

Office of the National Assembly

Document Number: H/47

Received: 22 May

**The Programme of National Cooperation**

## THE PROGRAMME OF NATIONAL COOPERATION

Work, Home, Family, Health, Order

FOREWARD	2
I. THE DECLARATION OF NATIONAL COOPERATION	5
II. THE SYSTEM OF NATIONAL COOPERATION	7
III. ISSUES OF NATIONAL IMPORTANCE	17
INTRODUCTION	17
1. THE TIME HAS COME TO REVITALISE THE HUNGARIAN ECONOMY!	18
2. THE TIME HAS COME TO RESTORE ORDER IN THE COUNTRY!	41
3. THE TIME HAS COME TO RESCUE THE HEALTH CARE SYSTEM!	49
4. THE TIME HAS COME TO INSTITUTE SOCIAL SAFETY!	57
5. THE TIME HAS COME TO RESTORE DEMOCRATIC NORMS!	73

## FOREWARD

The winner does not prevail; the winner has his work cut out for him. The winner is not expected to prove his point, but to do his job, to fulfil his duties. For me this is the motto of modern governance in the 21st century.

Hungarian voters have sent the message to all of us that national unity has prevailed, and the duty of the winner is to defend and represent national unity and the truth of such, and to overcome any circumstance, force, and endeavour which repudiates or endangers it.

This message defines the programme that I as prime minister intend to consistently and uncompromisingly implement.

The opposition of each government constitutes a natural part of the democratically established national unity, and as the opposition - chiefly as the articulator and advocate of opinions and points of view differing from that of the governing majority.

I am fully aware of the magnitude of the task ahead and the responsibility it entails.

I am also aware that my government and I must represent three thirds of the country - the Hungarian nation as a whole. I am going to perform my work with this expectation in mind, and I am going to hold all of my colleagues in the government and in the Parliament accountable in this regard.

Hungarians want deep-seated and fundamental change in every area of life.

They have authorized more than mere adjustment or change; they have authorized us, through the strength of national cooperation, to establish a new political, economic, and social system built on new rules in every area of life.

They expect me with all my strength and ability to help the Hungarian community dispose of the old system and create, consolidate, and operate a new one.

By adopting the Declaration of National Cooperation the new National Assembly has acknowledged the inception of a new social contract in the elections held in April whereby Hungarians decided on the foundation of a new system, the System of National Cooperation.

Through this declaration we acknowledge the will of the people, and make it the compass of the future.

## I. THE DECLARATION OF NATIONAL COOPERATION

“Let there be peace, freedom, and understanding.”

At the end of the first decade of the 21st century, after forty-six years of occupation, dictatorship, and two ambiguous decades of transition, Hungarian has regained its right to and capability of self-determination.

The struggle for Hungarian national self-determination began in 1956 with a glorious revolution that ended in bloody suppression. The struggle continued with the political pacts of the system change and ultimately ended up, instead of freedom in vulnerability, instead of independence in indebtedness, instead of advancement in poverty, instead of hope, confidence, and fraternity in deep spiritual, political, and economic crisis. In spring of 2010 the Hungarian nation once again gathered its vigour, and realised a successful revolution in the polling booths. The National Assembly declares that it acknowledges and respects this revolution fought within the framework of the constitution.

The National Assembly declares the inception of a new social contract in the elections held in April whereby Hungarians decided on the creation of a new system, the System of National Cooperation.

With this historical deed the Hungarian nation has committed the newly established National Assembly and the new government to resolutely, uncompromisingly, and steadfastly direct the work with which Hungarian is going to build the System of National Cooperation.

We, the representatives of the Hungarian National Assembly, declare that we are going to build the new political and economic system formed on the basis of the democratic will of the people on the pillars indispensable to happiness and a respectable life, and which bond the diverse members of the Hungarian nation. Work, home, family, health, and order are going to be the pillars of the future.

The System of National Cooperation is open to all Hungarians, both to those living inside and outside Hungary's borders. This is an opportunity for and an expectation of those who live, work, and do business in Hungary.

We firmly believe that through the unity embodied by the System of National Cooperation we are going to be able to change Hungary's future, and to make our country strong and successful. This unity, which unleashes enormous power, entitles every Hungarian regardless of age, gender, religion, political conviction, wherever in the world they may be, to great hope, and after long decades grants Hungarians the opportunity to finally realise their own goals. It is to this end that we are committing the next several years of our lives.

National Assembly of Hungary

2010

## II. THE SYSTEM OF NATIONAL COOPERATION

### - New Social Contract -

In April 2010 the long period of transition rife with struggles, divisiveness, and crises came to an end. The era was brought to an end by the act of the revolution which took place in the polling booths.

In spring 2010 for the first time in Hungary since the system change a single political force was granted democratic authority of constituent import. This act imposes historical responsibility on the newly formed parliament. The new parliament is more than Hungary's sixth freely elected parliament. The new Assembly is in fact a constituent national assembly and system-founding parliament. With the two-thirds mandate voters entrusted the new Assembly and the new government using democratic means to carry out revolutionary changes in national issues of the greatest importance.

By doing so the country's citizens regained their ability of self-determination and the opportunity by joining forces, instead of pacts and forced compromises, to turn the country in the interest of the common good in a new direction.

We must by joining forces overcome the serious burden of the transitional era behind us.

We must by joining forces build a strong Hungary based on national cooperation.

The period of transition and the past eight years of bad government swept the country into a state of crisis. The social and economic crisis led to its eventual failure.

The past eight years of bad government, rather than focusing on cooperation, turned the members and groups of society against each other. The younger generation against the elderly, the gainfully employed against the pensioners, those living in the countryside against those living in the capital, those living outside the country against those living in the mother country. Consequently, the transition turned into an institution of ostracism.

Bad government propelled the country, instead of advancement, into a debt trap.

In the interest of retaining its power, it eliminated the possibility of democratic oversight of budgetary matters, falsified financial data, and by doing so limited citizens' right to self-determination, as responsible voter decisions may only be made in possession of knowledge of the country's state of affairs.

The past eight years of bad government allowed criminal organisations to infiltrate publicly funded state institutions and companies.

It paralysed the state and public administration, and obliterated its efficiency.

It allocated the resources intended for advancement of the nation to the privileged few, to private interests, and to criminals.

It turned deceit and the abuse of power into the standard for politics. One of the most blatant examples of this is the Öszöd speech.

It thwarted attempts to hold the government liable and accountable. It constricted democracy to a cell of cordons, and by doing so turned the era of transition into an institution of political irresponsibility.

Instead of defending public order and public safety, it used the state's monopoly on violence in an unlawful attack against its citizens.

By limiting civil rights it created an imbalance in the relationship between rights and obligations. It made the citizens pay the price for its own political failures.

It tolerated the presence of extremes, and rather than eradicating them, used them for the legitimization of its own power.

However, bad government and along with it the old system failed. The time for change is now.

A community may only be rebuilt and may only rise up if - cooperation - the fundamental purpose and aim of societal organisation is empowered. This is a beacon of the changes ahead. That is the direction which the unprecedented national unity manifested in the elections designated for us.

The vitality of the system change was sufficient for partial transformation of the country, but was not enough to conclude the social contract serving as the benchmark for all of us and the basis for our sense of safety.

The social contract is the foundation which ensures that the country, in spite of the cyclical nature of the political-economic rotation, develops along a stable path in the direction specified by the people.

For lack of a social contract Hungary during the era of transition was controlled by elite agreements and invisible pacts; fruitless debates hampered the country's progress. On account of this the country in recent years was smothered in the battle of private and partial interests; our common national causes were obscured.

The current Constitution - as its first sentence reveals - is a temporary, transitional constitution. Its authors intended it as temporary precisely because there was no underlying and valid social contract. The new social contract has now been concluded in the 2010 parliamentary elections. Legislators have been entrusted over the next four years with the creation of the country's new constitution.

The essence of constitutional democracies is that power is exercised by the people. Accordingly, in April 2010 Hungarian voters availed of their right to exercise power and made a firm and clear decision: they gave their blessing, in place of the era of transition and in the spirit of the new social contract, to a new system founded on national cooperation.

In constitutional democracies representatives elected by the people exercise power. As during the transition no social contract was born expressing national unity, it was possible in the past eight years for the government to openly turn against the common will, and without consequence to abuse the power vested in it.

The new social contract was created by national unity revolutionary in its power which expresses the common will of the Hungarian nation. The common will of the nation may not be overridden by any visible or invisible political pact or challenged by any partial interest. This fact compels the country's leaders to do their job, to perform their work in this spirit.

With overwhelming force Hungarians ousted the politics which for years went against their will. For this reason, it is the duty of the new National Assembly among its first measures to declare that the united will of the people is the main source of power in Hungary.

The responsibility of the first government of the new era is to enforce the new social contract, namely to erect the System of National Cooperation. The System of National Cooperation will be the foundation of the country's reconstruction and of the creation of a strong Hungary.

Today Hungary is weak, undergoing times of economic, social, and spiritual crisis. However, the social contracts of Western Europe also emerged in situations of crisis. These ambitious agreements also sought solutions for deepening crises of political confidence, as well as for severe economic problems and social ills.

The examples of Ireland, Spain, Portugal, Finland, Italy, and other European countries demonstrate success in this endeavour. Now it is Hungary's turn.

The new social contract calls for cooperation instead of divisiveness, service of the public good instead of the advocacy of private interests, and the strong and effective representation of common national causes. A government for whom the sole benchmark is the nation and the advancement of its members. A government for whom the interests of the individual and the community are not at odds, but rather complement each other.

The System of National Cooperation is built instead of ostracism on unity, instead of political irresponsibility on political responsibility, instead of tolerance of extremes on the rejection and elimination of such, instead of the limitation of citizens' self-determination on the proliferation of such, and on the restoration of balance between rights and obligations.

The prevailing parliamentary opposition also comprises a natural part of the System of National Cooperation. The parliamentary opposition voices opinions and points of view differing from that of the governing majority; its contribution to national unity must be accompanied by recognition.

A nation's strength stems from the freedom of its members and the cooperation founded on this freedom. The System of National Cooperation once again makes all of us interested in the building of the community and of the nation. It reinforces those points in which individual ambition is useful to the community as well. Job creation means personal gain not only for entrepreneurs, but for the country as well. Having children is not merely a source of joy for families, but also serves the growth of the nation.

As a result, the policy of the new government does not have to change the cultural attitudes of Hungarian society - this must stem from other, non-political motives - but it has to change politics and government in order to free up the energies of individual ambition in a way that is beneficial in terms of community building. The public thinking and public sentiment of the era of transition were explicitly/implicitly built on the assumption that individual interests could only be enforced at each other's expense, by weakening each other. In reality, however, individual interests can reinforce each other if this is a conscious part of our efforts, if we establish a new government policy which supports cooperative efforts and encourages the pursuit of individual prosperity in accordance with the public good.

Striving to implement a government policy which consciously revives social cohesion and forms a sense of community is not only an ideological and moral priority, but at the same time rational and efficient. Efficient because the money of the community invested in preserving the health of individuals is beneficial not only to the individual, but to the community as well. Those who maintain their vigour and their ability to work remain active and valuable members of society, and in the long term this promotes the subsistence and balance of the community. It is not difficult to realise the importance of this in Hungary, struggling with severe public health and demographic problems, and threatened by an unstable health, social, and pension system.

The System of National Cooperation calls for deep-seated and fundamental change in every important area of government. In the future, instead of private aims and interests, politics must serve common aims and interests. A government and governance is needed which once again turns towards people and their everyday problems, and which is based on the representation of our common national causes.

A government is needed, therefore, which pays attention to people, listens to them, respects their diversity, and understands their concerns. Therefore it represents and enforces those interests which are important to everyone, and thus unites, not separates us. Politics are necessary, therefore, which build and develop these common values, and strive to make these accessible to everyone.

The first and most important value which unites is work. Work is the foundation for all human beings' subsistence, autonomy, and independence. Work also teaches the pleasure of holiday. Work provides poise, pride, and recognition in the communities to which we belong: in the family, where we live, at work, and among friends.

Having a home is also a value to which everyone naturally aspires.

It is important for everyone to have a place in which (s)he feels safe, where (s)he knows where everything belongs, and where (s)he can truly be his/her own master.

Family is a core value for all people. Everyone wants to belong somewhere; everyone would like a family, warmth, and affection. Even those long for intimate family life who don't happen to be part of it.

In addition to what has been mentioned so far, another thing we have in common is that we all have a fear of physical pain and vulnerability. It is precisely for this reason that health is a precious asset to all people. As long as one is healthy (s)he feels that (s)he can overcome any situation.

In order to feel safe, and to be able to achieve our goals, order is required. Only those whose intentions are not honest, who like to fish in troubled waters, and who are believers in government by violence do not value order. We Hungarians are now experiencing that freedom without order breeds chaos and fear. Where order is lacking bars, locks, latches, barriers, cordons, and surveillance cameras are soon to follow.

Thus work, home, family, health, and order are the solid pillars of the System of National Cooperation. In the years to come the Government of National Affairs shall enforce the social contract based on our common values, namely it shall establish the primacy of public good over private interests, the primacy of order over lawlessness, the primacy of safety over unpredictability and governmental chaos, and the primacy of economic advancement over debt and vulnerability.

The Government of National Affairs intends to pursue a policy that ensures everyone the greatest possible freedom for prosperity and encourages everyone to get involved in building a common future, as the success of the individual and the community stem from the same plant.

