

**Preface -**  
Maria Csanadi

In the 2009 European Union (EU) parliamentary election, an overwhelming majority of Hungarians voted for the then opposition party, Fidesz, in coalition with the Christian Democratic People's Party. In April 2010, the same coalition, headed by the Fidesz leader Viktor Orban, won Hungary's national elections. Following eight years in opposition, with this victory Orban formed his second government since the first free elections in 1990. His coalition won over two-thirds of the parliamentary seats, allowing for a radical rewriting of the Constitution. In October 2010, Fidesz also achieved a landslide victory in local elections. Subsequently, political success proved to be persistent. Between 2010 and 2021, Orban has governed for three consecutive periods and his party's position has remained dominant in all three (EU, national, and local) dimensions. In April 2022, Fidesz's fourth land-slide victory occurred.

In this book, six academics come together to track the systemic consequences of this Fidesz success between 2010 and 2021. They come from different fields and analyze the process from the points of view of political economy, economics, and sociology. However, their focus is shared: to track down Fidesz's algorithm. The authors want to empirically reveal the dynamics and structural characteristics of a social system formation, the properties of redistribution, the political favoritism in redistribution through public procurement, and the consequences of political favoritism on the uncontrolled enrichment of those who are most politically connected.

The ten years of steady system formation in Hungary under Orban's leadership since 2010 took place in a macro-economically favorable environment and in politically precarious international circumstances. The Orban government fulfilled all aggregated economic policy requirements before COVID-19 hit the world's economies in late 2019. Positive macroeconomic indicators pleased international audit institutions, professionals, and Western politicians. They acknowledged the optimal decrease in the national-level debt-to-GDP (gross domestic product) ratio, coping with EU requirements. By 2020–2021, both owing to compensating for the pandemic's impact and the campaign activity preparing the 2022 national elections, the budget deficit increased above loosened EU requirements.

1. "Hungary Government Debt to GDP," TradingEconomics .com, 2021, <https://tradingeconomics.com/hungary/government-debt-to-gdp>.

According to the European Commission's 2019 country report, the real GDP growth rate was relatively high, and among the fastest and highest in Europe.<sup>2</sup> Industrial production indices since 2015 have grown sharply,<sup>3</sup> with special momentum in construction. <sup>4</sup> Citizens bought state bonds, demonstrating trust.<sup>5</sup> The inflation rate was steadily low,<sup>6</sup> the unemployment rate declined,<sup>7</sup> labor shortage increased, and so did living standards.<sup>8</sup> Thus, international standards and institutions classified the government's economic performance as stable or better.<sup>9</sup>

Macroeconomic success suggested good governance, which was supported domestically by innumerable reform projects in both the social and economic realms. Outstanding development programs reflected the government's continuous developmental policy. After a long and protracted W-type economic recession of 2008–2013, high economic growth allowed the government to pave the way for Hungarian enterprises to invest increasingly abroad through international agreements. Orban and his economic policy team's widely advertised "unorthodox economic policy" looked justified.<sup>10</sup> The Hungarian electorate acknowledged the overall success of this government activity with repeated two-thirds majority seats in parliament. Based on these macroeconomic and political indicators, the government propagates the success of "illiberal

2 "Country Report Hungary 2019," European Commission, February 27, 2019, [https://ec.europa.eu/info/sites/info/files/file\\_import/2019-european-semester-country-report-hungary-en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-hungary-en.pdf).

3 "Industrial Production (Volume) Index Overview," Eurostat, October 2021, [https://ec.europa.eu/eurostat/statisticsexplained/index.php/Industrial\\_production\\_\(volume\)\\_index\\_overview](https://ec.europa.eu/eurostat/statisticsexplained/index.php/Industrial_production_(volume)_index_overview). "EU-27, Industrial Production for Total Industry and Main Industrial Groupings, 2005–2020 .png," Eurostat, October 19, 2020, [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:EU-27,Industrial\\_production\\_for\\_total\\_industry\\_and\\_main\\_industrial\\_groupings,2005-2020.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:EU-27,Industrial_production_for_total_industry_and_main_industrial_groupings,2005-2020.png).

4 "Country Report Hungary 2019," European Commission, February 27, 2019, [https://ec.europa.eu/info/sites/info/files/file\\_import/2019-european-semester-country-report-hungary-en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-hungary-en.pdf).

5 Peter Cseresnyes, "Astounding Demand for Hungary's New 'Super Bond,'" *Hungary Today*, June 12, 2019, <https://hungarytoday.hu/astounding-demand-for-hungarys-new-super-bond/>.

6 "Hungary Inflation Rate," *Trading Economics*, 2021, <https://tradingeconomics.com/hungary/inflation-cpi>.

7 "Hungary: Unemployment Rate from 1991 to 2020," *Statista*, October 12, 2021, <https://www.statista.com/statistics/339859/unemployment-rate-in-hungary/>.

