

The wizard, the virus and a pot of gold

Viktor Orban and the future of European solidarity

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Executive Summary

A few days ago, on 30 March, two things happened that put a spotlight on a deep crisis of European solidarity. That day the EU adopted a *Coronavirus Response Investment Initiative (CRII)* with the goal of mobilising € 37 billion to overcome challenges related to the corona crisis and to save lives. And yet, while Italy was allocated CRII funding equivalent to 0.1 percent of its GDP, and Spain 0.3 percent, Hungary received an astonishing 3.9 percent of its GDP in CRII funding. Italy received € 2.3 billion but Hungary, with one sixth its population, € 5.6 billion. Italy was then the country most affected by the coronavirus, with more than 9,100 deaths on 27 March. Hungary had 10. The European Commission admitted that this was not “an optimal allocation.” It was, however, a perfect deal for Viktor Orban.

That same day, 30 March, Viktor Orban’s majority passed a new law in the Hungarian parliament: the *Protection Against the Coronavirus Act*. This allowed Orban to rule by decree, without any time limit, and to suspend elections. It created new crimes: persons who “distort the truth” in relation to the corona emergency could face five years in prison, intimidating local officials, doctors or ordinary citizens. When the Hungarian opposition warned that this was the birth of a fully-fledged autocracy, Orban mocked it in parliament. When the secretary general of the Council of Europe warned that an indefinite state of emergency could not guarantee basic principles of democracy, Orban told her to shut up.

Two days later member parties of the European Peoples Party (EPP), including two European prime ministers, warned that this *Coronavirus Act* was a violation of the founding principles of liberal democracy. Orban’s response was curt: “I have no time for this!” The foreign minister of Luxemburg warned that the EU could not accept a “dictatorial government” in a member state. The Hungarian foreign minister spoke about critics as lying hypocrites “spreading fake news.”

This windfall of funding for a leader who keeps attacking the EU and the principles on which it is based reflects a broken system of European solidarity. Between 2014-2020 Hungary was allocated each year, seven years in a row, more money than France and Germany were allocated each year during the four years of the Marshall Plan 1948-1952. During this very period Viktor Orban set out to dismantle democratic governance. While structural funds constitute transfers between countries even higher than those of the Marshall Plan, they are not based on a similarly coherent strategic vision of how to strengthen the EU.

As the European Union seeks to develop new forms of solidarity the CRII experience is a crucial warning. EU members who care about *both* solidarity and the rule of law must find ways to avoid a repetition of the Hungarian tragedy. The logic of future European assistance must change, otherwise EU funds risk strengthening the very political forces bent on undermining the EU itself. And while creating a link between European assistance and the rule of law, between solidarity and respect of commonly agreed principles, is more crucial than ever, this may simply not be possible within the framework of the EU27, where every member has a veto.

EU member states should therefore consider a bold step: the creation of a *Solidarity and Democracy Administration (SDA)*, a reconstruction fund separately administered for the post-corona recovery effort, with a structure similar to the *Economic Cooperation Administration (ECA)* that the US set up to administer the Marshall Plan. SDA grants should be open to *every* European Union member committed to respecting the values of the European treaties and the judgements of the Court of Justice of the European Union, particularly those relating to the rule of law. Countries whose governments do not respect the rule of law should not benefit and unanimity should not be needed to determine this.

30 March 2020 was a dark day in the history of EU assistance. It highlighted the fact that this system of solidarity had gone fundamentally wrong. Europeans now need to find better ways to defend the values enshrined in their treaties, not with pious words and empty threats, but in the language of power and money that politicians like Orban will understand. European democracies must learn lessons from the often-invoked Marshall plan: assistance without strategy, funding without values, will not produce lasting positive impact. What the EU needs today is a strategy that simultaneously addresses both threats to economic cohesion and to democracy, in a way that strengthens both.

Cast of characters



Viktor Orbán, prime minister



Peter Szijjarto, foreign minister

Orbán's critics

Peter Szijjarto: “They are spreading lies, distortions and pieces of fake news”¹



Marija Pejcinovic-Buric
General Secretary
Council of Europe



Donald Tusk
President
EPP



Jean Asselborn
Foreign Minister
Luxembourg



Kyriakos Mitsotakis
Prime minister
Greece



Erna Solberg
Prime minister
Norway

¹ Hungarian Ministry of Foreign Affairs, News, [“They are spreading lies about the Hungarian ‘coronavirus act’”](#), 6 April 2020.

A gripping tale

One of the most effective ways of exercising power is to tell gripping stories that explain the present and predict the future. In this discipline few politicians have been as successful as Hungarian prime minister Viktor Orban. Three of his master stories have been central to his political success:

- The story of “Orban, the clairvoyant on migration.” It focuses on the allegedly disastrous failure and hypocrisy of European leaders in the face of mass migration since 2015. It explains how Orban was the only leader to see that irregular migration had to be stopped and who knew how this could be done. Its punchline is that today everybody across Europe is copying his successful methods.
- The story of the “Dark Soros conspiracy”: how one evil individual, George Soros, and a hydra of his helpers in the EU, in international media and in civil society, both inside and outside Hungary, seek to destroy European civilization and eradicate nation states because they want to make a profit; and because they hate Christians. And how Orban alone can prevent this. It is a story structured like the Star Wars series, with an evil “Empire” (the EU) opposing virtuous rebels (Hungary), and with a Jewish philanthropist, George Soros, cast as the dark lord.
- Finally, the story of Orban as “historic Hungarian leader”, the only person who can protect Hungarian interests, ensure Hungarian prosperity and protect Hungarian security in a world that – Hungarians are taught – has always been hostile to them, and in which their nation is a virtuous underdog struggling against scheming enemies. Orban embodies Hungary’s potential and bright future, guaranteeing a golden era. As he explained before elections in April 2018: “We committed ourselves to creating one million new jobs within ten years, and we have already reached the figure of 736,000 ... Wherever we look, we see tower cranes and people working on construction sites.” It is a story of massive public investments by a benevolent state: “We can barely build enough tourist facilities, cycle paths, guest-houses and wellness hotels.”

These stories imply a particular vision of democracy. Given the threats of annihilation of Hungarian culture through mass migration and the power of a global anti-Hungarian network, all opposition to Orban is presented as part of a conspiracy. Loyal, honest opposition becomes inconceivable and all criticism is seen as part of a treasonous plot. Politics is war: against the financial crisis, against migrants, against Soros, against European cosmopolitans.

Orban has been successful in advancing the story of himself as a visionary on migration since autumn 2015.² However, few non-Hungarians take his “Soros as monster” story seriously enough to confront him about it; it seems too crazy.³ Surely, many assume, Orban cannot actually believe himself that all of Brussels, most European media and indeed all critics are

² Orban has been extremely good at identifying contradictions and illusions in the positions of fellow leaders concerning migration, borders and asylum policy. At the same time his own story of what happened since 2015 is full of self-serving gaps and distortions. See more here: www.esiweb.org/orban.

³ Orban had more success in Hungary. A survey by Publicus revealed how in one year, from June 2016 to July 2017, the proportion of those who agreed that George Soros attempted to overthrow the Hungarian government grew from 29 percent to 42 percent. In July 2017, 43 percent thought that Soros is a dangerous person. Index, “[A fideszesek tobb mint fele felesleges penzkidobasnak tartja a Soros-plakatokat](#)”, 23 July 2017.

controlled by a wealthy octogenarian from the US?⁴ Or that Soros has corrupted scores of “international bureaucrats”, as Orban explained in a speech before the 2018 elections?

