



European Council: Hungary

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1 Introduction and Executive Summary

Hungary is a central European parliamentary republic located north-west of Romania. The terrain is mostly flatlands with hills and low mountains located in the south near the border with Slovakia. Home to almost 10 million people, Hungary is divided into 19 counties, 23 cities with county level rights and the capital city Budapest, which doesn't belong to any of the other administrative divisions. The country, which claimed its independence on the 16th of November 1918, had to go through many conflicts (both political and military) to gain and keep its sovereignty. Like Poland, Hungary has what Hungarian politicians call a "homogeneous" society, which is a very nationalist way of saying that the population is almost entirely made up of ethnic Hungarians [2].

2 Societal and Economic History

The first actual unification of Hungarian Tribes happened in 895, which a few decades later became the Kingdom of Hungary. In the year 1000, Hungary adopted Christianity and continued to grow into a stable and puissant power in its region. The Kingdom was severely weakened at the end of the 15th century, mostly cause by a line of incompetent kings, which led to the further worsening of the situation at the beginning of the century due to a huge peasant rebellion and emergence of Protestantism. This era of weakness was followed by centuries of battle against the Ottoman Empire. In 1867 the kingdom eventually became part of the polyglot Austro-Hungarian Empire, which collapsed during World War I. The country became a satellite state of the Soviet Union following World War II. In 1956, Hungary revolted and announced its withdrawal from the Warsaw Pact (adversary Organization to NATO), a decision which was met by a massive military intervention from Moscow. The rebellion was harshly put down by the Soviets, but nonetheless a quarter million people managed to flee to the West during the conflict. Under the leadership of Janos KADAR in 1968, Hungary began liberalizing its economy, introducing so-called "Goulash Communism." Hungary held its first multiparty elections in 1990 and initiated a free market economy. It joined NATO in 1999 and the EU five years later. [2]

After Hungary's switch to a free market economy, the country experienced a drop in exports and financial assistance from the former Soviet Union. The government embarked on a series of economic reforms, including privatization of state-owned enterprises and reduction of social spending programs, to shift from a centrally planned to a market-driven economy, and to reorient its economy towards trade with the West. These efforts helped to spur growth, attract investment, and reduce Hungary's debt burden and fiscal deficits. Nonetheless an economy based around the Soviet Union for years could not so easily transition into a successful market economy, so living conditions for the average Hungarian initially deteriorated as inflation increased and unemployment reached double digits. The reforms slowly started speeding up the economy, which put Hungary in a perfect position to join the EU in 2004 (not the Eurozone). The country suffered greatly during the world financial crisis and was prompted to take the IMF-EU financial assistance package [2]



Fig. 1: Map of Hungary

3 Political Position

As Hungary is a parliamentary republic, the main legislative institution is the unicameral parliament known as "National Assembly", which consists of 199 members. Unlike parliaments in most other countries, the standard bill requires a two thirds majority to pass. The current Head of State of Hungary is President Janos Ader, who wields primarily representative responsibilities, and does not hold any "real" executive power (Note: he still does hold the right to veto the parliament's decision, which is used in exceptionally rare cases). The de facto head of state is Prime Minister Victor Orban, who is affiliated with the center-right Fidesz Party [3]

In 1998 Orban's Fidesz and it's coalition partners: the Hungarian Democratic Forum (MDF) and the Independent Smallholders, Agrarian Workers and Civic Party (FKGP) won the 1998 parliamentary elections with 42 percent of the national vote, making Orban the Prime Minister of Hungary. Taking Germany as an example, Orban centralized power around the Prime Minister Position, created many new ministries and strengthened the Ministry of Economy. Scandals and politically arrogant behaviour were a trademark of Orban's first term as Prime Minister, one of the highlights being the unconstitutional move to change the two thirds majority parliament rule into a simple majority, which was deemed to be unconstitutional by the High Court. This all led to the rise of the Hungarian Socialist Party, which took control in 2002, pushing Orban's Fidesz into the opposition. In 2010 he again rose to the post of Prime Minister winning 52 percent of the popular vote, while his Party controlled two thirds of the National Assembly. With this he changed the constitution in two ways: passed an electoral reform, which decreased the amount of members in the parliament from 386 to 199, and added an article into the constitution, which favored traditional marriage. The National Assembly is currently dominated by the Fidesz-KDNP coalition, holding exactly the needed two thirds of parliament. [3] Victor Orban has continued the centralization of power, invoking criticism from most of the other European Leaders. It is worth to mention that he is good friends with Israeli Head of State Benjamin

