



East-Central and Southeast Europe

Illiberal drift

Liberal democracy in East-Central and Southeast Europe is under growing pressure. The dynamics of integration into the European single market are in part to blame here, as it has not brought the hoped-for gains in prosperity. Instead, it has wreaked havoc with the balance of power in domestic politics – to the benefit of right-wing populists in particular.

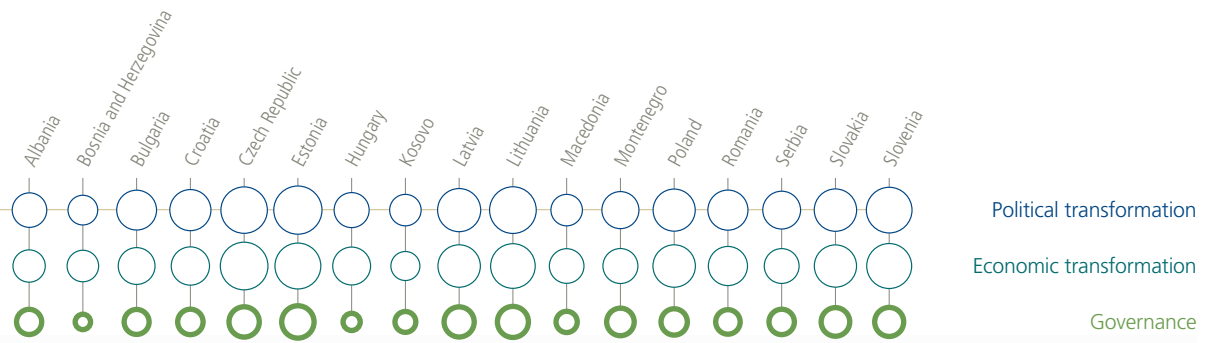
In recent years, the illiberal tendencies characteristic of several East-Central and South-east European countries have taken their toll on nearly all segments of society, from opposition parties to parliaments and judiciaries, to oversight institutions, local and regional self-governing administrative organs, the media, NGOs, the private sector and minority groups, as well. This process can best be described as “illiberal drift,” in part because the institutions essential to a democracy are not destroyed or fundamentally questioned, but are rather, over time, re-interpreted and subject to changes that pull them further and further away from the understanding of institutions that led the democratization processes of the 1990s and the eastern enlargement of the EU in the early 2000s. This process is only partially controlled by

political leaders. Whereas democratic checks and balances are often eroded by governing elites, one should not only blame power-hungry politicians. After all, they are bound by exchange relations with constituencies, party organizations, interest groups, the public and bureaucracies alike.

The economic and social effects of globalization, which have hit the region's countries particularly hard, are the underlying drivers of this drift away from liberal democracy. With their integration into the European single market, these states opted for a development model that promised economic growth and alignment with the prosperity levels of Western European countries through foreign direct investment, foreign trade and integration into transnational value chains. However, EU accession did not

trigger the expected surge in development. Instead, the global economic and financial crisis, followed on its heels by the eurozone crisis, revealed just how much this economic model depends on international financial markets and the precarious benevolence of foreign banks and multinational companies. Like the influx of refugees in 2015, the credit crunch, capital outflows and the effects of recession are perceived by many in the region as imported problems.

This development exacerbated social divisions that were to some extent already present in state socialism. Whereas the highly educated and skilled workers in urban boom regions benefit from FDI-driven projects, the low skilled and poorly educated, pensioners, civil servants and people living in rural areas are often decoupled from



economic life. In addition, these groups are also particularly affected by austerity policies and neglected public infrastructures. Though BTI 2018 scores suggest the macroeconomic situation has improved, these trends are ongoing and national economies in the region continue to lag behind their Western neighbors.

The free movement of labor within the EU and the ensuing brain drain have also played a key role in keeping rapid development in these countries from taking off. According to Eurostat, the number of migrants from East-Central and Southeast European states in the EU reached 9.6 million in 2016 – which represents nearly 8% of the subregion’s entire population. While most labor migrants have increased their individual income, the outflow of qualified

workers has slowed down the economic convergence of their home countries.

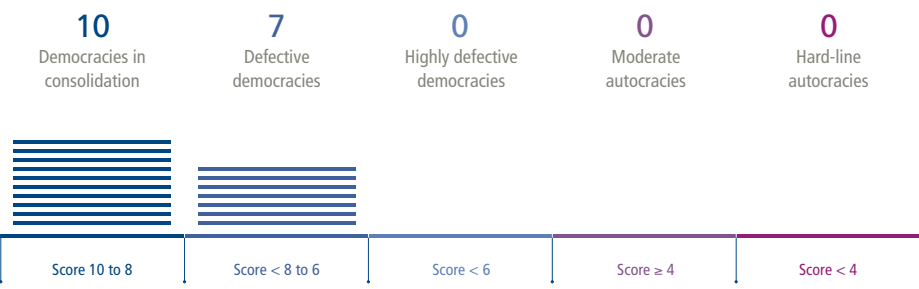
These developments have also affected the political balance of power in these countries. For one, they have undermined the credibility of traditionally center-left parties with communist roots that were strong advocates of European integration. For another, several new parties, many of which are on the populist right, have leveraged Europe’s various crises to mobilize protest voters, facilitated by the weak alignment of political parties and voters in most countries of the region. Presenting themselves as advocates of those left behind, they have tied their criticism of the EU and other foreign actors to authoritarian, traditionalist and nationalist values. FIDESZ’s success in Hungary has set the precedence for other similar cases.