“The forces opposing us, George Soros’s network and the international bureaucrats he has bought, have in no way given up. There are those who still smell money. They look at Europe and see the business opportunities inherent in the weakening of the euro.”⁵

And so, instead of calling Orban out on his crazy conspiracy theory, many have preferred to ignore it.⁶ And to ignore the implications of a story that presents the Hungarian opposition as working for a man who wants to destroy the country:

“As we see it, this opposition is not a sovereign independent opposition: we see them as carrying out the instructions of George Soros. The personal and financial links are completely clear, the alignment of goals is also obvious, and we are not slow in pointing out that they are working in Hungary in the interest of George Soros, and they are trying to realise his goals.”⁷

Solidarity and the virus

€ 37 billion.⁸

This is the sum of “new liquidity” which the European Commission proposed to mobilise on 13 March this year to “overcome the unprecedented challenges related to the COVID-19 outbreak.”⁹

Is this a lot? In February 2020, talks over the next multiannual EU budget (2021-2027) broke down due to disputes over how to plug the gap left by the departure of the UK. Brexit left the EU short of some € 75 billion over seven years.¹⁰ € 37 billion is half that amount. In other words: € 37 billion *is* a big deal. It is bigger than the annual GDP of four member states.¹¹

In any normal period, how to allocate such a sum would lead to intense debates, including in parliaments of member states. But March 2020 was not normal. On 11 March the World Health Organisation declared the Covid-19 outbreak a pandemic.¹² As the European Commission

⁴ In 2017 Viktor Orban replied to criticism by former US president Bill Clinton that “the mouth may be Clinton’s but the voice is George Soros’s”. 444, [“Világmeretu osszeeskuvest szott a civil szervezettek kore a kormány”](#), 18 January 2017.

⁵ ESI Background Paper, [“On the brink of victory” – Viktor Orban, rhetorical poison and a vision of hell](#), 15 June 2018.

⁶ Orban does not need to believe his own propaganda as long as it generates support and discredits his critics. The alleged Soros conspiracy plays a similar role for him as the “birther debate” over Barack Obama’s birth certificate played for Trump, energizing a far-right base.

⁷ Orban in a pre-election interview on 25 March 2018 on Hungarian public radio.

⁸ European Commission, [“Commission acts to make available 37 billion euro from the EU budget to address the Coronavirus”](#), 13 March 2020.

⁹ European Commission, [“Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation \(EU\) No 1303/2013, Regulation \(EU\) No 1301/2013 and Regulation \(EU\) No 508/2014 as regards specific measures to mobilise investments in the health care systems of the Member States and in other sectors of their economies in response to the COVID-19 outbreak”](#), 13 March 2020.

¹⁰ Reuters, [“Feuding EU fails to plug Brexit hole in new budget”](#), 21 February 2020.

¹¹ In 2019: Malta (13 billion), Cyprus (22 billion), Estonia (28 billion) and Latvia (30 billion). See Eurostat, [“Gross domestic product at market prices”](#), accessed on 14 April 2020.

¹² World Health Organisation, [“Coronavirus disease \(COVID-19\) outbreak”](#).

explained on 13 March, this created an exceptional situation, calling for “sizeable and fast interventions” in the health care systems of member states.¹³

Gert Jan Koopman, the director-general of the Commission’s DG Budget, explained in a briefing to member states that extra liquidity was needed “for saving lives.”¹⁴ He stressed that this would allow member states to spend more on “corona-relevant health expenditures”, including “hospital equipment, inhalators, masks”, as well as for schemes to support enterprises and employment. Fortunately, such liquidity was available, money foreseen in the current 2014-2020 EU budget which had not yet been allocated. To make this cash available a regulation on spending that member states had adopted back in 2013 had to be amended.¹⁵ The Commission called on the European Parliament and the Council to do this “within two weeks.”¹⁶

Koopman’s briefing highlighted the concrete benefits of this initiative by focusing on the country that was hit hardest by the crisis at the time: Italy. On 13 March Italy was already under lockdown. The news from its hospitals in Lombardy was harrowing. With the Commission proposal, Koopman stressed, Italy would receive “€ 853 million of liquidity, to be topped up by €1.465 billion from the EU budget.”¹⁷ To make €2.3 billion in new liquidity available to the country hardest hit by the virus without delay: who would *not* support this?



How will it work? An example

Italy:

- €853 million of liquidity
- to be topped up by €1.46 billion from the EU budget
- Moreover, be able to spend €9 billion of unallocated cohesion money, half of which from the EU budget

DG Budget presentation 13 March 2020¹⁸

¹³ European Commission, “[Proposal for a REGULATION ...](#)”, *ibid.*

¹⁴ European Commission, “[Coronavirus Response Investment Initiative – Covid 19 update](#)”, technical briefing, 13 March 2020.

¹⁵ See Council of the EU, “[REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations \(EU\) No 1301/2013, \(EU\) No 1303/2013 and \(EU\) No 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak \(Coronavirus Response Investment Initiative\)](#)”, 27 March 2020.

¹⁶ European Commission, “[Coronavirus Response Investment Initiative – Covid 19 update](#)”, technical briefing, 13 March 2020.

¹⁷ *Ibid.*

¹⁸ In addition to the new liquidity of € 2.3 billion, the Commission noted, there was still cohesion money previously allocated to Italy that it could spend.

The European Parliament and the Council followed the Commission's advice. On 13 March the president of the European Parliament, David Sassoli from Italy, stressed that "Parliament will do this as soon as possible. To save our countries, we must act together in Europe. We should do more. Today the watchword for Europe is solidarity."¹⁹ On 17 March, the chair of the regional development committee, Younous Omarjee from France, requested that the Parliament use its "urgent procedure" to adopt the proposal:

"Any delay would result in more lives being lost ... All political groups are united. We are opening the door and I am convinced that the same spirit will prevail within the Council. In this critical moment in time, seeking something better than what we have on the table may do more harm than good."²⁰

Note the insistence that there was no time to "seek something better."

On 26 March the plenary of the European Parliament voted, almost unanimously, in favour.²¹ On 30 March the Council adopted changes to the regulation. On 1 April it entered into force.²² Within a few weeks the *Coronavirus Response Investment Initiative (CRII)* was conceived, delivered and € 37 billion Euros were allocated.

It was a big deal. But it was a bigger deal for some than for others. And it was the perfect deal for Viktor Orban, the Hungarian prime minister.

Orban and the virus

March 2020 will be remembered as a watershed moment for Hungarian democracy. Here, too, developments accelerated against the background of the coronavirus spreading.

On 4 March 2020 the first two positive cases of coronavirus were registered in Hungary. Until then Viktor Orban had played down this issue, stressing instead the threat posed by migration.²³ Now he began to talk about a "war fought on two fronts" against two enemies: migrants *and* the virus.²⁴ As evidence that these were connected media pointed to two Iranian students in Budapest who were infected. That these students had been in Hungary legally did not matter to Orban's master-story: mass migration = danger = coronavirus.

