

Civitas Institute Plc.
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Issue: 01
March 2022

Civitas Newsletter



Civitas Institute

CIVITAS INSTITUTE PLC. MONTHLY NEWSLETTER - ALL RIGHTS RESERVED

CEA
Magazine





FOREWORD

Welcome!

The renewed team of Civitas Institute started its work in early 2021. When we first sat down to define our goals, we had the image of a conservative-liberal think tank in front of our eyes. There is no institute in Hungary today that represents this political sphere and provides background analysis and research for political forces that believe in the free-market, that put freedom and democracy above all and fight against extremism and illiberalism in all its forms. Civitas Institute is committed to representing these values in Hungary and in the CEE region.

After one year, we thought it would be appropriate to report on the activities of our institute in the form of a short newsletter. We work with a small staff, currently with limited financial resources. However, we are proud that before the 2022 Hungarian parliamentary elections, Civitas Institute was the most quoted think tank and the one that organized the most political events in Hungary. We

have become a proud members of Atlas Network. We participated in several conferences in Hungary, in Belgium and in the United States. In Hungary we have organized twelve conferences in the last three months with significant press coverage and international interest. But what we are perhaps most proud of is, that we published the second volume of Black Book, a political-economic indictment of the last four years in Hungary. We are particularly honoured to have been able to work together with Transparency International, the world's leading anti-corruption organisation. World-renowned MIT professor Daron Acemoglu also honoured us by writing the introductory essay.

The Black Book has been distributed to all Members of the European Parliament. We had the help of the Atlas Network, which supported us in this project.

Dear reader, all we ask of you is that we stay in touch. Because Civitas is the institution you can trust!

Levente Nagy-Pál
CEO

In early 2021, we launched Central European Affairs Magazine to report on the political and economic developments in the Central and Eastern European region in English. So far, we have a total of 34 broadcasts on more than 12 podcast channels, including Apple podcast, Google Podcast, Deezer, Spotify, Soundcloud, TuneIn, Podchaser, etc.

CEA Magazine is available here: <https://centraleuropeanaffairs.com>

CEA Magazine

CEA Talk guests

In addition to free market, rule of law, democracy and the fight against oppressive regimes, we will focus on the technological challenges of the modern world such, and the blockchain technology.

In the CEA Talk podcast series we have so far had the pleasure to host a number of prominent personalities such as Andras Simonyi of the Atlantic Council, Bernard Guetta and Daniel Freund MEPs, Dániel Hegedűs of the German Marshall Fund, Roland Freudenstein of the Wilfried Martens Center, Scott Culinane of the National Security Institute, Daniel Fried, former US Assistant Secretary of State for European and Eurasian Affairs and many more.

“ Taking responsibility to make a difference ”

Zoltán Kész

Director of Operations, Civitas Institute

Liberty is the
ultimate value

Throughout its history, Hungary has learned that liberty is one of the most important values, that it is not taken for granted, but we must constantly work, sometimes even fight for it. Without liberty there is no democracy, no prosperity, and no social harmony. The future in the neighboring Ukraine is currently unpredictable. One thing that we can do as a Think Tank is to constantly remind political and economic decision-makers that they have a responsibility to shape history. And the greatest responsibility is the pursuit and maintenance of individual and social freedom.

In our own country, and across the continent, we see that freedom is being eroded. This is causing war, division, suffering and tears. Currently, millions are fleeing, and thousands are dying in a senseless war caused by a government, which has systematically eradicated liberty, that had already been won over the last decades. We all have a responsibility to ensure that this does not happen in Hungary or in any other European country.

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BLACK BOOK II

LAUNCH

BLACK BOOK II.

▼
Corruption
and State Capture
in Hungary
▲



-WE DON'T WANT A THIRD EDITION-

The first version of Black Book was published in 2018, also by the Civitas Institute in cooperation with Transparency International. When we started to prepare for the second part we did not think that this would be twice as thick, as the first one. Although the book presents only 50 cases in detail, it still contains proportionally much more money and centralization of power than the previous volume in 2018.

We at the Civitas Institute hope that there will be no necessity for a third volume....

Black Book II is available for free in pdf format on this link:

<https://en.civitasintezet.hu/wp-content/uploads/2022/02/>



“Corruption has skyrocketed in Orban’s Hungary, mostly orchestrated by the Fidesz Party itself. This is most clearly visible in the ways in which European union funds are used and misused.”