For this reason the new government offers cooperation to every member of society, to NGOs and advocacy organisations, and to economic players to find solutions to our common national causes. The Government of National Affairs shall immediately fulfil voters' most important expectation related to public law, a decade in the making: a smaller parliament and a rational and efficient local government policy.

An equally important task of the new government is the proper, rational, and efficient operation of the state. A good state is the representative of sociality. In recent years precisely those countries failed in which the state is not efficient, impedes, and obstructs. Those countries remained successful in which the state facilitates, encourages, and supports. Our current capitious, obstructive, and precarious state is good for nothing in the 21st century. A balanced state is needed which encourages everyone to act together. A strong state which above all serves public interest and the interest of our nation, not the business interests of a privileged few.

The state must be impartial. It may not engage in trickery, and change laws and rules as it pleases. If the state is partial, stoops to become an attendant of private interests, and makes legislation captive to private interests, it divests itself of the purpose of its own operation. If the state wants to be respected, then it should be worthy of respect. The Government of National Affairs, therefore, is going to restore the prestige of the Hungarian state. It is going to steer the public administration system to the path of reason and commit it to the service of public good. It is going to take decisive action to reduce the social burden caused by unnecessary bureaucracy.

The Government of National Affairs is going to revitalise the Hungarian economy. The new government is going to initiate change in the tax system which simplifies it to the greatest possible extent, reduces the tax burden of employees and businesses so that it is once again worth it to create jobs and to take on work. The Government of National Affairs, in collaboration with the actors of the Hungarian economy, is going to implement an economic policy which once again gives businesses and entrepreneurs a chance who are committed to creating new jobs, and who wish to invest the profit they have generated in Hungary.

The Government of National Affairs is going to protect Hungarian land and agriculture, and in its development policy is going to eliminate the contrived confrontation between the countryside and the capital.

The new government is going to restore public safety and law and order, and provide the resources necessary to restore order and ensure the safety of its citizens. It is going to dispose of the privilege of standing above the law, and hold those responsible for the past eight years accountable.

In the area of health care the Government of National Affairs is going to implement those sweeping changes, in cooperation with doctors, nurses, and patients which are essential to saving the industry.

In the System of National Cooperation having children, and investing in the future of children is a value to the nation as well; for this reason the new government is going to reform the education system, and relieve it of the burden and the failures of the distorted policy of the past eight years.

The Government of National Affairs is going to institute the social safety that has been almost entirely obliterated over the past eight years. It is going to stabilise the situation of families and pensioners. It is going to make the future predictable and calculable.

The Government of National Affairs is going to make Hungarians living abroad a part of the System of National Cooperation.

In the areas of national defence, the environment, and the preservation of cultural values the Government of National Affairs is going to enforce the will of national unity and restore the primacy of the common good.

Overall, given our aims, we can avow the words of Abraham Lincoln as applicable to us: *"It is rather for us to [ensure] ... that this nation, under God, shall have a new birth of freedom - and that government of the people, by the people, for the people, shall not perish from the earth."*

### III. ISSUES OF NATIONAL IMPORTANCE

#### Introduction

The national unity which came about in the elections compels the new government to carry out its electoral program. We are going to fulfil this commitment.

Through the conclusion of the era gone by Hungarians expressed the will that henceforth common aims and issues of national importance must be served in the System of National Cooperation which unite Hungarians in all their diversity, because they embody those core values which are important to all of us for prosperity and a respectable life: work, home, family, health, and order.

The results of the election made it clear, Hungarians know that to achieve common objectives Hungary needs a strong government in which people in Hungary and abroad can trust, and which is capable of restoring Hungary's prestige so that Hungary will once again be treated with respect, and will once again have credibility and international influence.

In order to achieve success in issues of national importance an important task of Hungary's new government will be to renew its alliance with the West, establish better relations with America, redefine its relationship with countries of the East, and turn Hungary into a decisive player in Central European cooperation.

We believe that we will be capable, through strong governance which successfully executes politics centred on issues of national importance, of enforcing our common values, and that as a result Hungary will once again be respected by the world.

## ***1. The time has come to revitalise the Hungarian economy!***

### **1.1 One million new jobs in ten years.**

#### ***Work-based economy, society, and state!***

As all achievements are born only of competition and work, in addition to competition, work must be placed at the core of economic policy. In Hungary today there is widespread professional consensus that the root of the equilibrium and growth problems of the Hungarian economy clearly lies in levels of employment which are abnormally low compared to other countries in Europe. Professional consensus, however, is not enough; the operation of the economy, society, and the state must be work-based. The aim is to implement economic policies that help Hungary create one million new, taxpaying jobs within the course of a decade.

By the end of 2009 the unemployment rate in Hungary reached 10%. According to estimates in 2010 the country faces unemployment rates of 11-12%, which in many parts of the countryside could reach 15-18%.

The high rate of unemployment causes not only economic problems, but results in the proliferation of poverty.

Along with the proliferation of poverty there is a risk that certain towns, settlements, and regions will fall behind for good. We are faced even now with serious social tensions in smaller and larger rural communities. The proliferation of poverty may lead to an increasing number of families slipping into deep poverty. This greatly exacerbates the chances of breaking out of poverty.

The reintegration of unemployed persons over the age of 45 into the occupations they have lost poses great difficulties as it is. Systems have not been developed to measure the efficiency and effectiveness of programmes aimed at reintegrating the long-term unemployed into the labour force. The social assistance system prevents people from breaking out of poverty as there is little motivation to do so. In the past eight years a social-cultural environment was created which hinders the reintegration of unemployed people into the world of work.

### *One million new jobs!*

One million new jobs will be created by companies working in Hungary. In order for businesses to create jobs, confidence and a predictable economic/political environment are needed. This means a strong budget, sound fiscal policy, and less bureaucracy. A stable environment, however, is not enough. On one hand resources and working capital are necessary in order to create new jobs; on the other hand the new administration must devote special attention to labour-intensive industries.

### *A key role for the construction industry, agriculture, and tourism!*

One million new jobs are necessary to ensure that the Hungarian economy is characterised by equilibrium and sustainable growth. Businesses must create a significant portion of the new jobs for people without a higher education, as many of the unemployed and inactive can be found in this category. The vast majority of these types of jobs may be created in three areas. The construction industry, agriculture, and domestic tourism are capable of absorbing large numbers of workers who are currently unemployed. Consequently, these industries can expect to receive special attention as part of the government's business development policy.

### *A key role for creative industries, innovation, and R + D!*

The remainder of the one million jobs must be created by businesses to facilitate the employment of recent graduates who often speak several foreign languages. The future in this respect belongs to creative industries, and European and global service centres. If we succeed in this field, we succeed in securing a higher standard and quality of life. Constant innovation is needed by large and small companies alike. To this end, an R + D strategy and an organisation are necessary. In accordance with European Parliament and Council resolutions an application system must be developed to support innovative research and development for small enterprises with weak research capacity. State support must be provided for the protection of small enterprises' intellectual property, particularly for the support of foreign patent applications.

### *Flexible rules which promote family-friendly employment!*

The aim is to increase the number of those employed; this can only be achieved by adapting the rules of employment both to the demands of the economy and the needs of the potential labour force. In the countries of the European Union atypical forms of employment appeared as early as the 1970s. Currently, these directly affect 20-30% of wage-earners in more developed countries. There are those who are only temporarily affected - e.g. women after childbirth - and those who are engaged in such forms of employment on a regular basis. For example those who perform tasks for several different companies using info-communication equipment from remote locations. There are those who make their living substituting workers on leave, and the list goes on. Flexible rules of employment must be established, therefore, as significant employment surpluses can be achieved through atypical forms of employment such as part-time work, telecommuting, and the proliferation of self-employment. Currently, however, if an employer would like to replace one full-time employee with two part-time employees, it must assume one and a half to two times the administrative costs of employing a full-time employee, which makes this alternative expensive.

## 1.2 Simpler and more reasonable conditions for businesses

### *Simpler and more reasonable conditions for businesses!*

The administrative burden of Hungarian companies is extremely high when compared to other European countries. According to some estimates, it reaches 5-6% of GDP per annum, i.e. over HUF 1,000 billion. These are costs which firms pay simply because state regulations are complicated, overly bureaucratic, and unpredictable. In a country in which grappling with an uncertain and cumbersome state uses up a large portion of businesses' energy, the entrepreneurial energy necessary to develop is instead consumed by the quest for survival. Today Hungary even on a regional level is not competitive, not just on the basis of its tax burden, but due to the extent of the burden imposed by state regulations. For this reason one of the important targets of the politics of issues of national importance is for Hungary to become one of the most business-friendly countries in the Central-Eastern European region, a country in which the state regulation of business operation is simple and predictable.

### *Independent programme to halve the costs incurred by unnecessary economic bureaucracy!*

The Government of National Affairs is going to cut the costs induced by administration and the business risk stemming from the state's activities. It is going to launch a programme to reduce economic bureaucracy and administration. The primary aim of the programme is to simplify the impossibly complicated and sometimes arbitrary tax system; its secondary aim is to reduce the burden of rules governing business activity. This will lead to an annual decrease of HUF 300-500 billion in companies' costs. An equally important effect of the programme is that by means of simple and reasonable regulations the risks induced by the state decrease; thus it will be more profitable for companies to develop and innovate.

*Realistic, simple, and customer-friendly regulations!*

The Government of National Affairs must review the justification of all rules which restrict the operation of businesses, and compare them with the business costs of complying with them. The number of taxes must be reduced, tax returns must be simplified, and the scope of simplified forms of taxation must be broadened. The long and cumbersome process of obtaining official permits must be simplified or eliminated. The interest of state bodies in penalising the operation of companies they supervise must be discontinued. Companies' reporting obligations must be reduced; the practice of state institutions requesting information already available in the public administration system from companies time and time again must be discontinued. It is necessary to create easy and clear means of cooperation and electronic platforms between public administration and businesses which do not necessitate the use of intermediaries. The new government must take an active part in the European Union's anti-bureaucracy efforts aimed at simplifying rules and regulations.

*Institutional safeguards to preserve the simplicity of rules and regulations!*

In addition to cutting back on administration the Government of National Affairs is going to establish institutional safeguards to prevent the renewed proliferation of bureaucracy. By increasing the transparency and preparedness of legislation, and by requiring preliminary impact assessments as a general rule, the quality of economic regulation will improve, eliminating the practice of frequently changing rules. It will tighten the conditions for modifying rules affecting businesses; changing a rule prior to the review planned years ahead of time will only be permitted in exceptional instances. It will enhance the role of representatives of the business sector in developing regulations, thus providing them ample license in the legislative process. It will generalize the grace period granted to adjust to amendments in the law. The new government will set up a body comprised of persons esteemed by entrepreneurs which will prepare a public report every year for Parliament on the impact of state rules on business.

As a result of the changes there will be fewer rules to comply with; the new government will review approval processes to ensure that only those permits are required which are truly necessary. Furthermore, it will cut back on administration related to statistics and tax issues.

### 1.3 The restoration of payment discipline and shorter payment deadlines

*Low interest rates and rapid circulation of money in the economy!*

Hungarian companies for a long time now have been forced to live with excessively high interest rates, which siphons away a significant portion of earnings for those companies with credit. Large companies are less affected by the Hungarian interest situation as they typically finance their operations from low-interest foreign sources of funds. For this reason it is important for the new government to lower forint interest rates to Western European levels as quickly as possible.

The other severe financing problem of Hungarian firms is the phenomenon of circular debt and debt chains in the corporate sector. Circular debt not only destroys business confidence, payment discipline, and the predictability of the economic environment, but it often creates undeservedly difficult liquidity problems for businesses, particularly for small enterprises. It is a unique feature of circular debt that “the whip cracks at the tip”, i.e. the small businesses at the end of the debt chain are the worst afflicted. For them a late invoice settlement here or there or an unpaid job can mean the downfall of the company.

The reasons are manifold. For a number of companies a lack of business foresight, information on customers, or market-based guarantees against expected business risks play a role. The common practice of general contractors - due to intense price competition - taking on projects for unrealistically low prices, and in the end paying the weakest subcontractors late or not at all also plays a role. Although a large part of circular debt originates from one of the biggest customers, the state and the local government sector. As the bulk of circular debt originates in the state sector, the key to solving the problem is in its jurisdiction. The first and most important step is for innocent small businesses not to be afflicted by the burden of paying VAT for work which has not been paid by the customer.

A similarly important safeguard is for the state in all cases to meet its payments immediately. The rate of advance payment for small businesses that win EU grants should increase from 25 to 50 percent. For intra-company relations based on dominance, state regulation should protect the interests of small businesses in a weak position.

The new government, by amending and enforcing existing legislation, should decrease the current payment deadlines of 90 days to 30 days, thus ensuring compliance with the practice of paying in one month. The state has to involve market players and business/industry advocacy groups in the management of debt.

Rating companies, introducing norms for public procurement bidding, organising chains of certified subcontractors, and providing risk management tools to small businesses at favourable terms may assist in finding a lasting solution to the problem.

Another important task is the acceleration of judicial proceedings in economic cases.

