

REFLECTIONS ON THE CURRENT STATE OF AFFAIRS IN HUNGARY¹

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Batthyány Society of Professors

1 On the majority of two-thirds and the responsibility implied

The confidence of the voters in 2010 and 2014, which resulted in a two-thirds majority in Parliament both times, enables the Fidesz–KDNP government² to complete the process of the change of the regime prolonged hitherto for twenty-five years. The majority of the voters appreciated the results of the governance since 2010, or, at least, they did not find a viable alternative; therefore, they placed their confidence in the governing parties even though these issued neither a detailed programme nor a multitude of promises. It is comforting to see that a great many elements of this policy tally with the St. Stephen Project³ produced by this Society on Viktor Orbán's initiative in 2004–2005. This policy involves a well-proportioned mixture of the elements of Christian democracy, social democracy, conservatism and even of environmentalism, which seem to attract the support of a great proportion of active voters. The principles of Christian democracy are embodied in the Constitution in that it emphasizes the traditional Christian values of Europe, puts the public good in the focus and upholds the institution of the family. Inspired by social democracy are the reduction of the costs of public services at the expense of the extra profits of large firms, the extra taxation of banks, the stabilization of the situation of private debts in foreign currencies⁴ and the massive involvement of people in public works although more efforts are needed to heal the rift between the rich and the poor. Conservatism and environmentalism are apparent in a number of governmental measures to sustain national cultural traditions and in the Constitution, which is declared to be a contract between the Hungarians of the past, present and the future. The programme of the government may turn out to be of historic significance if the country succeeds in taking an upturn from the slump, and gets lifted not only in economic terms but also in terms of the quality of life. Although there are a number of critics that censure this policy, there are several countries

¹Translation of the article entitled 'Gondolatok az ország állapotáról'.

²The present government is formed by a coalition of Fidesz with the Christian Democrats (KDNP).

³<http://www.bla.hu/professzorok/dl/szit-jun-18.pdf>

⁴In 2003–2008 the people were coaxed by the banks into drawing credits in foreign currencies, especially to acquire new homes, under extremely hazardous conditions, and the government would not interfere. Since then the debts of these people doubled or tripled owing to the sudden change of exchange rates and unilateral changes of conditions by the banks.

that adopt some of the unusual measures of the Fidesz–KDNP government. We would nevertheless prefer if the opposition of this policy to the international economic system were played down since the present appearance endangers our links to the European Union and the transatlantic ties.

We have to keep in mind that, especially in the current period, this country heavily relies upon the European Union; in our progress we measure ourselves to other countries of the European Union; most of the symptoms of their decline, if there is decline at all, are characteristic of this country as well. If one or the other of the symptoms of our decline is remedied with our own method, that will benefit the others, too, so that we can trust they will sooner or later appreciate it. It is usual that the opinions and bons mots of our politicians cast in a trenchant style, which pleases the Hungarians (e.g., those about our ‘struggle for economic independence’) are propagated abroad in no time, and the aggressive opponents of the country deprive it of its context and contort its meaning; and no wonder that the response from Hungary is angry. It is in that way that trivial differences of opinion, which would not even become apparent in a pragmatic approach, elevate onto an ideological level.

The accomplishment of a fundamentally new programme requires an amount of determination; we thus understand that the governing parties use all their might. That is necessary since the things to be rectified are abundant. Just to take some of the most obvious examples, we mention that, in the period of privatization⁵ the state botched up an enormous number of bad bargains (such as the selling of the food industry⁶), and forced the local authorities, institutions as well as private people into disadvantageous deals, such as the selling of public service firms⁷, PPP investments⁸, the compulsory deal of a large fraction of the working population with private pension funds⁹, the loans in foreign currencies (see footnote 4), and the monetary transactions making permanent losses because of the interest rates held artificially high. The Orbán government is trying to disentangle from these traps and to rescue as many losers and to reduce losses as far as possible. In doing so, it employs extraordinary legislative methods, which are attacked as illegitimate by those whose interests differ, e.g., because they are responsible for having set the traps. The instability of the internal economic climate comes largely from these circumstances.

2 On governance

The efficiency of parliamentary democracy is of course enhanced by a constant feedback of the opinion of the people on the political process. It would reinforce stability and social harmony, soothe popular disquiet and anger, and it could make the process

⁵In the decade preceding 1998.

⁶Food industry was reasonably prosperous, and agricultural production hinged on it very much. As a result of these bargains, many plants were closed down, famous and popular brands were taken abroad for production, the prices were going high, and agriculture had to scale down its production there being no industry to process its raw products.

