

How can cities challenge authoritarian central governments? The case of Budapest

3rd CEE-Loc Conference

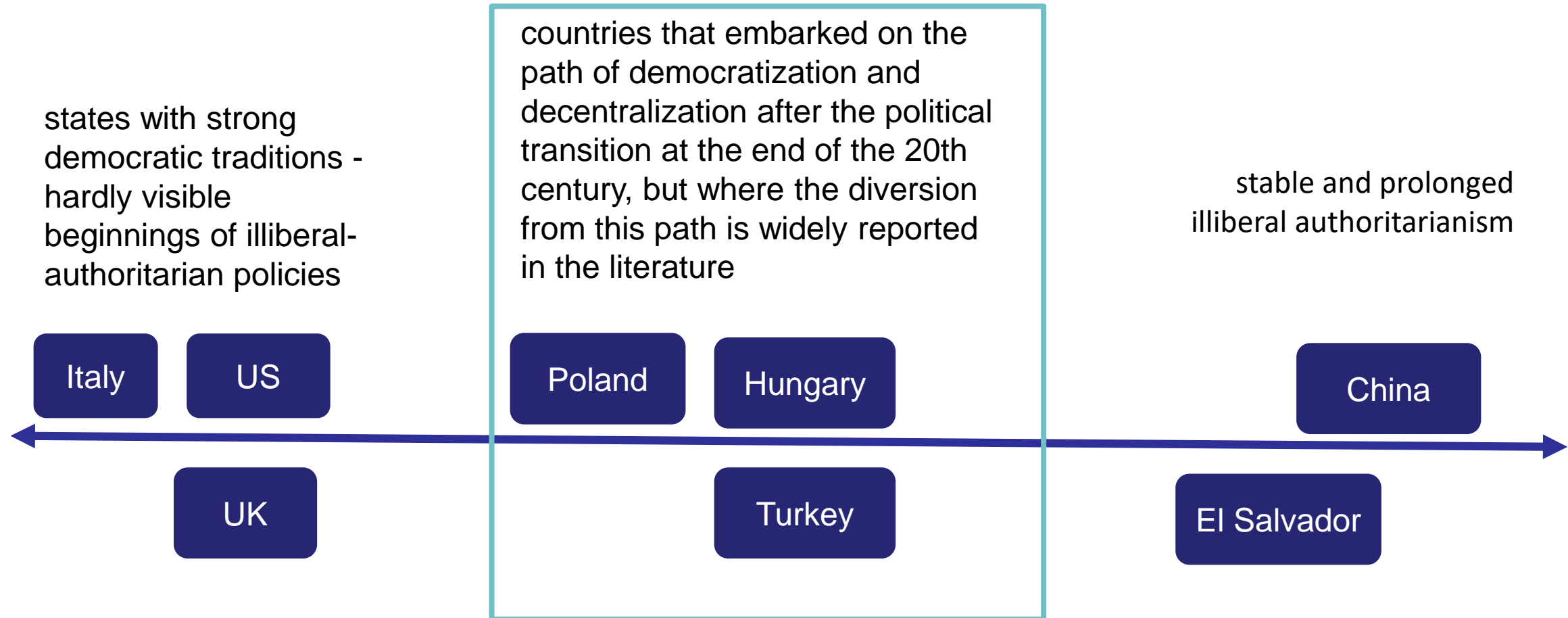
**Local Government Studies in Central and Eastern Europe
Corvinus University of Budapest – Gellért Campus**

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25 September 2025

Aksztejn, Lackowska, Long, Tosics (eds): European cities against democratic backsliding Structure and cases selection



National recentralisation strategies

- Hostile takeover
- Undebated imposition
- Financial draining / starving the enemy
- Abuse of supervisory power
- Clientelisation of central-local relations
- Bypassing
- Blame games

Local/urban responses to recentralisation pressure

- Lobbying
- Polity takeover / counterpolicies
- Lawsuits
- Disobedience
- Communicative actions / campaigning
- Transnationalisation
- Domestic coalition building

Hungarian government vs Budapest municipality: a 'text-book case'

- **Hungarian government:** building up an illiberal political system on national level, under the condition of uninterrupted super strong political power of the leading party since 15 years
- **Budapest municipality:** in 2019 oppositional forces came into power in Budapest (and in ten of the 23 secondary cities), mayor re-elected in 2024

