

FROM SEMI-PERIPHERY TO SEMI-PERIPHERY - HUNGARY'S FOREIGN RELATIONS UNDER THE SOCIALIST-FREE DEMOCRAT GOVERNMENTS (2002-2010)

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Introduction

This case study discusses how the Hungarian governments in the past two government cycles have missed opportunities to move the country from a semi-peripheral position closer to the core in Europe. Hungary has not been able to fully capitalize on its newly acquired membership in the *European Union* (EU) in 2004. Nor has it been able to punch above its weight class within *NATO* – as compared to the very last years in the 1990s. In a broader sense, Hungary has had a mixed record in strengthening the *trans-atlantic partnership* as well, notably in the field of energy security. Finally, the country's *Central European engagement* has also lacked clear strategy and priorities by sending out mixed signals to its partners. The cumulative effect of these – and other factors – is that Hungary's strategic goal of belonging in the 'core countries' in Europe, has not been advanced to the extent it was envisaged and desired in the opening years of 2000.

Hungary and the European Union

The external framework of Hungarian foreign relations changed drastically on May 1, 2004 when the country, in the company of nine other states, joined the EU. By this act, Budapest realized one of its 'three priorities' set out after after Hungary's regaining of independence and sovereignty in 1990 (the other two being 'good-neighborly' and 'national' policy). In fact,

the Hungarian government and the majority of the public expected that with the EU-accession all the three 'priorities' would be achieved in a 'package'. The key underlying concept was the 'spiritualization' of the borders, in that by joining the Schengen regime it was expected that the outstanding issues with some of Hungary's neighbors, predominantly concerning the status of the Hungarian minorities, would somehow evaporate. It is very telling that the Government's Resolution No. 1012/2008 passed March 4th, mentions the protection of the minorities only within the context of the EU with no mention whatsoever of this question in the sub-chapter on 'Hungary and the Neighboring States'. The subsequent institutional shake-up on the domestic political scene reflects a similar way of thinking too: the Bajnai government in 2009 decided to shut down the consulates in Krakow and Košice (as well as a number of others from Sydney to Chicago) adding to the Gyurcsány administration termination of the independent office of Hungarians living abroad. Given the reluctance of EU's, and other European multilateral fora to take sides in disputes between member states – for instance, between Hungary and Slovakia over such issues as the Slovak 'language law', the refusal by the Slovak authorities to let Hungarian President László Sólyom enter Slovakia on August 21st, 2009, or, most recently, the Hungarian law on dual citizenship and the counter-measures taken by the Fico government in the Spring 2010 – we can say that giving up Hungarian representations in Central Europe may have unintended negative consequences for Hungary's strategic goals in the region.

In the broader foreign-policy context, back in 2002 Prime Minister Péter Medgyessy declared in Washington that "Hungary's EU-membership will mean more Europe but not at all less America." However, his, and his successor, Ferenc Gyurcsány's administrations were later pursuing ambivalent policies when the positions of Washington and the major European continental countries, especially France and Germany, diverged from each other. A case that illustrates this is when the Medgyessy government added its signature to the so-called Letter of Eight, which expressed support for the American intervention in Iraq, while the 'core members' of Europe, France and Germany vehemently opposed the Bush Administration's approach, which meant that Hungary's strategic goal to join the 'core' was not well served. Similarly, Hungary did not fare well in terms of fulfilling its strategy either by the tepid support of Japan's UN Security Council membership, which on the other hand enjoyed a strong backing by most European countries.

Straining its relations with the EU even further, the Hungarian government for domestic political purposes 'doctored' the budget figures it sent to the EU in Spring 2006 and, thus, indirectly undermined the cohesion of the Union. PM Gyurcsány, who was prone to take *ad hoc* actions, shocked the European community by suggesting a three-year budget for the EU in 2005 without any previous consultations with partner countries. His next unexpected move was to offer visa-free travel to Chinese citizens during his visit to Beijing. His less than stellar performance in the international arena was crowned by his shifting positions on the question of the Common Agricultural Policy (CAP). At first, he supported British PM Tony Blair's idea of practically cutting agricultural subsidies, then he had to eat the humble pie at the meeting of the Visegrad Four (V4) held two months later in August 2005 when he realized that the interests of Hungary and those of the U.K. were basically diametrically opposed on this question. However, the greatest damage done by the Socialist-Free Democrat governments in these years was letting Hungary slip fast in the ranking of the new members: while in 2002, Hungary was set to join the Euro-zone by 2007, the current accession date is closer to 2014 or 2015 at best. Slovenia and Slovakia have already introduced the Euro, while Estonia is about to do so in January 2011. What's more, by pursuing a zig-zag economic policy (at times, expanding the welfare state beyond the means of the country; at other times adopting restrictionist policies), the government managed to become the 'rotten apple' in the barrel at the outbreak of the economic crisis in late 2008, sustaining considerable setbacks in its professed goal of catching up economically with the old EU members.

