

THE TORTURED CITY

A tale about a strong government and its capital city

New Year's card and photo-essay by Iván Tosics

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Capital cities, being usually strong power centers, have always a special relationship with their national governments. The 'natural power conflict' might get an additional special flavour when capitals are politically oppositional to their national governments. This is, for example, the case of Berlin, Vienna, and Oslo, where national and local leaders might dislike each other and fight, but within the rules of a democratic framework.

The case of Budapest is clearly different. Nowadays Budapest is a prime example for researchers who want to observe the political, legal, and financial 'war' between a national government and its capital city.

A new book¹ with the title „Cities against democratic backsliding. Evidence from Europe and beyond”, to be published this year, describes the story of Budapest, Istanbul and Warsaw, where this conflict is (or was, concerning Warsaw) the sharpest. These cases are put in comparison to Italian, UK, US, Latin American and Chinese cities. This short essay concentrates on the Budapest situation.

Strong national government and centralization of power in Hungary since 2010

It is a well known that Hungary has the politically strongest national government among the EU countries. Fidesz, led by Viktor Orbán came into power in 2010, grabbing 2/3 of the seats in the Parliament. The party deployed its super majority strategically, modifying the constitution many times, changing the election and other basic laws and occupying all the important institutions and national administrative and political positions. All this helped the party to cement-in its power, having been three times reelected in 2014, 2018 and 2022, always achieving super majority again.

Dealing here only with the central-local relationship, an unprecedented centralization of public services has taken place in Hungary since 2010 with the nationalization of primary and secondary education, of outpatient health care and hospitals, and of various public utilities, and essential administrative services. Local infrastructure services (water, waste water, solid waste, etc.) were affected by strict central price regulation, resembling the period of the socialist planned economy. In the solid waste sector local companies were financially plundered, followed by their take-over by a national company, in a process lasting several years. Once the concentration was

¹¹ „Cities against democratic backsliding. Evidence from Europe and beyond.” Edited by Wirginia Aksztejn, Marta Lackowska, Le Anh Nguyen Long, Ivan Tosics, to be published by Bristol University Press in 2025.

done, the entire business was given into concession to a government friendly private player.

As a consequence of all this, the amount of local/municipal expenditures in the state budget decreased from 12-13% to around 6.5%, which is half of the EU average, showing that local government autonomy has been substantially curtailed by the Orbán government. In parallel, municipalities were deprived from any budgetary resources from the personal income tax. Budapest became the last among the ten capitals of Central and Eastern Europe regarding the per capita budget, adjusted with purchasing power.

Not only competences but also controlling power and territories were taken away from local governments. The government uses frequently, through majority decisions in the Parliament, its right to declare an investment as being of “paramount importance for the national economy”, after which the municipalities can no longer influence the implementation of the investment. In that way the government can take away territories and controlling functions from local governments, allowing to accelerate the implementation of prestige investments by loyal entrepreneurs. A prime example of that is the declaration to turn the [City Park into a Museum Quarter](#), taking away the 200 hectar area from Budapest municipality and giving it for 99 years to a government owned company. Another very visible sign of bypassing Budapest is the [MOL tower](#): the government gave extraordinary permission, against the protest of the architecture chamber of the city, to build up the first 143 meter high skyscraper in Budapest (a city with no skyscrapers) as the head office of the government-friendly national oil company, MOL.



The MOL tower is in the background, ruining the panorama of the Pest side and Gellért hill (photo: Iván Tosics)



The City Park with the planned new investments (of which three did not materialize yet due to the resistance of the mayor) Source: <https://444.hu/2017/07/10/40-milliardot-mar-elkoltottek-a-varosligetere-es-230-milliardnal-olcsobb-an-nem-usszuk-meg>

An unexpected twist: Budapest getting oppositional

In the 2019 local elections 10 of the 23 secondary cities became oppositional to Fidesz, while in Budapest the oppositional candidate, Gergely Karácsony became the mayor, enjoying also a majority in the municipal assembly. The program of the new mayor, titled “Budapest belongs to everyone”, prioritized health care, affordable housing, social equality, climate protection, green and public spaces, being radically

different from the usual economic growth- and middle class-oriented concepts of the national government.

Within a few months, under Covid, the attack of the central government against the oppositional municipalities started. Instead of supporting municipalities in their fight against Covid, the business turnover tax, the main revenue of local municipalities, has been halved, as a gesture towards entrepreneurs. Many cities got compensation for the sudden loss of half of their revenues, on the basis of individual negotiations, and finally no compensation was given to oppositional municipalities.

