



**LEARNING FROM THE PAST
AND PRESENT:
IMPACTS OF THE RUSSIAN WAR
IN UKRAINE ON CEE**

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EDITOR-IN-CHIEF OF 4LIBERTY.EU REVIEW

Olga Labendowicz

CONTENT EDITOR OF 4LIBERTY.EU REVIEW NO. 19

Oksana Kuziakiv

PUBLISHER

Fundacja Liberté! (102 Piotrkowska St., 90-004 Łódź, Poland)
Błażej Lenkowski – President of the Board
Leszek Jażdżewski – Vice-President of the Board

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PROOFREADING

Carter Oswood

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Drukarnia Poldruk s.c. Józef Grzywa, Marek Kawka
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Learning from the Past and Present: Impacts of the Russian War in Ukraine on CEE

Most people may believe that we tend to learn from past mistakes. On the other hand, some may prefer to subscribe to the approach of ‘let the bygones be bygones’ (or, in Latin terms, *quod periiit, periiit*¹), and focus on looking toward the future. However, when the past catches up with us, we must pay close attention to it and figure out what we want our next steps to be.

The future relies heavily on both *the past* and *the present* – especially in Central and Eastern Europe (CEE). Here, throughout centuries, many states have paid a heavy price for being in close proximity to Russia – just as Ukraine now does.

The Russian full-scale invasion of Ukraine came as a surprise to many. However, those who understood well the imperialistic ambitions of President Vladimir Putin had been heeding warning signs already since 2014. Still, there is no point in rehashing past faults and pointing fingers – the European member states seem to have learnt their lesson and granted support to their neighbor in a relatively unanimous voice. Yes, the actions taken could have happened faster, but given the complexity of certain bureaucratic processes, it could have also been much worse. Still, there is a lot to improve on in the future, thus the recent painful lesson is one to be remembered.

¹ In Latin, ‘What is gone is gone’.



One thing is certain: the Russian war has impacted not only Ukraine, but the whole European community – especially CEE, where the Russian threat has been looming for over three decades ever since the collapse of the Soviet Union. Now, having revisited their aggressive policies of the past, Russia's actions have detrimental effects on the regions not only by means of active warfare in Ukraine, but also due to ongoing propaganda and disinformation in many EU states, and energy blackmail. Meanwhile, Ukraine is fighting a war that should not have happened in the first place, in a day and age that was supposed to be a time of peace and prosperity.

This is the reason why, in this issue of the *4liberty.eu Review*, we examine the lessons of the past and the present to ensure that the future of Central and Eastern Europe is not ravaged by wars. By analyzing the perspectives and experiences of various countries from the region, we take stock of events that happened since February 24, 2022, all of the painful or promising developments, and attempt to provide the Reader with a set of thought-provoking ideas for ensuring that the future meets our expectations – including those of the Ukrainians.

Therefore, *memores acti prudentes futuri*², we present you the 19th issue and trust that it will serve as the basis for further exploration of the challenges, opportunities, and risks that we all face. The future has already begun. We better be smart about what we do next, as – to quote Ralph Waldo Emerson – “*Wise men put their trust in ideas and not in circumstances*”. Thus, even though the current situation may seem dire, our common ideas and beliefs will help us move forward.

Enjoy your reading,



Editor-in-Chief of *4liberty.eu Review*
Coordinator of the *4liberty.eu* network



² In Latin, 'mindful of things done, aware of things to come'.

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Russian Large-Scale Invasion of Ukraine: Concerns about the Security and Stability of the CEE Region



*

PARVIN
GULIYEV

The Russian invasion has caused widespread destruction and loss of life in Ukraine and raised concerns among neighboring states about the potential escalation of the aggression. The protracted war triggered by the occupation has profound implications – not exclusively for the security and stability of the Central and Eastern European (CEE) region, but also for the rest of the world. Nonetheless, CEE countries in particular have been significantly affected by this situation, leading to a reassessment of regional security dynamics. In this context, it is crucial to understand the security concerns faced by these countries and the measures taken to address these challenges. It is, therefore, of key importance to analyze the impact of the occupation on the lands of Central and Eastern Europe and the steps taken to promote regional security and stability.

