

Hungary's perception in terms of corruption is still in decline – this is the conclusion of the 2016 global survey of Transparency International

Budapest, 25 January 2017 - Hungary slipped down seven places in the most comprehensive corruption rankings in the world, the Corruption Perceptions Index (CPI) prepared by Transparency International (TI). Hungary achieved the lowest score of the last six years with 48 points, and its anti-corruption performance has strikingly deteriorated in comparison to the European Union and the Central-Eastern European region – as it was announced at the press conference of Transparency International Hungary.

World corruption rankings: almost no change at the top and at the bottom

The anti-corruption performance of most countries was extraordinarily poor in 2016. Out of the 176 countries examined by TI, 121 received less than 50 points on a scale of 0 (perceived as highly corrupt) to 100 (perceived as very clean) assessing the perceptions of corruption in these countries.

As for several years now, the Scandinavian countries – Denmark, Finland, Sweden and Norway –, and New Zealand and Switzerland are leading the global rankings, but Canada and the Netherlands also made it into the top ten. Democracy is stable in these countries and the economy is functioning. Public power works transparently and accountably, the press is free, human rights are observed, and the judiciary is independent.

At the bottom of the list – as so many times in the past – we find Libya, Sudan, Yemen, Syria, North-Korea, South-Sudan and Somalia. Corruption causes huge poverty in these countries, and for lack of a responsible state leadership serving citizens, they can be considered dictatorships.

The biggest loser of the 2016 CPI was G20 member Turkey: continuing its decline in the past several years, it dropped 9 places last year and now counts as the 75th most corrupt country in the world. South-Korea – another G20 member – also fell significantly, and from its 37th position in 2015 slipped to the 52nd. Corruption is also raging on the periphery of the eurozone; Greece's anti-corruption performance deteriorated badly: the country lost its 58th position in the previous year's rankings only to land in the 69th in 2016.

José Ugaz: Populism is the wrong medicine

People are fed up by too many politicians' empty assurances to tackle corruption and many are turning towards populist politicians who promise to change the system and break the cycle of corruption and privilege. Yet this is likely to only exacerbate the issue.

“In countries with populist or autocratic leaders, we often see democracies in decline and a disturbing pattern of attempts to crack down on civil society, limit press freedom, and weaken the independence of the judiciary. Instead of tackling crony capitalism, those leaders usually install even worse forms of corrupt systems,” said Ugaz, Transparency International's global president. “Only where there is freedom of expression, transparency in all political processes and strong democratic institutions, can civil society and the media hold those in power to account and corruption be fought successfully” – he pointed out.

The corruption situation in Hungary has deteriorated

Hungary dropped seven places in the global corruption rankings and landed at 57 in 2016. The country achieved 48 points, which is 3 points below the previous year's score, and the worst score in 6 years. The perception of Hungary's corruption situation has been continuously deteriorating for years: the country reached the 47th spot in 2014 with 54 points, and came in 50th in 2015 with a score of 51.

The decline is even more striking in comparison with the countries of the European Union. Even in 2015, Hungary was in the lowest corrupt fifth of the EU, as it tied for the 22nd -24th spot out of the 28 member states. However, this performance deteriorated further in 2016: Hungary is currently 24th -25th out of the 28 member states of the EU tied with Romania. A year earlier, in 2015, Slovakia and Croatia placed the same as Hungary; but in 2016, these countries performed a few points better than Hungary. With the exception of Greece, Italy, and the most infested Bulgaria, the situation is better everywhere than in Hungary in EU member states from the point of view of corruption.

The perception of Hungary's anti-corruption performance also worsened in comparison with the Central-Eastern European region. For the first time, Romania caught up with Hungary this year, which means that the corruption situation is only worse than in Hungary in Bulgaria out of all new member states that joined after 2004.

