistance among EU member states against the new strategy of the European Commission. Against this background, it is high time that the European People’s Party (EPP) and the European Union adopt a tougher stance. As the EPP has suspended Fidesz’s membership and the Council of the European Union has started to discuss violations of the rule of law in Hungary, relations between Hungary and the European Union have become more tense. The savage attacks on the European Union by Judit Varga, the new minister of justice, in September 2019 are only a foretaste. In

this situation, it is more and more important for the European Union to draw a clear distinction between Hungary and the Orbán government, and to assist emerging domestic initiatives advancing a new wave of democratization and Europeanization in Hungary.

Citation:

Ágh, A. (2019): Declining Democracy in East-Central Europe: The Divide in the EU and Emerging Hard Populism.. Cheltenham, UK/ Northampton: Elgar.

László, R., C. Molnár (2019): Lifting the veil of Fidesz's invincibility. Budapest: Political Capital (https://www.politicalcapital.hu/pc-admin/source/documents/fes_pc_valasztasok_2019_hun.pdf).

Party Polarization

Party polarization was already prevalent in 2010 when Fidesz gained its first supermajority. Since then, party polarization has further increased, as the Orbán governments have unilaterally launched many radical changes in institutions and policies without involving other political parties or social organizations. In the period under review, Fidesz has transformed from a center-right party into a populist, right-wing party. As a result, Fidesz's membership in the European People's Party has been suspended. Fidesz attempted to manipulate the 2019 municipal elections and has radicalized its "culture war" in the name of "Christian democracy." In the 2019 European Parliament elections, opposition from across the left-right spectrum organized an effective pro-EU electoral campaign against the anti-EU policies of Fidesz. In the 2019 municipal elections, the opposition even agreed to nominate joint candidates. If the opposition remains united against Fidesz, polarization between the government and opposition is likely to increase further. (Score: 3)

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 5

The Hungarian economy has been growing strongly since 2014. In 2019, Hungary was one of the few countries to withstand the international slowdown in economic growth. Its real GDP growth rate of almost 5% was the highest in the European Union and OECD. Investment has risen to a record level, thanks to easy financing conditions, an expansionary fiscal policy and a large inflow of EU funds. However, the sustainability of economic growth looks doubtful, given the counterproductive streamlining of the education and R&I systems, growing labor shortages, and the state capture by the “(royal) court” (udvar) around Orbán. Hungary normally ranks last in business environment rankings among the Visegrád countries, and looks ill-prepared for Hungary’s looming challenges (e.g., cuts in EU transfers), a global recession or structural problems in the car industry.

The challenges ahead have featured prominently in the open and sometimes impolite debate between the two economic policymakers of the Orbán regime. On one side, Mihály Varga, the Minister of Finance, has suggested a cautious approach with the accumulation of reserves for hard times. On the other side, György Matolcsy, the governor of the Hungarian National Bank, has nourished the dreams of a rapid catching up with the West – mentioning, as is usual in Hungary, Austria – by 2030 with the continued accelerated growth. In his speeches, Orbán has mentioned both scenarios alternatively – sometimes the cautious one warning about the coming global crisis, sometimes the optimistic one boasting that Hungary is the fastest developing country in the European Union and referring to the dreams presented by Matolcsy – in order to legitimize his regime.

Citation:

European Commission (2020): Country Report Hungary 2019. SWD(2020) 516 final, Brussels (<https://ec.europa.eu/info/sites/info/files/2020-european-semester-country-report-hungary-en.pdf>).

Labor Markets

Labor Market
Policy
Score: 5

Recorded unemployment has declined significantly since the resumption of economic growth in 2013 and now stands at about 3%. 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. The main beneficiaries of the program have been local mayors who are provided with access to cheap labor to perform communal work. Moreover, participants in public-works programs have been pressured to vote for Fidesz. 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. Despite its campaign against migration, the government has imported a large army of “migrant” workers from abroad, not only from neighboring countries (Ukraine and Serbia), but also from remote countries like Vietnam and Mongolia.