It is heartbreaking to see the destruction wrought over the years by the ongoing Russian aggression and occupation of Ukraine. What started with the annexation of Crimea in 2014 has turned into a bru-

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tal war, in which innocent lives have been lost and many more have been affected by the consequences of the conflict. As a citizen of Azerbaijan, a former Soviet country, I can understand the impact of Russian imperialism, and it is painful to see its consequence on Ukraine and the region. The continued hostility and occupation only serve to increase instability in the region, and it is imperative that the international community takes steps to address this situation. We must stand in solidarity with the Ukrainian people and support their efforts to resolve this conflict peacefully.

RUSSIA'S INVASION OF UKRAINE HAS LED TO A REASSESSMENT OF REGIONAL SECURITY DYNAMICS

The Russian invasion of Ukraine has shocked the Central and Eastern European region, raising concerns about the vulnerability of neighboring states to Russian aggression. This has forced a reassessment of regional security dynamics and raised important questions about how countries in the region can best be protected against future threats.

The war has resulted in tighter financial circumstances and heightened economic instability – specifically, in nations like Poland, Hungary, Slovakia, Bulgaria, and the Czech Republic that are highly dependent on imports from Russia or those that have significant trading links with Ukraine. Given that Russia contributes a notable portion of the region's natural resources, the war has also prompted challenges in the security of Europe's energy supplies. The war in Ukraine also raised concerns about global food security and was categorized as an asymmetric shock, affecting some EU countries more than others¹.

¹ Europa.eu (2022) *Russia's War on Ukraine: Impact on Food Security and EU Response*. Available [online]: [https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/729367/EPRS_ATA\(2022\)729367_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/729367/EPRS_ATA(2022)729367_EN.pdf)



OVER THE YEARS,
NUMEROUS
ATTEMPTS HAVE
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TO THE CONFLICT
THROUGH
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BUT THE SITUATION
REMAINS HIGHLY
VOLATILE

At an informal meeting of heads of state and government on October 7, 2022, in Prague, European Union leaders met to discuss critical issues related to countering Russian rhetoric and addressing global food security challenges. The meeting served as a platform for constructive dialogue and cooperation, with EU leaders reaffirming their commitment to cooperate with third countries on these urgent issues².

A BRIEF HISTORY OF THE INVASION

The Russian invasion of Ukraine is a complex and multifaceted event rooted in geopolitical tensions. The year 2014 saw the

start of the war, shortly after Kyiv's pro-Russian president fled to Russia as a result of widespread protests. In response, first, Russia occupied Crimea, and then began a hybrid war in Donbas and supported pro-Russian rebels in eastern Ukraine in an armed revolt, sparking the Donbas War³.

Russia's annexation of Crimea, part of Ukraine, was widely condemned internationally and led to a deterioration in relations between Russia and the West. However, there is criticism that the European Union's response to Russia's annexation of Crimea in 2014 was limited. In 2022, by contrast, the bloc threw its full economic weight against the Kremlin⁴.

Following the annexation of Crimea, armed clashes erupted in Eastern Ukraine, particularly in the Donetsk and Luhansk regions. Pro-Russian separatists, backed by Russia, declared their own republic, and clashed with Ukrainian forces. The fighting has led to thousands of deaths and a humanitarian crisis with civilians caught in the crossfire⁵.

Over the years, numerous attempts have been made to find a peaceful solution to the conflict through diplomatic means, but the situation remains highly volatile. The occupation has significantly increased security concerns not only for Ukraine, but also for neighboring Central and Eastern European countries, as it has exposed the potential susceptibility of bordering states to Russian aggression.

² <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/impact-of-russia-s-invasion-of-ukraine-on-the-markets-eu-response/>

³ <https://www.rand.org/blog/2023/02/consequences-of-the-war-in-ukraine-escalation.html>

⁴ <https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war>

⁵ United Nations (2017) *Meetings Coverage and Press Releases*. Available [online]: <https://press.un.org/en/2017/sc12704.doc.htm>



THE INVASION HAS MADE ENERGY SECURITY ISSUES IN THE CEE REGION MORE URGENT

Russia publicly recognized the independence of the two breakaway republics just before its invasion in 2022. Following military maneuvers near the border, Moscow launched a full-scale invasion of Ukraine on February 24, 2022⁶. Despite repeated demands from the international community for an immediate cessation of Russian military operations, Russia escalated its military aggression against Ukraine on September 21, 2022. Thus, it helped organize an illegal 'referendum' in a part of the occupied Donetsk, Kherson, Luhansk, and Zaporozhe regions. By declaring mobilization within the Russian Federation and threatening to use weapons of mass destruction again, the Russian Federation increased its aggression against Ukraine⁷.