On 11 March the Hungarian government declared a "state of danger." It also adopted the first emergency decrees, which were to be in force for two weeks. Then, on 17 March, Orban proposed a new piece of legislation, the *Protection against the Coronavirus Act* (Coronavirus Act). With this, decrees adopted during a state of danger were to be in force as long as the state of danger was in effect. The opposition parties proposed that the government's ability to adopt such decrees should expire after 30 or at most 90 days. Orban rejected any end date to be able

¹⁹ European Parliament, "[Sassoli: Positive measures from Commission. Europe united in face of common challenge of COVID-19](#)", 13 March 2020.

²⁰ European Parliament, press release, "[Coronavirus: urgent response to support citizens, regions and countries](#)", 17 March 2020.

²¹ 683 votes to 1, with 4 abstentions. See European Parliament, "[Text adopted by Parliament, 1st reading/single reading](#)", 26 March 2020.

²² [Official Journal of the European Union](#), 31 March 2020.

²³ About Hungary, "[PM Orbán: 'We should expect the coronavirus to appear in our country, too'](#)", 28 February 2020.

²⁴ Hungary Today, "[Orbán to EU Counterparts: Clear Link between Coronavirus and Illegal Migration](#)", 11 March 2020.

to govern by decree and overrule any previous legislation, *until the end of the coronavirus crisis*. When this crisis will end will also be determined by him. Parliament could withdraw the power to adopt emergency decrees only with a two-thirds majority. Given Fidesz's two-thirds majority this is essentially also up to Orban to decide.

The opposition had seen such a scenario before. In September 2015 a law entered into force that defined precise conditions to declare a "migration emergency": when either more than 500 asylum applications would be submitted per day for a month or more than 800 per day for a week. However, when the Hungarian interior minister declared a "migration emergency" in the whole country on 8 March 2016, authorising the use of the military everywhere in the country to combat irregular migration, these conditions were not met. The government explained that it was "true that *right now*, people are not coming in numbers indicated in the law ... This success is exactly why the measures need to be extended to include the whole country."²⁵ Since then, the migration emergency has been prolonged every six months, most recently in March 2020, while the number of asylum seekers in Hungary stood at less than a few hundred in all of 2019.

The liberal website 444 warns that the same could easily happen with the *Coronavirus Act*:

"The language of the bill declares that the government is authorized to take extraordinary measures to prevent and *mitigate the consequences of* the COVID-19 pandemic ... Hungary, like countries around the world, will be dealing with the financial and economic consequences of coronavirus for years to come. Theoretically, the government could argue that despite the virus no longer representing a threat to public health, the state of emergency must remain in force to allow the government to implement measures meant to assist in economic recovery, the management of unemployment, the provision of goods and services."²⁶

The Coronavirus Act also proposed new crimes to be added to the criminal code: persons who "claim or spread a distorted truth in relation to the emergency in a way that is suitable for alarming or agitating a large group of people" or who obstruct the implementation of measures taken to prevent the dissemination of infectious diseases could face up to five or eight years in prison.²⁷ This was clear intimidation of potential critics of government policy, whether local officials or doctors, media or ordinary citizens on social media.

The opposition was shocked, seeing this as the creation of a fully-fledged autocracy. The government responded as expected. On 22 March the government spokesperson explained on the government's website that "the draft legislation would prohibit elections or referenda until the end of the state of danger. Hungary does not have any elections scheduled in the near future." He added:

"The proposed law would also impose new sanctions against those who undermine the effort to protect the country against the spread of the virus. In particular, the law would make it a criminal offence to spread false information that may confuse large groups of people and provoke unrest ... This proposed law is like the sanction against falsely shouting 'Fire!' in a crowded movie theatre. That is the classic legal analogy for speech that is not protected because it is dangerous and false."²⁸

²⁵ 444, "[A kormány a saját farkába harapó érvelessel hirdetett országos vészhelyzetet](#)", 9 March 2016.

²⁶ 444, "[Rule by decree: emergency bill could grant government extraordinary powers](#)", 26 March 2020.

²⁷ The Washington Post, "[Hungary's prime minister is using the virus to make an authoritarian power grab](#)", 25 March 2020.

²⁸ Hungarian Government, "[Gross distortion of facts is biased and irresponsible](#)", 22 March 2020.

One day later, on 23 March, Orban spoke in parliament. He mocked the opposition:

“I don’t know for how many years I’ve been hearing in this house that Hungary is not functioning, not democratic, and not a state under the rule of law. Now I see that you’re fighting so that it remains a functioning democratic state under the rule of law.”²⁹

He told the opposition parties that “we will be able to manage this crisis without you. If you don’t vote for it now, we will resolve it anyway.” And then he addressed his own MPs: “I need 133 brave people, the country’s 133 bravest people: you here on the government side of the House. Therefore, I ask you not to waver, not to back down and not to dither – whatever anyone may say.”³⁰

The adoption of the *Coronavirus Act* in an expedited procedure required a four-fifths majority, which Orban did not have on the 23 March. The reaction was predictable:

“After the vote for an accelerated procedure failed, government and pro-government media accused the opposition of ‘sowing chaos’, ‘perpetrating a crime against the people’, and being ‘the murderers of the Hungarians’. Fidesz caucus leader Máté Kocsis posted a list of MPs that voted against the resolution on his Facebook page.”³¹

One week later, on 30 March, Orban’s two-thirds majority was enough and the Coronavirus Act was adopted.

Budget wizardry

On 30 March 2020, the very day when Orban emasculated Hungarian democracy, European member states passed the € 37 billion Coronavirus Response Investment Initiative (CRII). Take a closer look and it becomes clear that no EU country benefits from it as much as Hungary. Not Spain, not Greece, not Hungary’s (poorer) neighbour Romania. And certainly not Italy.³²

Yes, Italy will receive € 2.3 billion. But Hungary’s allocation is € 5.6 billion, more than twice this amount. Italy has a population of 60 million people. Hungary has 10 million. On 13 March, when the European Commission proposed this break-down, Italy already had 1,266 deaths from coronavirus. Hungary had zero.

In 2016 ESI described Orban as the “Wizard of Oz” of EU politics. Pull aside the screen of his dramatic stories, we wrote, and he will be revealed as a demagogue with little constructive to say on the big issues of European politics. As the pivotal scene in the legendary book describes, when one observer inadvertently tipped over the screen that had separated the wizard from his visitors, everything changed. Suddenly,

“all of them were filled with wonder. For they saw, standing in just the spot the screen had hidden, a little old man, with a bald head and a wrinkled face, who seemed to be as much surprised as they were ... ‘I am Oz, the Great and Terrible,’ said the little man, in a trembling voice.”

²⁹ Cabinet of the Prime Minister, [“Prime Minister Viktor Orbán’s statement in Parliament, responding to reactions to his address before the start of daily business”](#), 23 March 2020.

³⁰ Ibid.

³¹ 444, [“Rule by decree: emergency bill could grant government extraordinary powers”](#), 26 March 2020,

³² Only one country, Poland, was allocated more money in absolute terms than Hungary; however, considering its size, it still received proportionally less than Hungary.

Then Oz admitted that he was a former circus artist turned ventriloquist, his theories *make believe* and *humbug*. The Emerald City (Hungary) appears green (under constant threat of being overrun by Muslim invaders) because the wizard had made everyone put on green spectacles (control of all mass media): "... but when you wear green spectacles, why of course; everything you see looks green to you."