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

Since 2010, successive Orbán governments have transformed the Hungarian tax system. In 2011, the progressive income tax was replaced with a flat tax. In 2012, the standard VAT rate was increased from 25% to 27%, the highest level in the European Union. In 2017, a uniform corporate income tax of 9% replaced a two-tier system with rates of 10% and 19%. Between 2017 and 2018, employers’ social security contributions were cut by seven percentage points. In addition, Hungary’s recent governments have introduced a panoply of sectoral taxes.

The tax-to-GDP ratio initially rose, but has been declining for some time. It now stands at about 37% of GDP, which is below the EU average, but higher

than in most countries in the region. As the recent fiscal deficits show, revenues have not been sufficient to cover spending.

The redistributive effect of the Hungarian tax system is limited. The country has a flat income tax and the tax burden has shifted from direct to indirect taxes.

With the introduction of the lowest corporate income tax rate in the European Union (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 many 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.

Taxation has hardly been harmonized with environmental sustainability and/or quality. Although environmental tax revenues in Hungary were slightly higher than the EU average (6.6% compared to 5.97%), there are still many problems with Hungary’s tax structure due to the many exemptions and special taxes (e.g., subsidies for the reorganization of the coal sector).

Citation:

European Commission (2020): Country Report Hungary 2019. SWD(2020) 516 final, Brussels, 20-21 (<https://ec.europa.eu/info/sites/info/files/2020-european-semester-country-report-hungary-en.pdf>).

Budgets

Budgetary Policy
Score: 5

In the run-up to the 2018 parliamentary elections, Hungary’s fiscal policy turned pro-cyclical in 2017 and 2018. Despite strong economic growth, the fiscal deficit widened and became one of the highest in the European Union, so much so that the European Council launched a significant deviation procedure for Hungary. In 2019, the government tightened fiscal policy. The general government fiscal deficit is projected to decline from 2.3% of GDP in 2018 to 1.8% of GDP in 2019. While the structural deficit is expected to decline, the decline has been smaller than recommended by the European Council. Fiscal policy has also suffered from a lack of transparency. Budgets are being passed as early as May or June, before important information about the coming year is available. Fiscal planning has remained narrowly focused on the annual budget.

Citation:

Council of the EU (2019) Recommendation on the 2019 National Reform Program of Hungary. 10170/2/19 REV 2, Brussels (<http://data.consilium.europa.eu/doc/document/ST-10170-2019-REV-2/en/pdf>).

European Commission (2020): Country Report Hungary 2019. SWD(2020) 516 final, Brussels, 4-5, 19-20, 21-23 (<https://ec.europa.eu/info/sites/info/files/2020-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 provided for a substantial increase in public R&I spending, which, for several years, was among the lowest in the European Union. The Orbán government has recognized the growing significance of R&I for economic development and has realized that the European Union will focus more strongly on R&I in the common budget.

However, the increase in funding has gone hand-in-hand with a centralization of research and innovation policy. 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. The dismemberment of the Hungarian Academy of Sciences (HAS) has been highly controversial, and has led to massive protests inside and outside Hungary. In the process, some critical scholars and scientists have been dismissed. The fact that the government has ignored all criticism and all reform suggestions from the HAS has increased the bitterness in academia about the loss of academic freedom. While a new research network (ELKH) has been established under the control of the Ministry of Innovation and Technology (ITM), which is led by the new strongman of the Orbán government, László Palkovics, the future institutional structure of the R&I sector remains unclear.

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 area membership, although it is not clear whether this reflects genuine political will or is merely rhetoric. It is unlikely that the government wants to hand over steering capacities to the ECB. Instead, all available (financial) instruments are and will be used to serve the government's policy ambitions. As the oligarchs profit from deregulated financial markets and less strict control mechanisms, a stronger government engagement in this respect is highly unlikely.

Citation:

Mérő, K., D. Piroška (2016): Banking Union and banking nationalism: Explaining opt-out choices of Hungary, Poland and the Czech Republic, in: *Policy and Society* 35(3): 215-226.