Hungary's competitiveness has been woefully poor for fifteen years now

The experts of Transparency International Hungary have found that there is a strong correlation between corruption and GDP per capita within the European Union. “Corruption also disrupts economic development in Hungary”, said József Péter Martin, executive director of Transparency International Hungary as he presented the [report](#) of the organisation. The expert pointed out: corruption results in an uncertain business environment, which in turn leads to a deterioration of competitiveness and income disparities.

Economic actors rate the Hungarian government's measures against corruption as insufficient. According to the survey of the World Economic Forum, an international institute, at the end of last year, while Hungary was the 28th most competitive economy in the world in 2001, it only ranked 69th on the competitiveness list last year. The perception of public institutions is outstandingly bad: from the 26th place in 2001, the country slipped to the 114th by 2016 in this respect. It is telling that businessmen in Hungary named regulatory uncertainty and corruption as the main obstacles to running a successful business. “The competitiveness of Hungary's economy is not only drifting increasingly far from the EU28, but also from countries in the region, the main reason for which is the inappropriate operation of public institutions”, pointed out József Péter Martin.

Among the friends of the government, public funds were also sought after in 2016

“Several examples from the past few years are evidence that those in power regard public funds in Hungary as their own”, said the legal director of TI Hungary, Miklós Ligeti. It is commonly known that the National Bank of Hungary played nearly HUF 267 billion to its different foundations. The Pallas Athene foundations are not tight-fisted when it comes to public funds, as they were handing them out by the hundred millions to persons closely linked to the central bank's management. In vain did TI Hungary report this as a crime to the chief public prosecutor, an investigation into a suspected case of damage to national assets was never initiated. As a result of the bias of the authorities, the foundations even got away with

the unlawful circumvention of public procurement procedures: they only had to pay one fifth of the maximum fine of 15% based on the total value of contracts.

If it is about lining friends' pockets, the government is even willing to do business with the source of all evil, the "migrants", provided they have money. As a result of the government's pro-immigration policy, the selected intermediary companies selling government residency bonds to citizens of non-EU countries earned more than HUF 100 billion. HUF 40 billion of the legendary profits of these agencies, whose proprietary background is unclear and with one exception are registered in off-shore havens, were paid by Hungarian tax payers, who also lost the interest surcharge of these residency bonds which in the 3 years amounted to a total HUF 700 million.

Hungarians also learned that "Tao." stands for the corruption network operated by the government, which absorbed about HUF 300 billion in public funds until 2016, and not the Far Eastern life philosophy. All the while, it is as though sports sponsorships, which are formally granted by companies, but in actual fact are a burden borne by tax payers knew that they have to flow to football clubs with close ties to the highest political circles. The "home" football team of Viktor Orban in Felcsút absorbed more than HUF 10 billion in tax deductible "Tao." funds within five years. The football team of Kisvárdai also made it into the top 10 (with ties to Minister of Development Miklós Seszták) and the town of Mezőkövesd also has nothing to be ashamed after having received HUF 2 billion in tax exempted "Tao." funds (with ties to state secretary in charge of the tax administration András Tállai).

"Bias and corruption have become fundamental traits of the system in Hungary", highlighted József Péter Martin, the head of TI Hungary. Those with political power openly favour others close to them to the detriment of all citizens.

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About the Corruption Perceptions Index

The Corruption Perceptions Index (CPI) is prepared by the centre (Secretariat) of Transparency International (TI) in Berlin based on 12 surveys and analyses performed by 11 organisations. They measure corruption in the public sector by surveying the opinion of experts and businessmen on the corruption infestation of the public institutional system, the economy and society. Corresponding data was available on 176 countries in 2016, and Hungary was assessed based on 9 different sub-factors. TI defines the scores of the sub-factors on a scale from 0 to 100, where 0 marks highly corrupt countries and 100 those least infested. The secretariat of TI in Berlin calculates the index by weighting the average of the scores.

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You can access TI's report on the Corruption Perceptions Index and the characteristics of corruption in Hungary [here](#).