Poland’s governing Law and Justice (PiS) party, in power since the fall of 2015, has since sought to gain control of several institutions, including the Constitutional Tribunal, public media outlets, the prosecutor general’s office and the judiciary.

A look at other countries in the region shows a proliferation of illiberalism. However, there is significant variation between countries. The EU has successfully pressured states such as Albania, Bulgaria and Kosovo to introduce legislative reforms designed to strengthen judicial independence. And growing numbers of citizens are heading for the streets: In the Czech Republic, public protests prompted the introduction of party finance regulations, while massive protests in Romania prevented the state from decriminalizing political corruption.



- 9.75 | Estonia
- 9.45 | Lithuania
- 9.40 | Czech Republic
- 9.25 | Slovenia
- 8.75 | Latvia
- 8.60 | Slovakia
- 8.55 | Poland
- 8.35 | Croatia
- 8.15 | Romania
- 8.10 | Bulgaria
- 7.70 | Serbia
- 7.55 | Montenegro
- 7.15 | Hungary
- 7.05 | Albania
- 6.45 | Kosovo
- 6.45 | Macedonia
- 6.10 | Bosnia and Herzegovina



Political transformation

In the crosshairs

In 11 of the region's 17 countries, the state of political transformation has deteriorated. The most severe problems are registered in the rule of law and stability of democratic institutions. Political leaders are growing increasingly willing to question the legitimacy of democratic institutions.

The media and the judiciary are the primary targets of corrosive leadership. Hungary's media landscape, for example, has suffered a blow at the hands of the country's Competition Authority and its Media and Infocommunications Authority, which approved the sale of the most important opposition daily, Népszabadság, to an Austrian businessman, who divorced the newspaper business from its real estate holdings and trademark rights, only to suspend operations in October 2016 – ostensibly for economic reasons. Independent observers, however, have decried the decision as being driven by the Orbán government's desire to silence criticism. In Poland, a new media law introduced in 2015 has placed public radio and television outlets under tighter government control while drastically narrowing the mandate of the country's independent broadcasting council. Slovakian Prime Minister Robert Fico

and Slovenian opposition leader Janez Janša have gone so far as to call critical journalists "dirty anti-Slovak prostitutes" and "potential terrorists." In the Czech Republic, Prime Minister Bohuslav Sobotka accused his deputy prime minister, industrial tycoon Andrej Babiš, of exploiting his ownership of the country's two leading newspapers for his own political gain. The introduction of the "Lex Babiš" legislation has since prohibited acting government officials from owning or purchasing media outlets.

Attacks on the judiciary are also on the rise. For example, Poland's president refused to swear in the five Constitutional Tribunal judges elected by the parliamentary majority in October 2015. After the PiS election victory, the new parliamentary majority annulled the appointment of the judges (whose nominations had, in fact, been approved as constitutional by the Tribunal) and then ap-

pointed its own judges to the court. Refusing to render public the Tribunal's decision, the new PiS-led government then altered the Tribunal's rules of procedure to require both the presence of all court judges and a two-thirds majority while stipulating that all cases be taken up in the order in which they are submitted. It was only under mounting pressure from civil society and international institutions – including the EU and the Council of Europe – that the government revised the law on the Constitutional Tribunal in July 2016 in order to unblock its work. Poland's governing majority also authorized the minister of justice to adopt the role of the prosecutor general, thereby abolishing the prosecutor's previous independence. The justice minister received far-reaching regulatory powers over public prosecutors. As the case of Hungary demonstrates – where Prosecutor General Péter Polt refused to call investigations into Orbán sup-

porters suspected of corruption – such steps are effective in advancing illiberal drift.

However, these are not the only areas increasingly under duress in the region's young democracies. Ethno-political divisions in Bosnia and Kosovo are deepening. In Bosnia and Herzegovina (BiH), the ruling party of the Republika Srpska (RS) threatened in 2015 to hold a referendum in 2018 on the independence of the entity – which is populated primarily by ethnic Serbs – if BiH did not return the “stolen” competences to the entity. In September 2016, the RS held a controversial referendum on whether January 9 should be retained as a holiday marking the proclamation of the Serbian Republic of Bosnia-Herzegovina, even though the BiH Constitutional Court had ruled the holiday unconstitutional and banned the referendum. Acting in defiance of the Constitutional Court, the RS violated the country's constitutional order and abused the tool of a referendum in justifying its disregard for the Dayton Agreement.