Today, Orbán has more reasons to be content than ever. Unlike his ineffective critics, he knows how to play the European game and win. And he keeps winning.

Three tables make this clear. The first is the number of deaths from the coronavirus as a measure of how seriously the virus has hit different societies. The second is CRII funding in absolute terms. And the third is CRII funding as a share of the GDP of beneficiary countries.

*Facts 1: Deaths from coronavirus*³³

	13 March	27 March	11 April
Italy	1,266	9,134	19,468
Spain	133	5,138	16,606
Greece	1	28	93
Romania	0	26	291
Hungary	0	10	85

*Facts 2: Benefits from CRII (in million Euro)*³⁴

	Unspent money	EU co-funding	Total
Hungary	855	4,748	5,603
Spain	1,161	2,984	4,145
Romania	491	2,588	3,079
Italy	853	1,465	2,318
Greece	355	1,421	1,776

*Facts 3: CRII as percent of GDP (in billion Euro)*³⁵

	2019 GDP	CRII support	% of GDP
Hungary	143.8	5.603	3.9 %
Romania	223.3	3.079	1.4 %
Greece	187.5	1.776	0.9 %
Spain	1,245.3	4.145	0.3 %
Italy	1,788.7	2.318	0.1 %

³³ Worldmeters, "[Coronavirus/#Countries](#)", retrieved on 15 April 2020.

³⁴ European Commission, "[Coronavirus Response Investment Initiative – Covid 19 update](#)", technical briefing, 13 March 2020.

³⁵ Eurostat, "[Gross domestic product at market prices](#)", last updated 8 April 2020.

How could this happen? How did the European Commission propose an initiative where Italy was allocated CRII funding equivalent to 0.1 percent (!) of its GDP, Spain 0.3 percent and Hungary an astonishing 3.9 percent?³⁶

The financial wizardry behind these numbers, the methodology that led to this outcome, is explained in a *Questions and Answers* paper the European Commission published on 13 March.³⁷ The Commission took three steps to get to this outcome:

Step 1: Unlock €8 billion

“In order to quickly direct € 37 billion of European public investment to address the impacts of the Coronavirus crisis, the Commission proposes not to request Member States to reimburse unspent pre-financing for the European Structural and Investment Funds for 2019. Member States would have normally needed to reimburse a total of about €8 billion of the unused pre-financing they received for 2019 by end-June 2020.”³⁸

Step 2: From €8 to €37 billion

“Taking into account the average co-financing rates across Member States, these about € 8 billion will be able, in combination with co-financing from the EU budget of some € 29 billion, to trigger total EU budget support of € 37 billion.”³⁹

Member states can, if they wish, spend this on healthcare. They can also, if they want, spend it just as they have spent structural funds for years.

Step 3: No time to think of alternatives

“The design and launch of a dedicated and more targeted instrument would be more time consuming, which would not be of added value under the current circumstances.”⁴⁰

The argument, in a nutshell: this is not a well-targeted instrument. However, but there was no time to propose anything else.

Asked about the discrepancy in funding for different countries at a press conference on 13 March, Gert Jan Koopman, the director general of DG Budget, admitted: “I am not pretending for a second that this is an optimal allocation.” He explained, however, that any effort to change this allocation would almost certainly have been doomed because of resistance from some member states: “if we were to propose a reallocation across member states, we would probably be standing here next year.”⁴¹ So no such effort was made.

³⁶ One other country stands out among CRII beneficiaries, next to Hungary: Poland. In absolute terms it was allocated most CRII funding, € 7.4 billion; more than three times the support foreseen for Italy. Poland received this at the very moment its government attacked the rule of law both inside Poland, undermining the independence of its courts, and within the EU, challenging the supremacy of the jurisdiction of the EU Court of Justice in Luxembourg. However, even Poland’s success in obtaining funding was less impressive than Hungary’s. As a share of either its population or its GDP, its allocation falls behind that of its ally.

³⁷ European Commission, [“European Coordinated Response on Coronavirus: Questions and Answers”](#), 13 March 2020.

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ European Commission, [“Technical briefings on the European Commission’s proposals by Gert Jan Koopman and Marc Lemaître: Coronavirus response investment initiative”](#), 13 March 2020, minute 39.

The result: on the very day on which Orban suspended Hungarian democracy for an indefinite period, Hungary received an astonishing cash injection, while countries most affected by the coronavirus crisis – Italy, Spain – received far less. 30 March revealed the strategic bankruptcy of European assistance. While CRII tries to address the coronavirus crisis, and does so badly, it contributes to an equally serious emergency, the dismantling of democratic governance in a member state, which poses a mortal threat to the foundation of European integration. And this, alas, is not a new problem.

Look at EU structural funding for the period 2014-2020, a period during which Viktor Orban progressively dismantled Hungarian democracy. Over seven years Hungary was to receive EU structural grants amounting to more than 17 percent of its 2019 GDP: a total of €25 billion.

*EU structural funding as share of GDP⁴²
(in billion €)*

	2014-2020	Share of 2019 GDP
Hungary	25.0	17.4 %
Romania	30.9	13.8 %
Greece	21.4	11.4 %
Spain	39.9	3.2 %
Italy	44.6	2.5 %

In relative terms, as a share of GDP, Hungary received seven times more funding than Italy in these seven years. And this is the fundamental problem of CRII: in the understanding of many in the EU, once the basic financial framework had been agreed upon in 2013 these €25 billion were de facto “Hungarian money”, to be spent *irrespective of whatever else happened in the coming seven years*. All strategic thinking stopped. Neither unforeseen crises (such as the severity of the corona crisis in Italy and Spain) nor sustained attacks on democracy and the rule of law in Hungary were supposed to matter. The European Commission turned into an unthinking cash-machine, and its assistance was on autopilot.

Brutal indifference

Nobody in Budapest was surprised that Orban had chosen to mock the Hungarian opposition. Nobody in Europe should be surprised that Orban has shown equal disdain for other critics.

On 24 March the secretary general of the Council of Europe, Marija Pejcinovic Buric, wrote a letter to Orban:

“I am following the developments concerning the state of emergency in Hungary with great attention ... An indefinite and uncontrolled state of emergency cannot guarantee that the basic principles of democracy will be observed and that the emergency measures restricting

⁴² European Commission, European Structural and Investment Funds, [Data – Overview](#), accessed 16 April 2020, and Eurostat, [Gross domestic product at market prices](#), last updated 8 April 2020. Structural funding is provided from five main funds: [European Regional Development Fund](#) (ERDF), [European Social Fund](#) (ESF), [Cohesion Fund](#) (CF), [European Agricultural Fund for Rural Development](#) (EAFRD) and [European Maritime and Fisheries Fund](#) (EMFF).

fundamental human rights are strictly proportionate to the threat which they are supposed to counter.”⁴³

Orban’s response was to tell her to shut up: “If you are not able to help us in the current crisis, please at least refrain from hindering our defensive efforts.”⁴⁴

On 1 April Jean Asselborn, the foreign minister of Luxemburg, warned that the EU could not accept a “dictatorial government” in one of its member states. He called for a “political quarantine of Hungary.”⁴⁵ That same day the Hungarian foreign minister made fun of such criticism:

