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Revolt at the Danube:

Tensed Relationship between Hungary and the European Union¹

Victor Orbán is under fire in Europe. His policy meets resistance and is little understood. Furthermore, Orbán is in the media very negatively pictured. What moves Orbán and his Fidesz-party?

Since the governmental change in 2010 is the Prime Minister of Hungary, Viktor Orbán, and his centrist coalition Fidesz (Hungarian Civic Union) and KDNP (Christian Democratic People's Party) is exposed to a negative information campaign in the Western media; not even soundbites as "Viktator" and "Orbanistan" are spared in this campaign. The opponents of the Hungarian government use this terms to express that in their view Hungary has become an authoritarian regime and therefore unworthy of the membership of the European Union. The question is to what extent these opinions about Hungary are correct. The present article demonstrates that the political, juridical and financial-economic policy of Prime Minister Orbán can only be understood if placed in context. When analysing the political situation in Hungary one must keep in mind that the greatest part of the government and the society does not believe any more in the effectivity of a neo-liberal, capitalist global order. This is the reason behind the radical change of direction in Budapest and behind the fact that the restitution of the own juridical and financial-economic sovereignty became the backbone of political policy.

The 2010 Hungarian elections

In April 2010 the centrist coalition of the Hungarian politician won with a spectacular result. With this, the eight-year long "left-liberal" rule came to an end which in 2009 brought Hungary to the edge of a financial 'meltdown'. During the 2010 elections the Fidesz-KDNP coalition won by a landslide, in which the 'young democrats' increased their share of votes to 68.13% as compared to 42.49% in 2006. The centrist coalition got therefore about two-third of the seats that is 263 seats (compared to 164 in 2006). Just as great the victory of the Fidesz-coalition, so was the defeat of the left-wing. In 2010 the Hungarian Socialist Party (MSZP) got 15.28% of the votes as compared to 49.22% votes in 2006, which means 59 seats of the 386 that the Hungarian Parliament holds. From governing party the socialists converted to a mediocre political force. This election drama of the left has not yet been processed. The results showed that the Hungarian electorate lost their confidence in left-winged politicians.

English translation: Éva Patrícia Murakeözy.

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Context

The spectacular win of the Fidesz was by no means the merit of the Fidesz exclusively. The historical defeat of the left was mostly due to the policy the left parties followed. This policy came into operation following the 2002 elections. The period between 2002 and 2010 was characterized by political and financial-economical failures, corruption scandals, violations of human and civil rights, and trampling upon Hungary's democratic achievements.

Directly following the 2002 elections, the new Prime Minister, the MSZP list puller Péter Medgyessy, admitted that he had worked as a spy in the negotiations between the communist Hungary and the IMF from 1979 to 1982. Although Hungarian communists apparently independently negotiated about loans with the IMF, there worked local agents as Medgyessy for the Soviet secret service KGB. The public opinion in Hungary was shocked. It was a painful realization that Hungary, which joined the NATO in 1999 and was preparing to join the EU, was led by a former Soviet spy. In spite of this untenable situation, Medgyessy was replaced only in 2004 by his minister of youth affairs and sports, Ferenc Gyurcsány, who used to work as the last secretary of the communist youth movement (KISZ). In his function, Gyurcsány managed to accumulate a fortune by speculating with the immovables of the youth movement². Through his marriage with Klára Dobrev he joined the network of ex-communist oligarchs, who managed to transfer the financial power they grabbed during the communist era through foreknowledge about privatization and speculation to the post-communist era³. In this way, with the help of the 'red oligarchs', the way was open for Gyurcsány to the highest political office in the newly formed Hungary.

In 2009 Hungary barely escaped the economic meltdown

In September 2006 leaked out already that Prime Minister Gyurcsány forged Hungary's macro-economic statistics in order to be able to win the 2006 spring elections. He accounted for the public a budget deficit below three percent, in line with the Maastricht criteria, although in reality the deficit was above ten percent.