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. Education outcomes are below the EU average, show wide disparities and the education system obstructs social mobility. The salaries of teachers are still low compared to other tertiary education graduates. The regular PISA surveys have shown a marked decline in the quality of education in Hungary. According to the latest PISA survey, Hungary ranks 38th worldwide for education. At the same time, the content of school textbooks has been increasingly influenced by ideology. Pupils are educated in a nationalistic fashion, which celebrates the greatness of the Hungarian people and their “historic suffering,” while often denying historical facts. This ideological infiltration begins at kindergarten level, and is a common feature in primary and secondary education. While the quality of public education has drastically declined, the children of the “royal court” have attended 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 (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, which eventually moved a major part of its activities to Vienna. 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 the

Ministry of Innovation and Technology, which has controlled the entire higher education system since September 2019. 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. 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 36 out of 40 countries for life satisfaction, Hungary trails behind in the OECD’s Better Life Index 2019. Only one-third of Hungarian society can achieve a way of life similar to that in the developed EU member states. 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.

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/bu_eros/budapest/14209.pdf).

Tóth, I. G. (2019): Hungarian Social Report 2019. Budapest: TÁRKI (<https://www.tarki.hu/eng/tarsadalmi-riport>).

Health

Health Policy
Score: 3

Health outcomes in Hungary lag behind most other EU member states due to both the low performance of healthcare provision and unhealthy lifestyles. The number of avoidable deaths in Hungary is one of the highest in the European Union. Healthcare 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. Healthcare has suffered from the absence of a ministry tasked with addressing healthcare issues and from a limited healthcare budget, which is one of the lowest in the OECD with spending per capita at around 50% of the EU average. A large

number of medical doctors and nurses have emigrated to the West due to the very low salaries. Consequently, some sectors of hospitals have been closed because of the lack of doctors. At the same time, very small hospitals are maintained although they cannot be operated efficiently – the fear of public protests against a centralization of hospitals prevents necessary reform. 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, healthcare has remained a low priority issue for the fourth Orbán government. In 2019, the responsibility for medical schools and the health research budget has been transferred from the Ministry of Human Resources (EMMI) to the Ministry of Innovation and Technology (ITM), so that institutional fragmentation has further increased.

Citation:

Kingsley, P., B. Novak (2019): In Hungary, Viktor Orbán Shows Money on Stadiums, Less So on Hospitals, in: New York Times, October 26 (<https://www.nytimes.com/2019/10/26/world/europe/viktor-orban-soccer-health-care.html>).

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. After the April 2018 elections, the government further intensified its pro-family rhetoric. Prime Minister Orbán has spoken of the “demographic focus” of his fourth government and has announced a “deal with the Hungarian women,” which is intended to stop Hungary's population from shrinking. Spending on family policy in Hungary has been high. However, family policy has continued to focus on improving the material situation of parents and providing incentives to having children rather than on enabling women to combine parenting and employment. In this vein, a reform package adopted in April 2019 introduced interest-free loans for married couples who commit to having children, subsidies for the purchase of new, seven-seater vehicles for families with at least three children and an expansion of the preferential home purchase subsidy scheme for parents. By contrast, the expansion of childcare facilities announced by the government some time ago 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. While undermining trust in the reliability of pension policy, these measures have improved the financial situation of the public pension scheme.

For the time being, the growing gap between the growth in wages and pensions has been partly compensated by extra payments. Immediately before the 2018 parliamentary elections, all pensioners received checks worth HUF 9,000 for the payment of their energy bills. However, these extra payments are not considered when calculating next year's pensions. For these and other reasons, inequality among pensioners and the share of poor pensioners will increase dramatically in the future, raising concerns about inter- and intra-generational fairness.

Citation:

European Commission (2020): Country Report Hungary 2020. SWD(2020) 516 final, Brussels, 24 (<https://ec.europa.eu/info/sites/info/files/2020-european-semester-country-report-hungary-en.pdf>).

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.

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 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 relatively little policy attention to developing countries. Hungary's net ODA has fallen short of the official EU and OECD targets, and has further declined relative to GDP in recent years. The development cooperation of the Orbán government has focused on countries which have a large Hungarian minority and strong trade links with Hungary. As a result, about 80% of all funds have gone to Serbia and Ukraine. The government's strong public commitment to supporting deprived and oppressed Christian communities in developing countries has remained largely rhetorical.