⁷The buyers’ profits were guaranteed without their assuming any risk.

⁸The public-private partnership meant an interesting share of duties: the private partner gained high profits, while the public partner bore the high risk.

⁹This was a net loss for the state-run pension fund, which was made up for by enormous government borrowings, aggravating the budget deficit.

of legislation more circumspect if the parliamentary opposition were more constructive and if the governing parties more often had the impact of their measures assessed and the matters discussed with those directly interested prior to the parliamentary debates. With the time of burning urgency for legislative steps being over, it would be high time for the government to find civil partners to negotiate with about its intentions before decisions. The voters would certainly be more keen on being active in the democratic procedures if they could more easily comprehend the political alternatives, and thus would be apt to raise their voice in the course of the preparations for decision making. But neither the superficial news-casting on the state television nor the commonplace pronouncements of the spokespersons of the parliamentary fractions are too helpful for the citizens. Unfortunately, in the era of technical civilization and of the no-information propagated by the media, the methods of participatory democracy are also difficult to use, and for a national consultation¹⁰ to make sense, the questions should be chosen more carefully and the answers should be evaluated in a more sophisticated manner. We understand that it is impossible to conduct preparatory consultation about every matter, but it would be beneficial to consult expert bodies in more cases. The sensitivity of citizens should be respected more, and politicians should show that their mission is a service to the people by avoiding a show of strength and lack of compassion since these render even the correct measures unacceptable to many people.

The changes should be carried through with due circumspection. The clean sweeps of the staff in the style made lately in the Ministry of Foreign Affairs do not facilitate the formation of an expert administrative apparatus committed to the public good, and thus can cause serious damage. Although we agree that the national interests should be defended as far as possible, thus we must not behave submissively facing even the strongest powers, yet caution should be exercised since provocative statements have already contributed to the very bad opinions, on Hungary, which have recently spread in respectable foreign organs. More efforts should be made to improve the image of the country. There is no doubt that we belong to the cultural sphere of the West in every respect, and our integration into the western alliance systems is not disturbed by our trading with the East. We approve of the pragmatic policy of trade open to the East as well, but we do not like the dubious term of 'opening to the East', which, with the interference of some trouble-makers within Hungary, has instilled the pernicious idea into our western allies that our government is about to loosen our belonging to Europe.¹¹

3 Hungary from the outside and from the inside

The criticism opposing the Fidesz–KDNP government sounds more credible through the reflection of foreigners. Recognizing this, the left is playing for the foreign coun-

¹⁰A system introduced by Fidesz as a means of participatory democracy: a set of questions are posed to citizens, who are expected to respond anonymously.

¹¹The leftist government before 2010 also tried to resuscitate trade connections with the East. For example, it was a widespread tacit assumption then that new nuclear power blocks should be ordered from Russia because of the favourable experience with the old Russian-made blocks. But when the present government followed suit, the left started to raise objections and to spread the interpretation that the invigoration of the trade to the East amounts to turning away from the West. This bait has been swallowed by the press in the West and, probably, by some governments as well.

tries. This is obviously permitted in a free country, and it would be futile to strive against it; the government can be given credit, either within or without the country, only by a more authentic, more lively explanation of the state of affairs. The effect of the incomprehension prevailing abroad does not shock the citizens, but causes an aggravating malaise, and the question is when it will end up in a total political lethargy.

The respect for Hungary will not be restored until the poisoning of internal political atmosphere by unrelenting hatred is stopped; for the leftist opposition exports the animosity together with the argument. The roots of the hostility originate in the communist past as far back as 1919. These are facts, which we have to endure, naming those who are responsible for them, but accepting what cannot be altered. We have no arguments with the government concerning the interpretation of our past, but we have to note that the 'clerks' should do more to conjure up all hues of the past. We regard the occupation of Hungary by the Germans as a common tragedy to all of us, and have no objection against its keeping in the public memory by the erection of a monument.¹² We deeply sympathize with our Jewish fellow citizens, who are conscious of their extra tragedy even more strongly, and we agree that the responsibility of the Hungarians who took part in the persecution of the Jews is not diminished by the fact that there were a great number of Hungarians striving to save Jews, and our governments in office recently have done a lot to alleviate the pain.

The political controversy has an aspect that concerns more recent events, and that is more comprehensible. Since the turn of the millenium the country has become weaker, and in the remedy strong emphasis should be laid on the responsibility for the erroneous policy that had led to this outcome. The opposition ought to acquiesce in this, but the governing parties could help them by a less combative behaviour.