#### *Action against monopolies and abuse of dominance!*

In market competition the better company can only prevail assuming that competition really exists; if this is curbed or stifled then the stronger company wins, not the better one. In the current Hungarian economy, unfortunately not only in commerce but in other industries too, many monopoly or cartel-like situations based on dominant positions have evolved which distort competition, and exacerbate the situation of other businesses and consumers. This was reinforced by the misguided privatisation policy which turned state monopolies into private monopolies. As a result, energy prices for example appreciably exceed prices in neighbouring countries, which reduces the competitiveness of Hungarian companies. Or it is worth examining the characteristics of the Hungarian bank system; interest margins excessively high by European standards and other charges that despite the pretence of competition suggest a situation based on dominance. It is an important responsibility of the state to act against these situations. Wherever possible, the government must break up this cartel-like behaviour, even by promoting the entry of new competitors. Where natural monopolies are concerned, the situation needs to be addressed through tougher regulations, or a possible realignment in ownership structure.

#### 1.4 Setting the Hungarian construction industry in motion

The construction industry ranks among the sectors worst afflicted by the crisis. At the same time, it is highly labour-intensive; therefore it could play an important role in recovery from the crisis.

Building is only possible in a climate of trust, and this has been missing for many years now. The leeway of various financial instruments used to stimulate demand, either on behalf of the state or the bank sector, was reduced every year even before the crisis. The construction industry employs some 300,000 people. As a result, its importance in this regard is crucial.

Three essential factors are worth highlighting in the current state of the Hungarian construction industry: the tightening of credit, the decline of orders (both public and private), and - despite every effort to the contrary - the ever widening scope of debt chains.

It goes to follow that any attempt to pursue a growth path must begin with the resolution of these problems. A review of public procurement practices to date could contribute greatly to improving the state of the sector. This may all result in political interests being harmed, but tackling of this problem is unavoidable.

Much greater business and legal safety must be given to SMEs in the construction industry; capacities of Hungarian construction material manufacturers, architects, contractors, real estate agents, and building materials dealers must be sustained. The public procurement system and the institution charged with collateral management must be empowered to fulfil its task.

Implementation of the “European energy-efficient buildings” initiative must be promoted in Hungary to support green technologies and the development of energy-efficient systems and materials in new and renovated buildings.

A national energy efficiency program would jump-start the construction industry; renovating 10% of flats a year would create 80,000 construction industry jobs, and the investment would pay off in less than 10 years. Furthermore, our environmental commitments would also be solved.

### 1.5 Reforming Hungarian agriculture

The important markets for Hungarian agriculture are the domestic and local markets. Developments and investments are needed which enable supply of the domestic market with healthy, high quality Hungarian food. It is important to develop local small and medium sized agricultural firms and processing plants using internal and EU resources. Safe and economical conditions must be established to enable the direct sale of locally produced and processed food. Special protection and support must be obtained for our Hungaricums, which comprise the remedy to national woes. Preservation, taking inventory, and worthy support of Hungaricums is a national cause, and should be treated by the government, state, and society as a task of utmost importance.

The network of institutions responsible for food safety and food health must be made stronger and more efficient. “Food” of dubious origin which is detrimental to health and food imitations shall not be allowed into distribution in Hungary. It remains important for us, bearing in mind future generations and the safety of the environment, to maintain our country’s GMO-free status.

The aim is to create diverse agriculture, environmental and landscape management which produces valuable, healthy, and safe food in a way that taxes the environment and local energies and raw materials to the least possible extent while preserving our soil, water stock, wildlife, and natural values.

Our cultural landscapes, the communities of settlements, and our traditions of production as manifested in their individuality must be preserved.

Only a complex agriculture built on many small and medium sized estates with a varied product structure can create large numbers of jobs which ensure the livelihoods of many people. As a result, farmers are provided with good prospects for the future and a new generation of farmers.

This economic structure comprised of smaller building blocks stands a better chance in market competition if it is state-subsidised, and if we establish voluntary purchasing, production, processing, and distribution associations.

Products recognised on a local and regional level and market developments which provide distribution opportunities promote the reinforcement of local identity, as well as, in addition to the supply of the population, the emergence of the tourist industry and rural tourism. More effective agricultural marketing and coordinated market policy can be important means of increasing farmers’ income and of recapturing lost external and internal markets.

## 1.6 Implementation of radical change in public procurement

In other European Union countries the proportion of domestic and foreign companies which win public procurement tenders is the exact opposite of Hungary; whereas the proportion of domestic companies which win public tenders in other EU member states is at least 70 percent, in Hungary it is 40 percent at most.

According to European norms, the allocation of funds arriving from the European Union would call for a win rate of at least 70 percent for domestic companies in Hungarian public procurement procedures. The state action programme must assist in this regard by means of direct and indirect - for example by specifying supplier quotas - methods.

Public procurements comprise one of the biggest markets in Hungary, and this is even truer of the EU.

Societal-business perceptions of the public procurement system in Hungary are pretty bad. Public opinion is irritated by the negative image of abuses, decisions made based on political considerations, and the high prices stemming from corruption received partially from the media and partially from entrepreneurs based on their own experiences. At the same time, the tendering process itself is highly cumbersome, complicated, and in and of itself deters many companies which are contemplating participation.

One of the roots of the problem lies in the fact that to date politics and bureaucracy tried to regulate the area largely independently from the business sector. In some instances expectations alien to the entrepreneurial way of thinking were and are integrated into the system. At the same time the creation of a transparent public procurement system which truly generates competition and is able to withstand the test of sustained operation is not in the interest of large companies with the most sway which frequently win tenders.

Therefore a greater role must be ensured for the Hungarian business community in establishment and operation of the system.

### *Green public procurement!*

The sweeping domestic crisis includes the leadership crisis which leads to a decline of values, a lack of restraint in matters of economic conduct, not to mention the complex set of problems connected to public procurement - expensive, jacks up prices, slow, corrupt, over-regulated, downplays questions of professional relevance, goes through the motions as far as operative questions are concerned - all of which obliterates the activity of professionals.

By green public procurement we mean environmental criteria taken into consideration in the procurement of products, services, and construction projects. A green public procurement system which favours domestic companies, a series of state and community measures which

sets society and the economy on a path of sustainable growth, and integrates environmental criteria into national development policy.

#### 1.7 Protection of Hungarian products, goods, producers, and consumers

##### *A growing domestic market!*

Small companies require new niches in the domestic and global markets in order to grow, and in order to thrive within those niches. Without an expanding domestic market, making the jump to global markets is even harder; that is why market expansion must begin within Hungary. Competition oversight and the extensive application of consumer protection are important tools in the defence of domestic markets. Protecting consumers from the virtually unimpeded flood of cheap or counterfeit products which are often detrimental to health and safety, and which unfairly drive domestic small enterprises out of the market is the responsibility of the state. Developing a system for providing consumers with important information not related to price is also the responsibility of the state, as these days domestic agricultural products of much higher quality often compete with rivals imported from abroad as homogenous mass products based solely on price.

The protection of Hungarian companies and products has also become a priority task. Small and medium sized enterprises are going bankrupt by the droves. The large department store chains continue to have good opportunities on the market. The influx of low quality foreign products cannot be ignored. For this reason, in addition to product control, product safety, and the monitoring of hazardous products, an important factor among consumer protection objectives should be the careful monitoring of the Hungarian economy, as entrepreneurs and companies live as consumers in other areas of life.

A high percentage of food products sold in Hungary is produced in Hungary. Compared with other countries this counts as a very high rate. It goes to show that people insist on flavours which they are accustomed to. Shoppers don't buy Hungarian goods because by doing so they create Hungarian jobs; they do so because the quality is reliable.

There is a clear tendency for the influx of cheap products from non-EU states destined for the markets to diminish the possibilities of the Hungarian economy at the expense of quality. As production in the food industry is built on local produce, the ties between the country - the given region - and the product are closer than in other sectors. This is why it is necessary on one hand to extend the jurisdiction of consumer protection in this way, and to have a bigger say in the extent to which national products hold their value, and by doing so to ensure their marketability, and ultimately to consolidate the domestic economy.

Introduction of an “Excellent Product” logo would increase the prestige of Hungarian companies, thereby increasing their competitiveness. The aim of the trademark is to protect food producers, and by informing consumers to influence consumer decisions, to develop the general culture of food consumption, and to encourage food manufacturers to improve quality. The trademark would be won via an application process. The “Excellent Product - Excellent Company” trademark visibly indicates that not only is the given product of excellent quality, but where the product is distributed, the given company engages in law-abiding conduct. Hungarian companies, not only those which engage in food industry production, may apply whose products are outstanding in at least one of their qualities, and which comply with the set of criteria for the trademark. Thus a quality assurance chain can be established where the coordinated interests of the manufacturer and distributor, while protecting consumer interests, come to the forefront.

The criteria for gastronomic, cultural, and natural values are to be determined in a similar manner.

*The establishment of fair conditions in commerce!*

Commerce in Hungary in the past decade and a half has undergone fundamental transformation. With the appearance of large shopping centres supply has grown, and competition has intensified. Shopping centres, however - although competition among them is growing - have a sometimes overwhelming dominance over domestic suppliers. Shopping centres exploit this dominance, thus putting domestic SME suppliers and farmers in a rather vulnerable position. Extended terms of payment are now almost standard practice; as a result in effect SME suppliers finance large shopping centres. Shopping centres often sell the products of domestic producers well below purchase price. It is also common practice for store chains to replace domestic products which are often of higher quality with one of their own products, even if it is of lower quality. Of course the market follows its own laws in the area of commerce as well, and the state should not play a restrictive role in this regard. Restricting competition would only create a disadvantageous situation for consumers. At the same time it is obvious that the practice of decrees issued from a position of market dominance is not equivalent to free trade. It is no coincidence that in European countries with developed market economies the interests of both suppliers and small shops are defended by the subtle web of regulation from the large shopping centres. In Hungary, the state could more actively employ the regulatory tools at its disposal in the interest of fair trade and to protect domestic suppliers. If necessary, new regulatory tools can be employed to ensure that shopping centres abide by contractual payment deadlines. The state can also help establish an institutional framework for the legal protection and advocacy of domestic suppliers. It can utilise regulatory tools in order to prevent domestic products from disappearing from the shelves of large shopping centres for good. It cannot ignore among the tools at its disposal the enhancement of competition, for example by promoting the establishment of competing chains.

## 1.8 The streamlining of higher education and vocational training

### *Competitive education and training!*

Immediately following the system change one of the major motivating factors for foreign investments was that the skill level of the domestic labour force - relative to price - was good. The large companies which settled in Hungary more or less took advantage of this opportunity. In fact, since the beginning of the new millennium work processes requiring even higher levels of skill are being deployed to the country, for which it is getting increasingly difficult to find well-trained skilled workers. So much so that the lack of well-trained skilled workers has become one of the greatest barriers to large companies from abroad settling in Hungary, and to the development of domestic small and medium enterprises. Over the past decade and a half equilibrium in the field of education has also been disrupted. On one hand a growing proportion of young people are taking part in higher education. On the other hand the prestige of vocational training has suffered tremendously, and the number of those participating in training for certain occupations is currently at an absolute minimum.

Economic convergence in Hungary is inconceivable without a change in these rates.

In domestic vocational training institutes the teaching of theoretical knowledge continues to dominate, while the apprenticeships taking place at companies and in workshops are largely neglected. In spite of this, companies demand precisely the opposite, more practical training and less theoretical education. In Germany a system along these lines works with great success, so-called dual vocational training, based essentially on practical training which takes place at companies, and is only supplemented by theoretical instruction conducted at vocational training institutes. Although domestic professional advocacy groups have already begun adaptation of the system, it is increasingly obvious that the competitiveness of Hungarian companies - both foreign companies that have located their operations in Hungary and small domestic companies - can only be ensured through complete restructuring of the vocational training system. Furthermore, it is necessary to improve business skills and knowledge, and ensure the formation of positive entrepreneurial culture and attitudes among the next generation of entrepreneurs starting as early as primary school. Practical business instruction must be disseminated in vocational schools and in higher education institutions so that young people are capable, upon finishing school and after a few years of experience, of starting their own companies. Currently domestic educational institutions are extremely weak in this area; consequently a central programme is needed to develop business instruction in Hungary.

Hungarian natural sciences and engineering training must be strengthened in order to develop high value-added industries (health industry, high-tech, R+D, green economy).

Currently there is no market demand for half of the degrees which can be obtained in higher education; as a result applicants must be given more information about the market value of each major.

## 1.9 Retraining

*If you have work - you have everything*

It's an experience of everyday life: if you have work, you have everything - if you don't, you have nothing. In Hungary nearly every social problem - impoverishment, the growing rate of inactive people on a demographic level, the depopulation of villages, or problems financing public services - they can all be traced back to one single cause: an abnormally low level of employment. Today in Hungary many people would like to work, but for lack of work are forced to live on assistance and social benefits. The new economic policy starts from the premise that people are not granted the opportunity to work because jobs exist in the first place; people are able to work because businesses create jobs. Thus, it goes to follow that the state has to create an environment for businesses that makes them want to and be able to give work to more and more people.

*Making the labour market "accessible" - retraining!*

Following their peak in 2005, fewer and fewer people were able to find jobs through the assistance of Employment Centres. However, the number of people able to find jobs on their own increased. Training and retraining, which are in principle among the most important tools for occupational rehabilitation, have been relegated to the periphery. It would be important to adapt as many successful pilot programs as possible on a large scale so that they can later be turned into legislation and be listed as conditions of tender notices.