“German socialists, the Austrian greens and Luxembourgian communists, neither of whom have ever won an election, and the exceedingly intolerant northern liberals: when we protect the Hungarian people from major trouble, they always attack us.”⁴⁶

On 1 April thirteen EU governments – Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden – issued a joint statement, warning that,

“Emergency measures should be limited to what is strictly necessary, should be proportionate and temporary in nature, subject to regular scrutiny, and respect the aforementioned principles and international law obligations. They should not restrict the freedom of expression or the freedom of the press.”⁴⁷

But this statement had a fatal flaw: it did not explicitly mention Hungary or the Hungarian *Coronavirus Act*. And so, one day later, the Hungarian government issued a statement declaring that it, too, joined the declaration and called for the upholding of European values. It managed to mock at the same time those EU members who had not dared to sign this anodyne statement, and those who did. (Since early April 20 countries, including Hungary, have joined the declaration; 7 have not.)⁴⁸

On 1 April a Danish conservative MEP, Pernille Weiss, wrote to Donald Tusk, the president of the European People’s Party, calling on her colleagues to “expel Fidesz from the group in the European Parliament and the EPP.”⁴⁹ Tusk also wrote a letter to EPP staff in which he referred to the situation in Hungary, “where, according to many, the emergency measures which have been introduced are disproportionate and inadequate, and what is more, they have been introduced for an indefinite period of time.”⁵⁰ Tusk suggested that expelling Fidesz from the EPP should be put back on the agenda. Then, one day later, the chairs of 13 EPP member parties – including all parties from the Benelux countries and Scandinavia – warned that the law passed

⁴³ Council of Europe, [“Secretary General writes to Viktor Orbán regarding COVID-19 state of emergency in Hungary”](#), 24 March 2020.

⁴⁴ Cabinet of the Prime Minister, [“Prime Minister Viktor Orbán to Secretary General of Council of Europe: If you can’t help, the least you can do is not hinder us”](#), 26 March 2020.

⁴⁵ Luxemburger Wort, [“Asselborn: In Ungarn existiert ‘diktatorische Regierung’”](#), 1 April 2020.

⁴⁶ Ministry of Foreign Affairs, [“The international liberal mainstream has once again launched an all-out attack on Hungary”](#), 1 April 2020.

⁴⁷ German Federal Foreign Office, [“Joint statement on the principles of the rule of law in times of Covid-19”](#), 6 April 2020.

⁴⁸ Those that have not signed are: Austria, Croatia, Czech Republic, Malta, Poland, Slovenia and Slovakia. German Federal Foreign Office, [“Joint statement on the principles of the rule of law in times of Covid-19”](#), 6 April 2020.

⁴⁹ Politico, [“Tusk warns of state power grabs after Orbán move”](#), 1 April 2020.

⁵⁰ Ibid.

in Hungary was “a clear violation of the founding principles of liberal democracy.” They called for “the expulsion of Fidesz from the EPP.”⁵¹ Orbán’s response was to ignore Tusk. He had already complained about him in a letter from 27 March to the leaders of the German CDU and CSU, arguing that

“those who are unable to help should at least refrain from hindering the efforts of others. This is not a game. The lives of our citizens are at stake in every member state.”⁵²

Orbán also dismissed his other critics, who included the prime ministers of Greece and Norway. In a letter to the Spanish secretary general of the EPP, Orbán referred to them as people “having time for fantasies about the intentions of other countries.” And added: “With all due respect, I have no time for this!”⁵³

It was as if, challenged to a duel with water pistols in the schoolyard, Orbán was the only adult, telling everyone to get serious, stop playing around and focus on real issues. This remains the tone in which his government addresses any concerns now, with near absolute power in the hands of the executive, a new autocracy had been created. On 6 April Peter Szijjarto, the Hungarian foreign minister, described critics as lying hypocrites, “spreading fake news”:

“Over a thousand people are dying in Europe every day from the coronavirus epidemic, tens of thousands of people are becoming infected, and in the meantime this is not what the Finnish, Austrian, Greek, German, Danish, Luxembourgian, Dutch and Swedish Prime Minister, ministers and party chairpersons are addressing, but instead they are spending their time ‘worrying’ about who decides on the end of the state of emergency in Hungary. If we were not in the middle of a global pandemic, I’d say it was pathetic.”⁵⁴

The Hungarian government was no more impressed by suggestions in foreign media or from NGOs for the EU “to closely follow developments in Hungary and pressure the government.”⁵⁵ Or by op-eds arguing that the international press, politicians and institutions should pay attention. Op-eds, letters, appeals: there have been so many of them, for such a long time, and they have not ever made any difference. On the contrary, every new appeal falling on deaf ears seemed to add to Orbán’s sense of invulnerability.

On 1 April an article in *The Economist* described Orbán as “more astute” than his critics, “less of an outlier in the EPP than he first appears” and a man “lucky in his enemies and even luckier in his allies.” It also recommended financial pressure: “Stemming the flow of EU cash to Mr. Orbán’s government would hurt. So do it.”⁵⁶ Note that this, too, had been a recurring suggestion. *The Economist* had made the same recommendation already in 2018. The European Parliament had called for a “values monitoring mechanism” already in 2013, and for an EU Mechanism on Democracy, the Rule of Law and Fundamental Rights in 2016. It is an idea that has been discussed most recently again, during negotiations of the new EU budget for 2021-2027. A recent article by *Euronews* argued that “Conditioning access to EU funds based on member states’ respect for the founding values of the European Union has never been more urgent – and has never been more achievable.”⁵⁷ The London-based think-tank Centre for

⁵¹ EUObserver, [“New push to kick Orbán’s party out of centre-right EPP”](#), 3 April 2020.

⁵² Politico, [“Tusk warns of state power grabs after Orbán move”](#), 1 April 2020.

⁵³ Portfolio, [“‘I have no time for this!’ Orbán tells EPP Secretary General”](#), 3 April 2020.

⁵⁴ Ministry of Foreign Affairs, [“They are spreading lies about the Hungarian ‘coronavirus act’”](#), 6 April 2020.

⁵⁵ GMF, [“Orbán Uses Coronavirus to Put Hungary’s Democracy in a State of Danger”](#), 26 March 2020.

⁵⁶ The Economist, [“How Hungary’s leader, Viktor Orbán, gets away with it”](#), 2 April 2020.

⁵⁷ EuroNews, [“The EU needs to stop funding Viktor Orbán’s emergency rule”](#), 7 April 2020.

European Reform (CER) recommended: “The Commission ... should continue to insist on linking disbursement of EU funds to the state of the rule of law in recipient countries.”⁵⁸ And Dacian Ciolos, president of the liberal Renew Europe group in the European Parliament, called on European leaders to “commit to ensuring that any money allocated to Hungary as part of the next long-term EU budget (MMF) is conditional on Budapest’s adherence to the rule of law.”

However, proposals to withhold funding in the future to punish even drastic violations of democratic standards have never been *less* credible than today. Ciolos made his appeal on 14 April, just two weeks *after* CRII had granted Hungary 3.9 percent of its GDP with no strings attached. It is unlikely that Orban lost sleep over appeals he knew would not go anywhere.⁵⁹ And unless there is willingness to rethink more radically the relationship between European solidarity and the future of European democracy nothing will change.

