

**Open letter to
Jean-Claude Juncker, President of the European Commission**

Dear Mr. President Jean-Claude Juncker,

As signatories to this letter, we ask the European Commission to temporarily suspend payment of all EU funding to Hungary, with the exception of funding provided directly by the Commission (i.e. without the intermediary role of the Hungarian government).

Over recent years, the whole institutional and legal system in Hungary has been transformed in a way that makes it much easier to assign a substantial part of EU money directly or indirectly to certain business and political groups, no matter how detrimental this is for the Hungarian society, and thus also for attaining the objectives of the European Union.¹

Key public institutions, such as the office of the prosecutor general and the constitutional court, have been de facto taken over by the ruling party, Fidesz.² The Constitution has been amended several times to serve the interests of Fidesz.³

Press freedom has been eviscerated, and the overwhelming majority of the media is now Fidesz-dominated.⁴ Access to information has been seriously curtailed by several new laws.⁵

Universities have practically lost their independence as they have been put under the strict control of “chancellors” appointed by the government. (A notable exception is the Central European University in Budapest which the government has been trying to shut because it is still offering a home to academic freedom and critical thinking.⁶)

Harassment and smothering of civil society organisations has been going on for years.⁷ It is also telling that the Hungarian government has refused to join the EU’s key anti-corruption initiative, the European Public Prosecutor’s Office.⁸[Reference the economist article here?]

We fully agree with the following statement in the Commission’s Reflection Paper on the Future of EU Finances: “Respect for the rule of law is important for European citizens, but also for business initiative, innovation and investment, which will flourish most where the legal and institutional framework adheres fully to the common values of the Union. There is hence a clear relationship between the rule of law and an efficient implementation of the private and public investments supported by the EU budget.”⁹

More than 95% of public investment projects in Hungary receive EU co-financing. The Hungarian government announced¹⁰ that it will use 2017 and 2018 to allocate most of the EU money available for the funding period 2014-2020, and is rapidly implementing this strategy. The purpose here is clear: to help Fidesz at the national elections in spring 2018, without any consideration of what will happen after 2018 when EU funding will be mostly exhausted. Such jerking of the economy is also extremely detrimental for business in general, the rapid disbursement leads to inefficient use of EU money, and greatly increases the risks of corruption. This brings a special urgency to the situation.

It is time to heed the Dutch ambassador to Hungary, Gajus Scheltema: “The argument over what happens with our money is indeed growing ever fiercer. We can’t finance corruption, and we can’t keep a corrupt regime alive. At the same time, we need to continue supporting underdeveloped areas – that’s solidarity. Economically Hungary still lags behind Western Europe, so we need to help. -

But in such a way that both the Hungarians and the Dutch are satisfied. We need to make the system much more transparent, accountable, and monitored.”¹¹

To emphasise the point: a temporary cessation is what this situation requires; all funding can and should be restored as soon as basic democratic freedoms are reinstated and corruption counter-acted. We strongly believe that this is also a pre-condition for continuing EU funding to less developed regions – which is indispensable for the future of the European Union – in the period following 2020 in light of growing resentment all over Europe about the inefficient and improper use of EU funds.

It is the Commission’s duty to protect the EU’s financial interests. The Commission should live up to its duty concerning Hungary without any further delay.¹²

We are looking forward to your reply as soon as possible.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Hans Eichel', written in a cursive style.

Hans Eichel, Co-founder and former Chairman of G20, former Minister of Finance of Germany

A handwritten signature in black ink, appearing to read 'Pascal Lamy', written in a simple, blocky style.