8 "Developments in Individual OECD and Selected Non-Member Economies," *OECD Economic Outlook*, Vol. 2018 Issue 2, 2018, <http://www.oecd.org/economy/outlook/economic-forecast-summary-hungary-oecd-economic-outlook.pdf>.

9 Ministry of Finance, "Standard and Poor's Upgrades Its Outlook with Relation the Hungarian Economy," Website of the Hungarian Government, February 15, 2020, <https://2015-2019.kormany.hu/en/ministry-for-national-economy/news/standard-and-poor-s-upgrades-its-outlook-with-relation-the-hungarian-economy>.

10 Gyorgy Matolcsy, "Egyensuly es novekedes" [Economic balance and growth], Volume 1–2, 2015 and 2020, <https://www.mnb.hu/kiadvanyok/mnb-szakkonyvsorozat/egyensuly-es-novekedes-1-kiadas>; <https://www.mnb.hu/kiadvanyok/mnb-szakkonyvsorozat/egyensuly-es-novekedes-2-kiadas>; <https://www.mnb.hu/en/publications/mnb-book-series/economic-balance-and-growth>. Kristof Lehmann, Daniel Palotai, and Barnabas Virag, "The Hungarian Way: Targeted Central Bank Policy," MNB, 2017, <https://www.mnb.hu/en/publications/mnb-book-series/the-hungarian-way-targeted-central-bank-policy>.

democracy,”<sup>11</sup> worthy of all-around national pride, self-esteem, and worldwide emulation.<sup>12</sup> International and domestic trust in the government’s political and economic decisions raised Orban’s public image as a strong leader.

The image of being a strong leader domestically encouraged Orban’s personal aspirations internationally as well. He has intensively sought international political recognition for both his illiberal democracy and unorthodox economic policy. He attests to these instruments as sources of his government’s political and economic success. Orban touts these achievements as the result of his personal courage and desire to deviate from liberal-conservative political and economic strategies. Critiques of his policy are rejected by the Orban government as the evil of the “left-liberals,”<sup>13</sup> or if not, servants of George Soros’s will.<sup>14</sup>

Behind the conflicts lie Fidesz’s and Orban’s personally steady advancement toward the far right<sup>15</sup> with what is now likely unstoppable momentum both domestically and internationally. Domestically, since 1994, Orban has gradually moved his party from left-liberal toward the conservative right on the political palette. During this process, his party (Fidesz) built coalitions with, and then absorbed and/or disaggregated, conservative parties and their constituencies, occupying the created niche.

Orban has also been steadily maneuvering his party toward the right in the EU and globally. In 2000, he relocated Fidesz from the Liberal International to the European People’s Party (EPP), the largest umbrella organization for center-right parties in the EU. Within this latter group, Orban’s party representatives have gradually approached the ideological right extreme. Outside the EPP, Orban, on repeated critical occasions, has taken sides with far-right

11 Csaba Toth, “Full Text of Viktor Orban’s Speech at Băile Tuşnad (Tusnadsfurdő) of July 2014,” *Budapest Beacon*, July 29, 2014, <https://budapestbeacon.com/full-text-of-viktor-orbans-speech-at-baile-tusnad-tusnadsfurdo-of-26-july-2014/>.

12 “Szijjarto Peter: Sikeres atallas folyik a hazai gazdasagban” [Peter Szijjarto: Successful adaptation is taking place in domestic economy], *Delmagyar*, September 18, 2020, <https://www.delmagyar.hu/gazdasag/hazai-gazdasag/szijjarto-peter-sikeres-atallas-folyik-a-hazai-gazdasagban-4584993/>.

13 Zoltan Kovacs, “Orban: ‘There Are No Liberals, Only Communists with University Degrees,’” *Index*, February 17, 2020, <https://index.hu/english/2020/02/17/hungary-viktor-orban-state-of-the-nation-2020/>.

14 David M. Herszenhorn, “Hungary’s Freudian Political Fight: Orban vs Soros,” *Politico*, April 27, 2017, <https://www.politico.eu/article/hungarys-freudian-political-fight-orban-vs-soros/>; “FM Szijjarto: Tusk ‘Failed Both as a Party Leader and as a Person,’” *Hungary Today*, October 26, 2020, <https://hungarytoday.hu/fidesz-szijjarto-tusk-illiberal-degenerate-democracy-hungary/>; Peter Cseresnyes, “War of Words Escalates After Jourova’s ‘Sick Democracy’ Comment and PM Orban’s Reaction,” *Hungary Today*, September 30, 2020, <https://hungarytoday.hu/jourova-hungary-sick-democracy-comment-pm-orban-letter-reactions/>.

15 Aditya Bhattacharya and Julian Riedel, “The Metamorphosis: Thirty Years of Viktor Orban,” *Sciences Po Bibliotheque*, April 2019, <http://dossiers-bibliotheque.sciencespo.fr/une-vie-politique-europeenne-european-political-life-metamorphosis-thirty-years-viktor-orban>.