“Help from China”

On 24 March the EU High Representative Josep Borrell issued a warning about a “global battle of narratives”, spin and “battles of generosity” concerning the coronavirus crisis. He was particularly concerned about China:

“We must be aware there is a geo-political component including a struggle for influence through spinning and the ‘politics of generosity’. Armed with facts, we need to defend Europe against its detractors. There is also a battle of narratives within Europe. It is vital that the EU shows it is a Union that protects, and that solidarity is not an empty phrase.”⁶⁰

As we have seen, Orban’s Hungary continues to benefit from massive EU transfers. And yet, for many years already, Orban has simultaneously sought to discredit the EU and “Brussels” as an evil empire, equivalent to the Soviet Union, trying to crush Hungarian independence. As he put it in March 2016, Hungarians are used to fighting empires, from the Habsburgs to the Soviet Union. Hungarians must rise again, against today’s European elites, globalists who want to enslave them, just as they rose against the Soviet Union: “The time has come for opposition and resistance. The time has come to gather allies to us. The time has come to raise the flag of proud nations.” And they must remember their proud revolutionary tradition:

“If then [*under communism*] we had resigned ourselves to that outcome, our fate would have been sealed, and the Soviet sea would have swallowed up the Hungarians. Today it is written in the book of fate that hidden, faceless world powers will eliminate everything that is unique, autonomous, age-old and national. *They* will blend cultures, religions and populations, until our many-faceted and proud Europe will finally become bloodless and docile. And if we resign ourselves to this outcome, our fate will be sealed, and we will be swallowed up in the enormous belly of the United States of Europe.”⁶¹

In order to present the EU as hostile, however, Orban cannot ever admit how much help it provides. Thus, in a week in which the EU was making available liquidity of € 5.6 billion for Hungary Orban continued to attack it for doing “nothing.” As he put it on 27 March, talking about Brussels: “help does not really come from here. Help we got from the Chinese, and I

⁵⁸ Centre for European Reform, “[Covid 19 – can the EU avoid epidemic of authoritarianism?](#)”, 9 April 2020.

⁵⁹ Politico Europe, “[What should the EU do about Hungary?](#)”, 14 April 2020.

⁶⁰ EEAS, “[The Coronavirus pandemic and the new world it is creating](#)”, 23 March 2020.

⁶¹ Viktor Orban, [Speech on the occasion of Hungary’s national holiday](#), 15 March 2016, Budapest.

turned to the members of the Turkic Council, where Hungary is also a member, that they give help, and we got it also from there.”⁶²

This is, obviously, intentional. Hungarians constantly read and hear about everything that arrives from China. There is a political carousel of masks, moving around from country to country to generate headlines: from China and Uzbekistan to Hungary, from Hungary to its political allies in the Balkans. On 6 April 2020 the Serbian Minister of European Integration Jadranka Joksimovic announced that “Hungary has sent 200,000 masks and 10,000 protective suits.”⁶³ On 8 April 2020 Hungarian foreign minister Peter Szijjarto declared on Facebook that:

“Hungary has so far helped Serbia, Croatia, Slovenia, North Macedonia and the Bosnian Republika Srpska with 600,000 masks and 30,000 protective clothing in the spirit of a responsible neighbourhood policy.”⁶⁴

On 10 April, the Hungarian government announced its gratitude for donations received from Uzbekistan and Azerbaijan: Uzbekistan donated 150,000 masks, Azerbaijan another 10,000.⁶⁵

In all this assistance, politics reigns supreme. Note that the recipient of Hungarian assistance in Bosnia was Republika Srpska, one of its two entities. The government in Sarajevo protested about the decision to send aid to only one entity, with the minister of security, Fahrudin Radonic, summoning the Hungarian ambassador: “I told him that we, as Bosnia and Herzegovina, expect the Hungarian government to correct the decision ... The Hungarian ambassador conveyed this to his headquarter and was instructed to split the aid equally between the two entities.”⁶⁶

The message that foreign minister Peter Szijjarto delivered in Skopje during a visit on 6 April, along with masks and overalls, was no less political.⁶⁷ At a press conference with the leader of the Macedonian opposition party VMRO Hristijan Mickoski, Szijjarto made sure everyone understood what the point of Hungarian assistance was: to help a political friend (elections are looming in North Macedonia) and to promote Hungary’s vision of the Western Balkans as a bulwark against migrants:

“I have to express my gratitude to the invitation from Hristijan to come to the headquarters of our sister party VMRO. The reason why I came here today was a phone call from Hristijan last week when he expressed that there is need for humanitarian assistance from Hungary in order to make your protection and defence efforts against the pandemic more successful.

We have decided to help the friendly people of North Macedonia, and today I brought 100,000 masks and 5,000 overalls. We could afford that since the air bridge between Hungary and the People’s Republic of China is going very well and we have both a complete production line from the Chinese and we can start producing our masks on our own. On the other hand, as I handed over this assistance to your Minister of Interior, I understand it will help your police officers do their job in more safe circumstances, and

⁶² Politico Europe, [“Viktor Orbán criticizes EU’s coronavirus crisis response”](#), 27 March 2020.

⁶³ N1, [“Minister: Hungary sends 200,000 masks, 10,000 protective suits to Serbia”](#), 6 April 2020.

⁶⁴ Peter Szijjarto, [“Fejlesztési Tanács”](#), 8 April 2020.

⁶⁵ The Hungarian Government, [“Prime Minister Viktor Orbán attended summit of Turkic Council”](#), 10 April 2020.

⁶⁶ Vijesti.ba, [“Turković primila donaciju Mađarske za borbu protiv koronavirusa”](#), 16 April 2020, and Vijesti.ba, [“Stigla medicinska pomoć Mađarske za cijelu BiH: ‘Sačuvali smo prijatelja’”](#), 16 April 2020.

⁶⁷ Republika English, [“Szijjarto: I’m here on invitation from Mickoski, who asked for our assistance”](#), 6 April 2020.

this is very important for us because your policemen are protecting your southern border in order to tackle the migration crisis.”⁶⁸

Mickoski highlighted that among EU members only Hungary had taken an interest: “In times when borders are closed, this is the first official visit by an official of an EU member in these times of crisis. My gratitude also for the swift reaction of the Hungarian government. Last week, I told them we needed help and today we are receiving it.”⁶⁹ The fact that the EU is by far the most important donor in North Macedonia was passed over in silence.

All this is no coincidence. Already in summer 2014 Viktor Orban presented China as an illiberal role model when he explained that Hungary was competing in a new global race:

“I would articulate this as a race to invent a state that is most capable of making a nation successful ... understanding systems that are not Western, not liberal, not liberal democracies, maybe not even democracies, and yet making nations successful. Today, the stars of international analyses are Singapore, China, India, Turkey, Russia ... We are searching for (and we are doing our best to find, ways of parting with Western European dogmas, making ourselves independent from them) the form of organizing a community, that is capable of making us competitive in this great world-race.”⁷⁰

As for the EU, Orban is promoting the opposite narrative: Europe is “as fragile, weak and sickly as a flower being eaten away by a hidden worm”, dysfunctional and irrelevant in a crisis. It is a narrative Orban’s government also propagates in the Western Balkans. Is it surprising that one hears the same story from Serbian president Aleksandar Vucic, presenting China as friend and inspiration, and “Brussels” as indifferent if not hostile?⁷¹

Orban’s weakness

In September 2015 ESI called Orban “the most dangerous leader in the European Union.”⁷² He is a master persuader like Trump, but unlike Trump he is also diligent and meticulous. His speeches are well-constructed and dramatic, witty and emotional.⁷³ He has total control over a party he created three decades ago. He has won three successive elections, outlasting every other European leader, including his critics inside the EPP Jean Claude Juncker, Manfred Weber and Donald Tusk, with Angela Merkel the only exception. And he has outmanoeuvred his critics, again and again.