On the political front, the picture is not much rosier. Though, officially, Washington has repeatedly expressed her desire to see a Europe 'whole and free', and the Kremlin has also expressed similar sentiments, the two powers are not always interested in the existence of a united, militarily, economically, and socially strong Europe. Of course, there are significant differences between the American and Russian strategic approaches. Russia's grand strategy is balancing the U.S, with one of its central aims trying to drive a wedge between the U.S. and its European allies. The recently-announced proposal by President Medvedev for the creation of a new European security structure basically wishes to lure Europe away from Washington. On yet another level, the Russian leadership has made efforts to undermine the unity and solidarity of the EU by picking fights over relatively trifling matters with, among others, the Baltic states and Poland. The underlying message aimed to predominantly France and Germany is that a more harmonious and mutually beneficial EU-Russia relations are being

endangered by the 'Russophobia' of new EU-members in Central and Eastern Europe. Moreover, the Kremlin has been using the energy 'weapon' quite frequently against the Central and East Europeans, with the major continental powers helping along, such as Italy (Eni), Germany (E-On Ruhrgas, etc.), and France (Gaz de France) in these machinations.

When it comes to Hungary's position on the energy question, the Gyurcsány government showed much ambiguity. At first, Hungary endorsed Russian plans to construct the Blue Stream pipeline – a project which would not have the effect of diversifying the source of energy at all, leaving the nearly total Hungarian dependence on Russian gas and oil intact. Then, under pressure coming especially from Washington, PM Gyurcsány backed down and came out in favor of the Nabucco pipeline. At first, he talked about the importation of Russian gas as an exclusively economic matter, later having second thoughts and started to emphasize the security aspects of energy supply. (In fact, the then Foreign Minister Kinga Göncz argued at a session of the Parliamentary Committee on Foreign Affairs and the Committee of Hungarians Abroad on November 11, 2008 that higher energy prices were good for Hungary because they would mean higher food prices as well!)

The Socialist-Free Democrat governments have also weakened European unity in less tangible but, in the long run, equally dangerous ways. Even though the softening of the Copenhagen criteria for joining the Euro-zone (budget deficit, inflation, state debt) had started before the parliamentary elections of 2002, the winning left-of-center coalition put the economic and fiscal policy on an ultimately self-defeating course. Hungary started to fall behind the other Central and East European countries in terms of competitiveness, attraction of foreign direct investment (FDI), and – in general – establishing a favorable environment for businesses due to an increasingly high tolerance for corruption and cumbersome bureaucracy. To add to Hungary's foils, it was one of the countries hardest hit by the recession in the fall of 2008. The government, characteristically, at first denied that Hungary was affected by the economic troubles at all, subsequently having to admit that the country was on the verge of bankruptcy and had to ask for a huge IMF and EU loan (to the tune of some 20 billion Euros) in order to avoid collapse and trigger a chain reaction among its neighbors. The economic mismanagement posed a danger yet from another point of view: the confidence in the EU of a growing number of people in Hungary was shattered by the onset of economic difficulties, giving a jump to the EU-sceptics, anti-EU, anti-American, anti-NATO, and xenophobic views in the country. The result was the rise of popularity and good showings of this part of the political spectrum in the EU parliamentary elections in 2009 and

the subsequent national elections in Spring 2010, which can mostly be explained using domestic factors with a significant EU and 'foreign' overlap on a number of questions.

