

Corruption in Hungary continues to worsen

Press release

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The Secretariat of Transparency International in Berlin has prepared for the 27th time its Corruption Perceptions Index (CPI), the world's most comprehensive corruption survey. Deteriorating its 2020 result by 1 point, Hungary scored 43 points, and with this performance it ranked 73rd - four places lower than a year earlier - in the world ranking of 180 countries. Thus, Hungary is in the penultimate place within the European Union, only surpassing Bulgaria. Together and in parallel with the presentation of the latest results, Transparency International Hungary has published the second volume of the Black Book, which presents the most serious cases of corruption in the last four years and provides a comprehensive assessment of corruption in Hungary.

Corruption in Hungary continues to worsen, according to the latest results of the Corruption Perceptions Index (CPI) published by the Berlin headquarters of Transparency International (TI) in 2021. While in 2020 Hungary finished in 69th place with a score of 44 points on a scale ranging from 0 points (the most corrupt country) to 100 points (the country least infected with corruption), in 2021 it scored 43 points, deteriorating 1 point and 4 places, and finished in 73rd place.

Hungary ranks penultimate in the EU

In the European Union, Hungary only surpassed Bulgaria and finished in the penultimate (26th) place. Compared to the countries of the region, Hungary has continued to lag behind. In the last ten years, Hungary's score fell the most among the 11 Central and Eastern European EU Member States (12 points), while Estonia and Latvia have performed best, with an increase of 10 points each. Among the Visegrád countries, Hungary was surpassed by Slovakia (9 points higher score), the Czech Republic (11 points higher score) and Poland (13 points higher score).

In its recent report, Transparency International Hungary (TI Hungary) states that ten years ago, Hungary ranked 46th out of the 176 countries surveyed at the time with a score of 55 points, thus, in a decade, Hungary marked a drop of 12 points and 27 places on the CPI world ranking.

TI Chair of the Board: Human Rights Violations Lead to Corruption

For many years, rich countries that have the utmost respect for democratic and rule of law standards have been at the top of the world rankings - with the exception of Singapore as an enlightened autocracy. In 2021, Denmark, Finland and New Zealand all shared the top spot on the corruption list with 88 points, followed by Norway, Sweden and Singapore (85 points each).

Transparency International found countries that violate civil liberties consistently score lower on the CPI. Complacency in fighting corruption exacerbates human rights abuses and undermines democracy, setting off a vicious spiral. As these rights and freedoms erode and democracy declines, authoritarianism takes its place, contributing to even higher levels of corruption. Human rights are not simply a nice-to-have in the fight against corruption. Authoritarian approaches destroy independent checks and balances and make anti-corruption efforts dependent on the whims of an elite. Ensuring

people can speak freely and work collectively to hold power to account is the only sustainable route to a corruption-free society.

The Black Book published by TI Hungary reports about the capture of public power

Four years after the publication of the corruption annales titled [Black Book](#), TI Hungary published the second volume of the Black Book. The 180-page publication contains comprehensive studies on the state of corruption in Hungary: the destruction of the rule of law, the impact of corruption on economic development, the systemic abuse of the public procurement system and EU funds, and the colonization of the media along political interests. The book also presents 50 specific recent cases of corruption, and includes writings from two guest authors, Daron Acemoglu, a world-renowned economist, professor at MIT, and András Sajó, a law professor and former judge at the European Court of Human Rights.

According to the findings of the Black Book II, the governing parties with almost unlimited power and the business circles and cronies closely associated with them have systematically occupied all corners of Hungarian public life in the last decade, thus completing the state capture. Public bodies responsible for monitoring the executive branch, such as the competition authority, the media authority or the audit office, are now serving the political and economic needs of government. In the NER (“System of National Cooperation”), the criminal punishment of corruption is held hostage to political interests, with the prosecution often giving the perpetrators of cases sensitive for the power a free pass.

The government has also used its enhanced powers to fight the coronavirus pandemic to accelerate the dismantling of democratic institutions and to further enrich members of the business community closely associated with politics. By issuing emergency decrees, it has restricted the disclosure of data in the public interest, narrowed the freedom of local governments, and - in the tourism sector, for example - has given orders worth hundreds of billions to politically well-connected entrepreneurs without competition.