Eurosceptic parties in the EU, supported by the Russian leader Putin.<sup>16</sup> He even flirted with forming a coalition with them,<sup>17</sup> suggesting they leave the EPP when Fidesz's suspension or expulsion from the EPP was at stake.<sup>18</sup> Flirting persists in 2022, but with alternating members owing to the dynamics of international developments. Hungarian government representatives also regularly block EU decisions that require a common stance<sup>19</sup> and the Orban government has spent dozens of millions of euros for anti-Soros propaganda to vilify liberal and humanitarian EU decisions.<sup>20</sup> At one point, fueled by the Hungarian cabinet's propaganda strategy, antiestablishment public campaigns against the EU set mobile billboards at EU headquarters (Brussels) to "Stop Brussels," mocking or demonizing major EU politicians and Soros, to whom they are allegedly subservient.<sup>21</sup> A similar campaign, with billboards, was carried out throughout Hungary, spreading mistrust and fear among constituencies regarding demonized targets.<sup>22</sup>

16 Fredrick Wesslau, "Putin's Friends in Europe," European Council on Foreign Relations, European Council on Foreign Relations, October 19, 2016, [https://ecfr.eu/article/commentary\\_putins\\_friends\\_in\\_europe7153/](https://ecfr.eu/article/commentary_putins_friends_in_europe7153/); Susi Dension and Dina Pardijs, "The World According to Europe's Insurgent Parties: Putin, Migration and People Power," European Council on Foreign Relations, June 27, 2016, [https://ecfr.eu/publication/the\\_world\\_according\\_to\\_europes\\_insurgent\\_parties7055/](https://ecfr.eu/publication/the_world_according_to_europes_insurgent_parties7055/).

17 Gergely Szakacs, "Hungary Suspends Court Reform That Worried EU, Shuns Salvini," *Reuters*, May 30, 2019, <https://www.reuters.com/article/us-hungary-courts-idUSKCN1T00XO>.

18 Maira Martini, "Hungary's Controversial Golden Visa Scheme: Ins and Outs," *Voices for Transparency*, March 29, 2018, <https://voices.transparency.org/hungarys-controversial-golden-visa-scheme-ins-and-outs-daf8961df85d>; Maira Martini, "Hungary's Residency Bond Program: The Russian Connection," *Budapest Beacon*, August 24, 2016, <https://budapestbeacon.com/istvan-szaraz-bunch-interesting-russians-around-hungarys-residency-bond-program/>.

19 Raphael Ahren, "Budapest Blocks Joint EU Statement Condemning US Shift on Settlements," *Times of Israel*, November 19, 2019, <https://www.timesofisrael.com/budapest-blocks-joint-eu-statement-condemning-us-shift-on-settlements/>; Alexandra Brzozowski, "Hungary Blocks NATO Statement on Ukraine over Minority Rights Row," *Euractiv*, October 30, 2019, <https://www.euractiv.com/section/defence-and-security/news/hungary-blocks-nato-statement-on-ukraine-over-minority-rights-row/>; Justin Spike, "Hungary the Only Country Not to Sign EU Statement Condemning Violence against Russian Protester," *Insight Hungary 444*, January 28, 2021, <https://insighthungary.444.hu/2021/01/28/hungary-the-only-country-not-to-sign-eu-statement-condemning-violence-against-russian-protesters>; Simon Osborne, "EU Panic: Guy Verhofstadt Claims: 'Bloc Has Hungary Problem' and Warns 'It Will Get Worse,'" *Express*, January 29, 2021, <https://www.express.co.uk/news/world/1390927/eu-crisis-guy-verhofstadt-hungary-russia-vladimir-putin-alexei-navalny-arrest>.

20 Attila Batorfy, "The Government of Hungary Spent €216 Million on Propaganda and Fearmongering in the Past 8 Years," *Átlátszó*, November 1, 2019, <https://english.atlatszo.hu/2019/01/11/the-government-of-hungary-spent-e216-million-on-propaganda-and-fearmongering-in-the-past-8-years/>.

21 Georgi Cotev, "Commission Responds to Orban's Latest Anti-Immigration Campaign," *Euractiv*, February 28, 2019, <https://www.euractiv.com/section/politics/news/commission-responds-to-orbans-latest-anti-immigration-campaign/>.

22 Nick Thorpe, "Hungary's Poster War on Immigration," *BBC*, February 14, 2015, <https://www.bbc.com/news/world-europe-33091597>; Brigitta Csikasz, "Hungarian Government Spent €48 Million on Propaganda in First Three Months of 2019," *Átlátszó*, April 24, 2019, <https://english.atlatszo.hu/2019/04/24/hungarian-government-spent-e48-million-on-propaganda-in-first-three-months-of-2019/>.