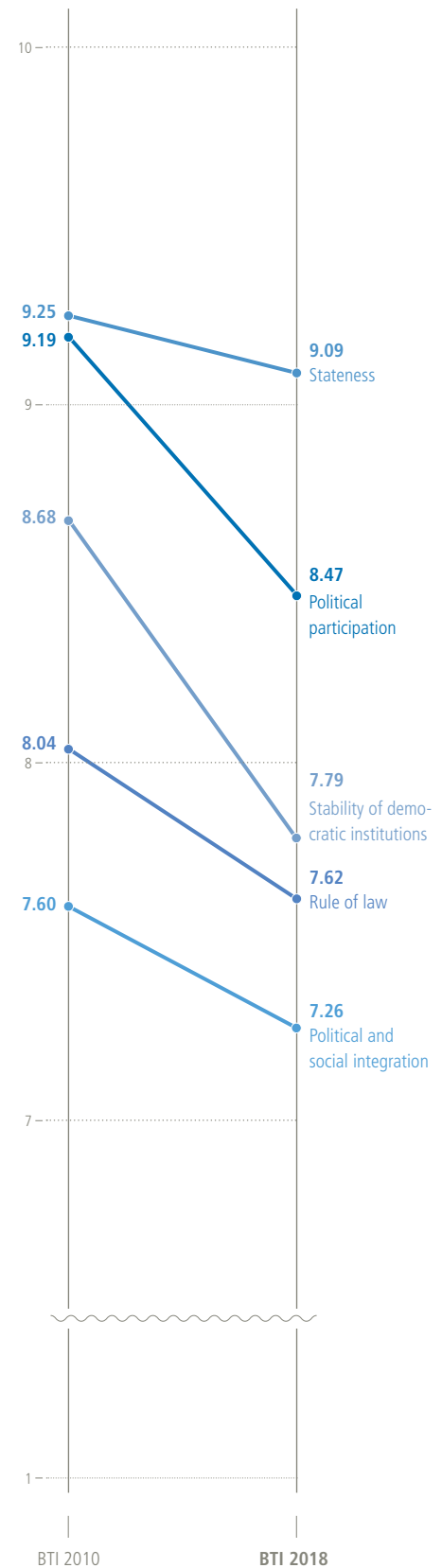
In Kosovo, the Kosovo-Albanian opposition party “Self-Determination!” (Vetëvendosje!, VV) organized protests against the ratification of a border agreement with Montenegro that, according to VV, involves relinquishing Kosovar territory. VV activists released teargas several times within the plenary chamber of parliament and were accused of throwing grenades at the parliamentary building. As of June 2017, only parts of the Brussels Agreement reached in 2013 by Belgrade and Pristina have been implemented because Kosovo's ethnic-Serb and ethnic-Albanian political leaders have not been able to establish a statute for the association of ethnically Serb-dominated municipalities in Kosovo. In January 2017, Kosovo Albanian police forces stopped a train from Serbia emblazoned with the slogan “Kosovo is Serbia!” from arriving in North Mitrovica, a city populated primarily by ethnic Serbs. Amid the uproar, Serbia's president threatened to send Serbian troops should any ethnic Serbs in Kosovo be killed.