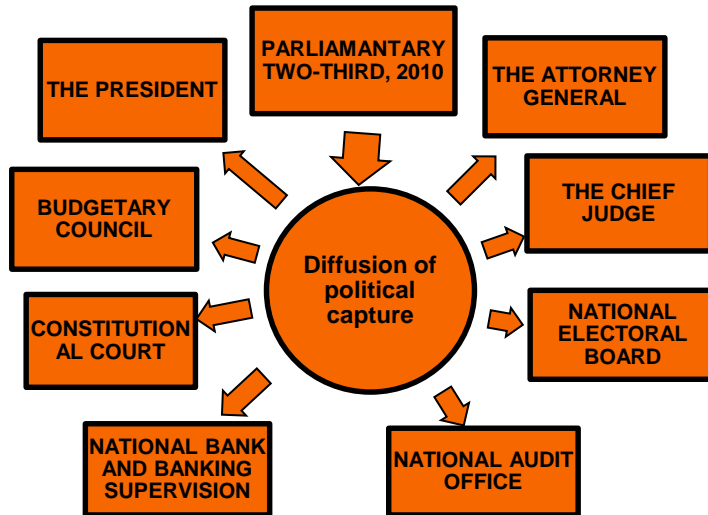
In the last years **the conflicts between the two governments have grown steadily**. The national government aims to cripple the capital and the other oppositional cities with political, financial and regulatory tools. The municipality tries to resist the attack of the central government in innovative, but only partially successful ways.

BACKGROUND: DRAMATIC CHANGE IN HUNGARIAN POLITICS SINCE 15 YEARS

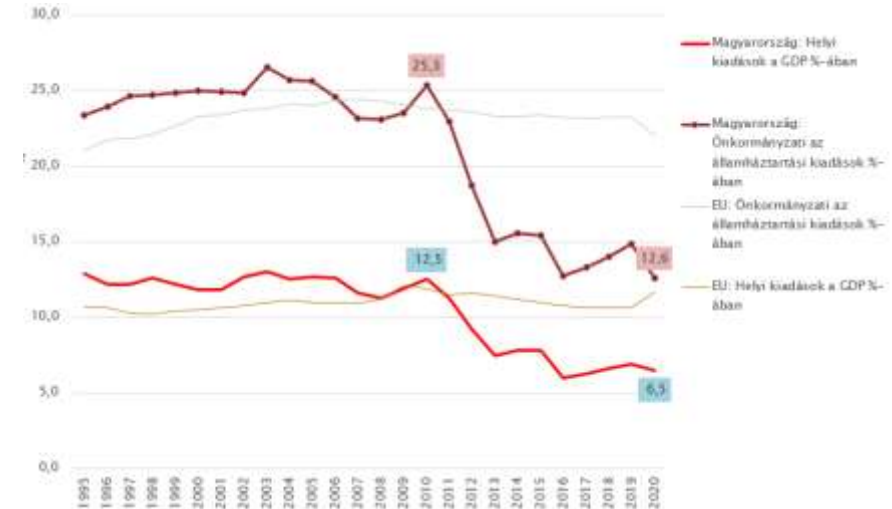
- between 1990-2010 Hungary was **forerunner in democratic development**
- end of 2000s: domestic political crisis, the right-wing Fidesz party **grapped in 2010 the power, achieving 2/3 majority in Parliament (super majority)**
- since 2010 the **Constitution** has been amended 15 times, the **all key political positions and the ruling elite has been totally replaced**, the **election law** has been changed before all national and local elections according to momentary interests of Orbán.
- All these led to an **election autocracy** – the ruling party could preserve its power ever since.
- **Strong centralization**: regions abolished, functions and money taken away from cities

TOTAL DOMINANCE OF POLITICS

Recentralization of the municipal finance system, extraordinary legal tools, media monopoly, fake communication



Source: Mária Csanádi, 2022



The (re-)building of the Castle Hill: bringing government functions back



The City Park in Budapest: turning the park into Museum Quarter against local will