Orban also hurries to pay lip service to any resourceful authoritarian leader's victory, resulting in interstate agreements. This process occurred with Bolsonaro (Brazil), Duterte (Philippines), Putin (Russia), Xi Jinping (China), Netanyahu (Israel), Trump (USA), Erdogan (Turkey), and Aliyev (Azerbaijan). Indeed, based on official reports of Orban's meetings with international leaders between 2010 and 2020, he has met more frequently with dictators than with other heads of state.<sup>23</sup> Since 2014, and Fidesz's first renewed electoral victory, the frequency of these meetings even surpassed EU meetings and V4 (post-socialist member countries) meetings. This frequency has sharply increased since 2016, when economic and political conflicts with the EU began to escalate. Among dictators, Orban himself and his government built tight economic, political, and personal connections with Putin.<sup>24</sup>

Deviation from EU norms has gradually surfaced in various fields, raising concerns about the Orban government's relationship with the EU's fundamental values. EU reports have focused on fundamental human rights (Tavares report),<sup>25</sup> judicial independence, freedom of expression, corruption, rights of minorities, and the situation of migrants and refugees.<sup>26</sup> An overwhelming number of controversial cases have been connected to the neglect of the rule of law (Sargentini report).<sup>27</sup> A United Nations (UN) human rights report on Hungary in 2019 highlighted political intimidation of civil organizations, overcrowded prisons, concerns about judicial freedom, unrestricted access to a covert collection of information for prosecutors, freedom of expression, censorship, association, religion, protection of refugees, corruption and lack of transparency,

23 Attila Batorfy, Eszter Galambosi, and Bence Mikola, "A miniszterelnök talalkozói" [Meetings of the prime minister], ATLO, September 9, 2019, <https://atlo.team/a-miniszterelnok-talalkozasai/>.

24 Martini, "Hungary's Controversial Golden Visa Scheme"; Martini, "Hungary's Residency Bond Program"; Daniel Bozsik, Sandrine Amiel, and AP, "Eastern Bromance: Hungary's Orban and Russia's Putin Set to Meet, Again," *Euronews*, October 30, 2019, <https://www.euronews.com/2019/10/29/eastern-bromance-hungary-s-orban-and-russia-s-putin-set-to-meet-again>.

25 Sean Lambert, "The Tavares Report," *The Orange Files*, May 18, 2018. <https://theorangefiles.hu/the-tavares-report/>.

26 Thomas Wahl, "Rule-of-Law Developments in Hungary," *eucri*, May 19, 2020, <https://eucri.eu/news/rule-law-developments-hungary/>.

27 Judith Sargentini, European Parliament, "Report on a Proposal Calling on the Council to Determine, Pursuant to Article 7(1) of the Treaty on European Union, the Existence of a Clear Risk of a Serious Breach by Hungary of the Values on Which the Union Is Founded," 2018, [https://www.europarl.europa.eu/doceo/document/A-8-2018-0250\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-8-2018-0250_EN.html); Nora Koves, "The Sargentini Report – Its Background and What It Means for Hungary and for the EU," Heinrich Boll Stiftung, September 19, 2018, <https://www.boell.de/en/2018/09/19/sargentini-report-its-background-and-what-it-means-hungary-and-eu>.

government's attitude, and more.<sup>28</sup> These concerns all increased Fidesz's political conflicts within the EU.

Political conflicts have been gradually paired with economic ones. Irregularities in spending of EU funds by the Orban government have come increasingly to the fore, strengthening voices for economic sanctions. In addition, corruption charges regarding the EU's structural funds' spending (OLAF report) have become more frequent.<sup>29</sup> Conflicts over political and economic issues between Orban and the EU have accumulated over time. Frictions intensified in 2016, with the increasing number of corruption cases that have been revealed by EU investigative reports on EU budget fraud, some suspected to be connected to Orban, his friends, and family.<sup>30</sup> These EU charges, however, have only minor legal domestic consequences in Hungary. According to the referred document, from the 22 cases recommended to the Hungarian law enforcement agencies for investigation by the EU between 2008 and 2015, only 4 were investigated, and 3 of the 4 were decided by the agencies to not process further.<sup>31</sup>

Moreover, investigations by the OLAF into corruption only concern the spending of EU funds. In addition, prosecution in these cases can only be decided by domestic legal forums because Hungary is one of the six member countries (along with Poland, Slovakia, Denmark, Ireland, and Sweden) that did not join the European Public Prosecutor's Office (Council Regulation (EU) 2017/1939) against crimes committed in the use of EU funds.

Tension escalated further from 2018 onward, when the EU tried to link the budget access of individual members to the rule of law.<sup>32</sup> This drew the conditionality (veto) menace of the Hungarian and Polish governments by the end of 2020 regarding the acceptance of the EU

28 "Hungary 2019 Human Rights Report," Country Reports on Human Rights Practices for 2019 United States Department of State, Bureau of Democracy, Human Rights and Labor, 2019, <https://www.state.gov/wp-content/uploads/2020/03/HUNGARY-2019-HUMAN-RIGHTS-REPORT.pdf>.