4 National economy and society

We approve that families are financially stimulated to have the children that they long for by creating work opportunities and by all other means. The decrease of the population of the consecutive generations threatens the future of the nation, and even more efforts are to be invested to improve the situation. The progress is very slow in the issues of health care and health protection, of the healthy conduct of life and of medical institutions. Much has been done to improve the extremely long-neglected infrastructure of the popular professional sports, but more emphasis should be laid on mass sports. No doubt, the present politics does care about the catching up of the social groups lagging behind and of the underdeveloped regions of the country, but radical progress can only be expected from a general economic upturn. The poor social strata and poor regions (e.g., North-East Hungary) would need a more rapid catching up. The politicians should do more in order to explain how their political programmes serve the progress of the country and the well-being of her citizens.

¹²The most painful political scandal of this year was organized by the leftist opposition in cooperation with some Jewish organizations. They performed a show to the West by mocking the new monument to commemorate the occupation of the country by the Germans in 1944. One of the ideas of the scandal-makers was to interpret the monument as commemorating the nazi feat. When this charge became untenable, they accused the government of an attempt to relieve the Hungarians from any responsibility for the persecution of the Jewish compatriots. This was achieved by a misinterpretation of the symbolism of the monument. The protest against the misinterpretation was in vain.

We think that, with its economic policy, the government has created the climate for emerging from the grave economic crisis inherited. Our balance of payments has been positive for several years, the budget deficit is low, and the state debt is slowly decreasing, which seems irreversible unless the rate of exchange of the national currency turns it back. The extra taxes on extra profits and the reduction of the costs of public services are exemplary. But the sector of small and medium-size enterprises, family farms as well as their co-operative societies would need help to gain strength. We agreed with the reduction of the basic interest rate¹³, although we were aware of its effect of weakening the national currency. We trust that the National Bank will find the optimum interest rate compatible with the interest of the society. The government has been instrumental in reducing the loss of money by those who drew long-term loans in foreign currencies (cf. footnote 4 above), but the expectations were overheated by Fidesz's preliminary assessments of the exchange rates, with the result of grave disappointment for many.¹⁴ We have no insight into the bargain between the banks and the government, but have no reason to assume that the government has been negligent in considering the interest of the debtors. We understand that any further concessions to them could have implied unreasonable risks.

We strongly support the attempt by the government to preserve the arable land of the country in the property of local farmers. We sincerely hope that the invalidity of the the fake contracts of sale hidden under the fig-leaves of contracts of lease will be recognized at the European Court as well.¹⁵ We consider it equally important that access to land should be given primarily to families farming locally and those taking part in the programme promoting multigenerational farming, rather than large firms. We agree that the government sets a maximum to be paid in the area payment scheme of the EU in support of farming. Most of the money saved in this way should be paid, in agreement with the principles set by the EU, to the smallest farms under 30 hectares—these are the really family-run farms in this country—rather than paying it under different titles to large farms. We are convinced that the objective of the support of agriculture is not only to create internationally competitive farming but also to enhance the ability of the countryside to sustain human population. The best the country can do to this

¹³The basic interest rate of the National Bank came down from 7% of 2012 to its present value of 2.1%.

¹⁴There were almost a million families who took the loans in foreign currencies. In the heydays of these loans, around 2006, 1 Swiss franc was equivalent to about 160 forints, and now it is over 250. As a joint effect of this change and of the unilateral changes of conditions implemented by the banks meanwhile, especially in the interest rates, a typical client experienced the following: he has returned two-thirds of the original amount drawn in 2006, the monthly instalments have doubled since, and what remains to be returned is about one and a half times that of the amount received at the start. The courts have ruled that the unilateral changes of conditions amounted to unfair business, and the amounts contorted from the clients by this means had to be refunded (with interest), but the larger part of the increase was due to the exchange rate. Fidesz had argued that the banks are partially responsible for the catastrophe caused by the change of the exchange rate since they did not warn the clients of the hazards of the scheme, hence they should be debited some proportion of this sum. But this argument was dismissed by the court, so that Parliament passed a bill on the conversion of the remaining debts to forints with at an exchange rate of 256.47.