(Daron Acemoglu)



TEXT WRITTEN BY DR ISTVÁN TEPLÁN

After the resounding success of the first volume of the Black Book released in 2018, we still thought the Orbán regime might be capable of self-correction, and the discussed cases were exceptions rather than the rule. Unfortunately, we were disappointed in that regard. In fact, those cases no longer stand out, and the public seems to have become accustomed to this level of corruption, unfortunately.

As of the publication of this book, we no longer have any illusions left: it is clear that the discussed cases are not system errors. They are the system itself.

Orbán’s regime does not even strive for self-correction. Its purpose is not to serve the public good. Instead, it focuses on keeping the chosen ones in power and transfer wealth to them by redistributing national assets. If there is some kind of “Orbánism”, it can be defined as the use of the obtained political power in order to enrich a privileged group by deliberately reshaping laws and distribution mechanisms for this purpose. In return for the economic benefits, the oligarchs stop at nothing to keep the system in power which reciprocates by giving even more power and feeding more public funds to the circle of its supporters.

Although traditional corruption is still present in Hungary at all levels, it does not determine the functioning of the regime. Instead, it is shaped by the privileges and economic rewards handed out in return for loyalty to the system. The authors define corruption as the abuse of power for individual profit gains, which includes the kind of wealth redistribution that tramples on rule of law norms and democratic institutions. These processes distort market mechanisms to such an extent where they become an obstacle for free enterprise and competition.

As presented in the book, these corrupt dealings permeate the economy, culture, science and sport in

Hungary. This is a sad conclusion, because the thousands of billions of public funds could have been allocated to elevating the country instead of enriching a privileged group with such fortunes that are inconceivable for the members of the public.

Hungary is one of the less wealthy EU countries where millions lives are characterized by a low European material deprivation index. The hope of ever reaching the living standards of the developed European countries seems more and more distant each year. Corruption influences future generations and undermines public morality. In a normal society, if somebody is successful and their performance is acclaimed, people accept that they grow financially as well. In Hungary, however, political connections are indispensable for any significant financial growth which is not proportionate to performance. Successful Hungarian market players are not reputable business owners. Instead, they are schoolmates, relatives, family members, friends from the neighbourhood, spouses or ex-spouses, children, cousins and strawmen as well as faceless owners of quickly appearing and disappearing phantom companies.

What they have in common is that they do not take pride in their performance; they prefer to hide behind complicated company networks and untransparent ownership structures.

So the squandered public money is not the only thing to sadden the Reader. What is even more disheartening is how the next generation is indoctrinated with this pattern of social advancement.

I am convinced that the westward exodus of our talented youth is at least partly driven by these factors. We hope they will have a reason to return home someday.



MP László Varjú shows the BB II in ATV



TI Hungary's chief József Péter Martin's presentation

The book contains the following chapters:

- I. Daron Acemoglu: The price of corruption
- II. Nature, mechanisms and consequences of corruption
 - 1. Erosion of Rule of Law
 - 2. The impact of corruption on economic development
 - 3. Corruption in the public procurement system and EU funds fraud
 - 4. The colonization of the media
- III. Corruption in practice (50 concrete cases)
 - 1. Transfer of resources, i.e., „what they call corruption, is the main policy of Fidesz”
 - 2. The leaders and relatives of the „party state”
 - 3. Dealers, traders, persons who get off big
 - 4. The indiscreet charm of the new Hungarian bourgeoisie |
 - 5. Sin and punishment
- IV. Restoring the Rule of Law by András Sajó

We have sought to provide a scholarly perspective on the process by which the ruling political elite has seized key state positions in the media, the administration and in the judiciary. Many of these processes are very similar to the emergence of other illiberal states. There are several points in common between Vladimir Putin's Russia and Viktor Orbán's Hungary. However, there are subtle differences. Russian actions towards a dictatorship are much rougher, while in Hungary everything seems ok. The Hungarian model has been able to build itself up by giving the appearance, by trying to make the world believe that everything is fine here. The second volume of Black Book is an excellent illustration of this process.

Presentation of Black Book in English to diplomats

On 22 February we presented Black Book to the diplomatic corps accredited to Hungary. 43 diplomats from over 30 countries were represented at our English-language event. In contrast to Civitas conference series *Opposition Roundtable 2022*, we did not invite politicians, but anti-corruption and economic experts spoke about the situation in Hungary.

Among EU countries, Hungary ranks almost last in Transparency's Corruption Perception Index, with Bulgaria just behind. The corruption situation in Hungary has deteriorated the most in Europe.