⁶ <https://www.rand.org/blog/2023/02/consequences-of-the-war-in-ukraine-escalation.html>; <https://www.swp-berlin.org/publikation/nato-russia-tensions-putin-orders-invasion-of-ukraine>

⁷ https://www.consilium.europa.eu/en/press/press-releases/2022/10/06/eu-adopts-its-latest-package-of-sanctions-against-russia-over-the-illegal-annexation-of-ukraine-s-donetsk-luhansk-zaporizhzhia-and-kherson-region-s/?utm_source=dsm&utm_medium=email&utm_campaign=EU%20adopts%20its%20latest%20package%20of%20sanctions%20against%20Russia%20over%20the%20illegal%20annexation%20of%20Ukraine%27s%20Donetsk%20Luhansk%20Zaporizhzhia%20and%20Kherson%20regions

SIGNIFICANT CONSEQUENCES AND CHALLENGES FOR ENERGY SECURITY

The invasion has made energy security issues in the CEE region more urgent. It has highlighted the dangers of relying solely on Russian energy supplies and triggered attempts to diversify energy sources and increase energy independence. The invasion affected Europe's future security architecture and energy policy, disrupted global commodity supplies, and drastically raised food and oil prices⁸. The weaponization of gas supplies by Russia has significantly impacted the energy security of the region⁹. Energy has become a focal point in the economic conflict between the EU and Russia, particularly concerning the countries of Central and Eastern Europe. Russia has strategically employed energy resources as a weapon of war, using gas supplies as a means to exert influence and control over its neighbors¹⁰.

One of the main causes of the likely worst energy crisis in Europe since the Second World War, which will also have a significant impact on the economies of Central and South-East Europe, is Russia's assault against Ukraine¹¹. The energy security concern in Central and Eastern Europe clearly demonstrates the risks of over-dependence on Russian energy supplies. As a result, efforts have been made to diversify energy sources and boost the region's energy independence. The European Commission

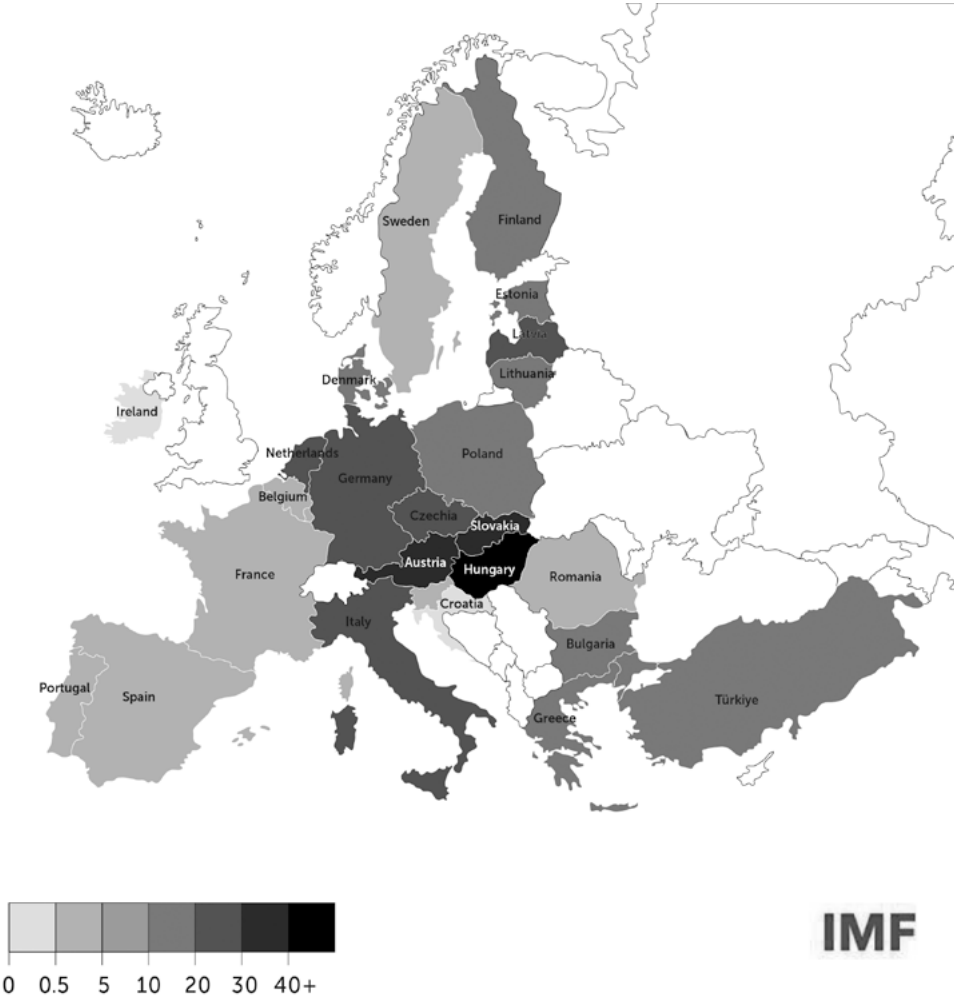
⁸ <https://www.consilium.europa.eu/en/documents-publications/library/library-blog/posts/think-tank-reports-on-the-invasion-of-ukraine/>