And yet, Hungary is a small country of only 10 million people. Its total GDP is less than a third that of the German Land of Baden-Württemberg. Orban’s domestic control is less secure than he pretends: Despite gerrymandering and a specifically designed election law that turned 49 percent of the popular votes in 2018 (again) into a two-third majority of seats in parliament Orban’s party did not win even half the popular vote. Despite control of almost all the media in the country and a cornucopia of European funding, Fidesz recently lost local elections to the

⁶⁸ Republika English, [“Szijjarto: I’m here on invitation from Mickoski, who asked for our assistance”](#), 6 April 2020.

⁶⁹ MIA, [“Mickoski: VMRO-DPMNE proposes reward for those on the pandemic’s front lines”](#), 6 April 2020.

⁷⁰ The Budapest Beacon, [“Full text of Viktor Orbán’s speech at Băile Tuşnad \(Tusnádfürdő\) of 26 July 2014”](#), 29 July 2014.

⁷¹ The two leaders met two weekends in a row in the second half of March 2020

⁷² ESI, [“Refugees as a means to an end – The EU’s most dangerous man”](#), 24 September 2015; ESI, [“The most dangerous Wizard in the EU”](#), 7 October 2016.

⁷³ See: Scott Adams, Win Bigly. Persuasion in a World Where Facts Don’t Matter, Portfolio, 2017.

opposition in many of Hungary's big cities, including Budapest. Even though Orban projects an image of invincibility, hypnotising his opponents into thinking that he is unassailable, developments in 2019 suggest that a serious economic crisis in Hungary could change the political dynamics. To pre-empt this, Orban has tightened the screws.

Orban invests a lot in spreading his illiberal message, courting illiberal allies across the EU. In recent years he repeatedly explained that he sees his mission as fighting "liberal" Christian Democracy, replacing it with a new illiberal majority. As he put it in early 2018: "We must clearly state that we stand in solidarity with those Western Europeans and leaders who want to save their homelands and Christian culture, and we have no solidarity with those who want to abandon those things."⁷⁴

Orban's public positions, on the European Union as oppressor, on the rule of law and human rights as outdated, on Muslims in Western societies as an existential threat, are indistinguishable from those of the German far-right AfD, which in turn celebrates him as an inspiration. In summer 2018, when it looked for a moment as if an alliance with Matteo Salvini in Rome presented an opportunity to reshape the political landscape in Europe, Orban talked openly about the revolution he sought to bring about in EU politics. And yet, this did not happen. Contrary to what Orban had expected, it was Salvini, and not Angela Merkel, who resigned in 2019. And thus, while Orban keeps attacking German Social Democrats as part of the alleged global Soros-conspiracy, he continues to rely on the passivity of two German parties that are pivotal for him: the CDU and CSU.

The ideological gap between the CDU/ CSU and Fidesz is today wider than ever. Both CDU leader Annegret Kramp-Karrenbauer and CSU leader Markus Söder have ruled out any cooperation, at any level, with the AfD. Söder, also the prime minister of Bavaria, has repeatedly described the AfD as "not a political competitor, but as the enemy."⁷⁵ It is, however, incoherent to attack the AfD as a serious threat, while courting Orban who represents the same policies and positions.

Orban is aware of this and acts carefully. He mostly refrains from directly attacking either chancellor Angela Merkel or party leader Annegret Kramp-Karrenbauer. At the same time, unlike his critics in the EU, he speaks the language of money. In 2019, Hungary went on a buying spree in Germany. Within a short period, this relatively small country became by far the most important foreign customer for Germany's military industry. Hungary's purchases of military goods made 2019 a record year for German military exports. And almost all the military equipment for Hungary came from companies based in one German Land: Bavaria.

*The best customer – approved military exports from Germany top five countries
1 Jan. to 10 Dec. 2019 (in million €)⁷⁶*

Hungary	1,770
Algeria	843
Egypt	802
US	617
UK	474
All exports	7,872

⁷⁴ ESI, "[On the brink of victory" Viktor Orban, rhetorical poison and a vision of hell](#)", 15 June 2018.

⁷⁵ Nordbayern.de, "[Söder am Parteitag: 'Feind, das ist für mich die AfD'](#)", 23 November 2019.

⁷⁶ The German Ministry of the Economy and Energy, [Reply of the German Ministry of the Economy to a written question by MP Omid Nouripour](#), 17 December 2019.

Orban must feel that he played his cards well in recent years. The EU, transferring billions to Hungary, remains passive in the face of his dismantling of democratic checks and balances. EU funding enables him to buy support across Europe and the Western Balkans, and to spend a fortune on weapons in the country whose passivity he needs to preserve while building his illiberal coalition. At the same time, he discredits the EU, accusing it of failing to help member states, while praising autocratic China. In the Western Balkans Orban uses his influence with allies to spread a simple message: *The EU shows no solidarity. Brussels has no moral authority. If you need help, turn elsewhere: to Hungary, to China. Your true friends are not in the West.*

And yet, Orban cannot be sure that politicians in Berlin and Munich will not eventually take a different position. The EU relies on mutual trust in institutions. Sharing sovereignty requires trust. The destruction of democratic checks and balances and of the rule of law in member states would have dramatic consequences. It is an existential threat to the European legal order. And Germany, like every other democracy in Europe, stands to lose a lot from the collapse of the rule of law in EU member states, and fear that other member states will follow the Hungarian example and establish autocracies in the name of fighting emergencies.

But what options exist to defend beleaguered democracies and the rule of law, a core principle of European integration? The German coalition government could find allies in other member states to take Hungary's Coronavirus Act to the Court of Justice of the European Union (CJEU), without waiting for the European Commission to do so. Member states of the Council of Europe could push for an investigation in the Committee of Ministers in Strasbourg, to assess whether Hungary still meets the criteria for membership in that body; there, as opposed to the EU, it is possible to suspend members.

Beyond this, however, European democracies need to fundamentally rethink the relationship between solidarity and the rule of law in the EU. What is lacking in current EU assistance, is any political vision. As a result, these funds strengthen political forces bent on undermining the EU itself. It is this that needs to be fixed, urgently. The windfall of money on 30 March for Orban's autocracy, and the political reluctance of the European Commission to try to change this distribution, reflect the logic of a broken system.

Solidarity and Democracy

Let us put European solidarity, as expressed by structural funds, in perspective and compare it to the most famous international assistance in European history.

Between 1948 and 1952 the United States dedicated \$ 13.2 billion to the Marshall Plan to reconstruct Western Europe after the war. \$ 13.2 billion would be worth around € 125 billion in 2018 money.⁷⁷

The UK and France, the two biggest beneficiaries, received 24 and 21 percent of this total, respectively; Italy and (West) Germany 11 percent each; and the Netherlands 8 percent.⁷⁸ In 2018 money, Marshall Plan aid amounted to € 7.5 billion a year for the UK; € 6.5 billion a year for France; € 3.5 billion a year for Italy and Germany; and € 2.5 billion a year for the Netherlands. This assistance lasted for four years.