In 2009 Gyurcsány announced that Hungary was running the risk of not being able to pay his duties. In order to avoid bankruptcy, Gyurcsány pleaded the IMF for financial help, what he got immediately. His position became untenable due to his open approaches to the regime of Vladimir Putin through his plans of choosing a Russian gas pipeline in the south corridor, the so-called 'South Stream', instead of the European Nabucco-variant. Next to it, the appointment of the KGB-educated Sándor Laborc to head of the national security, provoked distrust among his western allies⁴. Great Britain protested and pointed

² About the political survival strategies of the ex-communist nomenclature of Hungary see: L. Marácz, 'Pressing the Reset Button on US-Hungarian Relations', in: G. Scott-Smith (red.), Obama, US politics and transatlantic relations, in: change or continuity? Vol. 50 European Policy, Brussel: P.I.E. Peter Lang, 2012, p. 169-181. See also the references in this article for further information.

³ K. Dobrev's grandfather was Antal Apró, communist to his fingertips, and former president of the Hungarian People's Republic. After 1989 a real 'red dynasty' has been assembled around the Apró-clan.

⁴ For an overview on interlinkages between the Hungarian ex-communists and Putin's Russia see Marácz, a.w. noot 1.

out that Hungary might become a security risk to the NATO⁵. Not only got the left-liberals and the ex-communists entangled in a financial-economic bankruptcy problem, they also ran into trouble in an ethical question. The question arose whether it was allowable in politics to lie about the situation of the country. This was the tradition which characterized the communism in Hungary; but could this policy be continued in a democratic constitutional state? According to Gyurcsány and his men yes, and the Prime Minister saw no reason to resign⁶. His staying brought discredit to the new Hungarian constitutional state.

In this background of financial-economic and moral bankruptcy took place the 2010 elections, in which the triumph of Viktor Orbán and his Fidesz party was well known in advance. The Fidesz promised his electorates to clear the decks. Orbán announced to his supporters that his Fidesz-government would not recoil from the radical reforms just because the challenges would be "so titanic". The party won a 'landslide' victory. The two crucial political objectives of the new Fidesz-government were the constitutional and the financial-economic reforms."

Constitutional Reforms

The Hungarian Constitution from 1949 which had a Stalinist signature, was in 1990, following the first democratic elections, in several points amended. In spite of the amendments the constitution did not meet the demands of a modern democratic constitutional state. So the separation of powers, de Trias Politica, was not unequivocally defined. However, it was a political decision of the reformist communists and the previous oppositional groups who prepared the transition to a democratic society not to adopt a new constitution. The Hungarian communists in the course of the so-called Roundtable conference in 1988-1989 decided to divide the power voluntarily with the united opposition. This opposition, mostly composed of non-legitimate groups such as the Fidesz, was invited by the communists to take part in the process. During the negotiations the communists built in several safety-valves in order to secure that the new Hungary would not accuse the ex-communists with fundamental human rights violations and economic mismanagement during their dictatorship. In the course of the Roundtable it was established that the constitution would fundamentally be changed only on basis of a more than two-third majority in the parliament. The communists, who later changed their name to socialists, supposed that this situation in the highly fragmented Hungarian political landscape would never occur.

Due to the Fidesz' overwhelming electoral victory the first possibility to fundamentally change the constitution presented itself in 2010. Since then there is a new Hungarian constitution and almost 400 new laws came into force giving Hungary a totally new juridical basis. Despite the fact that according to

⁵ In this question see the British and other international reactions: 'International reactions to the appointment of the Hungarian secret service chef', *Budapest Analyses*, no. 183, 25 February 2008 (http://www.budapestanalyses.hu/docs/En/Analyses_Archive/analyses_183_en.html, retrieved 8 May 2013).

⁶ 'Premier Hongarije vraagt parlement om vertrouwen', Trouw, 3 October 2006.

⁷ See the text of the overwinningsspeech at http://www.miniszterelnok.hu/beszed/koszonto_beszed_a_valasztasi_gyozelem_utan, retrieved 8 May 2013.