29 Rui Tavares, "Report on the Situation of Fundamental Rights: Standards and Practices in Hungary (Pursuant to the European Parliament Resolution of 16 February 2012)," European Parliament, June 24, 2013, [https://www.europarl.europa.eu/doceo/document/A-7-2013-0229\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-7-2013-0229_EN.html); Eszter Zalan, "Hungary Heads EU Anti-Fraud Investigation List – Again,"

*EUobserver*, September 11, 2020, <https://euobserver.com/justice/149405>.

30 "Press Meeting: 'Accusations against Hungary—Embezzlement of EU Funds,'" Press meeting at the European Parliament Brussels, July 13, 2016, <https://www.socialists.and democrats.eu/sites/default/files/Corruption%20cases%20concerning%20Hungary.pdf>.

31 Zalan, "Hungary Heads EU Anti-Fraud Investigation List—Again," <https://euobserver.com/justice/149405>.

32 Karoline Kowald, "Proposal for a Regulation on the Protection of the Union's Budget in Case of Generalised Deficiencies as regards the Rule of Law in the Member States," European Parliament, December 22, 2020, <https://www.europarl.europa.eu/legislative-train/theme-new-boost-for-jobs-growth-and-investment/file-mff-protection-of-eu-budget-in-case-of-rule-of-law-deficiencies>.

budget.<sup>33</sup> Besides threatening a Hungarian veto, Orban's propaganda team organized a fierce coordinated populist attack against the EU. For example, when he entered the room for discussions, publicized in a video, Orban hinted that Brussels had been Hitler's headquarters (the Wolf's Lair).<sup>34</sup> In the same period, Szilard Demeter, the ministerial commissioner of culture in Orban's government, wrote an article in a domestic newspaper that went internationally viral. In the article he referred to George Soros as the "liberal Fuhrer," who is turning Europe into a "gas chamber" where Hungarians are the "new Jews."<sup>35</sup> Additionally, the Fidesz founder, Tamas Deutsch, the leading representative of the Fidesz faction within the EPP, compared the EPP faction leader Manfred Weber's critical stance toward Fidesz to the Gestapo and to the Hungarian secret service (AVO) in the 1950s.<sup>36</sup>

33 Vlagyislav Maximov, "EU Institutions Strike Budget Deal on Rule of Law Mechanism," *EURACTIV*, November 5, 2020, <https://www.euractiv.com/section/all/news/eu-institutions-strike-deal-on-rule-of-law-mechanism/>.

34 Viktor Orban, "A jozan esz gyozelmeert kuzdunk. Irany a farkasverem" [We are fighting for the victory of common sense. Let us head to the wolf pit], Facebook, December 10, 2020, <https://www.facebook.com/orbanviktor/videos/203744577956155/>; Gergely Nyilas, "Ugy alakult, hogy Orban Hitler fohadiszallasahoz hasonlitotta Brusszelt" [It so happened that Orban compared Brussels to Hitler's headquarters], *Telex*, December 10, 2020, <https://telex.hu/kulfold/2020/12/10/ugy-alakult-hogy-orban-hitler-fohadiszallasahoz-hasonlitotta-brusszelt>.

35 Fanni Kaszas, "'Europe Is Soros' Gas Chamber'—Ministerial Commissioner Causes Storm of Indignation," *Hungary Today*, November 30, 2020, <https://hungarytoday.hu/szilard-demeter-soros-hitler-europe-gas-chamber/>; AFP and TOISTAF, "Hungarian Official Says Europe Is 'Gas Chamber' of Soros the 'Liberal Fuhrer,'" *Times of Israel*, November 29, 2020, <https://www.timesofisrael.com/hungarian-official-says-europe-is-gas-chamber-of-soros-the-liberal-fuhrer/>; "Hungarian Culture Head Retracts Article Comparing George Soros to Hitler," *RFE/RL*, November 29, 2020, <https://www.rferl.org/a/hungary-museum-retracts-article-george-soros-nazi-gas-chambers-holocaust-hitler-orban-eu/30974375.html>.

36 Maia de la Baume, "EPP Sanctions Head of Viktor Orban's MEPs," *Politico*, December 17, 2020, <https://www.politico.eu/article/epp-sanctions-head-of-viktor-orbans-meps-hungary-tamas-deutsch/>; "Nazi Comparisons in the EPP: Parliamentary Group Leader Weber Has a New Problem with Hungary," *The Limited Times*, December 3, 2020, <https://newsrnd.com/news/2020-12-03-%0A--nazi-comparison-in-the-epp-parliamentary-group-leader-weber-has-a-new-problem-with-hungary-.Syz3-8jw.html>.