NATO and trans-atlantic relations

NATO member states are generally appreciated for two capabilities in the Alliance: self-defense and joint actions participation. Hungary has been consistently underperforming in the first area since its accession to NATO in 1999. The country's defense budget was increasing incrementally until 2002; after that it has been dropping steadily, and currently it is standing around one percent of GDP. All this despite the fact that the then Defense Minister Ferenc Juhász declared in early 2003 that the defense budget would be raised to two percent by 2006.¹ (Hungary promised to spend 1.8 percent of GDP at the Prague Summit in 2002). The defence minister added that the previous inadequate financing had adversely affected Hungary's image. At the same time, the modernization of the armed forces was seriously unbalanced. Hungary's 'original sin' in the realm of military procurement was the lease of 14 Gripen fighter aircraft in 2001, which was further aggravated by the Medgyessy-government when it decided to equip the aircraft with midair refuelling capabilities. This undertaking also indicated that the Socialist-Free Democrat coalition preferred expeditionary capabilities to homeland defense, nevertheless the limits of this approach have been exposed by practically each deployment of Hungarian troops over the past years. (For instance, in Iraq and Afghanistan alike the Hungarian troops were – and are – able to move around only by borrowing trucks and armored vehicles from allies.) Overall, the military has had to put up with decreasing resources at a time when more demands were put on it. What is at stake is more than just the internal structural and financial problems of the Hungarian armed forces: it is Hungary's credibility that is in danger. Unfortunately, a pattern has emerged recently: no matter whether it was about the state of Hungarian finances or the position on energy security, or commitments in NATO – successive governments tried to mislead their partners for short-term (and short-sighted) perceived gains.

Hungarian governments, predominantly the Ferenc Gyurcsány (2004-2009) administration, have sent confusing signals to Washington which had the effect of undermining Budapest's trustworthiness as a close ally. In 2003, PM Medgyessy called for the termination of the arms

¹ Kurtán, Sándor-Sándor, Péter-Vass, László, 2004, *Magyarország politikai évkönyve 2004*, Demokratikus Kutatások Magyarországi Központja Közhasznú Alapítvány, Budapest. I. 459.

embargo on China – though the Bush Administration committed itself to do the opposite. Another example: the then PM Gyurcsány publicly advised the Czech and Polish leaders that they should seek Moscow's approval for the deployment of the missile shield in their territories. In general, the Gyurcsány government was notably lukewarm on the the issue of the missile shield, even though the debate was, in reality, about the size of the American footprint in Central Europe. To add insult to injury, on a personal, but rather symbolic level came PM Gyurcsány's nomination of the Dzerzhinsky Academy in the 1970s to the head of the Counterintelligence Agency. Although the Americans and NATO partners did not raise objections in public, in private, they were quite bewildered by this move. In general, Washington started to worry that Budapest was becoming too intimate with Moscow, sentiment that was not helped by the subsequent sale in Hungary of some strategic assets, including the national airlines to Russian business enterprises (with rather obscure background).

Among some of the most controversial moves were made in the energy sector. A mention has already been made of the shifts in the Hungarian position regarding the Blue Stream-Nabucco pipeline debate. However, Ferenc Gyurcsány, immediately before resigning from his post, visited Moscow in the company of his finance minister and struck a deal on the construction and operation of a joint Hungarian-Russian gas storage facility in Hungary, under term that are very favorable to Gazprom (some in the Russian press lamented after his resignation that Gazprom had 'lost' a prime minister.) These worries have not materialized when his successor, Gordon Bajnai signed another agreement with Gazprom – this time about the Hungarian section of the South Stream pipeline which bypasses Ukraine, Romania, and Turkey. It is important to note that each one of the by-passed countries is important for Hungary and that Budapest in taking this step has undermined each of the parties potential negotiating positions *vis-à-vis* Moscow.

Hungary's neighborhood policy

It was perhaps Hungary's neighborhood policy that suffered the greatest discontinuity, visible for outside observers, with the onset of the Orbán government. The Socialists, who at first supported the so-called Status Law, turned against it when in power, claiming that it had irritated most of Hungary's neighbors. In fact, the European great powers and the U.S. also expressed reservations about the wisdom of binding the Hungarians in the neighboring

countries legally to the mother country. It goes without saying that Hungary's accession to the EU called for an ever more nuanced approach to the bilateral relations with the neighbors. Among the recipients of Hungary's regional policies were countries which were members of both NATO and the EU (the Czech Republic, Poland, Slovakia and Slovenia); Austria was only an EU-member ; Romania was only a NATO-member; Croatia had realistic chances to be invited to NATO having received an invitation in 2008); Ukraine's and Serbia's NATO and EU-memberships could be expected only in the medium term. Budapest's regional policy targeted the Western Balkans and relied on the cooperation network encompassing Baden-Württemberg, Bavaria, Austria, and Hungary within the framework of the so-called Little-Danube Cooperation. Moreover, Hungary was a member of a number of institutionalized or informal forums like the Central European Initiative or Visegrad-4.