⁸ For further discussion on the Hungarian constitution see: L. Marácz, 'Revolutie en liberalisme in Hongarije', *Liberaal Reveil*, jrg. 53, 2012, nr. 1, blz. 21-25.

the amended constitution it was not necessary to consult the Hungarian citizens about formulating a new constitution, the Orbán-government invited each citizen in written mail to comment on it. In this way the Hungarian citizens all got the possibility to let their opinion be heard. The -mostly European-critique concerning the Hungarian constitution focuses on what according to the critics can be named as a "liberal deficit". The new constitution would be an attempt of Orbán *cum suis* to secure his staying in power for a long period; to undermine the system of 'checks and balances' such as the independence of the legal power what characterizes a democratic society; to tie the hands of the authorities of the Constitutional Court; to restrict media freedom; to hinder the introduction of the euro; to force a Christian ideology on the Hungarian society; to diminish the citizen's freedom, for example by forcing students -upon acceptance of a governmental fellowship- to work in Hungary for a couple of years after graduation; to subjugate religious institutions to governmental assessments; to emphasize traditional family values and thereby causing anxiety among Hungarian atheists, homosexuals and one-parent families⁹.

In several aspects the Hungarian Constitution is pro-European in an exemplary fashion

These critics come mostly from the representatives of European greens, liberals and socialists¹⁰. The Orbán-government got into political and legal dispute with the European Parliament and the European Commission in order to show that the Hungarian government's policy does not violate any European value or any European right.

In spite of all critics it cannot be demonstrated that this constitution is "nationalist" or "anti-European" is. Nor grants the Hungarian constitution free rein to the government. The text of the Hungarian constitution is rather a hybrid compilation of European and Hungarian viewpoints. In the preamble of the constitution positions are adopted concerning important episodes of the history of Hungary which can be seen as a reinforcement of the national identity, a process which has been taking place, next to Europeanization, in the course of the past twenty years in Hungary¹¹.

The title of the constitution, 'God bless the Hungarian' is the very first line of the Hungarian anthem which is indeed a prayer. This reference to God does not mean that the "Christian-national values" would form the exclusive directive of the Hungarian constitution. It is however admitted that Christian ethics and spiritual heritage played a very important role at the formation of the Hungarian state, under the direction of the first Christian King of Hungary, Saint Stephanus (1000 AD). Moreover, a reference to 'God' and 'Christian heritage' in the constitution is nothing particularly Hungarian. Similar references can be found in the constitution as well as in vital laws forming the constitution in a large number of member states, such as the United Kingdom in the Magna Charta (1215), Greece (1975), Ireland (1937),

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⁹ For critics about the Hungarian constitution, see: 'Hungary's parliament passes controversial new constitution', *Deutsche Welle*, 18 april 2011 (http://www.dw.de/hungarys-parliament-passes-controversial-new-constitution/a-14998392-1, retrieved 8 may 2013)

See Guy Verhofstadt, March 21, 2013. Time to suspend Orbán's voting rights, EUobserver.com/Opinion (http://euobserver.com/opinion/119530, retrieved 8 may 2013)

¹¹ The official English translation of the Hungarian constitution can be found on the website of the Hungarian government: http://www.kormany.hu/download/4/c3/30000/THE%20FUNDAMENTAL%20LAW%20OF%20HUNGARY.pdf (retrieved 8 may 2013)

Poland (1992), Malta (1964), Germany (1949) and Slovakia (1992). Only in the case of Hungary are references to 'God' and 'Christian heritage' seen by critics as an attempt to force a Christian ideology on the Hungarian society. How these critics think about similar references in the constitutions of other EU-member states, remains in the discussions unclear¹².

In the Hungarian constitution the disassociation from the crimes committed by the totalitarian regimes of the 20th century is declared. The outrages of the Nazism as well as those of the communism are condemned. This is understandable from the perspective of the victims and their successors in Central and East-Europe where, next to the Holocaust, also the communists' terror acts led to enormous human suffering. Inside Fidesz circles we find many who signed the Prague Declaration. This declaration about European Conscience and Communism was signed in Prague, on the 3rd of June 2008 by a number of prominent European politicians, former political prisoners and historians. The signatories, among them the former president of the Czech Republic Václav Havel and the current president of Germany Joachim Gauck, called for the condemnation of the communist crimes next to those of the Nazism. The Fidesz-politicians do not understand that the left-liberals in their country, but also in Europe, stand up against the use of Nazi symbols but not against those of the communism, such as the hammer and the sickle. Finally, the Hungarian constitution is pro-European in an exemplary fashion in several aspects. For example, in article E (1) it is stated that Hungary is committed to guaranty the security, well-being and freedom of the European nations in order to help the realisation of the European integration. The reference to 'European integration' in the constitution of a member state is rather unique. The articles (25-28) of the constitution state the independence of the legal power, totally in line with the Trias Politica, a common principle of the modern state organisation in Western Europe.