With reference to the inequality-creating effect of the local business turnover tax, the government introduced a scheme taxing wealthier municipalities. This "[solidarity contribution](#)" tax soon became the main tool to punish Budapest for the 2019 election results: while in 2018 its amount was 5 billion HUF² and in 2019 10 billion HUF, this increased to 23 billion (2020), 35 billion (2021), 36 billion (2022), 58 billion (2023) and 75.5 billion (2024). This sharply growing burden brought the city to the brink of bankruptcy. Budapest, which generates 37% of the Hungarian GDP is not allowed to benefit from its own resources: it became a poor municipality, due to the very high level of taxation by the central government.

A further example of the hostility of the government against Budapest is the case of the [renewal of the emblematic Chain Bridge](#). Originally Orbán promised to contribute with roughly one quarter of the costs. However, after the mayoral decision to restrict the use of the renovated bridge for public transport, taxis and bikers, the government accused the mayor with 'chasing the car drivers' and refused to pay its share.

In 2018, before the local elections, a new coordination forum between the government and Budapest has been established: the [Council for Metropolitan Public Development](#). After a few constructive meetings this only one discussion forum between the two levels of government had its last meeting in October 2020, when all the important requests from the municipality were rejected: the government did not approve the €200 million loan application of Budapest to borrow from the European Investment Bank for the realisation of some development projects, did not allow to increase the business tax collected by the capital from larger companies, did not reduce the solidarity contribution to be paid by Budapest, and did not give any contribution to complete public development projects.

Besides the financial hemorrhaging of Budapest, also the attack against the planning unity of the capital continued. A very serious threat on Budapest is the "Mini Dubai" [project](#): against the protest of the mayor, the government sold a substantial brownfield area, close to Heroes Square, to an Arabic investor, who is the owner of the tallest building of the world, Burj Khalifa in Dubai. This developer has already proven with the Belgrade Waterfront project, how efficiently urban areas can be rebuilt with skyscrapers, against all the protests of the local population. According to an announcement the tallest building of Europe might be built in this area, further destroying the unique skyline of the city.

² The exchange rate of the HUF increased from around 350 HUF for 1 eur (between 2019-2022) to around 410 HUF for 1 EUR since then.



The renovated Chain Bridge: public transport, taxi and bikes <https://bkk.hu/hirek/bkk-blog/rozsdas-volt-ragyogo-lett-a-lanchid-felujitas-kulisszatitkai.10600/>



A hypothetical view of the Mini-Dubai project (there are no official plans yet): skyscrapers behind the Heroes Square monument (Source: <https://noizz.hu/city-life/budapest-felhokarcolo-dubaj/nddn2e6>)

Resistance efforts of Budapest

What can the local government do when it is financially crippled, deprived from many of its competences, services and controlling, and even key parts of its territory are taken away? In this unusual situation Budapest is (has to) experimenting with many different tools.

The most obvious, positive tool is to develop and implement its own green, sustainable and inclusive development vision. Budapest is part of the “100 Climate-Neutral and Smart Cities by 2030” [mission](#), has well developed short and medium-term energy targets and some completed projects. However, the city is unable to continue the necessary investments because its own resources are scarce and its loan requests are not approved by the central government. Similarly, Budapest has a detailed housing strategy, which includes a Housing Guarantee scheme with rent subsidies, the creation of a social rental housing agency, and a program for homelessness-related social and child welfare services. All these rely heavily on Cohesion fund resources from the European Union. Unfortunately, Budapest is the only one Hungarian region which did not get yet any resources through the government from this EU fund. In the lack of EU money Budapest can only take very limited steps.



The busy road along the Danube on the Pest side has been renovated and is closed for cars during weekends and the whole of the summer months



Pünkösdfürdő park in Óbuda, the largest new green area development financed by Budapest municipality

Another method of resistance is much harsher: launching a juridical process. In its desperate financial situation Budapest municipality took a decision never applied earlier by a municipality in Hungary. Due to the sharp increase in the amount of the solidarity tax, in April 2023 the municipal government [sued the government](#) and rejected to pay HUF 25 billion for this tax, which is the amount with which Budapest would pay more into the central budget than it receives in state support.

The first level decision in the court procedure was [favourable for Budapest](#). The Metropolitan Court of Justice claimed that the rate of the solidarity contribution is confiscatory in absolute terms, and it is not proportionate to the performance of the statutory tasks of Budapest.

However, in October 2024 the Hungarian Constitutional Court (consisting exclusively of judges nominated by Fidesz) decided that the amount of the solidarity contribution imposed on Budapest does not violate the Fundamental Law. The verdict says that the solidarity contribution, when it turns a local authority into a net contributor position, can come into conflict with the financial autonomy of local authorities guaranteed by the Charter and the Fundamental Law, but it is not just a single year that needs to be looked at.