Despite illusions about an ever closer regional cooperation in the region of Central Europe stemming from EU-membership, the accession talks, as well as being part of the club created new rivalries and tensions. The original idea was that Budapest, Prague and Warsaw would closely coordinate their positions during accession talks and united would negotiate with the EU; instead, each one tried to gain better deals individually, which made them more into competitors than partners during this process. After the accession, new rifts appeared in the presumed Central European cooperation; for instance, Poland making serious efforts to get admission into the 'Big Six' (France, Germany, Italy, Spain, the U.K. + Poland), and/or to become a regional 'hegemon', an ambition especially resented by the other Central Europeans. Bilateral relationships with Moscow are yet another potentially divisive question: while Poland and the Baltic states are especially sensitive to any Russian attempt to regain part of its influence in Central and Eastern Europe, the Slovaks do not seem to be worried about this prospect at all. Hungary's strategic interests in the region rest primarily with the Western Balkans, a territory which Austria has recently made one of its priorities. Diplomatically, Budapest and Vienna are getting on very well – opened a joint representation in Montenegro, while economically they are sometimes engaged in cutthroat competition (the strained relationship between MOL and OMV).

The issue over recognition of Kosovo drove a further wedge between Central European countries: while most have recognized the new state, Romania and Slovakia have not –for fear of establishing a precedent in which a national minority can secede.

Despite the setbacks to regional cooperation, in case of coinciding interests cooperation can be very successful, as was shown in the preparation for joining the Schengen regime where the V4 and the B3 (Baltic countries) worked closely together for the common goal.

It needs to be noted, however, that the cohesion among the Central Europeans is not always welcomed by major EU-countries. At least, publicly it is the French who seem to be concerned with the emergence of a power bloc within either NATO or the EU as was demonstrated by President Jacques Chirac sending a tough message to the East and Central European signatories of the so-called Letter of Eight on the eve of the American invasion of Iraq. Likewise, his successor, Nicholas Sarkozy has expressed objections to the Central Europeans' idea of coordinating positions ahead of EU summits. These two statements drove home the painful perception (truth?) that, at least, some of the 'old' EU members tend to look down on the new members of the club as 'second class'.

Given regional cooperation, some of the most sensitive regional issues are generally regulated through bilateral agreements – or if they are not, they are supposed to be settled within a bilateral framework. Hungary, partly under international pressure, has in the early 1990s concluded 'basic treaties' with Ukraine, Slovakia, and Romania partly because Budapest was told that without them, Hungary had no chance in being admitted into NATO and the EU. It needs to be stated that some of the specific provisions of the agreements have not been observed – generally for lack of interest on both sides.

Especially Hungarian-Slovak relations have undergone a complicated period recently partly due to the fact that the mechanisms of the 1995 Basic Treaty have not been functioning properly. Thus, the joint/mixed committees have not been operating in accordance with their original mandates, or the Prime Ministers have not fulfilled their obligation to meet at least once a year. The recurrent disagreements between Hungary and Slovakia, especially over the rights of the Hungarian minority resemble a vicious circle with Budapest repeatedly taking the issue to various European organizations (EU, OSCE, etc.). These generally put out absolutely noncommittal statements which could be interpreted in a number of ways. In most of the cases, the message is that the outstanding questions should be resolved within a bilateral framework. Nevertheless, such issues as the Slovak language law, which seems to be protecting the majority against the minority, raises serious theoretical questions that should be dealt with by the European authorities if the unity of the community is taken seriously. The broader implications touch on the legality and acceptability of negative discrimination –

given that positive discrimination is a more or less universally accepted principle concerning minorities in general. Similarly, if free movement of people constitutes one of the four freedoms, then the denial of access of a President to another EU (Schengen)-country raises doubts about the universality of this EU-wide accepted principle. Of course, there are often other considerations, like the security of each of the states involved, however this provision cannot be stretched to the point of denying entry of one country's high official into another.