Economic policy

The economic reforms that Orbán introduced directly after his coming to power are maybe even more important than the constitutional reforms. The economic 'meltdown' from which Hungary barely escaped in 2009 had to be prevented from re-occurring, otherwise this and similar situations would bring Hungary into a hopeless future in poverty. However, under the left-liberal government the debt of Hungary increased to 56 milliard dollars, about 80% of the GDP, an obvious infringement of the Maastricht criteria. In striking contrast with the above is the fact that from the '80s hundreds of milliard euros have been pumped out illegally from Hungary to so-called 'offshore'-paradises¹³. The ex-communists and politicians of the MSZP bear great responsibility for that. They were the ones who left the lead for the Hungarian banks which -after the fall of the communism- were taken over by Western banks and continued to function as dependences of these Western banks. The carrier of the above mentioned socialist politician Péter Medgyessy, who between 1990 and 1994 worked as president and director-general of the French bank Paribas in Hungary, is typical for a generation of ex-communist

¹² See Verhofstadt, a.w. noot 9, for European critics of the Hungarian constitution who interpret the Christian references as ideological.

¹³ For more details see the rapport of the tax Justice Network (http://www.taxjustice.net/cms/front_content.php?idcat=148), issued 22 July 2012.

politicians¹⁴. According to a report issued in 2012 by John Christensen, previously *offshore*-banker and director of the independent London-based Tax Justice Network, calculated that in the timespan following the revolution the capital flight from Hungary, in other words, the tax evasion, amounted to about 183 milliard euros¹⁵. This equals three times the total debts of Hungary!

Already in his first governing period (1998-2002) Prime Minister Orbán raised criticism on the fact that the power of multinational companies, and among them, the private media-imperia, was disproportionally big in Hungary. Also because the average salary in Hungary is about 450 euro per month and Western prices have to be paid, Orbán found that it was not the responsibility of Hungarian citizens alone to foot the bill of Hungary's debts. Therefore the Hungarian government decided to counterweight the financial-economic injustices. For this reason, quickly after Orbán-II took office in 2010 a decision was made that the banks were to take part in bearing the burden of the crisis by means of a bank tax. In an interview for the Polish public broadcaster TVP on 19 January 2012 Orbán said that since the introduction of the bank tax he found himself facing the whole financial world and being in a real war¹⁶. The 'economic war' became a conflict between Hungary on one side and the financial world and countries with much financial interests in Hungary such as Austria and Germany, on the other side. The financial institutions which must have been deeply involved in the gigantic capital flight from Hungary, consider themselves victims of the Orbán-government. By reason of the bank tax the foreign banks either threatened with leaving Hungary –it has never actually happened- or they squeezed the European Commission to apply sanctions on Hungary¹⁷.

Hungary and the Union

The recent conflicts between Hungary and the EU are going on two fronts. The financial world and the European Parliament (EP) understood well that the 'left' in Hungary was eliminated. For this reason the left-liberal parties in the EP took over the function of the Hungarian opposition.

Up to now no EU-institution is able to prove that Hungary is transformed into a dictatorship

With each constitutional or legal reform the same thing repeated over and over again. The left-liberal European politicians reacted as if stung by a wasp. One of the most vehement opponents of Orbán in Europe is the Belgian liberal politician Guy Verhofstadt, who regularly takes stand against what he calls the "Orbanisation" of Hungary¹⁸.

For the Curriculum Vitae of Péter Medgyessy see: http://www.tvk.hu/en/about_tvk/investor_relations/corporate_governance/board_of_directors/peter_medgyessy (retrieved 8 may 2013)

¹⁵ Tax Justice Network, a.w. note 12.