The government further enriched the business circles intertwined with the political elite by creating globally unique “public interest asset management foundations” (“KEKVAs”). On the one hand, KEKVAs remove assets worth HUF thousands of billion from the state's books, and on the other hand, they ensure the political and economic survival of the current holders of power in the event that Fidesz loses the election.

The Black Book II notes that after 2018, NER continued to wreak havoc on the Hungarian media market. A gigantic pro-government media conglomerate called Central European Press and Media Foundation (KESMA) has emerged, and the power keeps putting pressure on the still independent players in the media market. This is done partly by using authority, and partly by promoting the acquisition of ownership by pro-government businesses. This is the case with Klubrádió, which lost its frequency last year and thus was banished to the internet, which also exemplifies how the media authority pledged allegiance to the government.

Corruption undermines Hungary's competitiveness

The Black Book II also points out that systemic corruption, government behavior that tolerates or even encourages abuse, and poor economic performance are closely linked. The relationship between countries' performance in the Corruption Perceptions Index and their GDP per capita is particularly strong across the EU. Hungary is one of the most corrupt members of the European Union, while it surpasses only Bulgaria, Romania, Croatia and Poland in terms of GDP per capita. “The fact that

Hungary was unable to break out of the lower house of Europe in terms of economic performance and competitiveness, despite the boom between 2013 and 2019, is largely due to the autocratic exercise of power and institutional destruction” - József Péter Martin, Managing Director of TI Hungary pointed out at the publication of the CPI report and the presentation of the Black Book II.

World-renowned economist Daron Acemoglu explains in a study for the Black Book that corruption eliminates the level playing field in competition, shakes public confidence, and ultimately destroys markets, institutions and standards. The fact that corruption becomes a widely accepted social norm seriously undermines effective action against abuse in a country.

Compromise instead of constitution

In the closing essay of the Black Book II, law professor András Sajó draws attention, among other things, to the fact that NER has institutionalized a legal system based on legitimate fraud in Hungary. The former judge at the European Court of Human Rights points out that the European Union has proved incapable of recognizing measures that undermine the rule of law but comply with the letter of the law.

The way to restore the rule of law - in the event of a possible "simple majority" opposition victory in this year's election - is not through the constitution or the hammering of legal formalism. The solution, according to the law professor, is to make some kind of compromise, to negotiate a political agreement that will allow the public authorities to return to normal and serve the public good again, not the interests of the power elite. Only in this way can the "cold civil war" end.

Corruption TOP 50 and what is left out of it

In the second volume of the Black Book, TI Hungary collected corruption cases that are inherent to the Fidesz-led system and are of particular public interest. These cases also exemplify how the power creates a new aristocracy in the NER by reallocating resources, i.e. taxpayers' money. The selection outlines the affairs of a yachting, castle building elite getting rich through government contracts, as well as of crooks escaping the consequences of corruption. The bribery case of Pál Völner, the former Secretary of State for Justice, was not included in the selection, as it was already at the printers. The prosecution accusing the former secretary of state of accepting more than 80 million forints in bribes is a corruption scandal reaching the highest level in recent decades. The case is taking turns almost every day. The other key figure of the bribery scandal, György Schadl, President of the Hungarian Court Bailiffs Chamber who was regularly paying bribes to the former secretary of state and is being held in custody, may have influenced the results of the university exams of Ádám Nagy, chief of staff to Antal Rogán. Pál Völner is the third Fidesz MP to be suspected of corruption by the prosecution during the Fourth Orbán government.

About the Corruption Perceptions Index

The Corruption Perceptions Index (CPI) is prepared by the Secretariat of Transparency International (TI) in Berlin based on 13 surveys and analyses performed by 12 organizations. They measure corruption in the public sector by surveying the opinion of experts and businessmen on the corruption exposure of the public institutional system, the economy and society. Corresponding data was available on 180 countries in 2021, and Hungary was assessed based on 10 different subfactors. 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 affected. The secretariat of TI in Berlin calculates the index by weighting the average of the scores.

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The report of TI Hungary is available [here](#), and the Black Book II [here](#).