⁷⁷ Council on Foreign Relations, [“It Takes More Than Money to Make a Marshall Plan”](#), 9 April 2018.

⁷⁸ Marshall Foundation, Susan Stern, [“Marshall Plan 1947-1997: A German View”](#).

*US Marshall Plan aid*⁷⁹
(billion €, all in 2018 value)

	Total 1948-1952	per year
UK	30	7.5
France	26	6.5
Italy	14	3.5
Germany	14	3.5
Netherlands	10	2.5

The Marshall Plan's objective had been to protect democracies from their internal and external enemies. It was an “unabashedly strategic enterprise framed in the shifting and perilous geopolitical context of its time.”⁸⁰ It reflected a wider geopolitical vision: to foster European integration, to strengthen cooperation and to promote reconciliation between West European democracies. It was time-limited, with the target that “Europe needed to be back on its feet again in four years.” As UK foreign secretary Ernest Bevin argued at the time, the goal of this assistance was “the birth of the Western bloc”, part of a strategy that included also the founding of the Council of Europe (1949) as a club of democracies, the creation of NATO (1949) for defence cooperation and the European Coal and Steel Community (1950) as nucleus of European integration.

The Marshall Plan also took seriously the need to educate the European public about what it tried to achieve. As Greg Behrman write in his book “The Most Nobel Adventure” the implementing body, the Economic Cooperation Administration (ECA), estimated each month

“that nine out of ten of the 275 million people living in Western Europe were reached through one or more media with information on Marshall Plan activity. In June 1950, fifty different Marshall Plan documentary films were being shown to people across Western Europe through commercial and non-commercial distributors; another sixty were in production. To reach Italians in the countryside, ECA sent trucks equipped with movie projectors, loudspeakers and portable displays to tell the ERP [*European Recovery Programme*] story.”⁸¹

The contrast of this outreach with the lack of any gripping story connected to structural funds in a country like Hungary today could not be greater. And it was this, the vision, inspiration and visibility, and not merely the amount of funding, that made the Marshall Plan a historic success.

EU structural funds constitute an equally ambitious transfers of fund between countries, one of the most generous in history. In absolute terms Hungary was allocated from 2014 to 2020 each year, seven years in a row, more money than France and Germany were allocated during the four years of the Marshall Plan. However, the political impact of and ambition behind these two programmes could not have more different.

⁷⁹ Sums per country: Marshall Foundation, Susan Stern, [“Marshall Plan 1947-1997: A German View”](#). The total of USD 13.2 billion is equivalent to USD 135 in 2018 money. See: Council on Foreign Relations, [“It Takes More Than Money to Make a Marshall Plan”](#), 9 April 2018.

⁸⁰ Greg Behrman, “The Most Noble Adventure: The Marshall Plan and the Time When America Helped Save Europe”, 2007, page 5.

⁸¹ Greg Berhman, p. 293.

*EU structural funding per year*⁸²
(in billion €)

	Total 2014-2020	per year
Hungary	25.0	3.6
Romania	30.9	4.4
Greece	21.4	3.1
Spain	39.9	5.7
Italy	44.6	6.4

This points to the most important lesson of the tragic story of structural funds contributing to the weakening of Hungarian democracy: values matter. Here the CRII experience is a serious warning.

All EU members who care about both solidarity and the rule of law must find ways to ensure that in the future *no* structural funding will be paid out to countries undermining the independence of their courts or defying judgements of the CJEU concerning the basic rule of law. What is true for EU enlargement policy – that the rule of law is fundamental – should also be true for EU solidarity. And in order to achieve this, the logic of administering future European assistance must change.

If the European Union is to develop new forms of solidarity, then it makes sense to keep these separate from the next seven-year budget. A post-coronavirus EU Marshall Plan to support the economic recovery of its members must find ways to link disbursement to concrete criteria defending the rule of law, independent courts and freedom of the media. However, creating an effective link between European assistance and the rule of law, between solidarity concerning economic cohesion and solidarity concerning the respect of commonly agreed principles, may not be possible within the framework of the EU27, where every member has a veto.

For this reason, EU member states should consider a bolder step: the creation of a reconstruction and solidarity fund, separately administered, for the post-corona revival, inspired by the experience of the Norwegian EEA grants. This must not be rich countries members dictating conditions to poorer ones, but all members participating committing themselves to defend core values of the EU treaties.

A European recovery fund could then be administered by a structure similar to the ECA, the Economic Cooperation Administration that the US set up to administer its Marshall Plan: a *Solidarity and Democracy Administration*. Its grants should be open to *every* European Union member committed to respecting the values of the European treaties and the judgements of the Court of Justice of the European Union. However, countries whose governments do not respect the rule of law should not benefit. For this to work, the principle of unanimity should not apply.⁸³

⁸² European Commission, European Structural and Investment Funds, [Data – Overview](#), accessed 16 April 2020, and Eurostat, [Gross domestic product at market prices](#), last updated 8 April 2020. Structural funding is provided from five main funds: [European Regional Development Fund](#) (ERDF), [European Social Fund](#) (ESF), [Cohesion Fund](#) (CF), [European Agricultural Fund for Rural Development](#) (EAFRD) and [European Maritime and Fisheries Fund](#) (EMFF).

⁸³ Norway and Switzerland could contribute, even non-EU members in the Western Balkans could benefit, accelerating their integration into the European common market. Such an instrument would increase EU leverage, while strengthening democracies across Europe.

What the EU needs today is a pan-European strategy that confronts both threats to economic cohesion and threats to democracy and the rule of law. And EU funding must strengthen the latter instead of financing illiberal opponents.

Viktor Orban has benefitted for too long from the fact that in all capitals, from Brussels to Berlin, from Amsterdam to Paris, politicians underestimated the threat he poses. Some still do so today. In the meantime, he is hoping that he will have more illiberal allies in government soon, also in bigger member states, so as to rewrite European rules and secure his autocratic power. He could then look back at March 2020 as the moment when he crossed the Rubicon, consolidating autocratic control with the support of taxpayers from across Europe's democracies.

30 March 2020 was a dark day in the history of EU assistance. It was a sign of a system of solidarity that has gone wrong. It is also a warning signal. European democracies must now learn the most important lessons from the often-invoked Marshall plan: assistance without strategy and funding without values cannot produce lasting positive impact. An even more important question than how much funding is mobilised is the question what this funding is for. As Europeans debate new tools of solidarity, they must find ways to confront opponents of the values enshrined in their treaties. And do so not with pious words and empty threats, but in the language of power and money that politicians like Orban can understand.

Further reading by ESI on Hungary

www.esiweb.org/orban

ESI Newsletter, [Dark twins – Viktor, Matteo and the Drowning of Europe](#), 16 August 2018

ESI Background Paper, [“On the brink of victory” – Viktor Orban, rhetorical poison and a vision of hell](#), 15 June 2018

The Economist, [The wizard of Budapest](#), 8 October 2016

ESI Newsletter, [The most dangerous Wizard in the EU](#), 7 October 2016

ESI Newsletter, [Refugees as a means to an end – The EU's most dangerous man](#), 24 September 2015

Also visit ESI's new website and its continuously updated section on [The EU's most dangerous leader](#).