

*Not Such A Black Sheep Within the EU*

**Highlights**

- ★ Despite a heavy toll in some sectors, Hungary has managed to reap the benefits of membership to the EU via the Structural Funds and access to the single market. The freedom of movement has also become a treasured right among Hungarians, for leisure and for jobs – about 500,000 have gained employment in other European countries.
- ★ Initial expectations were so high that some disappointment was a logical consequence. Hungarian people have grown disillusioned with the EU, which is further nurtured by the low level of awareness they have on European issues.
- ★ Hungary remains cautious regarding more integration. This position is visible in immigration or border control, where the government has already changed its stance several times. Adopting the euro remains a marginal issue. Even on the Energy Union, which Hungary supports, there is a feeling that it is in the hands of the European Commission.

**Building Bridges project**

This paper is part of the Building Bridges Paper Series. The series looks at how the Member States perceive the EU and what they expect from it. It is composed of 28 contributions, one from each Member State. The publications aim to be both analytical and educational in order to be available to a wider public. All the contributions and the full volume *The European Union in The Fog* are available [here](#).



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## About Building Bridges

Called “Building Bridges Between National Perspectives on the European Union”, the project aims to stimulate the public debate around national experts on the relationship between their Member State and the EU and on the future of the Union. This project confronts their visions with others’ from different member states, but also those of people from different horizons via workshops in Warsaw, Madrid, Paris and Brussels, which took place in 2015 gathering experts and local citizens.

The project is coordinated by the French Institute of International Relations (Ifri) with three major partners: the Polish Institute of International Affairs (PISM), Real Instituto Elcano and EUROPEUM—European Institute for European Policy. The project has also benefited from the support of institutes in each Member State.

You can find all the information and publications about the project at this address: <http://www.ifri.org/en/recherche/zones-geographiques/europe/projet-building-bridges>.



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## **What does your country hope to gain from its membership to the European Union?**

When talking about Hungarian expectations regarding the European Union, we must clearly make a difference between what we have already taken for granted, and what we would like to achieve. Ever since Hungary broke free of Soviet rule in 1989, there has been a wide consensus both among the political parties and in the population that Hungary should integrate into the Euro-Atlantic alliance, NATO and the European Union, as fast as possible. NATO was regarded as the guarantor of Hungary's security, while the European Union's role was more important in economic cooperation and as a catalyst for growth, especially as the state-controlled industries collapsed after the transition to a market economy and as a result of privatisation. Hungary considers itself to belong to Western civilization: being part of the Judeo-Christian culture and Roman Catholicism were defining features of the country since the Hungarian state was founded by its first king, Saint Stephen in 1000 AD. Over the course of history, and even during numerous foreign occupations, Hungarians regarded themselves as the easternmost outpost of Western civilisation. Therefore it was a natural wish of the politicians and everyday people to return to Europe, once the Soviet occupiers were gone.<sup>1</sup>

Hungary, being a medium-sized landlocked country in the middle of Europe did not really have any other option: access to the Western markets and inviting European investment were crucial from the first days of its economic transformation, which dismantled its planned economy (causing massive layoffs, which naturally led to disappointment and frustration among those who lost their jobs), while significant parts of the Hungarian economy were

privatised.<sup>2</sup> However, economic relations with Western European countries gained momentum, investors were building new plants and facilities, and Hungary's economy quickly became dependent on its cooperation with the European Communities, and later with the European Union. Lowering tariffs and other barriers became a priority to attract even more foreign direct investment, and to boost Hungarian exports, providing new employment for those who had lost their jobs during the economic transformation and privatisation. Today, about 80% of Hungarian exports go to the EU Member States, and at the same time the five biggest investors are also EU Member States: Germany, Luxembourg, the Netherlands, Austria and France have contributed the most FDI (in decreasing order)<sup>3</sup> since 1989 to the Hungarian economy.