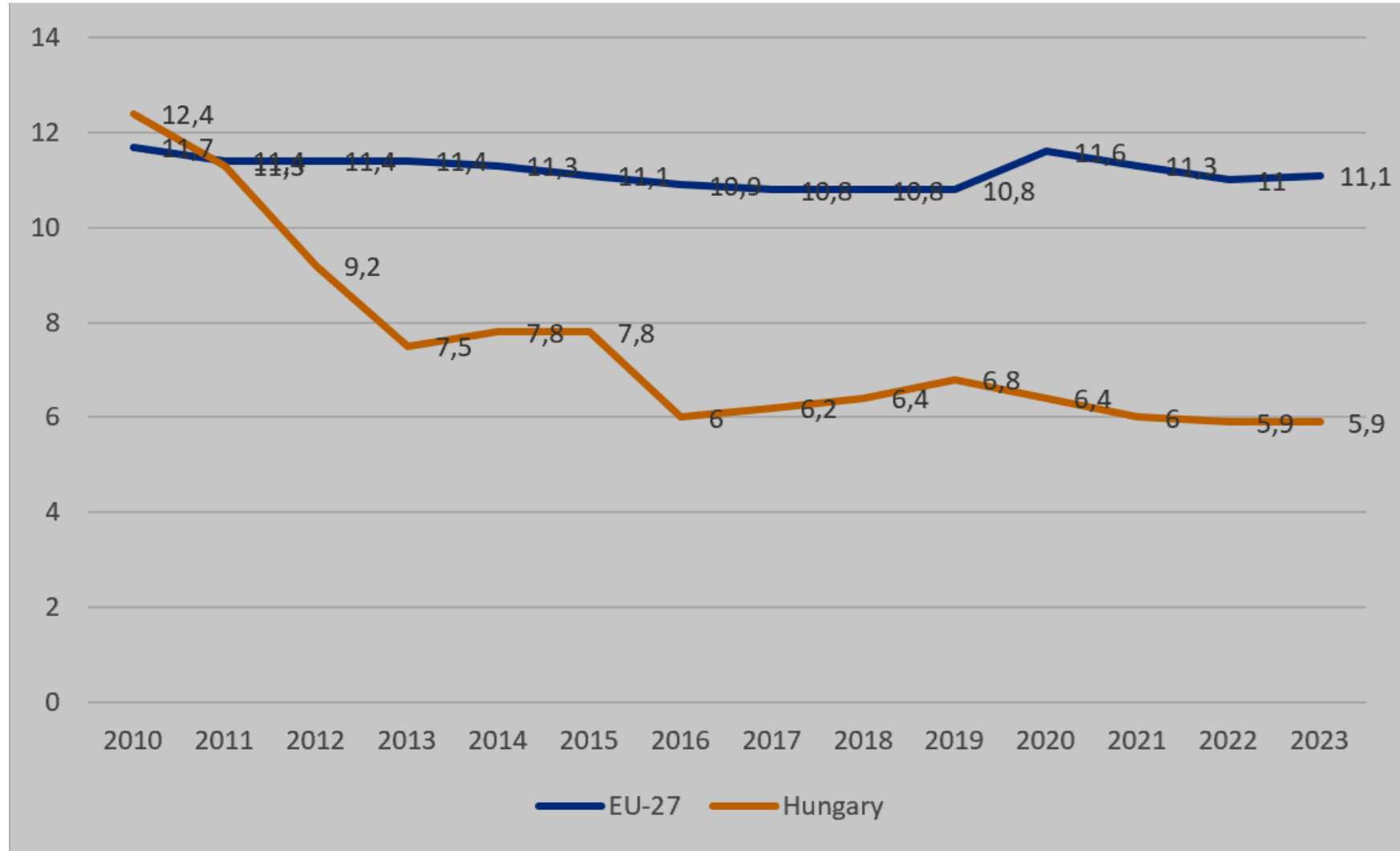


Large prestige projects (spectacularization)





Extreme fiscal centralization: dramatically shrinking local government expenditure in GDP



source: EUROSTAT, COFOG

Elszámolási időszak:	2024.06.19-2025.06.18
Fizetendő összeg:	153.784 Ft
Fizetési határidő:	2025.08.06

Magyarország kormánya az átlagfogyasztásig rezsicsökkentett díj alkalmazását írta elő.

Rezsicsökkentett díj nélkül az Ön fizetési kötelezettsége az elszámolt időszakban a következő összeg lett volna:	1.060.656 Ft
Így az elszámolt időszakban az Ön megtakarítása: (Ezen összeg az Ön számlájából előzetesen levonásra került.)	901.872 Ft

A normal utility bill

„The Hungarian government has imposed a reduced charge up to the average consumption.

Without the reduced charge, your payment obligation would have been the following amount: 1.060.656 Ft.

Thus your saving for the given period is: 901.872 Ft. (This amount has been deducted from your bill in advance.)”