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. However, environmental policy under the Orbán governments has suffered from a lack of commitment, institutional fragmentation, and weak implementation and coordination. Since 2010, no independent ministry for environmental policy has existed and environmental issues have largely been dealt with by a department in the Ministry of Agriculture. Confronted with increasing public sensitivity to climate issues, especially among young people, the Orbán government initially focused on discrediting green activists as disguised communists. As this strategy has failed, the government has tried to give itself a greener image.

Resource efficiency is low. While Hungary has made progress in waste recycling and recovery, more than half of the country's waste is deposited in landfill. According to the Hungarian Energy Efficiency Institute (MEHI), Hungary uses 87% more energy than the EU average for a unit of GDP. This is partly due to low energy prices, especially for households, which have featured prominently in the government's "utility price reduction" program. The megalomaniac construction activities of the government have led to a serious "deforestation" in Budapest and other cities.

While air quality has increased, environmental pollution in Hungary is still relatively high. Energy supply has remained largely dependent on fossil fuels. CO₂ emissions declined in Hungary from 1990 to 2014, but have started to increase since 2014 as a result of using the Mátra carbon-based power station, which is owned by the influential oligarch Lőrinc Mészáros. As a result of the tight finances of municipalities and weak oversight, cases of contaminated drinking water and mismanaged garbage sites, which have poisoned local environments, have increased. The problems with waste management have turned into a countrywide waste crisis, resulting in the proliferation of rats, especially in the capital city.

While the government has softened its campaign against "climate hysteria," its climate policy has suffered from a lack of ambition. In the EU context, the government has argued that Hungary, as a less developed country, needs higher emission quotas in order to catch up. The government has been reluctant to expand renewable energy sources. Incentives for people to invest in small, private solar or wind energy projects are ineffective due to being improperly set, or excessive legal or administrative hurdles. 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.

Hungary has a well-developed network of protected areas covering over 22% of its territory, exceeding the respective international target. However, the management of these protected areas suffers from a lack of resources. While progress has been made in integrating biodiversity considerations into policymaking for the agricultural, forestry and fisheries sectors, efforts to integrate biodiversity protection into energy, transportation, tourism and industry strategies have been limited.

Citation:

European Commission (2019): The Environmental Implementation Review 2019. Country Report Hungary. SWD (2019) 121 final, Brussels.

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

Global Environmental Protection

Global
Environmental
Policy
Score: 5

Hungary signed the Paris Agreement and has adhered to EU agreements. Within the European Union, however, the Hungarian government has fought for weakening the European Union's ambitions. It has argued that Hungary, as a less developed country, needs higher emission quotas in order to catch up. At the European Council summit held on 21 June 2019, Hungary was among the four countries to block the European Union's plans to become carbon-neutral by 2050, along with Estonia, Poland and the Czech Republic. Hungary has also joined forces with countries like the Czech Republic and France to try to include nuclear power in the calculation of European climate change policies.

Citation:

Bolesó, D. et al. (2019): Hungary amongst four countries blocking EU carbon neutrality as Government prioritises utility price reduction program, in: Index, June 21 (<https://index.hu/english/2019/06>).

Kovács, Z. (2019): Hungarian President ahead of UN Climate Action Summit: Hungary has a smaller responsibility for climate change, in: Index, September 20 (https://index.hu/english/2019/09/20/un_climate_action_summit_janos_ader_president_hungary_responsibility_climate_change/)

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 not transparent 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 the Fidesz victory as such, the presence of phantom parties may have been critical to Fidesz being able to regain a two-thirds majority in the 2018 parliamentary elections.

In the case of the October 2019 municipal elections, the opposition parties agreed to select just one candidate in all places. This meant hundreds of pre-election processes from the lord mayor of Budapest to town council candidates. In order to weaken the opposition, Fidesz continued its strategy of confounding voters by increasing the number of candidates. The most spectacular example was in Budapest, where two fake candidates were presented for the post of the lord mayor. Their popular support was minimal, but they produced big scandals that allowed Fidesz to ridicule the opposition campaign for allegedly arranging a "circus."