Current Hungarian economic policy is based upon cooperation with other EU Member States. Developments in the automotive industry, which is currently one of the most important sectors in Hungary is almost exclusively dependent on its European ties. Hungary's participation in global supply chains is enhanced by the common free trade area the European Union helped to create and maintain. Were it not for the European Union, the export-oriented Hungarian economy would not experience the growth rates that we see today. Public investment is almost exclusively financed from European Union funds - according to some estimates EU funds have boosted Hungarian growth by 2% annually since 2004.<sup>4</sup>

It has to be mentioned though that Hungary also paid a price for these benefits. Whole industries (especially in the light industry sector and agricultural processing) were terminated when they faced subsidised and

better-equipped competition from the West. There was no time to adapt to the new situation: the adoption of the *acquis communautaire* left no opportunities to protect these companies, while cash-loaded competitors had the chance to buy out the owners – usually post-socialist managers who were eager to get rid of their inheritance for a handful of US dollars.

The Hungarian people have always been fond of European integration, ever since Radio Free Europe started to broadcast in the country. When they were able to travel to the West later (in the 1980s, one could visit a non-socialist country once in every three years) they were impressed and overwhelmed by the unimaginable wealth on display. This was further underscored by anecdotal evidence from *émigré* relatives or friends, who had started their new lives after fleeing communist oppression. Expectations were high and simple: one was looking forward to European integration so Hungary would reach the living standards of Austria – a naïve dream that never actually came true.

Free movement of people is a European right that every Hungarian embraces. This is one of the most treasured rights ordinary Hungarian citizens gained from European integration: being confined by the Iron Curtain for such a long time one cannot appreciate enough the freedom of movement. Entering the Schengen Area was therefore one of the most palpable and significant results of the Hungarian EU-membership. Furthermore, being part of the European project allowed Hungarians to find better jobs abroad: about 500,000 Hungarians gained employment in other countries, most notably the United Kingdom, Germany and Austria. Their contribution and cash transfers to the Hungarian economy remains significant, as depressed, mostly rural territories cannot offer

suitable jobs for aspiring Hungarians. Ironically, while intra-country mobility does not exist - and government efforts to provide aid for relocation to economically more developed counties with a shortage of skilled workers remained unsuccessful, - many Hungarians simply decided to pack up their lives and accept jobs inferior to their skills and education, thousands of kilometres from their homes and family.

Hungary wanted to gain membership of the European Union in order to firmly anchor itself alongside its traditional allies and to provide new opportunities for its people. This was a successful endeavour as it became a Member State in 2004. But once inside the club, Hungary was unable to fully embrace the possibilities that were offered to it. This is also reflected in the frustration one can register among the Hungarian population: initial expectations were so high that disappointment was a logical consequence.

### **Do you think that the European Union appears to be a clear project in your country? If not, what are the main reasons?**

For Hungarians, the European Union was more appealing from the outside: 15 years of diplomatic efforts led to the Hungarian accession in 2004, and as mentioned above, the public, especially the politically active, were very supportive of these efforts. This was also true – with some minor exceptions – for political parties. However, since its accession most of the associated prestige of membership has disappeared, and Hungary has been left with the reality of having to adapt to the daily workings of the EU. Neither the government, nor the public succeeded in this regard. The government (regardless of its political background) failed to successfully integrate into the European decision-making structures,

with the sole exception of the well-organised Council presidency in 2011. Moreover, the population felt that the promises on which the accession referendum was based were false. Enlargement fatigue appeared, causing people and politicians to grow disillusioned with the sometimes opaque and distant decision-making in Brussels. This frustration adds to the general sense of a lack of awareness of major European issues among the Hungarian population.

Public discourse in Hungary, aided by the government's deliberative efforts to scapegoat the European Union for domestic political purposes, fully exploits this situation. On the one hand, pro-European commentators and analysts (mostly associated with the political left and the liberals) are pursuing a quite optimistic agenda, while, on the other hand, pundits from the political right and the wildly EU-sceptic far-right are keen to point out the – perceived or real – double standards Member States have to face in their European pursuits.<sup>5</sup> This makes for a general understanding that the European Union is not a level playing field. Therefore Prime Minister Viktor Orbán's claims of "defending the homeland" falls on fertile ground among his electorate.