These conflicts have provoked a multitude of EU sanctions that have led to sharper populist reactions from the Orban government, further aggravating the conflicts. A number of infringement processes have been carried out against the Hungarian government.<sup>37</sup> Hungary, in the company of Poland, is accused of breaching EU norms and its basic values. Therefore, according to the European Parliament's decision in 2018, Hungary is being subject to procedure under Article 7(1) of the Treaty on European Union.<sup>38</sup> In addition, the intensifying conflict between Fidesz representatives and other parties of the EPP led to the suspension of their voting rights within the EPP in 2019.<sup>39</sup> Later, the leader of the Fidesz caucus in the EPP, Tamas Deutsch, was deprived of voting rights and positions held in the EPP after the disrespectful conduct against the leader of the EPP in 2020.<sup>40</sup>

Decisive legal efforts until 2021 have not halted the flow of EU funds to Hungary. Neither have they changed the Hungarian government's preferences in spending strategy and centralized distribution, privileging Fidesz-connected investors.<sup>41</sup>

37 "Commission Follows Up on Infringement Procedure against Hungary Concerning Its Asylum Law," European Commission, May 17, 2017, [https://ec.europa.eu/commission/presscorner/detail/ET/IP\\_17\\_1285](https://ec.europa.eu/commission/presscorner/detail/ET/IP_17_1285); "European Commission Launches Infringement Procedure against Hungary over the 'Stop Soros' Package of Laws," *About Hungary*, July 20, 2017, <http://abouthungary.hu/news-in-brief/european-commission-launches-infringement-procedure-against-hungary-over-the-stop-soros-package-of-laws/>; "Hungarian Government Will Not Respond to EC's Unrealistic Deadline in Relation to Infringement Proceedings Concerning Transparency of Civil Organizations," *About Hungary*, November 8, 2017, <http://abouthungary.hu/news-in-brief/Hungarian-government-will-not-respond-to-ecs-unrealistic-deadline-in-relation-to-infringement-proceedings-concerning-transparency-of-civil-organizations/>; "European Commission Launches Infringement Procedure against Hungary," *About Hungary*, February 16, 2017, <http://abouthungary.hu/news-in-brief/european-commission-launches-infringement-procedure-against-hungary/>; "EU Accuses Hungary of Discrimination against Roma Children," *About Hungary*, May 27, 2016, <http://abouthungary.hu/news-in-brief/eu-accuses-hungary-of-discrimination-against-roma-children/>.

38 Sargentini report, [https://www.europarl.europa.eu/doceo/document/A-8-2018-0250\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-8-2018-0250_EN.html).

39 "Orban: 'EPP Lost Sovereignty and Is Dictated to from the Left,'" *Hungary Today*, March 25, 2019, <https://hungarytoday.hu/orban-epp-lost-sovereignty-and-is-dictated-to-from-the-left/>.

40 Maia de la Baume, "EPP Sanctions Head of Viktor Orban's MEPs."

41 Andras Bodis, "Amig On a jarvanyra figyelt, a NER bevette az orszagot – leltar a 'hazavitt' strategiai agazatokrol" [While you were busy paying attention to the epidemic, the NER took over the country—an inventory of strategic sectors "taken home"], *Válasz Online*, January 28, 2021, <https://www.valaszonline.hu/2021/01/28/amig-on-a-jarvanyra-figyelt-a-ner-bevette-az-orszagot-leltar-a-hazavitt-strategiai-agazatokrol/>.



Thus, sanctions have been only vain attempts at curbing Fidesz's and Orbán's fast move toward the extreme right<sup>42</sup> and halting corruption in spending EU funds.<sup>43</sup> Why are EU institutions apparently unable to regulate the Hungarian government and halt Hungary's dominant political party's steady path to the far right, authoritarianism and corrupt practices? Hungary's size is insignificant in the EU. Its population is about 2 percent of the EU countries. The number of Fidesz representatives is currently 12 in the EPP, plus 1 of the coalition partners from its 187 MPs. The whole European Parliament has 705 delegates from the 27 member countries.<sup>44</sup>

Then why do sanctions implemented by the EU prove inefficient? According to experts, legal mechanisms so far implemented have been underused for a multitude of reasons.<sup>45</sup> However, neither Hungary's size, nor the underuse of instruments is relevant compared to the fact that individual cases have been targeted by sanctions instead of the overall system that Orbán and the Fidesz have developed. The EU is picking cases of corruption regarding the spending of EU funds, on the violation of rule of law, and on human and civil rights. However, such cases have been borne day by day in Hungary since 2010. They are not deviations from the rules in Hungary, but conform to the development and functioning of a centralized authoritarian system. They are backed by the Constitution, laws and regulations, decrees, national and local development projects, structural reforms, public tenders, and so on. Formally, all are justified and legal. What makes them examples of institutionalized corruption is exactly the institutional-legal context that has been bent to favor those who are politically connected. And here is the essential problem raised in this book: the vulnerability of democracy to populism, authoritarian rule, and political capture.