2019: BUDAPEST AND SOME LARGE CITIES TURN INTO OPPOSITION

- Local elections in **October 2019: Budapest and 10 of the 23 secondary cities voted oppositional** against the government
- During COVID the government **shrinkened the revenues of all municipalities**: no car tax, no parking fee, reducing local taxes to be paid by entrepreneurs, ban on raising any fees of public services. Compensation was offered, but given only to loyal municipalities (clientisation)
- Budapest **does not get permission to take loans from banks**
- The **‘solidarity tax’ is increasing year by year and reached today unprecedented level** (one quarter of the budget of the city)
- The law on **projects with enhanced priority** is applied ever more frequently, decreasing the control of the city over its own territory

LOCAL FIGHT AGAINST GOVERNMENT AUTOCRACY

Counter-policies/ Policy takeover

Green transition: Budapest has developed short and medium-term energy targets in three main areas: public transport, street lighting and modernisation of municipal institutions.

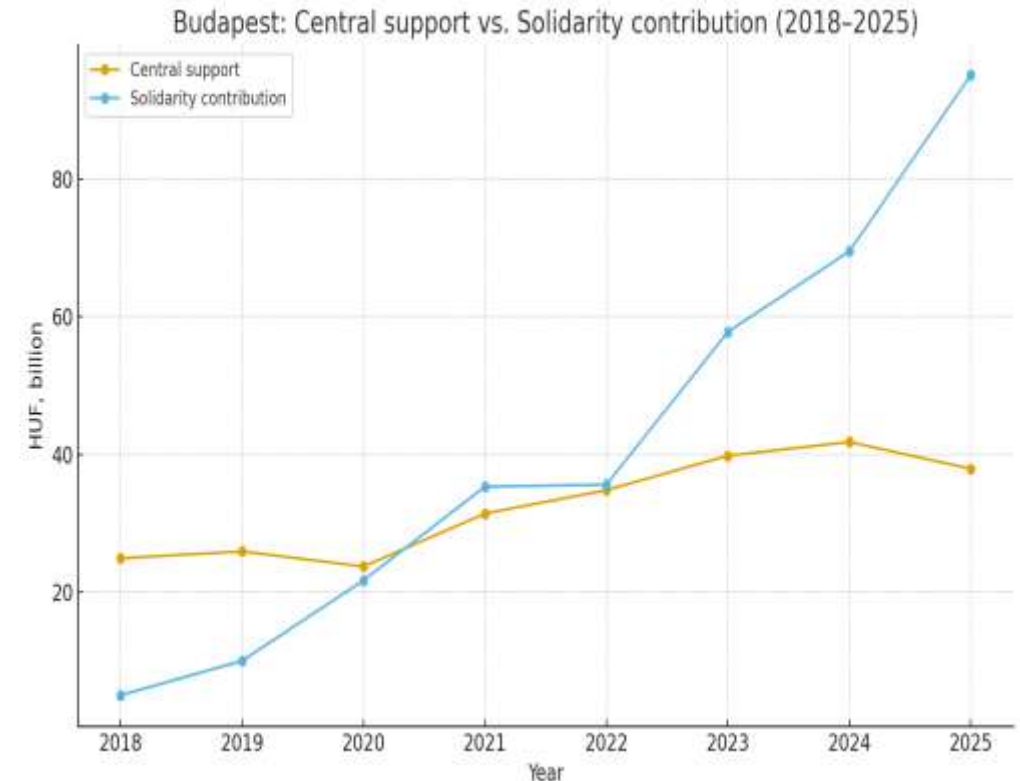
However, **the city is unable to continue the necessary investments** because own resources are missing and loan requests are not approved by the central government.

Visible actions can only be achieved by cheap means, such as the car-free renovation of the Chain bridge or the pedestrianization of the Pest embankment of the Danube during summer months.



Pressure on local finances – conflicts with the national government

- Budapest has a **very high own-revenue share** (driven by local business tax), a **modest direct state support**, while **very large solidarity contribution to pay**. Since 2021 the city became a **net payer into the central budget**
- **enormous solidarity payment** (revenue redistributing system across municipalities) is **squeezing Budapest's municipal capacity to spend on local services despite a big tax base**
- **EU funds would be crucial for infrastructure projects** (metro, transport, flood protection), **yet access is limited, largely blocked by national government**
- **access to loans also restricted** (national government approval needed)
- **huge short term (within year) credits are needed for financing basic services (e.g. public transport) → default risk!**





Solidarity tax:
confiscating
30% of the
local tax
revenue.