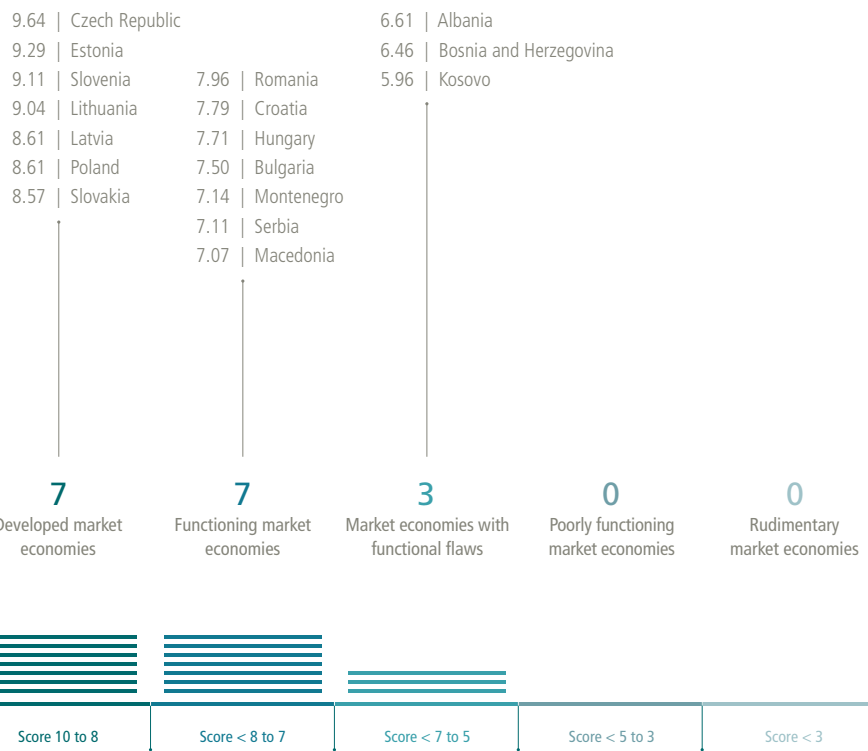
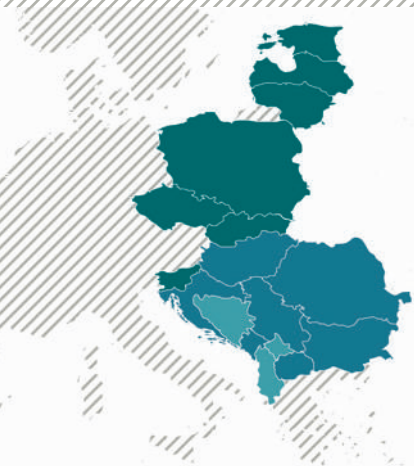
Tensions in Macedonia also escalated in January 2015, when the leading opposition party published information on illegal recordings authorized by the government

under Prime Minister Nikola Gruevski that involved the wiretapping of some 20,000 politicians, civil servants, journalists and members of civil society. In May of the same year, an armed group of Albanians who refer to themselves as the National Liberation Army engaged in an exchange of fire with police forces that resulted in the death of eight policemen and 14 of the group's members. This was the most severe outbreak of violence in the country since 2001, and has inflamed tensions between the ethnic Macedonian majority and the country's ethnic Albanians, which make up about one-fourth of the population.

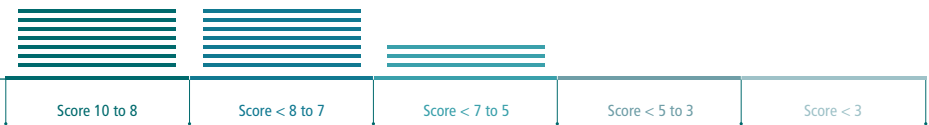
Finally, the democratic quality of elections in many countries throughout the region suffers at the hands of government interference. The most oft-cited problems include inaccurate electoral registers, the inappropriate use of state funding for campaign purposes or in rewarding voters, outright vote-buying (i.e., Albania, Bulgaria, Lithuania, Macedonia, Montenegro, Serbia, Slovakia), voter-intimidation efforts (i.e., Albania, Kosovo, Macedonia, Montenegro) and unfair advantages given to ruling parties by the media (i.e., Serbia, Slovakia).

Illiberal drift continues: In all criteria of political transformation, the regional averages of the BTI 2018 have deteriorated in comparison to the BTI 2010





Economic transformation



Only marginally better

Thanks to economic growth and increased stability, the region now registers a somewhat higher level of economic transformation. However, the promise of prosperity offered by a market economic order and EU accession remains unfulfilled for many. And the lack of sustainability represents an ongoing problem throughout the region.

The economies of East-Central and South-east Europe recovered somewhat between 2015 and early 2017. Economic growth and the macroeconomic stabilization associated with it are reflected in the region's BTI scores: In terms of economic performance, five countries have registered gains while only Poland's economy contracted. A very similar picture appears with regard to currency and price stability, where Poland – again the only country showing appreciable setbacks – contrasts with six countries showing improved scores. Overall, eight countries in the region have improved in terms of economic transformation.

On balance, things are less encouraging in the medium term. The regional average for economic transformation still lies below the score attained in the BTI 2010, when all 17 countries contained in today's sample

were surveyed for the first time. The promise of convergence with the EU's more prosperous states thus remains broadly unfulfilled. In 2008, the region's average gross national income per capita (on a purchasing power parity basis) was 51% of the EU average. In 2016, the region overall had reached only 56% of the EU average. While the Baltic states, as well as Poland and Romania, were able to take significant steps toward closing this gap with the EU average during these eight years, Croatia, Serbia and particularly Slovenia – still the most prosperous country in the region – have fallen further behind. Among the poorest Southeast European states, only Albania and Macedonia managed any appreciable convergence, even though Albania continued to feature one of the region's lowest average incomes in 2016. Bosnia, Kosovo and Montenegro, by con-

trast, made hardly any progress toward the average EU level. This pattern of development indicates that full integration into the European single market translated into a growth spurt for most of the new member states. However, in Croatia and the Western Balkan candidate states, the prospect of EU entry and the pre-accession reforms already carried out have generated no strong growth-promoting momentum since 2008.