42 "Orbán's Emergency Powers Hit Opposition Funding," *Financial Times*, April 23, 2020, <https://www.ft.com/content/5ba8a724-871c-480e-930d-ed9b0469cafe>; Kriszta Kovacs, "Hungary's Orbánistan: A Complete Arsenal of Emergency Powers," *Verfassungsblog*, April 6, 2020, <https://verfassungsblog.de/hungarys-orbanistan-a-complete-arsenal-of-emergency-powers/>.

43 Sandor Zsiros and Christopher Pitchers, "Responsibility to Deal with Corruption in Hungary Lies with Viktor Orbán, Says Former Belgian PM," *Euronews*, November 26, 2020, <https://www.euronews.com/2020/11/26/viktor-orban-responsible-for-corruption-in-hungary-says-former-belgian-pm>; Katalin Erdelyi, "Secret Estates of Very Important Hungarians Not Yet as Big or Expensive as 'Putin's Palace,'" *Átlátszó*, February 2, 2021, <https://english.atlatszo.hu/2021/02/02/secret-estates-of-very-important-hungarians-not-yet-as-big-or-expensive-as-putins-palace/>.

44 "Members, Bodies, and Activities," European Parliament, <https://www.europarl.europa.eu/portal/en>.

45 Petra Bard and Barbara Grabowska-Moroz, "The Strategies and Mechanisms Used by National Authorities to Systematically Undermine the Rule of Law and Possible EU Responses," *Reconnect*, December 12, 2020, <https://reconnect-europe.eu/wp-content/uploads/2021/01/D8.2.pdf>; Anna Wojcik, "'A Bad Workman Always Blames His Tools': An Interview with Laurent Pech," *Verfassungsblog*, May 28, 2018, <https://verfassungsblog.de/a-bad-workman-always-blames-his-tools-an-interview-with-laurent-pech/>.

Democratic rules in the EU are unprepared to deal with authoritarianism and populism. Meanwhile, the menace of the metamorphosis of the Fidesz as a party into an authoritarian system either remains unperceived or undervalued. Moreover, the defense of the basic democratic values in the EU against the Hungarian government represented by Fidesz are entangled and tempered by party interests of the EPP, and by economic lobbying interests and its political representation—primarily from Germany, whose large enterprises have an important stake in Hungary.

Orban became the leader of a centralized authoritarian system that Janos Kornai had warned against in 2015, strengthened by his domestic success and victories in EU conflicts. These achievements have increased Orban's influence far above the country's political importance internationally. Orban demonstrates how to use democratic rules and its institutions, in the name of illiberal democracy, as easy devices to build an authoritarian system and winning strategies in EU conflicts. Through these devices, his government has widely propagated unorthodox economic policy as a mechanism that politically shapes EU sources and domestic resource extraction and redistribution legally through institutionalized corruption. Orban has repeatedly and successfully undermined and disregarded the EU's fundamental principles, unity, and common actions with no effective political or economic consequences for many years in the EU. Faint international reactions follow serious national and international security threats posed by the fact that the Orban government opened the door to Russian political infiltration to Hungary and thereby the EU through offshore settlement bonds managed by Orban's Chief of Cabinet;<sup>46</sup> it has tolerated the physical presence of Russian spies in Hungary for years until publicly discovered,<sup>47</sup> and so far, as opposed to other countries, Russian spies were not publicly expelled from Hungary sanctioning Russian invasion of Ukraine. Orban personally provided diplomatic status and financial support in 2019 to the Russian dominated International Investment Bank settled in Budapest, allowing the staff uncontrolled activity, entry, and exit;<sup>48</sup> provided

46 Peter Erdelyi, Roman Sleinov and Blanka Zoldi, "Members of Putin's State Machine Received Hungarian Residence Permits through Controversial Golden Visa Program," *Direkt36*, September 10, 2018. <https://www.direkt36.hu/en/putyin-gepezetenek-tagjai-kaptak-magyar-papirokat-orbanek-kotvenyprogramjaban/>.

47 Andras Dezső and Szabolcs Panyi, "Russian Diplomats Exercised with Hungarian Cop Killer's Far-right Gang," *g7*, October 31, 2016. <https://www.stopfake.org/en/russian-diplomats-exercised-with-hungarian-cop-killer-s-far-right-gang/>.