Pascal Lamy, former European Commissioner, President Emeritus of the Jacques Delors Institute

also on behalf of

Franz Fischler, former European Commissioner

Yannis Paleokrassas, former European Commissioner

23 November 2017

¹ See, for example:

A Whiff of Corruption in Orbán's Hungary. Spiegel Online, January 17, 2017 <http://www.spiegel.de/international/europe/a-whiff-of-corruption-in-orban-s-hungary-a-1129713.html>

"Vladimir Putin has been named the 2014 Person of the Year by the Organized Crime and Corruption Reporting Project (OCCRP), an award given annually to the person who does the most to enable and promote organized criminal activity. ... Runners up to Putin this year were Hungarian Prime Minister Viktor Orbán and Montenegrin Prime Minister Milo Đukanović." OCCRP, 2015, <https://www.occrp.org/personoftheyear/2014/>

² See, for example:

Hungary – Joint Submission to the UN Universal Periodic Review, by Transparency International Hungary, Transparency International, and K-Monitor Watchdog for Public funds, 21 September 2015, <https://transparency.hu/wp-content/uploads/2015/09/Joint-Submission-to-the-UN-Universal-Periodic-Review.pdf>

³ See, for example:

Hungary's Dangerous Constitution. Columbia Journal of Transnational Law, October 2015, <http://jtl.columbia.edu/hungarys-dangerous-constitution/>

Fidesz has set the large controlling organizations and the independent branches of power to manual control. atlatszo.hu (member of the Global Investigative Journalism Network), 20 September 2014, <http://english.atlatszo.hu/2014/09/20/fidesz-has-set-the-large-controlling-organizations-and-the-independent-branches-of-power-to-manual-control/>

⁴ See, for example:

Freedom of the Press 2017, Hungary. Freedom House, <https://freedomhouse.org/report/freedom-press/2017/hungary>

⁵ See, for example:

New Civil Code: public fund contracts are to become inaccessible, Transparency International Hungary, 16.08.2012, http://www.transparency.hu/New_Civil_Code_public_fund_contracts_are_to_become_inaccessible

The coming dark age of democratic governance in Hungary. atlatszó, 08.05.2013, <http://atlatszo.hu/2013/05/08/the-coming-dark-age-of-democratic-governance-in-hungary/>

Further Restrictions on Freedom of Information in Illiberal Hungary. Hungarian Spectrum, 05.07.2015, <http://hungarianspectrum.org/2015/07/05/further-restrictions-on-freedom-of-information-in-illiberal-hungary/>

⁶ At Hungary's Soros-Backed University, Scholars Feel a Chill. The New York Times, April 24, 2017, <https://www.nytimes.com/2017/04/24/world/europe/hungary-george-soros-central-european-university.html>

⁷ See, for example:

Civil Society Europe briefing on the state of Civic Space and Fundamental Rights in Hungary. April 2017, https://civilsocietyeuropedoteu.files.wordpress.com/2017/04/cse-hungary-fact-sheet_april2017.pdf

⁸ It is not necessary to create a European Public Prosecutor's Office. Website of the Hungarian Government, December 6, 2016, <http://www.kormany.hu/en/ministry-of-justice/news/it-is-not-necessary-to-create-a-european-public-prosecutor-s-office>

European Public Prosecutor's Office established without Hungary's participation. The Budapest Beacon, June 9, 2017, <https://budapestbeacon.com/european-public-prosecutors-office-established-without-hungarys-participation/>

⁹ Reflection Paper on the Future of EU Finances. European Commission, 28 June 2017, https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-eu-finances_en.pdf

¹⁰ See: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+P-2017-002541+0+DOC+XML+V0//EN&language=en>

¹¹ Ambassador Scheltema: "We Mustn't Keep a Corrupt Regime Alive". Hungarian Spectrum, August 31, 2017, <http://hungarianspectrum.org/2017/08/31/ambassador-scheltema-we-mustnt-keep-a-corrupt-regime-alive/>

¹² See also:

Legal Grounds for the Suspension of EU Funding to Hungary Now. Hungarian Spectrum, September 3, 2017, <http://hungarianspectrum.org/2017/09/03/legal-grounds-for-the-suspension-of-eu-funding-to-hungary-now/>