Relatively low energy costs and continued sluggish domestic demand led to broad price stability in 2015 and 2016, and even small declines in average consumer prices for nine countries in 2016. This economic stabilization triggered a slight drop in unemployment rates. However, massive differences remain between the de facto full employment observed in the Czech Republic and dramatically high unemployment

rates, of more than 25%, in Bosnia and Macedonia. The high unemployment rates in Southeast European states are associated with large informal economic sectors, which encompass in some cases as much as 30% of the labor force, as well as particularly high rates of youth unemployment.

The situation regarding income inequality and poverty changed only marginally in 2015 and 2016. Great differences persist between the East-Central European states on the one hand, with their unchanged and relatively low Gini coefficients (< 30) and risk-of-poverty rates, and the Baltic and South-east European states on the other, which demonstrate greater levels of inequality (Gini > 30) and higher poverty rates. However, opinion surveys indicate that subjectively perceived inequality is greater than the inequality ascertainable on the basis of household-survey income statements. Differences are significant within countries as well, where we see divisions between urban centers and rural areas, younger and older generations, skilled and unskilled workers, and the private and public sectors.

According to IMF statements and estimates, most countries in the region reduced their current account deficits in 2015 and 2016, while eight countries even showed current account surpluses in 2016. Investment ratios have remained at about 22% of GDP since 2010, while net inflows of foreign direct investment (FDI) amounted most recently to only about 3% of GDP. Hungary was the only country that saw more FDI flow out than in during the 2015–2016 period, and it is also the only country where the investment ratio declined. According to the IMF, favorable economic developments enabled the countries of the region to reduce public budget deficits further. Bulgaria, the Czech Republic and Estonia were even able to realize budget surpluses. As a consequence, 10 of the 17 countries were able to reduce their gross government debt in 2016.

In the context of EU pre-accession activities, Albania, Kosovo, Montenegro and Serbia have in recent years introduced fiscal rules and medium-term financial-planning procedures that should improve budget discipline. In Bosnia, only the entities have

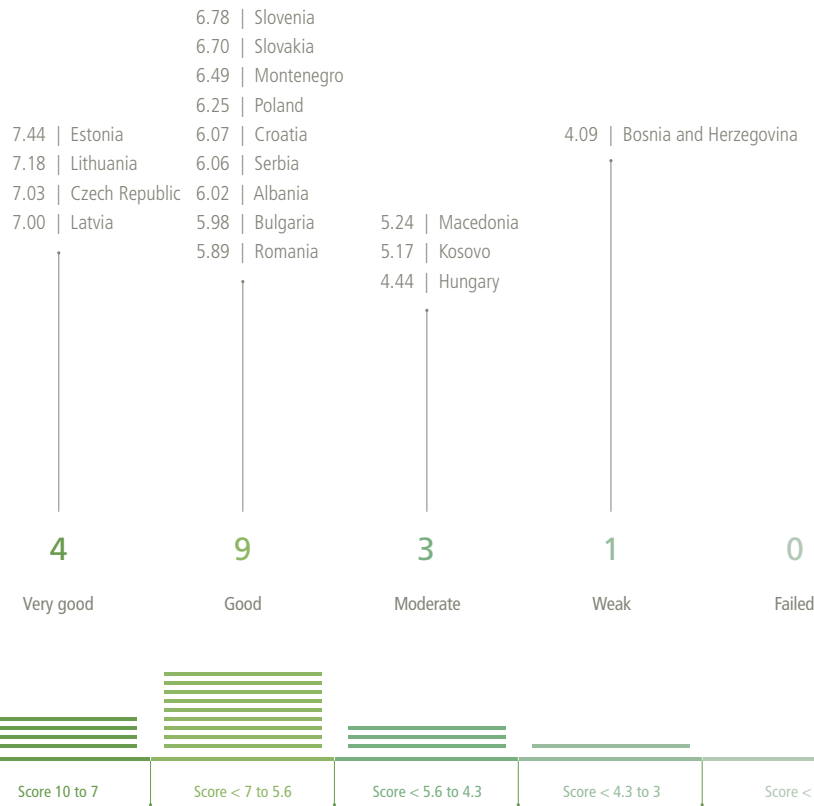
thus far introduced such rules, and several states in the region still lack independent oversight bodies. In January 2017, the Czech Republic adopted a fiscal-responsibility law that expanded the Finance Ministry's oversight functions. All states in the region reduced non-performing loans as a share of total credit volume, and were able to ensure stable equity ratios within their banking systems. Several Western Balkan candidate countries have in recent years improved conditions for private-sector business activity. The right-wing populist governments in Poland and Hungary, as well as the Gruevski government in Macedonia and the Fico government in Slovakia, intervened in individual economic sectors (e.g., banking, energy supply, the media) in order to increase the share controlled by domestic capital owners.