It is advisable to supplement the support system of protected employers (rehabilitative employers, employers with contracts as protected organisations, institutions organising social employment) with elements which encourage the integrated employment of handicapped workers.

### 1.10 State and local government investments

In the local government sector in addition to losses in revenue, strong growth is expected on the expenditure side. As the above-listed phenomena appear in a concentrated manner, the question emerges of mass bankruptcy of local governments.

Local governments are the drivers behind development on a local level. The question is, will they be able to fulfil this role in the near future? On one hand sustaining public duties and services may present difficulty to local governments in a bad economic state; on the other hand the ability of local governments to cooperate with each other is very low. Sub-regional cooperations were launched mainly due to legal obligation rather than as the result of a demand for more efficient public services.

#### *Business-friendly local governments!*

These days local governments have become subject to increasingly sharp criticism from entrepreneurs and their organisations. Local taxes and duties are high, and the local business tax is viewed as an extortionary onus which hinders competitiveness, while in the meanwhile what they get in return is inadequate economic infrastructure and bureaucratic administration. The reasons, and hence the solutions, can only partially be attributed to the local governments; the lion's share of the responsibility belongs to the state. The state takes the bulk of locally generated taxes - in case of personal income tax more than ninety percent - and reallocates them for various public services, education, health care, and social care on the basis of per capita quotas. In fact, the state has the right to legally prescribe public services to the settlements without providing the level of funding necessary or sufficient to perform the services. As a result, settlements essentially have two choices: to compensate for the missing funds via their own revenues, that is the taxation of local businesses, or by cutting back on development and investment expenditures. The end result: the duality of high local taxes and weak local economic infrastructure. However, competitive businesses can only operate in competitive settlements. As a result, the solution lies in the reduction of the extent to which the state takes funds generated in the settlements, rather than in subjecting local governments to atrophy. In order for settlements - in a manner rightfully expected by entrepreneurs - to allocate more resources to developing the local economic environment, it is necessary to restore the role of market incentives in the financing of settlements. The active pursuit of policy aimed at serving as a site for business - for example preparing infrastructure for investors and local entrepreneurs - involves significant expense for the settlements. If the incurred expenses cannot be recovered by settlements through the increase in tax revenues from businesses and the personal income tax revenues of employees working for those businesses because local tax revenues end up with the state, then settlements will not be motivated to develop the local economic environment. Until a system for sharing local and central taxes is established for the financing of settlements which creates a direct relationship between settlements' economic development activity and their revenues, between settlements' economy and wealth, local taxes and duties imposed on business are going to remain forms of

local tribute. A local tribute the revenues of which cover the insufficient state funding of local governments' other public services.

#### *Useful, rapid, and simple use of EU funds!*

The impact of EU funds today is minute because it follows the “watering pot” principle, meaning that a little support ends up in a lot of different places, while a significant portion of the funds are spent without a direct economic development aim. Consequently, in the framework of the Új Széchenyi-terv (New Széchenyi Plan) EU funds must be shifted to areas which serve a growth-oriented, work-based economic policy. Furthermore, a system must be established which is capable of quickly using EU funding. As a result of the economic crisis and the decrease in lending, huge sources of funding and market demand are missing from the economy. It is appalling that in the midst of all this, due to bureaucratic obstacles, EU funds constituting a significant source of demand are not injected into the Hungarian economy. In the new system it is also important that the administration for businesses and local governments related to tender applications be reduced to a minimum.

An energy efficiency programme can be launched with the participation of local governments through a green bank (block flat renovation with savings of 80%, home insulation, Smart Grid, modernisation of public buildings); to promote renewable energy investments (geothermal wind and heat energy) it is necessary to accelerate the implementation of IT systems which replace bureaucracy (e-government, linking government databases, automation of administrative tasks).

#### 1.11 Public works

In order to create one million jobs changes must be set in motion in the institutional framework and in society which generate synergy and are capable of preserving and augmenting the vigour of each programme. Social-economic shortcomings must be addressed concurrently, while changes must be made which lay the foundations for the advancement of the countryside.

Those living in the countryside - businesses in particular - must be helped so that they are able to create jobs. It is extremely important that they invest the capital in a way that generates returns, is self-sustaining, and in the long term results in job creation. Existing channels of support must be utilised so that synergy can be achieved by pooling resources, for example by combining EU funding with public works programmes (community service as well), or by investing available funds in self-sustaining projects.

Integrated thinking, making investment decisions in a structured manner, and availing of the region's attributes are all indispensable when pooling resources.

Firms in the field of agriculture must be helped engage in the distribution chain, and assisted so that the food processing industry can build on them. The basis for developing industry is the establishment of appropriate infrastructure: businesses located in a given region can basically be developed by building on its resources and competitive advantages (e.g. processing industry built on agriculture or wine trips: linking tourism and agriculture). Horizontal service chains must be developed in the tourist industry which facilitate longer tourist stays in the given settlement or region.

As part of public works programmes opportunities must be provided to Romas and unskilled workers in the construction industry and agriculture. Through public works it is possible to mobilise broad masses in the interest of causes which generate new value (e.g. dam building, afforestation, construction of local government rental housing).

#### 1.12 Utilisation of our existing resources

The world in the 21st century is returning to the basics of humanity: land, water, food, and energy will once again be important. As strange as it seems, we Hungarians have an abundance of that which in the 21st century will become a major bottleneck in many places throughout the world. Hungary is rich in water, drinking water, and thermal water below and above the ground. Good soil and a favourable climate are great assets in times when food prices increase dramatically. Low population density and spaciousness are advantages in the European strategy built on quality of life. We have an abundance of alternative sources of energy, particularly in the areas of solar and geothermal energy, and bioenergy. And there may be additional gas stocks deeper below the ground. In order to succeed, however, in addition to material resources, intellectual and spiritual resources are also needed.

Therefore as a response, looking ahead it is worth charting a vision for the future of Hungary which shows signs of Western European operation in the most fundamental areas of life. The social fabric takes on the characteristics of Western European operation in the event of a two-thirds dominance of an ownership and knowledge based middle class. This stabilises the economy and politics, and creates and preserves a social and welfare state, and at the same time ensures compliance with the rule of law. Radical change in the areas of population and health are national goals. In Western European societies emotional and physical health, and steadily increasing life expectancies are the norm. The same must be achieved here in Hungary.

*Benefiting from natural attributes!*

We must leverage our natural, cultural, economic-social, and geopolitical situation to derive benefit from our natural attributes: the aim is to establish a transit economy by availing of our geographical situation. By taking advantage of its thermal water Hungary should become the EU's centre for medical tourism. The Hungarian language, thinking, and culture form the basis for the diversity of innovation and entrepreneurship. We must achieve energy independence by tackling energy dependency and by utilising alternative sources of energy.

We must find those breakthrough points, those industries of the future which are capable of invigorating the economy as a whole. We must find the means through which breakthrough points can be linked, and weave a web from these which are the most important drivers of economic latitude: health care industry, tourist industry, green economy, renewable energy, water-based economic development, automotive industry, knowledge industry, transit economy, food industry, business services, and R+D, all of which are built on local attributes and labour-intensive enterprises.

### 1.13 Renewal and expansion of the country's economic ties

We Hungarians are at the same time part of Europe and its Eastern border. Therefore, we should take advantage of the benefits of both economic zones and cultures. We need to make new efforts to embrace the opportunities presented by the world economy, which means opening up to the East, while preserving the benefits we enjoy as members of the European Union. The Hungarian export economy must be hitched to the rapid development of the economies of China, Russia, India and the rest of East Asia. This can open up new markets for Hungarian agricultural products, the processing industry, and tourism.

Hungary can become the Western gate of the new “railway Silk Road” of the 21st century. To this end, the necessary Hungarian transportation routes must be built to the Chinese-Russian transport corridor. We must take advantage of the opportunity for Hungary to become an important logistics base for the European Union's foreign trade with Asia because railway, road, water, and air transportation channels can form a European transportation node here.

Hungarian innovation and expertise would be easily marketable on global markets (health industry, water-based economic development, Hungaricums) if theoretical and practical knowledge would be united in the framework of enterprise supply chains. To this end we are developing venture capital firms, horizontal and vertical business chains, clusters, and partnerships.

Part of the new foreign trade strategy is for Hungarian companies to break into global niches and thrive within those niches. This can create strong Hungarian owned medium-sized enterprises, and these strong medium-sized enterprises can be efficient means of job creation.

We are building new types of regional cooperation with our leading foreign trade and investment partners, including with Danube countries and economies. The most promising regional cooperation is the restoration of the Carpathian Basin Economic Space. To this end we are developing logistics facilities and transit corridors and resolving the remaining transportation bottlenecks in border areas: in many cases the lack of a few kilometre stretch of railway, road, or a pedestrian path, bicycle path, or car bridge here or there are the source of the problem (e.g. lack of Ipoly bridges, linking of north and south railway branch lines).

As an open economy we are building on creative industries, high-tech, and high value-added industries. We are not able to achieve these developments using exclusively our own resources; however, this is not necessary as in collaboration with the global and European companies which invest in the Hungarian economy we can avail of Hungarian creativity.

## **JOINT DECLARATION WITH THE HUNGARIAN CHAMBER OF COMMERCE AND INDUSTRY**

The common goal of the signatories is to revitalise the Hungarian economy, preserve jobs, support SMEs, and improve Hungary's competitiveness.

The proposals pertaining to - fighting bureaucracy and corruption, creating new jobs, tax cuts, simplifying the tax system, modernising the system of trade, expanding on the Széchenyi Kártya (Széchenyi Card) scheme, restructuring the training system, or effectively using European Union funds - which are founded on the experience of the broadest possible range of Hungarian businesses, are all indispensable to achieving these common goals.

The signatories agree that cooperation of the Hungarian Chamber of Commerce and Industry, the public body that in accordance with statutory authorization is responsible for advocacy of the future Hungarian government and of the economy as a whole, is both desirable and necessary. The signatories propose that, following the election campaign, in view of and depending on the results, the Hungarian Chamber of Commerce and Industry be involved in development of the government programme.

The aim of the cooperation is to integrate the proposals collected and summarised by the Hungarian Chamber of Commerce and Industry into the next government's economic policy, thus restoring the alliance between government and the business sector essential to setting economic growth in motion.

Budapest, 18 February 2010

Viktor Orbán

László Parragh

Agreement concluded with the National Association of Entrepreneurs and Employers for the advancement of the Hungarian economy and culture

### **1. Competitive taxes!**

The tax burden of businesses must be reduced below the average level of regional competitors within four years; the tax burden of the population shall be reduced below the average level of regional competitors within six years.

### **2. Hungarians, join forces and unite!**

Establishment of professional and regional capital companies in 2011 with capital and interest subsidies.

### **3. Production as a priority**

Transformation of society's employment structure within ten years. One millions jobs are needed, predominantly in the area of production.

### **4. Market for Hungarian businesses!**

By 2012 the same proportion of Hungarian-owned firms shall win domestic public procurement procedures as do German-owned and French-owned firms in their own countries.

### **5. Jump-starting small and medium sized enterprises**

The EU funds to be allocated for economic development must be increased from current levels such that domestic small and medium sized enterprises in production areas partake in at least 50% of the funds.

### **6. Estate tax exemption**

The state shall not impose any kind of tax or duty on inheritance in the direct line of succession! For shifts of wealth within the direct line of inheritance there is no justification for any kind of state interference.

## ***2. The time has come to restore order in the country!***

The past eight years, and especially the era of the Gyurcsány government, endangered public confidence in the state, state institutions, and political figures. This is all exacerbated by the unprecedented degree of government corruption, the pervasive abuse of power in state companies and institutions, and the government's falsification of state budget figures.

Other staples of the socialist term of government include the drastic deterioration of citizens' everyday sense of safety, the intensification of extremes, and the proliferation of new forms of crime.

The most important common value in any society is order, which provides safety in everyday life, the prerequisite of prosperity. This is especially true in case of an ailing country with a weakened economy. It is impossible to reorganise a community without order and structure. Having order in Hungary is an issue of national importance and national interest, order which serves justice, passes strict laws, guarantees protection for all, establishes a new political order, and by doing so gives rise to the advancement of the nation.

For precisely this reason the Government of National Affairs is treating the restoration of order and the improvement of citizens' sense of safety as key priorities.

Absolutely necessary to achieve order in Hungary are:

### **2.1 Accountability**

Above all, to establish order the truth must be revealed in connection with the government abuses of recent years. Only by attributing responsibility and by holding those liable legally responsible can public faith in the law be restored. In the past eight years the socialists governed the country into a state of bankruptcy. Hungary's societal, economic, and social collapse cannot remain without consequence. The failed government must account for all public funds. Without settling accounts the future of the Hungarian people cannot be successful.

Many people feel that the ousted government resembles a criminal organisation, which pillaged and disintegrated as a result of corruption. In the past eight years we heard about and experienced the Mafia-like operation of the state and government organisations.

We consider it an issue of national importance for the outgoing government to account for the money entrusted to it by taxpayers, the subsidies received from the European Union, the operation of public companies and the financial assistance they were granted.

Publicity is an important means of holding the socialists accountable. Not one single government decision of the past eight years can remain secret; as a result, all data and information, and every contract must be made public.

It is our conviction that consistent and strict compliance with and enforcement of existing Hungarian laws enable legal accountability.

Everyone should know: the socialist government cannot come to an end without settling accounts. Closure of the past is subject to an accurate, precise, and responsible settling of accounts, which cannot mean political score settling, as the whole purpose of settling accounts is the restoration and enforcement of law and order.