¹⁵By consent of the EU from about 1992 to 2014 foreign persons or legal entities were not free to buy arable land in this country since the prices were unreasonably low for foreigners. Nevertheless, an enormous amount of land was sold illegally, especially to Austrians, by simulated contracts of lease, which are null and void under law. With the ban lifted, there are attempts to legalize these transactions, which are explicitly against Hungarian law, but the EU may launch infringement proceedings at the report of those whose interest is interfered with.

end is to embrace the European model of family farming and co-operatives. We appreciate the measures taken to protect our natural environment, to reduce environmental pollution and the steps to restore the harmony between land and people, like the reconstruction of the system of tourists' hostels. At the same time, we draw public attention to the attempts of developers to lobby for development projects in nature-protection areas, and it is not sure whether the citizens' will is strong enough to withstand such attempts.

5 On the corruption

The government declared that it would exercise 'zero tolerance' towards corruption, and yet we see that even government circles are not exempt from corruption charges, and these may result in the denigration of the whole country. Whether or not these charges are well-founded, they cause significant internal social erosion, and their serious reverberations abroad subject the country to blackmailing. In all certainty, these charges come from inside the country, namely from the leftist opposition, which itself has been lately choking with corruption scandals, and yet the charges must not be dismissed. Unfortunately, the claims of those incriminated of corruption do not fully and convincingly dispel the suspicions. Public figures should set examples not only by observing the written law and by being honest, but also by conducting unostentatious lives and show reasonable openness if the public expects them to do so.

Corruption has to be done away with. The administration of public goods and public money has to be open to the public to enable the anti-corruption immune system of the society to operate. However, any anti-corruption attack ought to be proportionate, since a disproportionately tough attack would be viewed as arbitrary and autocratic both from inland and from abroad.

6 On education and culture

We appreciate the reorganization of public education, the introduction of the career scheme of teachers and the increase of their wages, whose steps will eventually add up to something that may be said to be substantial. The reform of the complicated system of public education obviously requires further steps. We therefore suggest temperance in eliminating the inconsistencies, legal loopholes and other faults. We agree that the Klebelsberg Centre for Institution Management should be decentralized.¹⁶ We keep on thinking that the level of public education needs improving.

We do also appreciate the conceptions of higher education recently put for public debate, and hope that all stake-holders will really be involved in its detailed elaboration expected to last several years. Having seen this document, we think it is worth-

¹⁶After 1990 the financing and management of public education became the duty of local authorities, which were unable to supervise the operation of schools. Because of the unevenness of the wealth and care of the authorities, the schools have deteriorated everywhere, but in a varied fashion. To give a remedy, the state took over the running of all schools belonging to the public, and the umbrella organization, the Klebelsberg Centre for Institution Management was founded to supervise all of them. (Count Klebelsberg was a most highly esteemed minister of education in the 1920's.) From its birth, this institution has however been overcentralized.

while to mention that science is part of culture, and thus it has to be taught and worked on even if it does not produce direct profit.

It is a century-old tradition in Europe, with our homeland not excepted, that higher education is a public mission, which is undertaken by the state: universities cannot sustain themselves. The roots of branches that produce no money need to be nourished, too. This implies that the strategic aims can only be attained in a longer time, with much more public expenditure. The present financing is only enough for stagnation, and it is not realistic to assume that the considerable amount of money that would be necessary for running a vigorous higher education could be and would be continuously covered by anybody but the state. The state should gradually pass the running of the institutions of local importance to the local authorities and enterprises, while it should concentrate its own financial means on high-level universities. We agree that the educational system should consider the demands for various expertise, but we must be aware that planning, even if based on this information, can only be tentative.

Universities should endeavour to get the students to study primarily the durable and broad-ranging fundamentals of their chosen subjects which are firm enough to form the basis of detailed expertise later. This is in the interest of each particular student as well: for a person to be successful and mentally satisfied, he has to be capable of developing and adapting himself to the requirements to be encountered later. It is urgent and imperative to increase substantially the remuneration of the teaching and research staff working in higher education and in basic research so as to reward the individual performance; otherwise the exodus to foreign countries or, as a better case, to inland firms that can pay more competitive salaries will speed up.

7 Traditions and politics

We express our satisfaction upon seeing achievements of symbolic significance: the highly successful reconstruction of many historic monuments in Budapest and elsewhere. The resurrection of the values of the past will sooner or later bestow a character on the present as well. We nevertheless emphasize that healthy balance should be maintained between the treatments of a few most outstanding historic monuments and of a great number of other monuments. We are glad to see the unification of the management of the historic heritage and the initiation of the change of the national heritage act for the better.

It is important that the governing parties, elected by a two-thirds majority for the second time, may show symbolically that they work ardently for the common cause of all citizens, including the voters of the opposition. This has to be manifest in the long interval between the elections by unambiguous feats. Our belonging to the European Union is to be expressed through displaying its symbols.