The lack of visionary long-term thinking remains a looming, regionally widespread concern. The shortcomings here are very great in some cases, both with regard to environmental protection and the education sector. Moreover, research and development expenditures in the entire region were significantly under the EU's target of 3% of GDP for 2020. Launched by an amendment to the Higher Education Act in the summer of 2017, the Hungarian government's campaign against the Central European University, which is financed by Hungarian-born philanthropist George Soros, could thus be viewed as a disastrous sign, even from an economic perspective.

The unfulfilled promise of prosperity, social inclusion and sustainability: Despite progress in macroeconomic terms, fewer countries are scoring high on social indicators than ten years ago



Number of countries continuously reviewed since the BTI 2008 scoring 8 points or more



Governance

Heated atmosphere

Engaged in power struggles that slide into open violence, promoting ethno-political policy rationales, and fueling both anti-refugee and anti-EU propaganda, many governments in the region are choosing confrontation over consensus-building. The strategy is winning the support of many voters.

The BTI 2018 observes “very good” management performance in four of the region’s countries. Latvia is among these for the first time. An increase in the country’s level of difficulty, attributable to persistently weak civil society traditions, produced an overall slightly higher assessment of transformation management. Similarly, in the other six countries showing higher ratings in comparison with the BTI 2016, the improvements are only barely significant. Carrying more weight are several countries in which governance, and particularly the criterion of consensus-building, offers considerable cause for concern. This is particularly true of Macedonia, and even more so of Poland.

Poland, which the BTI 2014 still certified as demonstrating “very good” governance, offers a particularly striking example of the polarization of political competition. This has been precipitated not only by pro-

test parties, but also by established parties that have adopted populist mobilization strategies and modes of argumentation. For example, the conflict between the Polish government and the opposition escalated in December 2016, when the opposition stormed the speaker’s podium in the parliament after the parliamentary president ejected an opposition legislator from the hall for protesting the governing majority’s exclusion of journalists from parliamentary sessions. Legislators from the government party then left the chamber and passed the state budget without participation from the opposition lawmakers, who protested by blockading parliament for several weeks. But in Albania, Macedonia and Montenegro, too, opposition parties boycotted parliamentary work for as long as a month at a time in order to demonstrate against alleged election fraud and abuses of power by governing parties. In

Albania, the Democratic Party even threatened to boycott the parliamentary election planned for June 2017, agreeing to participate only after EU mediation.

In the Macedonian crisis, parliamentary elections were held in December 2016 with participation of the opposition parties, but only after considerable back and forth and the assistance of the European Union and United States as mediators. Opposition leader Zoran Zaev formed a governing alliance with two Macedonian Albanian parties, but it wasn’t until May that President Gjorge Ivanov conferred the mandate to form a government – because this alliance supposedly threatened Macedonia’s integrity. In Montenegro and Croatia, too, political conflicts are again increasingly taking on ethno-political characteristics.

The confrontational atmosphere is being further fueled by the European Un-



Population: 19.7 mn

Life expectancy: 75.0 years

GDP p.c. PPP: \$23,626

Rank
32

Governance BTI 2006 – BTI 2018

ion's refugee crisis. This contributed both to the PiS electoral victory in Poland and to the success of General Rumen Radev in the Bulgarian presidential election in November 2016. The Czech president and Slovakian and Hungarian government parties have sought to exploit the widespread anxieties about Muslim refugees and migrants for the purposes of mobilization. For example, Hungary and Slovakia have complained about the quota system for the distribution of refugees within the EU, which was adopted by a majority of the EU interior ministers. In October 2016, the Orbán government held a referendum – ultimately lacking validity due to insufficient participation – on the suggestive question of whether “the EU, even without the consent of the Hungarian parliament, [could] dictate the obligatory settlement of non-Hungarian citizens in Hungary.” In Slovakia, the governing Smer party's election campaign, which played with fears of a looming threat of Islamization, failed to prevent a collapse of electoral support in the March 2016 parliamentary voting, but did facilitate the rise of two new anti-establishment parties.

It is striking that in the 13 parliamentary elections taking place during the review period, genuine policy change came about only in Croatia, Lithuania, Macedonia and Poland. This suggests that, in contrast to the frequent changes in government before 2015, most voters preferred political continuity, a position that has also been reflected in opinion polls. The Eurobarometer surveys taken on behalf of the European Commission show that the share of citizens who trust their government rose from 24% in May 2013 to 31% in November 2016 in the 11 new EU member states plus Macedonia, Montenegro and Serbia. In parallel, the surveys found that the share of those who were either very satisfied or somewhat satisfied with the functioning of democracy in their country rose from an average of 29% to 44%

during this same time period in the 11 new EU member states. The fact that, in Poland, trust in the government and satisfaction with democracy was actually above the average EU level at the end of 2016 can be attributed to the economic brightening; however, this also indicates that many voters back the right-wing populist course.