Media Access
Score: 2

In the two 2019 election campaigns, media access was highly uneven, since the Orbán government ignored the existing formal duties for balanced coverage, and made extensive use of its control over the public and private media. The visibility of oppositional parties and candidates in the European

Parliament elections – and even more so in the municipal elections – was very low, since the national and local public TV stations did not invite them, and did not organize any public debates. The owners of billboard advertising spaces are closely associated to Fidesz, so the opposition could not make itself heard via billboards. Even the number of smaller posters were substantially reduced, since local authorities limited or banned them, and in many cases posters were either officially removed or removed by Fidesz gangs. With a better grip on local media assets, the newly elected opposition mayors and council deputies will have the opportunity to (slightly) rebalance this inequality in the future.

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, which in all elections in the 2010s contributed to its victories.

The strategic use of dual citizenship by the Orbán government was again evident in the 2019 municipal elections. Since voting in the municipal elections presupposes a local address, Fidesz has provided many citizens from neighboring countries, some of whom are unable to speak Hungarian, with a fake Hungarian address in order to give them the chance to participate in the elections. This has been a regular practice in eastern and southern Hungary, where a few dozen voters can tilt the result in favor of the Fidesz candidate in smaller districts.

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. With membership declining, the non-governing parties have lost revenues from membership fees and have become dependent on rich donors, but 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. After the 2019 municipal elections, ÁSZ launched an action against Momentum, the strong new opposition party, but failed to prove that campaign funding had been illegally managed.

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 and 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. In late 2019, the Fidesz media has been completely centralized in KESMA (the Central European Press and Media Foundation), with about 500 media outlets brought under the common leadership and financing of one big organization.

Citation:

Brogi, E. et al. (2019): Assessing certain recent developments in the Hungarian media market through the prism of the Media Pluralism Monitor. EUI, Centre for Media Pluralism and Media Freedom, Firenze (https://cadmus.eui.eu/bitstream/handle/1814/64284/Hungarian_media_market.pdf?sequence=1&isAllowed=y).

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. The Orbán regime has relaunched the daily Magyar Nemzet and 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. The victory of the opposition in the 2019 municipal elections might change the situation. The newly elected representatives have declared that they will launch their own media outlets, open to all views and interests.

Citation:

Bátorfy, A. (2018): Data Visualization: This is How the Pro-Government Media Empire Owning 476 Outlets was Formed, in: *Átlátszó*, November 30 (<https://english.atlatszo.hu/2018/11/30/data-visualization-this-is-how-the-pro-government-media-empire-owning-476-outlets-was-formed/>).

Bátorfy, A., A. Urbán (2020): State advertising as an instrument of transformation of the media market in Hungary, in: *East European Politics* 36(1): 44-65.

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, G7.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. Over the years, the officialdom has grown increasingly less open, providing basic information to the public at an increasing price, and ignoring court obligations to release information, sometimes for years, until this information loses its significance.

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 new issue is the housing crisis, with the number of homeless people increasing across the countrywide and especially in Budapest. The Orbán government has neglected the issue, and even legislated against homeless people, declaring homeless a crime and initiating police action to tackle homelessness. The opposition has argued that housing is a basic social right and social housing has to be extended. When the united opposition won in the capital, the first order of the newly elected lord mayor, Gergely Karácsony, was to stop the dislodgement process.

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. 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. During Fidesz’s nasty campaign for the 2019 municipal elections, the political liberties of opposition supporters were repeatedly and seriously violated. For instance, the police raided an opposition campaign team in the eighth district of Budapest. Though, several days later, it was officially accepted that they had not committed any crime or done anything wrong.

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, while there are only two female ministers in the fourth Orbán government, this low number is a sign of progress compared to the third 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. In this respect, government policies follow a distinct pattern: They are built up as political campaigns funded with state money and serve as a lightning rod every time the population shows some dissatisfaction with government policies. Thus, they do not reflect a conviction or (crude) political philosophy, but are part of the tactical weaponry of the regime.