48 Dominique Istrate, "Hungary Offers Russian Bank Diplomatic Status, Complete with Immunity," *Emerging Europe*, February 22, 2019. <https://emerging-europe.com/business/hungary-offers-russian-bank-diplomatic-status-complete-with-immunity/>.

a 10 million euro loan to Marine Le Pen's election campaign in 2022 through Orbán's closest friend-owned Hungarian bank (MKB Bank Ltd.);<sup>49</sup> Orbán efficiently used the Russian invasion of Ukraine to boost his electoral campaign in early 2022 through state-monopolized media. He personally propagated that Hungarians should not suffer the costs of international sanctions against Russia; that Hungary should "definitely" stay out of the war, and that it will not send weapons for Ukrainian defense<sup>50</sup> or even let NATO transport military facilities to Ukraine through the Hungarian border;<sup>51</sup> reluctantly publicly allowed the presence of NATO at the Hungarian-Ukrainian border after declaring that it is unnecessary, as Hungarian troops can defend it.<sup>52</sup> On the other hand, despite signing EU sanctions against Putin's Russia as a reaction to Russian military aggression to Ukraine, Orbán did not call off large Russian investments and loans in Hungary.<sup>53</sup> An even more explicit security threat is the total cyber exposure of the Hungarian government and all its international partners to Russian cyber-attacks. An investigative reporter, Szabolcs Panyi,<sup>54</sup> revealed that since the early 2010s Putin's hackers gained full access to Hungary's foreign ministry networks—even to the most protected ones. Just three months earlier, in December 2021, Peter Szijjártó, the acting foreign minister since 2014, received the highest award for foreigners from Russia's foreign minister Sergei Lavrov.<sup>55</sup>

Fidesz needed only ten years to evolve and stabilize as a centralized authoritarian system shielded by Hungary's democratic setting. We cannot exclude unprecedented changes, nor predict the exact limits of its persistence influenced by domestic and international dynamics. The Hungarian case demonstrates the vulnerability of democratic settings to populism and authoritarianism.

Institutionally unchallenged system evolution also raises the strong possibility for the emulation of similar metamorphoses in any other democracy menacing unity and fundamental democratic principles. The evolving authoritarian system has its undetected automatisms that determine its system-conforming modes and instruments of self-reproduction leading to repeated victory of the authoritarian leadership. Simultaneously, the evolutionary character of a system formation, the evolving and ever-changing institutional context, and the centralized pattern-specifics of power distribution provide much room for maneuver for the leadership in influencing the systemic process. In such fluid context, personality, intellectual quality, and individual motivations of a leader matter much more in shaping the evolutionary process than among the constraints of a stabilized system. However, we shall not venture to determine whether the systemic automatisms, the internal logic of the centralized system, the EU's ambiguous and belated reactions to evolving system characteristics, or Orbán's individual motivations and skillful actions have greater roles in the direction the evolution has been taking. Instead, in our book we demonstrate that systemic evolution and reproduction automatisms, external sources, and Orbán's personal power aspirations are reinforcing each other toward a system formation characterized by centralization, institutionalized corruption, and overall destruction in social, environmental, economic, and public spheres, deaf to humanity and solidarity.

49 "France's Le Pen Got Loan from Hungarian Bank Close to Orbán – Filing," *Reuters*, March 10, 2022. <https://www.reuters.com/world/europe/frances-le-pen-got-loan-hungarian-bank-close-orban-filing-2022-03-10/>; Marton Dunai (Budapest) and Leila Abboud (Paris), "Marine Le Pen Received Loan from Hungarian Bank Tied to Viktor Orbán," *Financial Times*, March 9, 2022. <https://www.ft.com/content/808cc9de-221e-4b10-83a4-0e67c01bf21e>.

50 "PM Orbán: Hungary Will Not Send Weapons to Ukraine," *MTI-Hungary Today*, March, 7, 2022, <https://hungarytoday.hu/orban-ukraine-weapons-ukrainian-refugees/>.

51 “Hungary Refuses to Allow Weapons Transit to Ukraine,” *Politico*, February 28, 2022, <https://www.politico.eu/article/hungary-foreign-minister-peter-szijjarto-weapon-transit-ukraine/>.

52 Julia Tar, “NATO to Strengthen Presence in Hungary as Well,” *MTI-Hungary Today*, March 24, 2022, <https://hungarytoday.hu/hungarian-defence-forces-nato-military-army-ukrainian-russian-war-hungary/>.

53 “Hungary Stands by Russian Energy Project—Minister Aays,” *Reuters*, March 2, 2022, <https://www.reuters.com/markets/europe/hungary-stands-by-russian-backed-energy-projects-minister-says-2022-03-02/>.

54 Szabolcs Panyi, “Putin’s Hackers Gained Full Access to Hungary’s Foreign Ministry Networks, the Orban Government Has Been Unable to Stop Them,” *Direkt36*, March 29, 2022, <https://www.direkt36.hu/en/putyin-hekkerei-is-latjak-a-magyar-kulugy-titkait-az-orban-kormany-evек-ota-nem-birja-elharitani-oket/>.

55 “FM Szijjarto Receives Order of Friendship from Russian Counterpart,” *MTI-Hungary Today*, December 30, 2021, <https://hungarytoday.hu/foreign-minister-szijjarto-order-friendship-russia-sergei-lavrov/>.