Despite the various – and often negative – perceptions of the European Union in Hungary, the public remains committed to the European project. Hungarians have recently developed a more favourable view of the EU, with 40% (a 5% increase since 2013) of respondents saying they value the EU, putting Hungary near the European average of 39%.<sup>6</sup>

An excellent case that highlights the disconnect between Western and Eastern perspectives on the European Union is the migration crisis, and the way the different EU Member States responded to this challenge. However, the main Hungarian narrative is not

against the EU *per se*, but rather against the perceived inability of the European institutions to effectively handle the crisis. For instance, Prime Minister Orbán's main message during the summer of 2015, when the flow of migrants peaked in Hungary was that Hungary was the defender of the Schengen Area and the common European border.<sup>7</sup> This perceived inability to handle the crisis, together with some Member States' opinions to keep to the proposed resettlement quota also highlighted how divided the European Union is, and that the future of the EU is far from decided.

Even ordinary citizens can sense the insecurity and perplexity surrounding the future of the European project. It is no wonder therefore that they become receptive to deceptive and anti-European propaganda. There are even popular political parties within the European Union (with Hungary's Jobbik being a prime and well-known example) that – using Russian and other funds – openly challenge our European future. Their answers are simplistic and brutal: therefore these slogans are much easier to identify with than the complex European debates on how and where we should move forward. Internal insecurities are further exacerbated by hostile influences: in this environment it is very hard to make the European Union appealing.

### **Which degree of integration seems adequate to the position and ambitions of your country both politically and economically?**

The Hungarian government position is that, as long as there are national parliaments and governments, they should retain their role and bear political responsibility for their actions. This legitimacy will not be replaced anytime soon, especially given the above mentioned challenges to the European Project. Before

moving on to the next level of cooperation and integration, the European Union has to consolidate its achievements, introduce reliable processes, and assign (political) responsibility where it is due.

In the economic sector the benefits of integration are clearly visible: Hungary has been a beneficiary of this phenomenon from day one of its membership, and a significant portion of Hungarian economic growth depends on closer economic integration. It is much easier to trade and export, to attract new investments, to transport goods and services, and this makes Hungary capable of utilising its competitive advantages. Supply chains, be they global or European provide jobs for millions of Hungarians, including those in economically less developed areas, and allows aspiring workers to enter the European job market, according to their personal preferences. Regarding the everyday lives of the citizens, the European Union has brought many benefits and new opportunities. Therefore, when we consider the economic benefits, closer integration has served the interests of both the Hungarian people and businesses. Questions may arise, however, in different areas. For instance in taxation, banking and energy, the Hungarian government does not want to see more European coordination, as it fears that some levers might disappear (extra tax on banks, VAT rates), thus reducing its room for manoeuvre in affecting competitiveness, or, for example, protecting national champions in the energy sector.

Politics however remains a controversial topic. The European project lacks legitimacy, especially in the new Member States. The Hungarian electorate showed its support for the EU in the accession referendum when an overwhelming 83.76% majority voted in favour.<sup>8</sup> But if it were not for the earlier Socialist

government of Prime Minister Gyula Horn relaxing the referendum rules (for the NATO-accession vote to be valid and successful), the referendum might have turned out to be a failure because turnout rates (45%) did not reach the original standards (50% of the total electorate voting for the same option).

There is no clear majority of Hungarians saying that EU membership is good for the country. Approval rates are relatively stable: about 30-35% agree that EU membership is beneficial for the country, 18-22% believe that membership is harmful, while most of the people, usually around 40% say it is neither good, nor bad.<sup>9</sup> This mostly shows the general disinterest in EU affairs: Hungarians take their privileges, like the freedom of movement or goods for granted, and do not fully understand, how their lives became easier since membership.

On the level of daily party politics, the European Union is often used as a stick, which parties use to beat each other with. Traditionally, the Hungarian right has always been more critical of the European Union, while the left has been more accepting of Brussels. Data on how the appeal of the European Union correlates with party politics is scarce, however many conventional wisdoms exist. According to a 2009 survey by a Hungarian think-tank, 87% of Socialist voters approved of the Hungarian accession, while even 67% of EU-sceptic Jobbik's voters agreed that the accession was good for Hungary. However as for those who strongly approved of accession, Socialist voters polled at 50%, Fidesz ones at 37 and Jobbik supporters at 20.<sup>10</sup>

The difference partly stems from the different definitions of national interest, and the political right's firm belief in the role of nation-states. While the left usually accuses the right of being "provincial, non-European and Asian",

the right hits the left with notions like “the agents of Brussels, revolutionaries and neglecters of the national interest”. In an interesting study conducted by the EU-sceptic Jobbik’s think tank in 2013, those who regard themselves as “only European” and “European and Hungarian” combined, polled at 10% of the entire population. On the other hand, those claiming they are “Hungarian and European” polled at 28%, and those saying they are “only Hungarian” at 61%.<sup>11</sup>

With such a large group of people thinking about themselves primarily as Hungarians, it remains very easy to score political goals with anti-Brussels propaganda. It has to be noted however, that none of the major Hungarian parties wants to exit the European Union.