Rule of Law

Legal Certainty
Score: 3

As in other countries with authoritarian tendencies, the Orbán government believes that the law is subordinate to government policies, with the latter reflecting the “national interest,” which is sacrosanct and exclusively defined by the government majority. As the Orbán governments have taken a voluntarist approach toward lawmaking, legal certainty has 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.

Judicial Review
Score: 4

The independence of the Hungarian judiciary has drastically declined under the Orbán governments. 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 main player in the judicial system is Péter Polt, the Chief Public Prosecutor, a former Fidesz politician, who has persistently refrained from investigating the corrupt practices of prominent Fidesz oligarchs. He was appointed for an initial nine years, before being reappointed for a further nine years in late 2019. 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. Following uproar at home and abroad, in 2019, the Orbán government shelved its plan to establish a new branch of the judiciary, the so-called administrative courts, which would have been entirely under governmental 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. As Fidesz regained a two-thirds majority in the 2018 parliamentary elections, it has complete control over the appointment of Constitutional Court justices.

Corruption
Prevention
Score: 3

Corruption is one of the central problems of Hungary. 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 large-scale 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). By 2019, Mészáros, a close friend of Orbán, has become the richest man in Hungary. In the period under review, the case of Zsolt Borkai, the mayor of Győr, attracted a lot of attention. 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. 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 European Union. 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 collected signatures to join the European Public Prosecutor's Office, refused by the Hungarian government.

Citation:

Szűcs, Á. (2019): Hungary at the top of OLAF's fraud statistics, in: Index, September 3 (https://index.hu/english/2019/09/03/hungary_at_the_top_of_olaf_fraud_statistics/).

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. Since the 2018 elections, the government has begun preparing a long-term technocratic modernization project to be managed by the newly created the 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. The government has 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. The government has also increasingly relied on experts from the University of Nation Service (NKE), which has radically extended its field of activity to all dimensions of scientific and cultural life. Overall, spinning has 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. Following the April 2018 parliamentary elections, the structure of the incumbent Orbán government has undergone a major transformation. The Ministry of Innovation and Technology (ITM) has been created and received many functions, while the largest super-ministry, the Ministry of Human Resources (EMMI), has been significantly weakened. In socioeconomic decision-making Hungary's central bank, MNB and its governor, György Matolcsy, have become increasingly influential, decreasing the role of Mihály Varga, the Minister of Finance.

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: 5

The Orbán governments have occasionally set up a cabinet committees. Since the 2018 parliamentary elections, such committees have played a subordinate role in interministerial coordination.

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 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. Orbán travels with a large retinue of personal staff and rules the country by the "remote control" use of phone calls, which terrifies medium-level politicians. If the prime minister is not available, ready or able to decide, issues remain in the air without any decision being made. A case in point was the widespread chaos in the government and Fidesz following the weak showing of Fidesz in the 2019 municipal elections and the Borkai scandal. Since Orbán had a very busy international program immediately before and after the elections, in some instances, Fidesz leaders received instructions four days after the elections.

Digitalization for
Interministerial
Coordination
Score: 6

Previous Orbán governments did not pay much attention to the digitalization of government activities in general and of interministerial coordination in particular. However, the fourth Orbán government clearly represents a turning point. As the government has sought to enhance the competitiveness of the Hungarian government through technological modernization, the newly created Ministry of Innovation and Technology (ITM) has set more ambitious goals with respect to digitalization. Moreover, the oligarchs around the government have realized new business opportunities and have purchased firms in this field, especially with regard to EU transfers in the next Multinational Financial Framework. However, the use of digital technologies for interministerial coordination has just begun.

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. There is no independent evaluation of RIA assessments, and findings are rarely or only partially 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. It remains to be seen how the government will react to the greater significance given to climate change in the European Union. However, the National 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.

Policy Communication

Coherent
Communication
Score: 6

The Orbán government has tried 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 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. In the 2019 municipal elections, the government failed to pursue a coherent communication strategy, since it did not manage to address the large variation in local conditions.