## 2.2 Equality before the law

The foundation of public order and public safety: no one can stand above the law. Hungarian people have lost confidence in their own state and in their own government because they feel that there are people who, without consequence, can put themselves above or outside the law. The most important task of the new government will be to restore social trust, which is only possible if everyone is equal before the law, be they politicians, mayors, or socially disadvantaged voters. The essence of the new policy is for politicians, public figures, and elected officials to bear responsibility for their actions. No country, city, village, or community can be bankrupted, robbed, or cheated without consequence. Hungarian society rightfully demands the elimination of political privileges and immunities. For us it is an issue of national importance for politicians and elected officials to consider protecting people and serving the country as its most important mission; it is unacceptable for immunity and above-the-law privileges to be the drivers behind engagement in public life. According to the new policy Parliament is not an ends, but a means to serving society. Those who abuse the trust of the community or commit criminal offenses must receive much more severe punishment than now in order for a strong Hungary to be realised.

Many people feel that one's social situation grants exemption from respect for the law. We will never accept this. It is our conviction that there is no such thing as subsistence crime; nobody can place themselves above the law on account of their financial situation. For us equality before the law means we can no longer tolerate people regularly supplementing social assistance with criminal offenses. Only those are eligible to partake in the solidarity of

Hungarian society who respect the law, and seek the remedy for their difficulties in the world of work, not in the world of crime.

### 2.3 Strong, venerable laws

In order for there to be order in Hungary, strict and consistent laws are needed. Weak, inconsequential laws are the surest sign of an ailing state. While the socialists were in power, people felt that laws don't defend law abiding citizens, don't deter criminals from committing crimes, and don't side with the victims, but with the perpetrators. On account of laws brought by the socialists, after 2002 fewer and fewer people ended up in prison, and more and more people were free to disturb the peace without consequence. Hungarian society is rightfully incensed by the fact that those who perpetrate criminal offenses which cause billions in damage get away with paying fines, and that perpetrators regularly evade punishment and repeat their crimes. In the past few years the number of offenses and crimes committed against the property and assets of respectable citizens in Hungary has grown at an alarming rate. Property obtained through honest means from hard-earned wages is not protected by anyone. The laws passed during the Gyurcsány era do not deter those who perpetrate crimes, but rather encourage them. One of the first steps we are going to take after the elections is to make the penal code stricter. The violence rampant in Hungary today is intolerable and unacceptable. We are going to strictly punish repeat offenders of crimes against human life and property. The sentence of real life-long incarceration must be applied in many more cases. Special care must be taken to defend children and the elderly, who were the subject of an increasing number of attacks while the socialist government was in power. Hungary cannot tolerate the phenomenon of police officers and teachers being attacked without consequence. The "Three Strikes" law already enacted in other countries in and of itself will serve as deterrence. The strictness of legislation, increased penalties, more frequent application of life imprisonment, and the protection of victims are going to rein in the perpetrators of crimes and make it clear to every member of society that Hungary is no paradise for criminals. A strong Hungary can only be realised if laws are passed in the National Assembly which guarantee the safety of law-abiding citizens.

### 2.4 Restoring order is the exclusive right and domain of the state

In Hungary today it must be made abundantly clear to everyone that accountability, the creation of strong laws, and the legitimate use of violence are the right and domain of the Hungarian State and the Hungarian State alone. People organise and maintain the state because they expect it to provide and arrange public education, transportation, public health care, and public safety for them. As a result they entrust the community with the right and duty of maintaining order. Protecting human life and preserving property is one of the most fundamental duties of the state.

In the past eight years the state liquidated itself in several parts of the country and adjacent regions of the countryside. Following elimination of medical care, schools, and post offices the socialists also removed the guardians of the law, the police from settlements. Many of our fellow countrymen felt alone, vulnerable, and abandoned by the state. In this situation an

increasing number of people chose vigilantism or asked others to be parties to violence. It is our conviction that self-liquidation and withdrawal of the state is not the right answer. In the future everyone in Hungary has the right to safety, and the state is going to guarantee this in every part of the country. We will never allow anyone to wrest the right to maintain order or the right to violence from the state, or to abuse it. A strong Hungary has no need for guards or militias, because it is capable of guaranteeing order, protection, and safety to everyone.

## 2.5 Strong police who serve, not domineer

In the interest of order we consider the birth of a new police force an issue of national importance. Taxpayers finance the Hungarian police to serve them, not to rule over them. We are going to put an end to the practice of recent years whereby the police are the symbol and executors of state rule. The state must essentially provide Hungarian people with protection and safety, of which only a police force changed and reformed in its values, perspective, and mindset is capable.

The Hungarian police have lost the confidence and support of the people, and are in serious moral and financial crisis. Police are needed who are worthy of society's respect and honour, and who consider their work a true service. The Hungarian police may never again attack peaceful, law-abiding citizens at the command of politicians. Abuses, corruption, and criminal offenses committed by police are intolerable, and must bear the most severe consequences. New and young police officers and police leaders are needed alongside experienced police officers who are able to take credible action against criminal perpetrators, and who represent values important to society.

## 2.6 More police, higher pay and more resources

The police force today is weak and ill-equipped. Last year nearly 1,500 police officers submitted requests for retirement. Between 2006 and 2009 nearly 8,000 police officers abandoned their careers in this way. This isn't surprising if we consider that the pension of police officers who decommission after 25 years of service is thirty to forty thousand forints (per month) higher than the salary they received for work. Today in Hungary police leaders claim that an additional three thousand permanent police officers are needed for the police to be able to fulfil its basic duties. In certain parts of the country days, even weeks go by without people encountering any police officers in their settlements. Nearly a thousand openings for auxiliary police officers in various districts - despite promises to the contrary - have not been filled. The only crisis greater than the moral crisis of the Hungarian police is the financial crisis of those who protect and serve. Today the net starting salary for police officers is HUF 80,000-90,000 per month. Even with decades of police experience, police officers have no chance of providing their families and children with a decent livelihood. There are police families who, according to the current social system, are eligible for financial assistance!

There will be order in Hungary once there are more police. Immediately after the elections the number of police must be increased. The country needs at least 3,500 new police officers. The adoption of new legislation pertaining to the police must take precedence in the new

parliament. We are going to give them a decent salary for their work. Police need an income which provides them with safety. It is unacceptable for the government to keep the police in financial uncertainty.

It is important for the practice of their profession to be tantamount to a career path, which includes predictable advancement and a stable income, and/or a solution to their housing needs.

Today in Hungary there are very few police officers who, on top of it all, work for humiliating wages. However, a possibly even bigger problem is the fact that the police don't have the necessary tools at their disposal to take action. An important condition of creating a new police force is to provide the Hungarian police, within constitutional limits, more room for action. We are going to create procedural laws which, as opposed to excessive respect for the rights of perpetrators, are going to provide the police the conditions for firm, but legal action. On account of laws brought by the socialists, today acting police officers themselves fear the consequences of their decisions. This uncertainty and vulnerability must immediately be eliminated by broadening the legal boundaries and possibilities for police action.

## 2.7 A permanent, strong police presence in every Hungarian settlement

There will be order in the country if we immediately increase the public presence of the police in a way that is tangible to all. People will be safe if there are police officers in every settlement, if they can contact them, and if they can count on their help. Experience shows that in Hungary, public safety is adequate in those settlements where the police are capable of maintaining a presence in community areas. The safety of a settlement is directly proportional to the number of police officers on the streets of that community. In order for there to be a permanent, strong police presence in every settlement in Hungary, more police are needed, and the Hungarian police force must be reorganised. The current state of affairs is untenable whereby 10,000 out of 43,000 police officers in Hungary are senior officers, while there is a dearth of officers to patrol the streets. The police force must be transformed into an organisation which in the course of its work is attentive to the various social, societal, and economic attributes of the areas of the country. The aim of establishing a new police force is to ensure that an adequate quantity and quality of law enforcement officers is present in the least safe settlements of the country. Police officers must be present in every Hungarian settlement. We are going to put an end to the practice of having thousands of police officers sitting at desks, while there are no police on the streets capable of guaranteeing order in everyday life.

## 2.8 The right to protection for all

Order in Hungary: the safety our children and our parents, protection of our family and our valuables, and peace of mind in our everyday lives. In the past eight years violence, crime, and infringements of the law appeared in and spread to every area of society. The number of criminal cases involving families, juveniles, and sexual offenses doubled. Public opinion was shaken by brutal murders, and shocked by police and ministry scandals. Today, in many parts of the country people feel that there is no order in the streets where their children go home from school every day. Order is a thing of the past in smaller settlements, where senior citizens live in terror at night, for fear that someone will break down their door, and unemployed young people live without hope at the mercy of well-to-do criminals. Safety for property obtained through honest work is non-existent, and what is stolen is never recovered.

In Hungary the privilege of order exists only for those who pay for it. The paid luxury of cameras, barriers, cordons, and security guards is a source of safety for only a few; the majority of people suffer from the lack of order on a daily basis. The failure of the country is well reflected by the fact that the right to protection is a luxury of money.

We guarantee protection for everyone who accedes to respect the law. After eight years of socialist government, the new government must guarantee everyone the right to protection, which we consider the most fundamental human right, regardless of financial or social situation, worldview, political conviction, or ethnicity. Whether they live in the capital or in the countryside, whether they belong to the majority or minority, whether they are rich or poor, it is the duty of the state to defend their lives, protect them from bodily harm, defend their property, and ensure their safety.

There is no excuse for the government not being able to guarantee the right of Hungarian citizens to protection. There is no economic crisis or political conflict that can compromise the public safety of an efficiently and well run country; it is only the professional incompetence of the governments of the past eight years which was capable of achieving this. Ensuring the right to protection is not an issue of money, but a question of will and intention.

## 2.9 The law should protect the victims, not the perpetrators!

There is nobody who wouldn't be incensed by the socialist policy which did everything in its power to protect criminal offenders and realise the unprincipled improvement of detention conditions. While murderers and thieves spend their short sentences in nicer and nicer prisons, nobody cares about the victims, their relatives, and the injured.

As their first measure back in 2002, the governments of the Gyurcsány era mitigated the penal code and amended the laws pertaining to judgement procedures of the courts to protect criminals. To the socialists the perpetrators were more important than the victims.

At the end of 2002 there were more than 17,000 people in prison in Hungary; in the beginning of 2009 the number of inmates was just over 14,000. This policy also enabled those who end up in prison not to have to work. They consciously cut down on and eliminated the possibilities for work at correctional facilities. Today, in spite of what common sense would dictate, detainees are not capable of earning even the cost of their own upkeep, although there would be every opportunity for them to do so. In Hungary fundamental change is needed, and to this end laws are needed in the National Assembly which are much stricter on perpetrators, and with regards to the entire criminal procedure consider the interests, advocacy, and protection of victims and the aggrieved important. Today it is the criminals who have rights. This socialist legislative practice precludes the efficient administration of justice which is the right of every Hungarian.

## 2.10 Fast court proceedings

In order for there to be order in Hungary, reinforcement and reorganisation of the police, stricter and more just criminal laws, and much faster court proceedings are needed. Today in Hungary those whose life or property is attacked are forced to angrily, perplexedly, and idly endure court proceedings which sometimes drag out for years. In the past eight years people's faith in the administration of justice has been shaken because, as painful as it is, the law defends the perpetrators, and lengthy procedures often preclude the possibility of a just and fair decision. An unreasonably slow investigation which drags out for years followed by a lengthy court procedure are enough to destroy people's faith in justice and shake their confidence. It is the duty of the new Parliament to pass laws which accelerate criminal proceedings and implement measures which create the personal and material conditions which enable the courts to make quick decisions.

### *3. The time has come to rescue the health care system!*

Despite their reform rhetoric, the socialist-free democrat governments of the past eight years treated health care as a poor relation, and pursued the “residue principle” in funding the sector. After 2006, the sector was sacrificed on the altar of failed economic policy, suffering the third largest budget restriction proportional to GDP. Nearly HUF 250 billion was withdrawn from direct patient care, while close to HUF 400 billion was taken away from the Health Insurance Fund. As a consequence, patients’ burdens increased, long waiting lists emerged, doctors and health workers left the country, and the entire infrastructure deteriorated. The sad fact is that over 80% of assets now need replacing. All the government’s reform motto served in the past eight years was to manage problems arising from funding restrictions using communication techniques. The health care reform, which began in 1990, derailed as the result of its mishandling by the socialist-free democrat government only to cause the disrupted balance of needs, structure, and funding to spin out of control. The situation was further exacerbated by repeated changes and funding cuts within the same year. These factors in turn led to the severe indebtedness of three quarters of hospitals, and pushed fifty percent of them into, or to the brink of, bankruptcy. What currently keeps the sector alive is suppliers’ credit and doctors’ and nurses’ sense of vocation.

#### *3.1 The structure of health care*

The socialist-free democrat government demolished the previously developed, traditionally and reliably functional health care structure. The institutions of the new system established in its place were never defined, and to this day we don’t know what the terms “focal hospital” or “pole hospital” are in fact supposed to mean. The levels of progressivity and their respective tasks were also left undefined, thus generating chaos in the patient referral system. This confusion detracts from the quality of services and plays a part in the emergence of waiting lists and an unprecedented protraction of waiting times.

The new government’s primary task will be to eliminate confusion and establish predictability.