Corruption is a growing problem, especially corruption linked to the state. Corruption is one of the key tools in the exercise of power in Hungary.

BLACK BOOK II.



Corruption
and State Capture
in Hungary





Book Launch

Panellists:
 József Martin, Transparency International
 Sándor Léderer, K-Monitor
 Péter Szakonyi, journalist
 Ágota Scharle, Budapest Institute

Host: István Teplán, Civitas Institute

Date: 10am, Tuesday, February 22, 2022
Location: Keménydió Café Bar 1065 Budapest, 21 Nagymező st.



Panel discussion at the European Parliament

Politics is aligned with it. Corruption is behind virtually every government decision. Only the money of the government elite has increased. In 2002, people could be among the 100 richest Hungarians with a fortune of €10 million. Last year, the same figure was €41 million. The wealth of the top 100 richest people has increased even more. It was HUF 663 billion (€1.71 billion) in 2002 and in 2021 it was HUF 5,500 billion (€14.18 billion).

The panel discussion available online here: <https://www.youtube.com/watch?v=N--Udcax91A&t=9s>

Presentation of Black Book in Brussels

On 28 February the whole Civitas team "moved" to Brussels for a day. First of all, we gave an English language copy to all (705) members of the European Parliament. Apart from us, only pro-government companies with millions of euros are capable of such an action. Afterwards, a one-hour press event moderated by István Teplán was held with Sándor Rónai (MEP, S&D), Márton Gyöngyösi (MEP, NA), József Martin (TI) and Balázs Csekő (Civitas). On the same day afternoon, a conference discussion followed at the Press Club in Brussels. We had the great honour that MEP Daniel Freund (Greens/EFA) accepted our invitation. Mr Freund is the most active politician in the EP on the rule of law issues in Hungary.



Invitation to our Brussels's event

The full event can be watched at the following link:

<https://www.youtube.com/watch?v=nNf0zrbiTII>



Panel discussion in Press Club Brussels

OPINION SHIFT TOWARDS RUSSIA

A defining moment of the 1989 transition in Hungary was when former Prime Minister Imre Nagy, a martyr of the 1956 revolution, was reburied and Viktor Orbán delivered his famous speech demanding the Russian troops to leave the country. For decades, no Hungarian prime minister or government, not even Viktor Orbán himself during his first government (1998-2002), questioned this course. After 2010 everything changed.