Nevertheless, the question of what kind of democracy is at issue here is a natural one. In fact, at the same time, surveys by the European Bank for Reconstruction and Development show that the share of citizens who prefer democracy to all other political systems has declined in 13 of the 17 countries. Significant losses in survey scores were particularly seen in Kosovo, Montenegro and Slovakia.

Romania: Taking it to the streets

A trace of 1989 swept through the streets of Bucharest and other Romanian cities in February 2017. More than half a million people braved the cold to protest the fledgling leftist government's decree to exonerate some 100 high-ranking public officials convicted of corruption. The public's challenge proved successful, as the government backed down and repealed the decree.

The largest public protests in the Balkans since the breakup of the Eastern Bloc are a forceful reminder that the subject of corruption has become, according to this year's BTI country report, the most important issue in Romanian politics. Indeed, over the past ten years, the fight against corruption has replaced traditional left vs. right as the “axis upon which the country's political system revolves.” Remarkably successful and resolute, the National Anti-Corruption Directorate brought more than 1,200 cases of office abuse to court between 2014 and 2016. As the report notes, anti-corruption efforts are thus “distinct from other policy areas in Romania, as planned reforms have actually been implemented, and with spectacular effect.” Equally impressed by its success, the European Commission has identified some of Romania's measures in this regard as best practices within the EU. In the BTI, Romania ranks among the top performers overall on the indicators assessing prosecution of office abuse and anti-corruption policy.



The full country report is available at
www.bti-project.org/rou



Lessons from Europe's weakness

East-Central and Southeast Europe has shifted away from transformation as generally conceived within the EU project: Elites are increasingly engaging in confrontation, anti-establishment parties are gaining ground, and the guiding principle of liberal democracy has been less able to bridge and moderate political divides. This drift has particularly been observable since 2015 in Hungary, Macedonia and Poland. Orbán-inspired methods and populist political styles have spread to other countries, even if the elites there do not consciously regard themselves as imitators and at least presently lack the capacity for a comprehensive transformation to illiberal democracy.

The fact that improved economic conditions have not as yet weakened the populists points to structural causes. External economic dependence deepens disparities and disadvantages certain societal groups, whose experiences and anxieties are then seized upon by right-wing populist and far-right parties. These parties draw on a deep reservoir of collective memories, ideas and symbols that depict the nation as existentially endangered, as a victim of external powers, as engaging in heroic resistance or in the role of a tragically failing martyr. At the same time, international constraints and vulnerabilities are limiting government flexibility in policymaking.

Populists in power find themselves faced with a problem: How can they mediate between the expectations of their voters and the expectations of external actors? The weakening of checks and balances and the media re-

duces criticism and eases the communication of austerity programs or measures discriminating against foreign investors. The recent numerous conflicts with the EU also serve to confer legitimacy, as they enable the governments to represent themselves as heroic defenders of the national interests or as innocent victims of more powerful forces. In April 2017, this strategy reached a new high point in the form of the Hungarian government's manipulative "Stop Brussels" campaign.

In this conflict, the EU institutions have thus far shown themselves as weak and subject to manipulation. In their encounters with local populists, EU representatives are disadvantaged since they are forced to dispel suspicions of an illegitimate interference with national sovereignty. In addition, the unanimity requirement contained in the Treaty on European Union limits the EU's ability to sanction serious violations of democratic or rule-of-law principles by suspending EU membership. Leaders in the Western Balkan candidate countries have been attentive observers of the conflicts with Hungary and Poland. They are learning that the EU holds only limited opportunities for intervention following accession, and that the adaptations undertaken for purposes of accession can be at least partially revised. In addition, the influence of populism is also growing in the Western European member states, complicating measures such as higher transfer payments for the Western Balkans.

Russia is taking advantage of the EU's weaknesses. For example, according to assessments by the Montenegrin public prosecutor's office, Russian intelligence officers were involved in the October 2016 coup attempt. Russia supported the Serbian government in its policy of non-recognition of Kosovo, endorsed the Bosnian Serbs' National Day referendum, and strengthened the Gruevski government in Macedonia. Using diplomatic channels, informal networks, foreign media organs, social media and economic cooperation, the Russian government has – among other goals – sought to induce the East-Central and Southeast European EU member states to block the EU economic sanctions imposed due to the Ukraine conflict and the annexation of Crimea.

With the European Commission's declaration of a five-year moratorium on enlargement in 2014, the prospect of accession has lost credibility and traction in the Western Balkan states. Thus, the EU member states bear a significant degree of shared responsibility for Macedonia's regression. They have allowed Greece to block accession negotiations due to the conflict over the country name rejected by Athens, even though the European Commission recommended the opening of negotiations six times between 2009 and 2014, and Macedonia had fulfilled the criteria. It is uncertain whether the recently introduced temporary initiatives for the stabilization of democracy and economic development in the Western Balkan states will be sufficient to halt the illiberal and confrontational tendencies.