Needs must be assessed by geographical region; capacities must then be allocated accordingly, and sufficient funding must then be provided to service the capacities. The different levels of care must be clearly defined to underpin the quality and efficiency of medical treatment. This arrangement will enable the new government to at least halve waiting lists, improve service quality, and maximise patient satisfaction.

#### *Primary Care*

The objective is to provide universal access to high-quality and people-oriented primary medical care. Currently, general practitioners spend a large part of their time doing paperwork and have neither the time nor the opportunity to establish a more personal relationship with patients in order to focus on genuine preventive tasks. It’s no wonder that GPs find it

increasingly difficult to meet the demands of their “gatekeeper” role and their duties to help patients recover. The fact that one third of GPs are near or past retirement age presents a serious problem.

The new government must commit itself to improving and preserving in real terms the value of funding to GP practices. We must support young doctors in establishing their own practices.

Efforts must be made to reduce the administrative burdens of primary care and allow GPs to spend more time on patient treatment and care, health education and training. The prestige and recognition of the profession must be increased in order to make the career path more attractive to young people.

### *Specialist Outpatient Care*

The socialist-free democrat governments demolished inpatient care and drastically cut back on the number of hospital beds while failing to develop outpatient care. Consequently, specialist care centres saw a significant rise in patient volume while at the same time their available funding was drastically reduced. Specialist care is currently underfunded; current levels of funding are insufficient not only to facilitate the replacement (depreciation) of assets, but to keep them functioning. The new government must devote a strategic role to specialist outpatient care as it allows the provision of definitive care near the population, provides room for day treatment, and relieves the burden of care on hospitals. This will contribute to a shortening of waiting lists. Through increased funding we must ensure the operability and development of outpatient care. The role of care networks must be reconsidered, and in certain areas enhanced.

### *Inpatient Care*

Hospitals are the losers of the past four years; the government slashed the number of active beds by 16,000. It is now clear that the remaining 44,376 active beds are insufficient amidst the current chaos and disorganisation. Hospital closures do not result in savings even in the medium term. The claim that there are too many hospitals and too many beds in Hungary is untrue. In Norway, a country with a population of five million, there are 80 hospitals, while in Austria, with 8 million inhabitants, there are 212; Hungary meanwhile has 160. Our inpatient care capacity exceeds the European Union average by 4-6% whereas the health of the Hungarian population is well below that average. Needs, capacities, and funding must be brought into alignment, and so must patient pathways and referral levels (progressivity levels). It is crucial that hospitals' accrued debts are settled in order to preserve care safety.

This will ensure job creation and job retention for suppliers assisting health service providers. Adding transparency to the inpatient care system is a prerequisite for professional high-quality and efficient treatment to take place in our hospitals.

Socialist-backed outsourcing arrangements for operation in recent years did not serve to promote the safety of patient care or its professional standards. Fidesz does not support hospital privatisation; hospitals must remain public property.

### *Emergency Care*

The Socialist Government appeared to treat emergency care as a high-priority task. Even so, from 2006 they significantly curbed funding for development. The establishment of hospital emergency care units came to a halt, and the upgrading of ambulance service slowed down. The National Ambulance Service has not purchased a single new ambulance in the past three years.

15-minute ambulance response time must be ensured to every part of the country. The replacement of the Ambulance Service's fleet must commence without delay.

### 3.2 Health care funding

The socialist-free democrat governments adjusted the financing of the sector to the current economic situation. The "residue principle" prevailed in the budget planning process as well; thus the interests of sick people were of secondary importance. Current levels of funding are no longer sufficient; we spend less on health care compared not only to the average of European Union countries, but also relative to countries in Central-Europe. Today our health care expenditure relative to GDP is 1%, or HUF 300 billion lower than that of neighbouring countries. It is our aim to improve this ratio during the term of the new government.

In March 2008 the majority of the population reaffirmed what research had previously confirmed: there is no need for “visit fees” and hospital per diems as they don’t improve, but rather inhibit access to care.

It is imperative that health care funding is made simpler than it is today, and also predictable and budgetable for years ahead. A results-driven and value-based health care financing mechanism must be established. During the term of the civic government (1998-2002), steps were taken to recognise depreciation; the same process must now be resumed.

Funding must stimulate the optimal choice of patient pathways and must promote the elimination of regional and professional disparities.

An underfunded health care system weakens citizens’ prospects of recovery and will impede the economy in the long run.

### 3.3 Health insurance

The Fidesz – Hungarian Civic Union is committed to maintaining a unified health insurance system underpinned by the principle of solidarity and the national pooling of risks. The establishment of a patient and service provider friendly social safety system is inevitable; at the same time the supervisory role of insurers must be increased.

### 3.4 Drug supply management

Over recent years, as funding kept changing so did regulations concerning pharmaceutical manufacturers and wholesalers. In addition to growing costs the greatest problems facing market actors were unpredictability and chaotic conditions. Meanwhile, the burden of medication costs on patients drastically increased.

It is our aim to facilitate the conclusion of multi-year agreements between the Health Insurance Fund and pharmaceutical firms, which will mitigate the burden on patients and reimbursements paid out by insurers. Decreasing manufacturers' extremely high marketing costs and supporting a generic programme could have a significant price-cutting effect. The establishment of a system of admitting and subsidising biosimilar drugs (high-technology intensive drugs, e.g. insulin) will be instrumental in controlling pharmaceutical price increases and widening choice. A similar aim will be served by promoting the parallel importation of drugs.

The socialist government's Economical Drug Supply Act weakened drug supply safety while almost 600 pharmacies went bankrupt as the result of pharmacy deregulation. Reconsideration of the Act and new regulations for pharmacy establishment are both essential. The survival of small pharmacies is not only a health policy aim but a nation policy aim as well. There is no liveable countryside without viable small pharmacies.

Conditions must be created for community pharmacies to retain their competence to operate independently and, closely related to that, for pharmacists to have majority ownership in running pharmacies. This proposed change is in line with the ruling of the European Court of Justice.

### 3.5 The National Public Health and Medical Officer Service

Continued funding restrictions by the government also weakened the functioning of the National Public Health and Medical Officer Service. The organisation's regulatory powers were restricted and its functions were assumed in part by the Insurance Inspectorate established by the socialist government and other foundations. Our aim is to restore the previous functions and strengthen the regulatory powers of the NPHMOS. The organisation must play a decisive role in reinforcing and overseeing the system of quality assurance.

### 3.6 Chambers

As part of its “pseudo-reform” the socialist government significantly undermined medical chambers, the professional public bodies dealing with health care. The new government considers chambers partners; therefore their consolidation is desirable for all health care actors.

### 3.7 Public health

The health of the Hungarian population is highly unfavourable by international comparison and remains even below what the level of our socio-economic development would otherwise allow. Regional and social disparities in health status also assume alarming proportions.

A nation's health is determined not only by its level of economic development but its health will also have an impact on that nation's economy. The current public health situation also poses a serious threat to the country's competitiveness.

Improvement of the population's health and reduction of regional gaps are key priorities. Even though there is a statutory nationwide public health programme it will be of no avail if left underfunded. Funding allocated to public health in recent years was reduced to a fraction of previous levels. There must be statutory safeguards for the adequate financing of the Public Health Programme.

The most important task of health care is the preservation of health and prevention. There is a need for an effective programme with a long-term focus on disease prevention and building a health conscious society.

Focussed development schemes must be launched to prevent and treat cardiovascular and tumour diseases.

### 3.8 Human resources

As a result of misguided health policy in recent years, the migration of doctors and nurses to foreign countries has accelerated. Since 2006, approximately 2,500 doctors and 4,000 health professionals have left the domestic health care sector. Public health workers play a key role in respect of public expectations and individual responsibility; the underfunded system is sustained almost exclusively on account of their painstaking work. There is a need for more doctors and nurses. Conditions must be established so that our doctors and nurses who have migrated abroad return to Hungary, and those who are contemplating leaving remain. It is not by the use of sanctions that our doctors should be made to stay. There is a critical need, through broad-based consultation, to develop a career path model. Health education must be placed on new underpinnings and training must be provided which is needs-responsive. The entire concept of resident training will require reconsideration.

One of the greatest challenges facing the sector is the system of gratuity payments. Its gradual elimination will only be possible by eliminating its root causes. It is our aim to create a freelance status. It is of the utmost importance that the competency of qualified health workers in specialist care is increased. Our doctors and health workers are in need of appropriate public and financial recognition including decent work conditions and decent pay.

### 3.9 The role of health care

We believe that one of the prerequisites of Hungary's economic recovery and competitiveness is the revaluation of the role of health. Health care must be defined as one of the motors of the Hungarian economy. The innovation potential of investments in the health industry surpasses the innovation capability of other sectors. We have great traditions in health-related research, and now too have human resources of international repute at our disposal.

#### **4. The time has come to institute social safety!**

Hungarian people and families today are not only threatened by unemployment and crime but also by social disintegration, which is again a legacy of the government policy of the past eight years.

When we look around in the world we can see that those countries and nations are strong where people believe in their own success, love their fellow countrymen, find national unity important, and therefore know that they can count on each other. That is what can lay the foundations of social safety in the twenty-first century. It is yet another cause the large and reasonable majority of people will always identify with.

A social safety net is an asset for a nation. Every single newborn child is an investment that will be recovered many times over once they grow up to be educated, healthy adults who actively contribute to creating wealth. It is in everyone's best interest to have someone care for them when in need of help and support.

However, the past eight years saw the disintegration of what was once a predictable, albeit fragile, safety net. The government confused the nation-preserving goals of family policy with social policy measures designed to reduce poverty. It turned impoverished middle classes against those living in abject poverty. It placed greater value on high social welfare payments than on income earned from honest work.

By ever-changing regulations, unpredictable support, and chaotic administration it made the future of individuals and families completely unpredictable exactly where there would be the greatest need for safety and predictability, i.e. among large families, young people planning their shared future, as well as the disadvantaged and marginalised, including single parents, the elderly and those left on their own.

Restoring a fair and just social safety net, reversing an upside-down family policy, raising the profile of honest work, and building a predictable future are a shared national cause for all.

#### 4.1 New policy foundations must be laid for social safety

Apart from formulating a new social vision, an active social policy which rests on solid ground must be established as a guarantee of predictable social safety for the entire society.

A vision is needed that conveys the message: there is a way out of even the most profound social exclusion.

It is necessary to set a clear social policy objective that can be committed to and drive a responsive social policy.

New foundations and a new deal must be built for the providers of services designed to sustain social safety. The recognition of social and child care workers today is the lowest of all – their public perception and income situation is oftentimes even below that of those in need of help and support who are left in their care. The pay level in this sector is even lower than what health care workers earn. The government treated them harshly in the past eight years – the situation of institutions and service providers continued to deteriorate amidst increasing funding constraints. In addition, it entangled them in a web of regulations and inspections, which for years has almost completely stifled them. The level and quality of the social safety of the future will also rely on them, and therefore the prestige of their work must be restored without delay.

Regulations which change on a monthly basis and almost constant amendments to important laws take their toll on social safety. Legal certainty in the field must be restored.

Our current Constitution defines as a goal for economic and social transition the realisation of a social market economy. Therefore we consider social safety, equal opportunity, and mutual respect and commitment (solidarity) a core shared value. The financial underpinnings for these are provided by a well-functioning economy, employment, and a system of social provision resting on fundamental values. It is our aim to create genuine equal opportunity and reward participation, to lend a helping hand to those wanting to emerge from poverty and raise the most disadvantaged, and to do so by providing assistance to the extent and of the kind that is necessary, always finding a solution as close to the problem as possible. All this will require diverse and devolved support and services provided at a greater distance from the state but closer to those in need.

Contrary to the practice of recent years, the new government will be responsible for ensuring the fine fabric of the social safety net remains intertwined, guaranteeing an irreducible minimum of social safety for individuals and families in a predictable manner, encouraging and supporting child-bearing, and providing opportunities to all to live an independent life.

We are aware of the social condition of Hungarian society, where the greatest hardships and threats are, and where there is a need to make immediate changes. However, we cannot yet see the deepest levels of poverty and misery, which in recent years remained concealed for reasons of expediency. Therefore, our high-priority areas of focus and aims are as follows:

- Strengthen families and support child-bearing
- Respect, honour, and provide safety for the elderly
- Improve the situation of people with disabilities
- Improve social and child-protection/child-welfare services
- Better the living conditions of the Roma and promote their social integration
- Mitigate poverty
- Provide housing support and assistance to found a family
- Build the future – support young people and sports

This is the work we invite and expect the employees and volunteers working for local governments, churches, and non-governmental organisations to join.

## 4.2 Strengthen families and support child-bearing

The destruction of recent years led to a drop of 34,000 in the country's population in 2009, which is equivalent to the "disappearance" of a town the size of Pápa from our society.

The fundamental basis of social policy for the new government based on shared values and commitment to issues of national importance is the family. The family is the single national and European common denominator, which we must protect with the utmost care. The intellectual and mental health of Hungary and Europe will depend on our ability to restore and preserve the health of families both in our home country and in a common Europe. It is therefore wise to employ means whereby social policy will adopt a family policy focus by becoming a coherent system of protecting and serving the basic unit of society.