¹⁶ http://www.youtube.com/watch?v=KB1bOOxluck (retrieved 2 may 2013)

¹⁷ See: http://www.hongarijevandaag.nl/portal2/economie-mainmenu-27/2571-banken-spreken-bericht-over-vertrek-tegen (14 october 2012, retrieved 8 mei 2013); *Trouw*, 2 january 2011

¹⁸ Verhofstadt, a.w. noot 9

Subsequently similar political attitudes translated into the 'mainstream media' in political campaigns, thereby giving the impression that in Hungary a courteous "dictatorship" was developing. The EP and the media pressed the European Commission to "immediately intervene" and "to adopt the nuclear option". In case when the principles of the European Union would be systematically violated by a member state the European Council can suspend its voting right in the council, in the so-called 'article-7 procedure' which is also called "nuclear option" in European jargon¹9. The European Commission, in the person of the concerned commissaries Neelie Smit-Kroes (digital agenda), Viviane Reding (justice and civil rights) and Olli Rehn (economic and monetary matters), threatened Hungary alternately with sanctions and considering the nuclear option.

Upon reflection they repeatedly came back to the subject. Thereby the Hungary-dossier was sent to the Venice Commission. This commission, the European Commission for Democracy through Law is an advisory body of the European Council aimed at expressing the spirit of the European Union and assisting individual countries which will improve their legal and political institutions. The Venice Commission concluded that at some points the laws could be improved but they could not effectively demonstrate that it was "anti-European". The Foreign Minister of Hungary, János Martonyi, who had called the Venice Commission to action, tried to express his opinion about the Hungarian constitutional changes to the Commission but drew a blank²⁰. Obviously, this commission is reluctant to get too deep into the politically quite sensitive Hungary-dossier. Yet Hungary showed its cooperativity in improving laws. It also went under infringement proceedings, two of which went to the Court of Luxembourg. The European Union can initiate infringement proceedings against those member states which appear for the Commission irrespective to the European law. If the state in question and the European Commission cannot find a compromise, the case is brought to the Court of Luxembourg. Three times began the European Commission an infringement proceeding against Hungary (see text box for an overview).

Infringement proceedings

According to the European Commission, the independence of the jurisdiction, of the data protection supervising and of the Central Bank of Hungary was not guaranteed in the constitution. The European Commission therefore initiated an improvement of the relevant laws. Finally, it seemed contented with the improvements the Hungarian government made in the law concerning the Central Bank of Hungary²¹. In the two other cases no agreement was reached between the parties. These two cases were finally brought to the Court of Luxembourg²². The Court concluded that the Hungarian constitution cannot forbid judiciary continuing to work until they are seventy. The early retirement of the judiciary in their 65th would be discriminatory. The Hungarian government wanted to retire judiciary "early" from their jobs, in order to regularize the retirement age at 65 for the whole governmental personnel²³. The Hungarian government accepted the opinion of the Court of Luxembourg and changed the law. The case concerning the data protection supervisor is still open.

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¹⁹ The nuclear option, regarded as a serious penalty, had already been applied once by the Commission, without much success however, on Austria in 2000 to protest against the participation of Jörg Haider's extreme-right FPÖ in the Austrian government.

http:/www.kormany.hu/hu/kulugyminiszterium/hirek/martonyi-felkerjuk-a-velencei-bizottsagot-hogy-mondjon-velemenyt (retrieved 8 may 2013).

²¹ http://europa.eu/rapid/press-release_IP-12-395_en.html (retrieved 8 may 2013)

²² See 'European Commission launches accelerated infringement proceedings against Hungary' (http://ec.europa.eu/commission_2010-2014/reding/multimedia/news/2012/01/20120111_en.htm, retrieved 8 may 2013

²³ See http:/europa.eu/rapid/press-release_MEMO-12-832_en.htm (retrieved 8 may 2013)

The final proof that Hungary is transformed into a dictatorship has not been presented up to now by any institution of the European Union.

Up to now prime minister Orbán has been three times present on the 'debates' about Hungary, what is rather exceptional²⁴. He debated with representatives of the left parties; the Party of European Socialists (PES), the Alliance of Liberals and Democrats (ALDE) and the European Greens (EGP). Those members who took the floor seemed to speak in an emotional, arrogant way and showed an inadequate knowledge of the Hungary-dossier. Besides, the Fidesz could count on its equivalent, the Christian-Democratic European People's Party (EPP), the largest parliamentary faction. During the EP debates the popularity of Orbán, who defended the standpoints of his government in a dignified manner, increased at home. Each debate raised his popularity in Hungary. Thanks to his popularity the Fidesz convincingly won all mid-term elections for the Hungarian parliament in the course of the previous months. The suggestion that the supporters of Orbán would dwindle was not justified.