The legal procedure is not finished yet, the Metropolitan Court has to make the final decision, they can still approve the claim of Budapest, not to pay a portion of the tax. The leaders of Budapest hope that in light of the notion of the Constitutional Court (which contentwise acknowledged the claim of the municipality) Budapest will win in the end. The issue is of growing importance, as the [balance for Budapest is worsening](#): the local government received in 2024 HUF 35.9 billion in state aid for its tasks, while the amount of the solidarity contribution to be paid is HUF 75.5 billion. Budapest is determined not to pay the difference of these two amounts to the central government – the budget for 2025, approved by the new municipal assembly in December 2024, is based on this assumption.

The success of any type of resistance depends largely on political communication, how oppositional local governments are able to disseminate their views to their residents. As the state owned media is totally controlled by the government (the [National Media Council](#) consists only from Fidesz delegates) and oppositional politicians get practically no access to this 'public' TV or radio publicity, progressive local leaders have to find other options, relying on local and social media sources, with all their advantages and problems. Besides, also innovative direct links have to

be established to the population, developing new platforms for involvement, such as participatory budgeting, citizen assemblies and consulting civil organizations. In this regard Budapest and some of the districts achieved substantial results.

A direct communication tool of Fidesz is the “[National consultation](#)”, a pure political communication tool, used already 14 times since 2010, full with biased wording, manipulated details and smears disguised as questions. Budapest municipality used a similar tool only once, launching in 2023 an online “Budapest Residents’ Meeting”. Differently from the Fidesz version, in this questionnaire there was also a real question raised about the hot topic, whether to ban car traffic on the newly renovated Chain Bridge. The 70% support from the respondents was an important reference base for the municipality to close down the bridge for car drivers. This kind of political resistance is considered by Budapest politicians more important than legal actions, as the latter can be stopped anytime by the government super-majority, while the political support to the municipality by citizens can not be constrained by legal tools.

Probably the most successful tool of resistance of Budapest is paradiplomacy, establishing links to large cities of other EU countries. The Budapest representation in Brussels played a key role in initiating the collaboration between the Visegrád-4 Group of capitals, establishing in 2019 the [Pact of Free Cities](#) against their populist and corrupt national governments. The Pact has expanded since then to over 30 members from all over the European Union countries and fights also for more general aims, such as for a larger share of EU funds to be allocated directly to local governments.

Another attempt of Budapest to create international collaboration is the yearly [Budapest Forum](#) conferences, promoting local initiatives in climate action and citizen participation, bringing together mayors from Europe and beyond, members of the European Commission and national governments, social activists, change-makers, prominent pundits and high-profile academics.



The mayors of Bratislava, Budapest, Prague and Warsaw established the Pact of Free Cities in December 2019
<https://www.themayor.eu/en/a/view/mayors-of-bratislava-budapest-prague-and-warsaw-sign-free-cities-pact-3945>



One of the panel discussions at the 2024 Budapest Forum
<https://brnodaily.com/2024/09/22/news/politics/budapest-forum-czech-delegates-discuss-populism-and-russian-threat-at-democracy-summit/>

Can Budapest avoid to be crippled by its national government?

In June 2024 there were local elections in Hungary. As usual, the government changed the election law just a few months before elections, achieving a partial success: although the popular mayor of Budapest has been reelected, he has no more a stable majority of oppositional politicians in the municipal assembly. This makes the struggle of Budapest even more difficult in the future. With perspective to the Spring 2026 national elections, the rhetoric and actions of the Orbán government will probably become even more confrontative. Budapest, up till now, experimented with many tools, but was not particularly successful in its resistance alone and could not build up an efficient domestic collaboration of oppositional cities. Regarding international coalition building the city achieved more results, but these have relatively little effect on the domestic situation.

What will the future bring? At the end of this essay the Polish right wing politician Jaroslaw Kaczynski can be quoted. In 2011, 18 months after Fidesz secured a two-thirds parliamentary majority in Hungary, he said the following "Viktor Orban gave us an example of how we can win, ... the day will come when we will succeed, and we will have Budapest in Warsaw." He was right, as in 2015 he grabbed power. He took Orban's Hungary as a model and started to use similar methods, to cement-in his power for longer time. However, he could not achieve super majority in the Polish Parliament, thus he could not introduce key changes, such as total control over the media or the judiciary. Moreover, all the large Polish cities were in opposition to his government and organized in 2020 a politically motivated local government movement. It is not clear, to what extent this movement contributed to the success of the opposition, but the fact is that in 2023 the authoritarian Kaczynski government lost power.

It is obvious that the Hungarian and Polish stories are not totally similar. For the Hungarian opposition, however, the reverse of the 2011 statement of Kaczynski could be suggested as a wish. „We will have Warsaw in Budapest” would mean beating the present Hungarian government in the 2026 election and having again 'normal' relationship between the capital city and its national government, based on democratic rules of the game. For that to become true, also Hungarian oppositional cities have to join their forces, creating a politically motivated local government movement, finding more efficient tools of resistance, until the change can be achieved.