For now, considering that Hungary is governed by the political right the current level of integration is more than enough. This attitude is also visible in many policies from refugee assistance to the Energy Union, where Hungary emphasises the role of the European Council and national governments, as opposed to the Commission and the European Parliament. Everyday people are not concerned by these issues: as they can travel freely within the Schengen Area and work abroad, they are content with the current status quo. The economy is already benefiting from the free movement of goods and services. In some industrial sectors we can still find some major Hungarian companies (MOL in the oil business, or OTP in banking). These companies are taking advantage of the European rules when necessary, but they also want to protect their interests by playing on nationalist feelings and protectionism when they feel their interests threatened. The picture of more or less integration therefore is not black and white.

## **According to you, how could we strengthen the idea of belonging to a common European public sphere among your national citizens?**

At this time when the Hungarian government is vocalising the need for a more “national” European Union as the political mainstream in Brussels, it is very tough to ascertain whether the common European public sphere is something Hungarians would like to embrace. Common political symbols (most importantly the European Parliament and the European Citizens Initiative) have been vilified by the government.

Apathy was, for a long time, the mainstay of the Hungarian political arena. However, the migration crisis changed this trend and gathered support for the governing Fidesz.<sup>12</sup> These circumstances highlight the challenges in conducting a European-level political debate in the country. A visible signal of this was the Hungarian turnout rate at the 2014 European Parliament elections, 28.97%, which was significantly below the turnout for the national elections two months earlier, at 61.24%.

The distance of Members of the European Parliament (MEP) from the Hungarian public is also a source of concern. MEPs are very rarely visible in the national media, and if they are, the coverage is usually about the abuses of their privileges. One can recount two MEPs, who have attracted significant interest from the Hungarian media, one being Tamás Deutsch of Fidesz, who regularly makes headlines with his tweets, the other being Jobbik’s Béla Kovács, who is currently facing espionage charges in Hungary.

European political institutions are not being taken seriously in Hungary. This was clearly visible in the nominations for MEPs in the 2014 European Parliament election campaign, and

also during the selection of Hungary's Commissioner. At this time, only a few analysts sensed any change in the way the Commission operates, and how it was trying to transform itself from a technocratic institution into a political one. However, looking at the rhetoric of Prime Minister Orbán and Foreign Minister Szijjártó regarding migration it is easy to notice that they do not see the European Commission as a partner, or a threat to their interests for that matter. They would rather engage other Member States, and especially German Chancellor Angela Merkel.

The political responsibility of different EU institutions has been a prime concern for the political establishment in Brussels, but this debate did not enter the Hungarian discourse. Brussels remains distant for most Hungarian citizens (hence the large share of "undecided / do not know" answers in the Eurobarometer surveys), and current hostilities between the Hungarian government and the European elite do not predict a change in this regard.

### **Which policies would you deem essential to conduct at the EU level in order to better legitimise the European project?**

Even though Hungary invests its security interests in NATO, the migration crisis

highlighted the need for more European coordination when it comes to immigration and border protection. The Hungarian government so far did not provide a consistent approach: while in September Prime Minister Orbán was pushing for the joint protection of Greece's borders to handle migration, in December he rejected the reinforcement of Frontex on the basis of national sovereignty.

Different facets of economic policy could also been delegated to the EU level, especially when it comes to the members of the Eurozone, but the issue of adopting the euro remains marginal in Hungary.

Environmental protection and climate change is clearly a policy field where the European Union as a single entity has a role to play. Climate change is also very high on Hungarian President János Áder's agenda. Still, many national interests have to be overcome, which are partially included in the proposed Energy Union package. However, Hungary thinks that the Energy Union is mostly a political project of the Commission, and expects the current situation to evolve gradually.

## Endnotes

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