The iron curtain was replaced by a financial-economical dividing line between 'East' and 'West'

Guy Verhofstadt, president of the European liberal faction was right to say that Hungary was an important ideological and political battlefield concerning the future of Europe. Orbán is an intergovernmentalist who will hold on to the planning of the Union in terms of sovereign national states, meanwhile Verhofstadt is a federalist who will eliminate the national state in order to grant place to a European supranational state. This ideological difference involves different policies and political actions as well as different ways to combat the economic crisis. The effects of the crisis were much earlier tangible In Hungary than in the Western-European member states. Hungarians and other Central- and East-Europeans were watching with great disquiet during the past decennia that in spite of the 'eurospeak' about European integration, solidarity and concordance, the Iron Curtain was replaced by a financial-economical dividing line between 'East' and 'West'. The average real net income of the citizens and authorities in Middle and East-Europe is a long way behind that of Western-Europeans.

This situation has not really changed in the course of the past twenty years. The EU-accessibility of the Central- and East-Europeans countries could not eliminate the dividing line. To describe this situation analyses in terms of 'center-periphery' are applicable where Hungary is obviously laying in the periphery, not in the center²⁵. The EU -by means of the transnational connections and the internal market with free movement of services and capital- in countries with weak government aggravated the existing situation as shown by the massive tax evasion practices. It is characteristic for the Central- and East-European 'periphery' thatthere are harmful social phenomena, such as poverty, 'brain-drain', low pensions, high unemployment rates, poor legal status of the employees, environmental pollution, worsening of the health care service, and, last but not least, the phenomenon of "Othering", a stereotyping of East Europe in the West, perfectly illustrated by the soundbites "Viktator" and

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²⁴ László Marácz, 'Europese Commissie en Hongarije op ramkoers', Armex, jrg. 96, 2012, p. 24-25

²⁵ See about 'centrum-periphery'-analyses the work of Marxist political-economists, such as Immanuel Wallerstein or Kees van der Pijl, who named the Western centrum of the world economy 'Lockean' opposing to a 'Hobbesian' centrum.

"Orbanistan". According to Orbán, the market economy has to be urgently reformed based on a new moral foundation if it is to stay credible for the nations in Central- and East-Europe²⁶.

Orbán noted that the European membership does not protect against political and financial-economic arbitrariness. The EU applies double standards. Commissioner Rehn threatened Hungary with loosing half milliard euro cohesion fund because the budgetary deficit was expected to be exceeded by 0.2% for 2013; meanwhile countries which infringed the euro-criteria with several percentages can still count on generous treatment²⁷. The reason for Rehn's policy is unclear. Hungarian euro-parlamentarians from the Fidesz see it as a new attack from the European Commission to knock Hungary into line, though euro commissioner Reding denies the possibility of a "war against Hungary"²⁸.

Viktor Orbán and his party wish to fight out each political action against trans- and supranational institutions time and again because people want to rely on a strong state. It is this fight, by now a revolt, which is responsible for the tension between Hungary and the Union.



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²⁶ See the speech of Viktor Orbán on the crisis of the capitalism: http://nol.hu/archivum/orban_meghirdette a kapitalizmus valsagat (retrieved 2 may 2013)

²⁷ See the interview with Tamás Deutsch, the Hungarian EP member of the Fidesz faction on the Union's double standards: http://szegedma.hu/hir/szeged/20012/03/deutsch-kettos-merce-az-eu-ban.html/print/ (retrieved 2 may 2013)

²⁸ MTI, 8 april 2013, 'Reding says EC ready to force Hungary into compliance over dismissed judges, urges Budapest to stop press "attacks" (http://www.politics.hu/20130408/reding-says-ec-ready-to-force-hungary-into-compliance-over-dismissed-judges-urges-budapest-to-stop-press-attacks/, retrieved 9 may 2013)