*tervezett

Juridicial procedures/Lawsuits

Earlier such harsh legal instruments were **unknown** in Hungarian policy making. One of the most visible and hostile measure against Budapest is the sharp increase in the amount of the solidarity tax. In **April 2023 the municipal government decided to sue the government** and rejected to pay HUF 25 billion (€62.5 million) for this tax, which is **the amount with which Budapest would pay more into the central budget than it receives in state aid**. In 2024 another legal process started about HUF 40 billion (€100 million), while in 2025 about HUF 50 billion (€125 million)

The first level decision in the court procedure was favourable for Budapest. The Metropolitan Court of Justice was in the justification of the verdict unusually harsh, saying 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 from Fidesz nominated judges) rejected** the motion of the Metropolitan Court of Budapest.

ALLOCATION OF EU RESOURCES

2021-2027	ERDF Per Capita €	ESF Per Capita €	CF Per Capita €	TOTAL Per Capita €
<i>Budapest planned</i>	97.5	39.9	324.6	462
Budapest actual	9.2	0	88.1	97.3
Warsaw actual	19.3	4.3	660.3	683.9

Source: ESPON URDICO project, preliminary estimates for projects, where the city is the beneficiary

Data of the two cities are not totally comparable, e.g. Warsaw data might include support given to schools and hospitals.