Another bilateral relationship which has decidedly deteriorated over the past eight years is the Hungarian-Polish one. Mention has already been made about the different strategic visions concerning the role of the two countries in the EU in general, and in Central Europe in particular. These differences were exacerbated by ideological aspects, especially at a time when Ferenc Gyurcsány and Jaroslaw Kaczynski held the post of Hungarian and Polish prime ministers, respectively. Moreover, the Polish leadership expressed its concern regarding the fairly intimate German-Russian relations (and not exclusively under Chancellor Gerhard Schröder). PM Gyurcsány in contrast, saw no security threat in the Russian attempts to bypass the region as a transit area for gas supply to Western Europe, while Polish Foreign Minister Radoslaw Sikorski at one point went as far as talking about a new 'Molotov-Ribbentrop Pact'. In addition, Warsaw unambiguously supported the expansion of NATO by offering Membership Action Plan (MAP) to Ukraine and Georgia, while Budapest leaned towards the German-French position of postponing the invitation.

Poland, out of geopolitical considerations, has expressed vehement interest in matters affecting the Baltic states, Belarus, and Ukraine, while Budapest, for similar considerations, has preferred the Western Balkans, which was reflected in that one of the strategic goals of Hungary's upcoming EU-presidency is to conclude the accession talks with Croatia and to open them with Serbia. Poland, on the other hand, has shown relative passivity when it comes to the region of Western Balkans.

At the beginning of the 1990s, a consensus emerged in the Hungarian political life with regard to the foreign policy priorities: accession to the Euro-atlantic institutions, 'good neighborhood' policy, and the so-called 'nation' policy. In general, the left-of-center political forces (the Socialists and the Free Democrats) preferred handling the issue of neighborhood policy in multinational forums, especially within the various European organizations such as the EU or the OSCE, while the right-of-center parties (originally the Hungarian Democratic Forum, Fidesz, and the Christian Democrats) tended to place the cause of the Hungarian minorities

into the center of bilateral relations with neighboring countries like Slovakia and Romania besides opening the question on international fora as well. Fidesz and the other like-minded political forces have openly championed the right of the Hungarian minorities in Romania, Slovakia, Serbia, and Ukraine to enjoy wide-ranging autonomy, taking a form of subsidiarity or self-government within the EU. In contrast, then Socialist Foreign Minister Kinga Göncz emphasized in an interview in 2006 that “it is the local Hungarian community, the local Hungarian leaders and the majority society” which should decide about the question of autonomy² – consciously omitting the Hungarian government from the equation. One of the sources of disagreements over the Hungarian minority with, for instance, Slovakia and Romania, is that Hungary does not define itself as a nation-state, while the latter do. Therefore, Budapest approaches the minority issue from a minority protection point of view, while some of the neighbors view the issue exclusively through the lense of the nation-state. The official Hungarian foreign affairs strategy endorses the “legitimate aspirations” of the Hungarian minority communities” (Res. No. 1012/2008 [March 4]); however, the document does not define “legitimate.” Besides this general principle, the subsequent Socialist-Free Democrat governments were pursuing a rather ambiguous 'nation-policy'.

During the parliamentary elections in 2002, the Socialists attacked Fidesz for the so-called status law from a populist point of view (warning of the influx of '23 million Romanians'), then the Medgyessy-government backed down despite the fact that – almost to a man – the Socialist representatives had also voted for the adoption of the status bill. What’s more, the relationship between the Hungarian government and the Hungarian minorities in the neighboring countries became really strained after the referendum on December 5, 2004. The Gyurcsány government, which had campaigned against the dual citizenship mainly because of domestic political considerations, mainly for fear that the Hungarians with dual citizenship would acquire voting rights in Hungary linked to permanent residence in the country and would predominantly support the center-right. The result was that the Gyurcsány government lost its credibility in the eyes of most of the Hungarians in the neighboring countries. In retaliation, the Prime Minister stopped convening the annual sessions of the Hungarian Permanent Conference (*Máért*) and adopted the strategy of 'small steps' which included, among others, financial support to educational institutions from the Sapientia University in Romania, to the Selye János College in Slovakia.

² „Nem a klasszikus diplomáciát kell művelni” [”We should not practice classical diplomacy”], *Magyar Nemzet*, July 22, 2006, 10.

The officially declared goal of the government was to keep the Hungarians in their motherland, with the emphasis put on economic and cultural achievements. His idea met with the President's efforts in this field given that László Sólyom was also working on the international acceptance of the notion of "cultural nation." It needs to be mentioned that his predecessor, Ferenc Mádl, had also emphasized the right of the mother country to support the efforts of the minorities aimed at preserving their national-cultural identities. Unfortunately, the mother country's political divisions were transferred to the minority communities abroad considerably weakening the position of both Hungary and the Hungarian minorities in their dealings with the respective governments.

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