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 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 administration units. In the period under review, the Orbán government succeeded in introducing new benefits for families. However, it has failed to expand childcare facilities and to tackle problems in the healthcare sector, one central promise of the 2018 election campaign.

Ministerial
Compliance
Score: 8

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. The radical reshuffling of the cabinet after the 2018 parliamentary elections has been aimed at raising ministerial compliance by bringing in committed ministers and by sending a strong signal that everyone is replaceable. Since then, however, the conflict between György Matolcsy, the governor of the Hungarian National Bank (MNB), and Minister of Finance Mihály Varga over economic policy and development has deepened, and László Palkovics, the new minister of

Monitoring
Ministries
Score: 10

innovation and technology, has emerged as a new strongman. In a way, government ministers and Fidesz leaders often do not know what the government line is, although they are ready to comply with it.

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.

Monitoring
Agencies,
Bureaucracies
Score: 10

The Orbán governments have adopted a hands-on approach and have closely monitored government agencies' implementation activities. They have closely controlled the appointment and activities of the heads and core executives of all state agencies at the national level. Since the 2018 parliamentary elections, some agencies have been shifted from the Ministry of Human Resources (EMMI) and the Ministry of Agriculture to the Ministry of Innovation and Technology (ITM) and the Ministry of the Interior for even closer control. 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. The existing civil service legislation has also made it easy to dismiss public employees without justification.

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. As financial resources have been curtailed, many municipalities have lacked the financial resources to carry out basic functions, such as garbage collection. 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, it has been perceived by Fidesz leaders as a left-liberal stronghold. The gains of the political opposition in the municipal elections in October 2019 are likely to increase political conflicts over the financing of subnational governments.

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/ae181e42-96011aa75ed71a1/language-en>). 1-11e8-8bc1-

Constitutional
Discretion
Score: 3

The second Orbán government initiated a far-reaching reform of local governments, which aimed to tackle the persistent problem of inefficient subnational governance. It 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. As a result, the autonomy of the latter has decreased. The stripping of competencies has been especially severe in the case of the city of Budapest, a traditional liberal stronghold which lost its special role in national politics. With the victory of the opposition in the 2019 municipal elections, the capital has regained its role as a forerunner of democracy, and the political conflicts over local competencies and local discretion will increase.

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, since 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 often been undermined, especially in the fields of healthcare, education and social services.

Effective
Regulatory
Enforcement
Score: 3

In general, the Hungarian government can enforce regulations quickly and in some cases 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 in the third Orbán government, for instance, has created huge problems with regard to EU affairs, as the ministries' organization no longer matched that of other EU

member states or the structure of the European Union's Council of Ministers. However, these problems have been moderated by the expansion of ministries and staffing. Moreover, as Hungary has become more active at the European level, with Orbán seen by many as the "leader" of a nationalistic, traditional, authoritarian group in the European Union, the government has started to adapt its domestic government structures.

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.

The conflict of the Orbán government with the European Union 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. Orbán actively seeks to build alliances in Brussels against all projects that are not in line with the new nationalist-populist ideology he follows.

Organizational Reform

Self-monitoring
Score: 7

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. Public policy has often been very volatile, changing according to the government's current needs. The Orbán governments underperform with regard to coherent policy-planning but react quickly to failures in individual political cases or to major policymaking mistakes. In the case of the 2019 municipal elections, however, monitoring failed.

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 parliamentary 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 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 was (re-)established as a central unity combining two former Ministries under the leadership of Mihály Varga. The Ministry of Human Capacities (EMMI) has remained a superministry, both in terms of personal capacity and policy areas covered. It stretches over central policy fields, such as healthcare, education and culture, and a new minister was appointed (Miklós Kásler). In the meantime, however, the ministry has lost competencies to the new Ministry of Innovation and Technology (ITM) (László Palkovics). In the period under review, the cabinet has remained largely unchanged. In the fall of 2019, however, Judit Varga replaced László Trócsányi (who was nominated for the European Commission, but eventually rejected by the European Parliament) as minister of justice and the ministry gained responsibility for European affairs.