This summary is based on the East-Central and Southeast Europe regional report by Martin Brusic, available at www.bti-project.org/ecse



Full reports for each country in the region available at www.bti-project.org/countryreports/ecse



Dániel Bartha has been Director of the Budapest-based non-profit and non-partisan think tank Centre for Euro-Atlantic Integration and Democracy since 2014. He has a background in democracy assistance and foreign and security policy. He was Executive Director of the Bratislava-based GLOBSEC Policy Institute (2012–2014) and Vice-President of Strategy at the Center for Democracy Public Foundation (2010–2012). From 2006 to 2012, he worked at the International Centre for Democratic Transition (ICDT). He has been a member of the Transformation Thinkers network since 2012.



Interview

“Two decades were not enough to cement democratic principles”

Dániel Bartha on democratic regression in Hungary, the illiberal drift of East-Central Europe, and the chances for rapprochement

Hungary was the first among other states in East-Central and South-eastern Europe in a now familiar pattern: Democratic institutions are left in place, but they are weakened, modified or captured to such an extent that they differ decidedly from those in Western Europe. Is the normative consensus across regions in Europe eroding?

Following EU accession, the long-term vision and common political goals shared by all democratic parties were fading. The promises of a rapid catch-up made by Hungarian and European politicians were proven false, a fact exacerbated by economic crisis. A focus on economic well-being re-emerged as political and democratic rights become secondary concerns among citizens. Two decades of transformation were enough to introduce new institutions and to create a complex and functioning legal system, but not enough to transform society and cement democratic principles.

The process started well before 2010, when the Fidesz government won by a two-thirds majority. But only this majority ushered in the opportunity to change basic laws and place political appointees in key positions. Currently, there is no consensus on what constitutes an illiberal democracy. In fact, I don't believe it's an ideology, but rather a form of governing. Such unlimited political power and type of governance can be attractive to electorates in different political settings.

The 2018 BTI country report observes “the constant narrowing of civil space and the anti-Western orientation” that draws on the government’s “national collectivist” ideology. Would you agree with such assessments?

I think the situation is much more complex than that. Civil society in Hungary is less developed than is the case in many other post-socialist countries. There are several reasons for this, but probably one of the most relevant is the fact that Hungary's transition was a negotiated process involving the active participation of fewer people.

This means that only a small but professional civil society based on liberal principles was developed. Obviously, the Fidesz government cut off these organizations' funding sources, many of which are foreign or derive from George Soros' Open Society Foundation. Given the weak and fragmented nature of opposition parties, this well-organized but small core of civil society groups were the only stakeholders able to reveal corruption and build up cases against the government. This, of course, made them an obvious target. But the anti-Western orientation is not a given. Most members of the government remain well aware of the economic and political need to look to the West. Unfortunately, Hungary's foreign policy doesn't

reflect much in terms of moral considerations or democratic and human rights concerns. Instead, business interests are the most important factor.

The Orbán government has successfully consolidated its “cultural counter-revolution” and is continuing its “anti-establishment” approach. Do most Hungarians unequivocally back this agenda, or do they lack convincing alternatives?

The opposition is fragmented, and most of the opposition parties are highly unprofessional. Official party financing is simply not sufficient to economically sustain these parties. Although opinion polls suggest that a majority of Hungarians support the government, the truth is that most voters would like to see a change in government and more than 40% of them are undecided. This is why Fidesz still does not feel secure about the upcoming 2018 elections.

Hungary has had several conflicts with EU institutions in recent years. Does this signal a subregional drift away from the EU? Looking forward, what constructive role can Hungary and other V4 countries play in the EU?

I don't think the situation is hopeless and that it is primarily a matter of rhetoric – which can be quickly adapted. The V4 is a continually weakening regional format that won't play a major role within the EU in the upcoming years. Slovakia and the Czech Republic are already much closer to the EU mainstream. However, many points of criticism coming from Poland and Hungary should be discussed further, because attributing these things to Orbán and Kaczynski alone won't lead to a workable solution. A closer look at current EU proposals for migration policy shows that they contain a number of elements originally proposed by Orbán.

The specific East-Central European experiences of dual transformation and regional integration were believed to serve as helpful examples for other countries in transformation processes. From today's perspective, what can be learned from Hungary and Poland?

During my seven years working at a Hungarian organization specialized in transferring the experiences of democratic transformation to other contexts, we always emphasized the means, not the end. The real know-how derives from the “how to” of transformation and, even more importantly, understanding the mistakes made. Knowledge regarding potential pitfalls and mistakes is still very relevant, but I cannot criticize Poland and Hungary too harshly. Even the most critical experts have to admit that in some areas, such as public administration reforms, transformation has been effective.