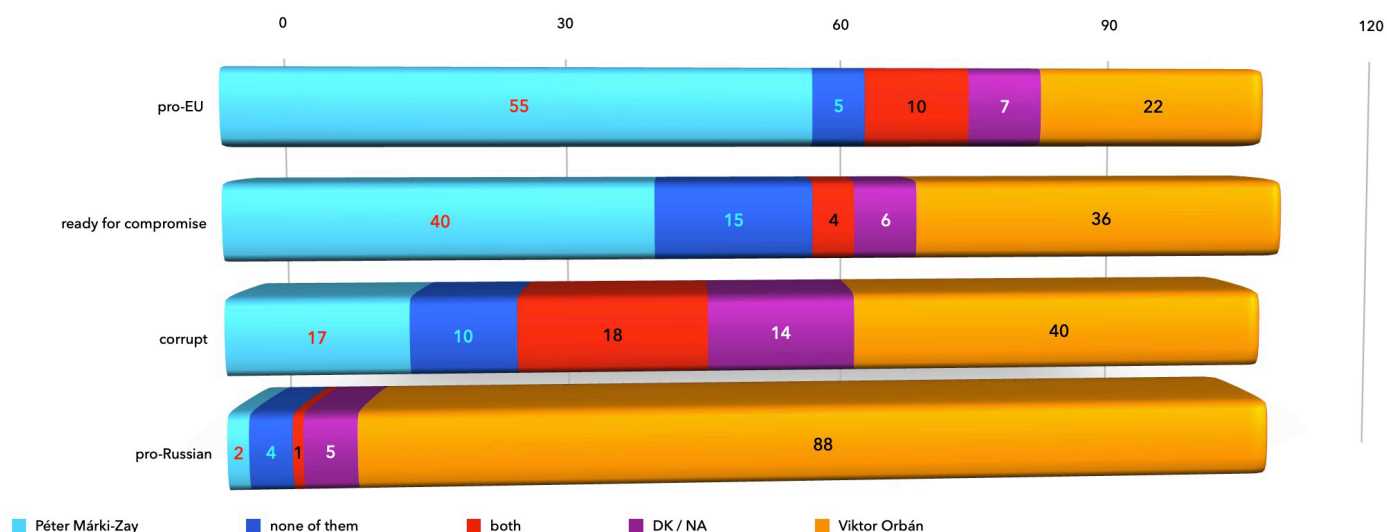


Since 2010, several surveys have predicted that Hungarian public opinion is undergoing a significant change in its attitude towards Russia. In a 2018 study (https://www.tarki.hu/sites/default/files/trip2018/382-396_Kreko_Oroszország_a_magyar_kozvelemenyben.pdf), Péter Krekó pointed out that Hungary is still characterized by a kind of pro-Western attitude, but that sympathy for Russia has become increasingly important in public opinion. While by 2018, voters from left-wing parties and Jobbik thought Russia had become too influential in Hungary. At the same time 51% of Fidesz voters would have chosen Russia over the US.

The policy of "Eastern Opening" became the main foreign policy strategy after 2010. The idea started from the fact that after 1990 Hungary lost a significant part of the Eastern markets it had built up during the decades of socialism. Viktor Orbán's new government no longer saw foreign policy as diplomacy, but primarily as a means of gaining economic advantage. Accordingly, Orbán government has launched actions in China, Russia, in the Far East and the Middle East. The main consequences of the new doctrine were as follows:

1. the classical diplomatic corps were dismantled. The new clientele, loyal to the ruling Fidesz party, but above all to Orbán, began to unscrupulously support the foreign expansion of the networks of companies close to the Prime Minister.
2. As it became more and more obvious to Western countries that the rule of law and democracy were eroding in the country, Orbán began to criticize the West more and more at the domestic level. The refugee crisis of 2015 was the watershed, because from this point both the European Union and even the UN became outspoken adversaries of the Hungarian government.
3. Vladimir Putin was portrayed as the defender of Christian Europe alongside Viktor Orbán.
4. China, uniquely in the European Union, has found not only an economic but also a political ally in the Hungarian government.
5. The policy of Eastern Opening was not in the country's interests, but only aimed at promoting the economic opportunities abroad of oligarchs close to the Prime Minister.

To whom do you think the following statements are more accurate from the two PM candidates: Viktor Orbán or Péter Márki-Zay? %, (all respondents)



6. The economic links that existed before 1990 could no longer be re-established, as most of the formerly successful industries no longer existed in Hungary. In addition, the socialist camp had also disappeared, so Hungarian products would have had to compete on the world market. Only a dozen Hungarian-owned companies can meet such conditions these days.

All these in our mind, before the war in Ukraine, we conducted an opinion poll at the end of January 2022 asking Hungarian voters whether they considered Viktor Orbán or Péter Márki-Zay to be pro-Russian. There was no big surprise, it was the difference that might be surprising. Viktor Orbán is considered to have a more pro-Russian stance by 88% of the total Hungarian population. This means that there is no longer any difference between government and opposition voters on this issue. Viktor Orbán and Fidesz voters are aware that their leader is a Russian beard. Therefore, even in the second week of the war, public television and pro-government influencers are still broadcasting Russian fake news in full force.





The foreign policy event, where András Simonyi from the Atlantic Council was our guest, attracted the most interest. The event was attended by more than 40 representatives of diplomatic corps, 23 ambassadors and over 100 guests.

The event can be viewed on our YouTube channel at the following link:

<https://www.youtube.com/watch?v=Gu-AAkVzsFw&t=5s>

All our events can be watched on the Central European Affairs Magazine YouTube channel



ROUND TABLE TALKS 2022

IMAGES BY CIVITAS

On the initiative of the Independent Lawyers' Forum, the splintered Hungarian opposition to the authorities established the Opposition Roundtable on 22 March 1989. The main aim of the organisation was to unite its participants in a united stand against the Hungarian Socialist Workers' Party, which sought to divide the opposition. Thirty-two years after its creation, Hungary is in the same situation as it was in 1989. Thanks to nearly 12 years of Fidesz government, the country has moved away from the idea of democracy and its values. The Hungarian opposition is as divided as it was three decades ago, and has no choice but to unite

together, putting ideological differences beyond the party line. The series of events organised by the Civitas Institute, entitled "Opposition Roundtable 2022 - Organising for Change Then and Now", aimed to facilitate these efforts by offering a platform for leading opposition figures and experts to prepare the ground for the restoration of Hungarian democracy. Between November 2021 and mid-February 2022, a total of ten events were organised in the following topics: media, health, rule of law, foreign policy, corruption, agriculture, health care, climate policy, economy, education, social policy.



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