Thus, we must move beyond the narrow-minded approach of shifting the issue of families and the question of child-bearing exclusively to the personal sphere. We must clearly make efforts to ensure that child-bearing does not present a poverty risk to families. However, our family policy must be expanded into a much wider system of protection, including the establishment of a family-friendly environment; appropriate housing conditions; work-life balance schemes; daytime childcare services; solidarity-based family help and mental health services; a school system maximising opportunities; and support for community and NGO initiatives aimed at providing more effective protection for and promoting the cohesion of families.

The labour market should not be an obstacle, either, to families' having as many children as they would like and can decently raise. We will promote work-life balance by means of employment policy and labour law tools. We will eliminate the current anti-family nature of the labour market.

We will support the spread of part-time and atypical forms of employment for the benefit of families with small children. We will, by way of legislation and labour inspection, ensure that discrimination against women with children ceases. We expect employers to create family-friendly jobs. International experience has shown, and that is what the Hungarian labour market must also come to realise, that women returning from maternity leave are more productive and more reliable.

By institutions providing child care we mean not only crèches and kindergartens but meaningful school-based daytime and holiday programmes. To this end, we propose to ensure that quality day-care services and, during holiday periods, childcare combined with quality leisure activities, camping, recreation, and sports are available to children.

The core of our family policy is that every family matters. We must support the most impoverished families exposed even to the threat of losing their homes, address the deteriorating situation of those slipping into poverty, and halt the impoverishment of the middle class.

Therefore, what we plan as part of our family policy is to gradually recognise the extra performance of those parents and families that contribute to the enrichment of the nation and the sustainability of the social market economy not only by way of their work but by caring for and rearing children.

#### 4.3 Respect, honour, and provide safety for the elderly

The governments of the past eight years kept pensioners in constant uncertainty. They granted the 13th month pension provision step by step only to take it away in one fell swoop. Earnings from work besides pension and the amount of pension are once again consolidated into a single tax base and are subject to contribution payments. Since 2008 pensions have been decreased by at least eight percent.

Respect, honour, and provision of safety for the elderly is a priority task of every society. Therefore, one of the cornerstones of our policy designed to provide social safety will be our senior citizen policy. Not only does it mean the protection of pension entitlements accrued by the elderly population and the preservation of the purchasing power of pensions but a complex system of provision which is aimed at ensuring recognition and safety for this segment of society.

There must be a change of attitude as well, since retirement should not mean withdrawal into inactivity or a feeling of uselessness. A sense of social utility can be promoted by sustaining activity, honouring volunteerism, and engaging church and non-governmental organisations in cooperation.

We are going to change the socialist-free democrat practice which has prevailed to date so that no one can turn generations against each other ever again. It is in our best interest to harness the activity and experience of the elderly for as long as possible.

We will also protect the elderly population from those influences that in recent years have endangered their livelihood, social status, entitlement to health and social services, mental health and physical safety.

We will once again grant them social recognition by acknowledging that inactivity does not mean complete withdrawal from work and public life. We are counting on their work and their decades of experience.

Apart from mitigating their daily financial problems we will also devote our attention to restoring the legitimacy of generations living together in the same family as part of the system of social coexistence. For those who prefer to spend the last decades of their life in nursing homes we will create a system of personalised services.

We will not allow the private pension fund savings which supplement state pensions to be jeopardised.

#### 4.4 Improve the situation of people with disabilities

Disability policy suffered two huge setbacks as a result of government policy in the past eight years. Firstly, our fellow human beings living with disabilities were provided a decreasing level and degree of support, and, secondly, disability advocacy organisations and NGOs were often forced into humiliating situations. Incapacity benefits were frozen, the deadline for providing accessibility was put off, and disability employment subsidies were drastically reduced.

Therefore, disability policy must be renewed and be made predictable, encompassing strengthened early development through supporting families of disabled persons to providing universal access to public services.

There are nearly six-hundred thousand disabled people living in Hungary, and when talk and think about them we must not overlook their families and employers either. Thus, in addition to creating opportunities our main objective is to establish genuine conditions for providing them support which are responsive to their needs, and create acceptable, just and lawful situations for them.

Driven by our values, we propose to engage NGOs in active partnership-based cooperation and delegate specific tasks to them for which we will provide the necessary resources. Efforts must be made to enhance dialogue and solidarity between able-bodied and disabled citizens of society. It must be made clear to our communities that everybody is valuable, everybody is useful, and everybody can, albeit in their own modest way – contribute to enriching their family, community, and country.

We will make more transparent, just, and traceable cash and in-kind benefits and services available to our fellow human beings living with disabilities as only then can society's solidarity prevail.

We will not allow profit-driven speculation in the use of medical aids; all forms of help must be made accessible. Again, the core principle to be observed here is that products manufactured in Hungary must take precedence.

It is time to take a different view of this area; support for people with disabilities is not just help, but a recoverable investment.

We will work out conditions for the education system to finally be able to meet disabled people's special needs on every level, while being mindful and supportive of their particular preferences. Support must be provided for those forms of training and services that will improve the employability of disabled persons in the labour market.

The objective is to provide and improve accessibility in a flexible manner which can be adjusted to genuine needs, resources and services. A shift in attitude is reflected in the view that whatever is advantageous to our fellow human beings with disabilities is also advantageous to pregnant women, elderly people having difficulty moving, and people with health problems alike.

We would like to implement a system of provision with a focus on work and employment instead of the current welfare-driven approach.

It is vital that we come to the rescue of disability advocacy organisations and view them as equal partners in working towards the aforementioned goals.

#### 4.5 Development of social and child-protection/child-welfare services

Unfortunately, the system of social provision now bleeds from many wounds, due in part to frequent ill-considered, unprofessional, incoherent and inconsistent legislative amendments devoid of concept and genuine value, and to the fiscal policy of recent years. In its current form, it has now come close to reaching the final limits of functionality, and therefore it is crucial that it is transformed in a well-thought-out and realistic manner removing unwanted duplications.

Reducing heavy administrative burdens must be regarded as our principal task. Inspections must be kept within reasonable limits and the prevalence of an intention to help over mere suspicion should be ensured.

Subsidies in the sector underwent heavy depreciation in value in recent years. The operators of institutions now receive subsidies one third less in real terms over 2002. The price to be paid for this was high; the level of services decreased both in quantity and quality and there were even closures of institutions in some places.

Aging people left on their own keep growing in number, and yet increasingly few of them have access to adequate support. The elderly and the needy have lost their sense of safety, and their confidence in the welfare system has been shaken.

The mistakes of armchair leadership must be rectified and duplications eliminated in order for a welfare system to be built with the country's long-term load-bearing capacity in mind.

We plan to implement measures that will reduce service users' sense of social insecurity and allow the consolidation of institutions. Welfare services must serve the common good; social efficiency – along with the desire to improve the quality of life – must underpin every type of decision.

The honour of social helpers, nurses and carers, who carry out their work decently, must be restored.

Due to the misguided social policy of the last eight years the number of children taken into protective custody keeps growing every year. The reason behind the deteriorating situation lies in falling levels of funding and the resulting weakening of institutional efficiency. The sad fact is that every week the media reports on cases of institutional violence which were previously unprecedented. Devastatingly enough, the majority of young people in institutional child care are pressured into choosing a criminal lifestyle (as prostitutes, drug dealers, or organised criminals). Often, the institutional staff is forced to stand by idly as all this happens.

The childcare/child welfare system is acutely fragmented and lacks the tools needed for prevention. The past eight years has led to severe splits in the field of value-based child-rearing. Many talk about the soul of the child but emotional and physical needs are scarcely met.

The number of starving, vulnerable children subsisting in misery is increasing day by day.

Weakened, deprived of its values, and suffering from budget constraints, the current institutional system is unable to deal with the situation.

In absence of values adopted by consensus, children will become bearers of deficiency symptoms. Representative national surveys have revealed that 49% of 9 to 18-year-old children and young persons living in childcare institutions and residential homes do not think there is any meaning to life. The attempted suicide rate among institutionalised youths is 17%. This state of affairs has been steadily worsening in recent years. These are the problems to which answers must be found amidst deteriorating moral and material conditions whilst the people having a role to play in solving them are sufferers in this situation themselves.

In the institutional and residential child care system childminders, teachers, and social workers work without the necessary tools and under extreme pressure caused by overload. Professional and personal development along with the strengthening of value-based approaches are of pivotal importance.

We must support opportunities, and more immediate access to these opportunities, for mastering techniques for assisting children in need in an effective, practical, and highly focussed manner.

Every child matters; this is what lies at the heart of our child and youth policy. That includes children who suffer in poverty, live in families slipping into poverty, those born into middle-class families, as well as unborn children.

#### 4.6 Better the living conditions of the Roma and help their social inclusion

Gap closure measures targeting the Roma population were constant items on the socialist-free democrat agenda, but the actual operation of the government in fact made their situation worse. Roma problems were treated exclusively as a poverty issue in the past eight years. Under the pretence of human rights, problems were perfunctorily addressed and so their resolution was consequently false. What the Socialists achieved with their totally misguided welfare policy was resentment and hatred against the Roma.

The Roma have the civic government to thank for a system of Roma scholarships as a genuine gap closure measure. This is when a ten-fold increase in scholarships occurred. The socialist government decimated all of this.

Attempts at school-based integration, similarly zig-zagging into a dead end, were also complete failures as they widened the gap and thus enhanced social disparities.

The Roma issue must be handled as an issue of national importance rather than merely a poverty policy issue – not out of hypocrisy, as it is common knowledge that close to eighty percent of the poorest are of Roma origin. Intertwining poverty and the Roma issue can at best lead to the spread of extremist views. Addressing the current penury and building the future will in combination pave the way out.

A summarising exploratory study published by the State Audit Office in April 2008 “unveiled” the bare facts about the failure to address the Roma issue. The study, which is entitled “The extent and efficiency of subsidies expended on improving the situation of the Roma and on overcoming their disadvantages since the regime change” strikes a more critical tone than usual. In the analysts’ view consecutive packages were lacking in continuity. The evaluation of pilot programmes would consistently be omitted. Instead of widely disseminating successful initiatives newer and newer programmes would be launched. “Micro-regional and complex regional model programmes were never mainstreamed, and good practices were never followed up by continued and sustained funding”. There were no further implementation plans for widespread dissemination. In their absence the requirement of long-term sustainability would not be fulfilled either.

In addition to their catastrophic educational and employment situation the Roma are also in a poor state of health. As a consequence, elderly persons of over 60 years only represent 3.9% among them, while young Roma under 19 have exceeded as high as fifty percent within their own population.

Therefore, there is no treating the issues of poverty and the Roma in the same fashion as before. There is a need for a responsible approach to social policy rather than “scapegoating”, a popular pursuit these days.

The way up through education and work must be made an attractive choice in combination with dismantling the psychological and physical barriers to the social inclusion of the Roma.

The use of funds allocated to overcoming disadvantages must be completely transparent.

#### 4.7 Mitigate penury

Not only did the last eight years not eliminate the perpetual and criminalising misery of those living in deep poverty without education (and often excluded and segregated) but it actually further deepened it by way of unpredictable measures causing a constant sense of uncertainty and, especially in recent years, populist decisions.

It is particularly painful that, when looking at the living conditions of children exposed to penury, we can see their persistent slipping further into poverty. UNICEF reports and EUROSTAT data indicate that children subsisting in misery in our country experience some of the worst circumstances in the whole developed world in respect of educational and parental conditions, material safety, and the prospects of emerging from poverty. The bitter fact is that in percentage terms our country has the highest proportion of children and young persons living in families where neither parent works. It is therefore clear from the published data that, contrary to what the Socialists declared, children did not become better off.

Even today, the State only spends one percent of total budgetary expenditures on direct support for the poorest ones. The innovative measures (Pathways To Work) and so-called “reforms” (slashing family benefits and pensions) that were introduced have hit the poorest ones the hardest. The Socialists’ proposed solutions did not go further than inventing a “crisis fund” merely to serve PR purposes. However, that failed to provide either comprehensive, or forward-looking assistance; instead, what we have got today is South-American-type social inequalities.

Besides hundreds of thousands of people in penury, there are close to two million people see-sawing on the brink of misery and living from hand to mouth. The problems of financially over-extended lower middle-class families driven into bank debt, arrears with their bills and consumer debt by forced consumption, and now even facing the threat of losing their homes were ignored by the Government of the past eight years.

Therefore, the task for the next period is twofold. Further marginalisation must be prevented as we know that dealing with poverty, paying social benefits and providing newer services is always more expensive than preventing the trouble. A solution must be found to the problem of saving the homes of families with bank debt and unpaid utility bills. Not a single family must live in the street.

Bankrupt families must be protected by coordinated and effective measures so that they can then actively re-engage with society on their own.

However, when trapped in the deepest poverty and unprecedented misery it is only a new deal between order, a helping hand and commitments required from the individual and the family that can bring relief. There is no point in maintaining the current practice of pouring money into a bottomless pit; support motivating to find employment, transforming the world of physical misery (of shanty towns, huts and ghettos), halting crime, and preventing the perpetuation of abject poverty must be the ways of offering a vision for the future.

Opportunities with the prospect of emergence must be made available to those stuck in the most depressed condition at all times.

However, the helpers must be helped themselves; restrictions afflicting charitable organisations must be abolished without delay and the VAT exempt status of donations restored. The willingness of the wealthy to donate and play an active part in society must be revived.

#### 4.8 Build the future – Support young people and sports

The future of society is built in the present, and thus no government can function well without a clear child and youth policy concept. In respect of youth, social safety is of primary importance in two areas; practicing sports ensures healthy psychological and physical development and teaches community engagement, while establishing a home serves to plan for the future and found a family.

