

MINISTRY OF FOREIGN AFFAIRS OF HUNGARY

MINISTER

Budapest, January 6, 2012

Dear Colleague,

In the first days of 2012, several reports articles have appeared in the international media, heaping heavy criticism on the Hungarian Government and its parliamentary majority. The sources of malcontent are certain recently adopted norms and measures. Lately, attacks have been concentrated on the new Constitution of Hungary which entered into force on January 1, 2012. Some of the critics are going as far as to question the democratic commitment of the Hungarian Government. Many of these reports and much of the commentary are all too general, based on flimsy evidence or even hearsay and are teeming with factual errors. Therefore I decided to write this letter to explain our position and to reiterate our readiness further to discuss the specific concerns you may have.

I admit, on the other hand, that the sheer magnitude of the changes my government is carrying out or has initiated does not make the job of those who want to understand easy. Please allow me to throw some light on the background of the measures that seem to be a cause for concern.

When the first Orbán Government lost the general elections in 2002, our macroeconomic figures were close to fulfilling the Maastricht criteria and the introduction of the Euro was a realistic objective. Most notably, the government debt was a sustainable 53 per cent of the GDP. The subsequent Socialist-Liberal governments squandered this heritage and accumulated deficit and debt during the years of growth. (Hungary is the only Member State to have been under Excessive Deficit Procedure since its accession to the EU in May 2004.) So when the global financial crisis struck in the fall of 2008, it found Hungary in an extremely vulnerable position. To avoid immediate default, the Gyurcsány Government applied to the European Commission and the IMF for assistance as early as in November 2008. Few people remember that thus Hungary became the first Member State that had to be bailed-out – well before Greece and anybody else. Severe austerity measures and recession followed in 2009. When we took over in May 2010, government debt was up from the aforementioned 53 per cent to above 80 per cent of GDP.

Voters granted FIDESZ-KDNP a rare two-third majority in Parliament with the power to adopt even the always awaited new Constitution. The election result was not only an unusually harsh verdict on the record of the Socialist-Liberal coalition of the previous eight years but it also gave an extremely strong mandate for Mr. Orbán to reboot the economy and to overhaul the system. Deep and comprehensive structural changes were launched without any delay (in the fields of local governments, health care, education, labor law etc.), coming close to a rebuilding of the country.

Symbol and cornerstone of this work is the new Constitution and the so-called cardinal laws complementing it.

The adoption of the Constitution was preceded by broad public and international consultation. We obtained, inter alia, the opinion of the Venice Commission which was essentially appreciative* while formulating some critical remarks on a number of specific elements. Some of the recommendations were eventually taken on board during the legislative process. Anyone who reads the new Constitution in Hungary can come to the conclusion that the two-third majority is not abused to cement the power of the governing parties but rather to anchor the legal and economic system to certain values and norms. One example is the debt brake: this Constitution was among the first to enshrine the golden rule on responsible fiscal policy which is now likely to become one of the essentials of an emerging European economic union. I am sure that once the dust is settled, this feature of the new Constitution will be recognized and appreciated accordingly.

To complete the 20 year old transition from communism to democracy and a market economy takes a tremendous effort, especially under the circumstances of the general economic crisis. We are certainly not immune to error, including errors of judgment. We are open to criticism provided it is fair and specific.

You may find the outcome of the controversy over the new Hungarian Media Law, adopted in 2010, telling. Parts of the European press and some politicians had claimed that the new law would curb the freedom of expression in Hungary. (Some of the critics, admittedly, did so before or without ever reading the text.) The European Commission scrutinized the law and requested four amendments which the Hungarian Parliament passed at record speed, within two weeks. Consequently, the Commission saw no reason to initiate an infringement procedure.

Currently, there are a few other issues that seem to have raised concerns, such as legislation providing for the *possibility* of merging the Hungarian National Bank with the Financial Supervisory Authority. We have been and are still in consultation with the Commission and the European Central Bank so as to reassure everyone that the independence of the Hungarian

* „...the Venice Commission welcomes the fact that this new Constitution establishes a constitutional order based on democracy, the rule of law and the protection of fundamental rights as underlying principles. ... A particular effort has been made to follow closely the technique and the contents of the ECHR and to some extent the EU Charter.” European Commission for Democracy through Law (Venice Commission), Opinion on the new Constitution of Hungary, adopted by the Venice Commission at its 87th Plenary Session (Venice, 17-18 June 2011)

National Bank will not be compromised. Prime Minister Orbán, after having been in contact with President Barroso, has given his personal assurance not to actually implement the changes before the term of the current National Bank Governor ends in March, 2013. We have provided immediate and detailed answers to the Commission inquiring about the new legislation on the judiciary and on the new Data Protection Authority. We fully respect the prerogatives of the Commission as the guardian of the Treaties. Experience teaches us to trust the Commission to deal with these issues in a fair and balanced fashion. We are ready to reconsider changing legislation, if need be. This has never been and will not be a matter of prestige for my Government.

I repeat, we are ready to engage in dialogue with anyone on specific concerns, without precondition. But we cannot accept judgments before the trial. We can even less accept from anyone to question our democratic commitment or our place in the community of democracies. We had fought for freedom and democracy in the past to have our credentials right. I also know that these need to be renewed time and again. The efforts and results of the Hungarian EU Presidency in the first semester of 2011 should speak for themselves. We were tireless in promoting the cause of a strong Europe, in finding common response to the situation of the Roma, in enlarging the EU with a new member, just to name a few.

Dear Colleague,

I thought it important to address these issues and I hope you will contact me on any questions you find important to discuss. I shall be ready to answer any questions anytime. My government stays ready with first-hand information on any specific issue you might wish to raise.

Sincerely yours,



János Martonyi