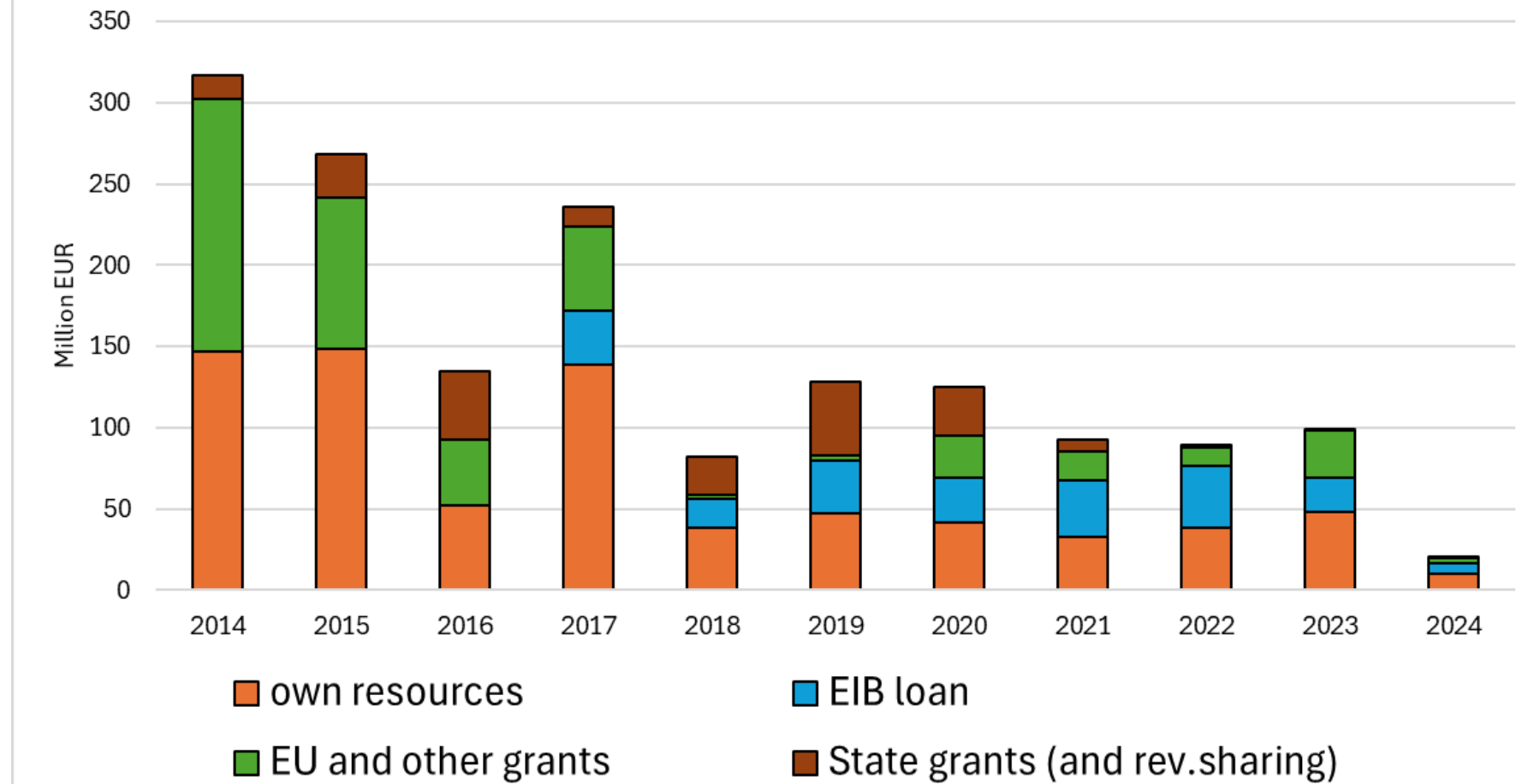
ALLOCATION OF EU RESOURCES

2021-2027	ERDF Per Capita €	ESF Per Capita €	CF Per Capita €	TOTAL Per Capita €	RRF Per Capita €
<i>Budapest planned</i>	97.5	39.9	324.6	462	...
Budapest actual	9.2	0	88.1	97	0
Warsaw actual	19.3	4.3	660.3	684	103+49

Source: ESPON URDICO project, preliminary estimates for projects, where the city is the beneficiary

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Capital investment and its sources - Municipality of Budapest 2014-2024 (infl. corrected, base=2014)



Political communication/Communication campaigns

Under the conditions of total government control over the public media, **progressive local leaders are seriously limited in their ability to communicate with the residents**, only two communication options remained on the municipal level: **local media** (newspaper, TV channel) and **social media**.

The use of **social media is widespread** among progressive mayors, their FB pages are important channels to deliver their messages. Besides, new, open tools have been developed: **participatory budgeting and broad consultations with civil organizations**. In 2023 the first direct questionnaire was applied under the name of “Budapest Residents’ Meeting”. On the question whether to ban car traffic on the newly renovated Chain Bridge, 70% of the respondents supported the idea.

Paradiplomacy

Budapest is in a **difficult position regarding domestic coalition building**, having no partners of similar size in the country (this is a large difference compared to the Polish case).

The city is **more successful to build up strong links to large cities from other countries**. In 2019 a collaboration between the Visegrád-4 Group of capitals started: the **Pact of Free Cities**. The Pact has expanded to **over 30 members from all over the EU countries and fights also for more general aims**, such as for a larger share of EU funds to be allocated directly to local governments.

The international work of Budapest starts to bring some results in EU decision making, increasing the attention to the problems of large cities. However, this **has no direct effect on the domestic conflict with the central government**.

Disobedience

This tool was also **unknown earlier** in Hungarian policy making. In 2025, however, this brought the biggest success for the city so far.

The central government issued a **law against the Budapest Pride**, forbidding the march. Despite this and the threat by the minister of justice to jail the organizer, **the mayor gave his full support to the event**. This became the **biggest demonstration ever against Orbán, attracting appr. 350 thousand people**.

The **government had to retreat** and finally no-one was punished despite the clear violence against the law.



The
Budapest
Pride on
28 June
2025

Conclusions I.

The story of Budapest has shown that the **extreme centralization of policy-making**, the strong gate-keeper role of the national government, the confiscation of own resources of the city, combined with the retention of EU resources lead towards to the **total disablement of the city**.

In such a situation **legal tools** (such as lawsuits, alternative policy suggestions) **have limited effects, while local communication and people-supported disobedience have better chances** to overcome. In the (rare) success cases, such as the re-election of the mayor of Budapest or the organization of the Budapest Pride, direct links to the population played a big role – against this no legal tools by the ruling national political power can be effective.

Conclusions II.

The fight for survival of Budapest shows the **limits of what one municipality can achieve against an extremely strong national political power**. There is a hope, however, that the counter-autocratic innovation attempts, although having limited impacts for the time being, **can contribute to an eventual future political change** – as it happened in Poland.

In international context the main lesson from the Budapest case is that **stronger EU rules and interventions are needed to defend the freedom of media and the integrity and fairness of elections**. Regarding the governance system, **guarantees are needed against total centralization, assuring a meaningful role of cities in policy making**, preventing the situation that a nation state can effectively block the development (and even the mere functioning) of its capital city.

However, the **tools of the EU** have to be carefully rethought. The **financial restrictions against Hungary were turned by the government partly against the oppositional local governments**. Are **other tools** needed/possible...?

Thank you for your attention!

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