Education fulfils a key function in strengthening social solidarity and levelling off inequalities. The will to act and do honest work, and knowledge and educated minds are assets, and therefore the school is responsible for providing an opportunity to work towards all that.

Educating the whole person (teaching morals, knowledge and health) and enabling the effective functioning of vocational training must play a central role as part of child and youth policy. Efforts must be made to find and develop talented youths among the poorest people, motivate them to study and thus prevent marginalisation. It is equally important that the recognition and prestige of teachers, instructors and educators are restored.

An early monitoring and intervention system must be put in place to help 0 to 6-year-old children with developmental problems (learning difficulties and behavioural disorders), while raising awareness of the fact that most of the issues revealed at this age are a consequence of social disadvantages and that a wide range of disturbances and setbacks detected at an early stage can be dealt with effectively by way of personalised therapy. The most effective way to prevent failure at school is early development by extending the range of facilities (crèches and integrated kindergartens) providing community education.

A healthy lifestyle and regular physical exercise are among the core values of every successful democratic state the world over.

Moral and economic reasons both play a part in that as sports teach us that results can only be achieved with hard work. However, a good government also encourages its citizens to engage in physical activity because it knows that unless the members of a community do sports their work performance will weaken, and it will cost the State more spending through health care on treating diseases often caused by poor physical condition.

Therefore, if we are to build a successful family policy an indispensable condition of that will be to have healthy citizens in our country. But that is a great distance away at present. Currently, a mere 7% of the population engages in sports regularly as opposed to a European average of 25 to 30%. We have to lose one third of GDP annually to the poor physical condition of the population.

The spread of a healthy lifestyle will require motivation, especially among children and young persons. The State and the Government must take an active part in this task ranging from PE lessons through supporting leisure sports and community sports to creating financial incentives.

Daily PE lessons and a system of annual physical assessments must be phased in gradually in public education. Priority must be attached to the competition system of Student Olympics and university-based sports.

## **5. It is time we restored democratic norms**

Over the past eight years Hungary has drifted into a severe crisis. Shared experiences, a belief in justice, confidence in each other, and the will to act for success have been lost. All that is a consequence of not only the financial and economic crisis; in fact, the true source of troubles lies not in poor macro-economic indicators, the volatile forint, falling real wages, or declining living standards. The causes are rooted deeper.

What is at risk in Hungary is the confidence placed in democracy, the rule of law, and constitutionality. In the past eight years all the actions of the governing Left weakened the chances of a new beginning. People mistrust politics and politicians today not only because they suffered the brunt of the Government's economic policy but also because the MSZP has been abusing their good faith for years, and deprived them of the right to get a clear picture of things. As quickly confidence in democracy is lost, as bitterly hard it is to earn back. The Left appeared unable to do so and, in the hope of political survival, did not stop short even of steps that would damage our country's prestige both here and abroad at the same time.

Incompatibly with the idea of democracy, after 2002 they unlawfully and unconstitutionally got rid of those who did not wish to assist them in their irresponsible policy. It was the leaders of the Hungarian Financial Supervisory Authority, the Central Statistical Office and the Hungarian Energy Office who were the first to understand the Socialist Government's approach to the rule of law. The dismissal of Károly Szász, Tamás Mellár and Péter Kaderják from their offices was only the first step on the road to dismantling the democratic institutional system. Dictated by their interests, now they criminalised the opposition, now stigmatised it as anti-Semitic. If it was needed they made deliberate attempts to turn voter groups against each other. Meanwhile, they were desperately clinging to power even though it became clear that in the absence of trust and support the country was no longer possible to govern. By doing so they deprived people of the possibility to freely exercise the democratic right of expression and self-determination.

In their bitter fight for taking back their squandered legitimacy what in fact the Left did each day of their term was to corrupt the democratic institutional system, thus further undermining citizens' confidence. In addition, the possessors of power brought themselves to commit acts that were unprecedented since the regime change: in the autumn of 2006 they dissolved a peaceful commemorative demonstration with brutality reminiscent of dictatorships, and then did everything they could to obstruct justice. At other times, they would publicly attack the justice system creating a false appearance that the courts act under instructions from the opposition.

The real cause of incessable distrust against the Government remained unchanged throughout; the Left could never account to voters for the lies by means of which it was able to retain parliamentary majority in 2006. When the lie was exposed, the MSZP and its Premier began to brag about their disgraceful actions rather than facing and apologising to voters. What began was a twisting of words, cynical relativisation, self-justification and the spreading of responsibility as widely as possible. The tension this generated led to the most harmful processes; it undermined the credibility of the spoken word, made honest talk impossible, stifled the truth, and finally it provided a feeding ground for the strengthening of radical groups. By 2010, not only did the Left and the MSZP weaken in Hungary but democracy itself became suspicious in people's eyes. Faltering public order, perfunctory institutions, ignored norms, dysfunctional rule of law and all-penetrating political and economic corruption have by now called into question the very purpose and meaning of the democratic order. Blurring the divide between good and bad and truth and lie, verbal and physical violence, nepotism, deliberate violation of rules, and cynical rationalisations have become the norm in everyday life.

Since the elections in 2006 the Left has had several opportunities to get rid of the moral burden of lie but that never came to pass either after the “Őszöd Speech” or after the local elections and the social referendum, or at the latest on the second day of the European Parliamentary Election in 2009. On the contrary, the Socialist-Liberal majority of Parliament voted confidence for the Premier on 6 October 2006, just as it would do so on every single occasion whenever Fidesz and KDNP MPs initiated the dissolution of Parliament. Nor did the Government crisis in 2008 and then in March and April 2009 persuade MSZP and SZDSZ MPs to realise that what presents a burden in a constitutional democracy is not voters’ will but a lying Premier and his cynical colluders who cling to power at any price. The Left hollowed out the concept of democracy and subjected it to its own power machinery. The message it conveyed to voters was: Never mind the exposure of the lie or that there is in fact no social legitimacy to govern. The first obvious sign that the Government resorted to scapegoating rather than drawing the consequences was the 20 August 2006 tragedy costing the lives of five people. This blatant invalidation of the idea and moral norms of democracy destroyed even the last modicums of hope and illusion that citizens still attached to democracy.

In the past eight years and especially since 2006, norm avoidance has become a bitter imperative of everyday life. The State itself became morally dishonoured as it failed to behave morally itself. While demanding increasing sacrifice from its citizens it gave less and less in return. Many hold that there is not much to respect the State for, while its remaining authority has continued to crumble in the wake of a series of corruption scandals. The State has come to serve private interests and the Legislature has fallen victim to lobby groups.

In 2006, Hungary's citizen came to experience how it was possible to abuse power within the framework of democratic-looking rule of law and constitutionality. The possessors of power broke every written and unwritten rule at will and as their interests dictated; they charged peaceful commemorators, cordoned off Parliament, and degraded Parliament into a showcase decoration. All that was driven by the single purpose of keeping the Socialists in power as long as possible, and delay facing the political consequences of the exposure of their lies. That mentality is evidence of how the moral, intellectual and political legacy of the communist dictatorship, despite its collapse in 1989, persists in Hungary.

#### 5.1 We will remain loyal to the ideas of democracy and the rule of law

Fidesz was formed in 1988 determined to put an end to all that, once and for all, and so that Hungarians can live in real democracy enjoying the same freedom and wealth as Western-European states. What Fidesz expected from the regime change was to make responsibility, credibility and accountability the norm in public administration. However, we were disappointed because what we experienced was that we drifted away from our initial goals in recent years. It turned out that Hungary and those living here had been fooled and robbed for years. But we will not falter on account of that as it is our conviction that Fidesz will be able to rekindle confidence in democracy and restore respect for the law and the authority of the State. What that will require is for us to prove that there is a solution to bad Government policies and failures, and to our declining economic and social competitiveness. Fidesz's Government response is underpinned by the rule of law, predictability, accountability, responsibility, compliance with written laws and unwritten moral imperatives at all times, responsible politicking, and a sense of responsibility towards people.

Fidesz – Hungarian Civic Union has for 20 years consistently represented politics which rests on unconditional respect for solidarity, freedom, civil rights and human dignity, as well as legal certainty. It is our conviction that all political endeavours that dangles the illusion of wealth while restricting freedom can only be based on lies. True wealth is inconceivable without freedom. The most important guarantee of freedom is, in turn, law and order, and therefore the principal task of the current Government is to defend the property of its citizens, legal certainty and legality. At the core of it is the imperative that the State itself respects the law. Compliance with the norm is not only an obligation binding on the citizen, but is a fundamental requirement the possessors of power must fulfil themselves. Within the frame of the rule of law it is unacceptable for the Government, in possession of parliamentary majority, to pass unconstitutional laws and thus expose its citizens to uncertainty, also jeopardising the principle of legal certainty.

## 5.2 Credible and genuine governance resting on voters' confidence

The first step out of the crisis that the Socialists have steered Hungary into is for us to establish the conditions of democratic politicking on the basis of society-wide support. That means governance which does not regard citizens as subjects but serves as an example in people's everyday life, and which differs in quality from what was experienced in recent years. For that to happen will require that confidence in the democratic institutional system is revitalised; the practice of exposing the justice system to a crossfire of political attacks, along with the obstruction by the Government of disclosing public data must be ceased immediately, and, finally, respect and moral support for successes achieved by way of honest work must be re-established.

We must restore the demolished authority of the State, and to this end we must establish the operational conditions for the State to function in a lawful, transparent manner, and provide public services fully and reliably. There must be a break with the false political concept of self-sufficiency, which promoted the primacy of self-sufficiency at a time when the State, due to its own deficiencies and inertia, was no longer able to provide even the most basic public services to its citizens. A strong State is transparent and is responsible at the same time. Corruption and nepotism penetrating all segments of the State and the public sector have played a significant part in society's general loss of confidence. It is intolerable that the assets of the State are viewed as objects of political preying. It is unacceptable that those unlawfully and immorally mismanaging public property use the State as their private business. It is important for the members of society to look upon the State as a responsible and reliable partner. The functioning of public authority has by now become devoid of predictability and stability. A disintegrated and downsized public administration presents a roadblock not only to everyday life but also obstructs economic recovery and hinders rather than helps market actors and citizens alike. The State must be rebuilt, in which a pivotal role will be played by professional skills and a sense of vocation, together with the imperative that the prestige of public administration is restored. Only then can a strong and efficient State be established, capable of reinforcing the core institutions of democracy and the value system of the rule of law.

For that purpose we must improve the quality of public services and guarantee that they can be conducive to economic and social competitiveness. Hungary's citizens are European citizens, who have every reason and every right to wish for European freedom and wealth.

We must restore the credibility of the word of honour. It is only possible to govern responsibly and built on people's trust if promises are followed by real action. This trust must be availed of by returning to the practice of credible governance. As we firmly believe that the only form of best governance is democratic governance, all initiatives must be supported which underpin transparency, promote the accountability of power, and serve as a role model in our civic relations.

Faith in the rule of law must be rebuilt; Hungary is a constitutional democracy, and the laws which facilitate its operation are only worth anything if they apply to everyone equally. The country cannot be strengthened if people see that their neighbour doesn't abide by the law, and is not held accountable by anyone as a result. The spirit of the law demands that written rules disregard financial status, political orientation, and other individual factors.

Order and safety must be established; as long as there is no order in Hungary, there will be no freedom or prosperity. It must be said, everyone has the right to the opportunity for a good life. But in order to truly live a good and valuable life, first we need the goods required to sustain our lives. It is easy to see that a deprived person cannot be just as he is forced to struggle just to get by, and if necessary, will seek his own security by trampling on others. Safety precedes justice, and today in Hungary a serious deficit can be experienced in the area

of safety as well. No democracy can function in the long term if it is not capable of guaranteeing the everyday physical and material safety of law-abiding citizens by means of state resources. Fidesz in this area knows no compromise; the weakening of the state's monopoly on violence and the establishment of private armies are unacceptable. The prestige and respect due to the state and the law must be returned.

Public confidence must be recovered. The depletion of Hungarian democracy has been proceeding at a rapid pace since 2006; the process, however, is reversible. To this end, it must be finally proven that seeking the opinion of voters is not some sort of imposition, but the solution itself. No responsible democracy can escape from the expression of people's opinion; Fidesz proudly avows that since 1988 it has always and under all circumstances stood on the side of democracy, and has consistently persevered in this commitment. The first step to regaining people's confidence can be taken by giving people the opportunity to have a say in public affairs.

In order to overcome these difficulties the Fidesz – Hungarian Civic Union needs firm support and a clear mandate, which only the will of the voters can provide. The political agony of recent years has already demonstrated that the lack of a real electoral mandate and support incurs serious damage in both society and the economy. The Union has been granted this mandate. We know that more confidence in politics means not more rights, but greater responsibility; the stronger we are, the more responsible we must be.

Signature

Viktor Orbán

OFFICE OF THE NATIONAL ASSEMBLY

Received on 22 May 2010



Member of Parliament  
Fidesz – Hungarian Civic Union

Dr. Pál Schmitt,  
Speaker of the House

In situ

Distinguished President,

Pursuant to Article 33 (3) of the Constitution of the Republic of Hungary I hereby attach and submit the Programme of National Cooperation.

22 May 2010, Budapest

signature

Viktor Orbán