II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 4

Citizens' policy knowledge has suffered from the government's biased information policies and the lack of transparency that characterizes Hungarian policymaking. The failure of the democratic opposition in the 2018 parliamentary elections initially led to political apathy. Since the municipal elections in October 2019, however, the political interest of many citizens has increased. Fidesz-fatigue has nurtured a thirst for independent news. The new opposition leadership in Budapest might also be able to improve citizens' policy knowledge by strengthening independent policy institutes, such as Policy Agenda, Political Capital and Policy Solutions.

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. Hungary quit the Open Government Partnership in late 2016 because the Hungarian government had been heavily criticized for its lack of transparency and its treatment of NGOs in this forum. 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. The lack of transparency was a major issue in the municipal elections in October 2019.

Legislative Actors' Resources

Parliamentary
Resources
Score: 5

The Hungarian parliament has a good library and even a small research section. The 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. However, 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.

Citation:

Nikolenyi, C. (2020): The Decline of the Hungarian Legislature since 2010, in: I. Khmelko, F. Stapenhurst, M. Mezey (eds.), *Strong Executives and Weak Parliaments: Legislative Decline in the 21st Century*. London/ New York: Routledge, forthcoming.

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. Moreover, ministerial hearings suffer from heavy time restrictions, with individual members of parliament having only two minutes to speak.

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. While the rights are there and there are few legal obstacles to the summoning of experts, the consultation of experts does not play a major role in the policymaking process.

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 few years: depoliticization and scandalization. Depoliticization has turned to repoliticization due to the October 2019 municipal elections, while scandalization reached a new peak in 2019 due to Fidesz's aggressive and dirty electoral campaigning. However, Fidesz has fallen into its own trap, since the real scandals have been in its corner. In general, as a new type of self-censorship has emerged due to government attacks on the press and civil society organizations, the area of the independent media has shrunk. 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 Orbán, re-elected at the 2019 Fidesz party congress. Due to the party's failure in the recent municipal elections, new disciplinary measures were introduced for

rank-and-file members, although some leaders were also punished. Zsolt Borkai, the strongman in Győr, was excluded following a sex and corruption scandal. Among the left-wing parties, Hungarian Socialist Party (MSZP) is democratically organized with a weak leadership, whereas Democratic Coalition (DK) is dominated by former Prime Minister Ferenc Gyurcsány. The Momentum, a party of young liberal-left members, is in the process of institution-building in the spirit of party democracy. The other opposition parties are in a state of complex chaos and disorganization after the April 2019 elections. Jobbik has gone through a deep transformation and joined the common group of opposition, while the future of LMP (Politics Can be Different) is uncertain.

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. The Hungarian European Business Council, representing Hungary's 50 most important export companies, 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 recently adopted a much more critical position toward the government, but their membership is small (somewhat below 10%) and they suffer from fragmentation. Since early 2019, they have been more active, as the passage of the so-called slave law (Act CXVI/ 2018) in December 2018 has mobilized employees. The law has allowed owners of large factories to extend working hours and delay the payment of wages.

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. Nonetheless, a number of interest associations with extensive expertise exist. As a result of an infringement procedure initiated by the European Commission, the European Court of Justice will conduct a hearing on the controversial 2017 anti-NGO act, which has forced NGOs that receive Western financial support (over €1,000 annually) to register as foreign-supported agencies, as NGOs in Russia have to do.

Independent Supervisory Bodies

Audit Office
Score: 5

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 and 2019 elections, the government instrumentalized the ÁSZ by bringing it to investigate the finances of some opposition parties, so as to decrease their campaign capacity. Though, among state institutions, the ÁSZ still has a fairly large amount of independence.

Ombuds Office
Score: 5

Hungary has an Ombudsman of Basic Human Rights, elected by parliament. 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. Unlike their much-respected predecessors, the former and acting ombudsmen, László Székely and Ákos Kozma, both appointed by the Orbán government, have not served as an effective check on the government and have not become important public figures.

Data Protection
Authority
Score: 5

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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