⁹ <https://dgap.org/en/research/publications/gas-and-energy-security-germany-and-central-and-eastern-europe>

¹⁰ CEEP Central Europe Energy Partners (2022) *CEEP Policy Paper: Russia's War Against Ukraine and Energy Crisis Impact on Central and South-Eastern Europe*. Available [online]: <https://www.ceep.be/category/news/>

¹¹ Ibid.

Figure 1: Dependence on Russia for gas and other energy resources varies greatly from country to country



Source: IMF staff calculations

and other stakeholders have put out several plans and suggestions to lessen reliance on Russian fossil fuels and encourage the use of alternative energy sources. These measures are expected to facilitate the transition to a more environmentally friendly and sustainable energy system in

the region and reduce economic and security concerns related to a single energy source.

The heightened dependence of many countries in Central and Eastern Europe on Russian gas imports has led to a diversity



WHILE SOME COUNTRIES PRIORITIZE ENERGY SECURITY AND DIVERSIFICATION, OTHERS PRIORITIZE ECONOMIC CONSIDERATIONS

of political positions regarding this issue [See: Figure 1]. For example, Poland has taken proactive measures to reduce its reliance on Russian gas, while Hungary has increased its imports of Russian gas. This spectrum of political positions reflects the complex geopolitical considerations underlying the region's relationship with Russian energy supplies. While some countries prioritize energy security and diversification, others prioritize economic considerations¹².

This map shows how some countries can suddenly stop importing Russian imports. The high intensity of Russian gas usage in Central and Eastern European countries, particularly Hungary, the Slovak Republic, and the Czech Republic, highlights the pressing need to address energy security

challenges. The quest for diversification and reduced reliance on Russian gas is driving these nations to explore alternative energy sources and engage in regional cooperation. Balancing energy needs with geopolitical complexities will be instrumental in securing a sustainable energy future for the region.

However, diversification would be much more difficult in the event of a complete cut-off. Gas bottlenecks could make it more difficult to re-route gas within Europe due to limited import capacity or transmission constraints. Some countries in Central and Eastern Europe could experience shortages of 15% to 40% of annual consumption as a result of the war¹³.

The proportion of Russian gas in the European Union's gas consumption decreased from 40% in 2021 to 9% so far in 2022 as a result of Russia's sharp supply reduction. The areas of Central and Eastern Europe are feeling the immediate effects most intensely. The industrial sector, electricity generation, and space heating in Central and Eastern Europe heavily rely on gas.

The European Union pledged to stop importing Russian gas in the wake of Russia's invasion of Ukraine. Depending on how dependent the member states are on Russian gas and how well-prepared they are for the prospect of a future cut-off, any accelerated phase-out of Russian gas will necessitate a swift scaling up of clean energy investments. This step would need to include energy efficiency and renewables, as well as a diversification of gas supplies through the development of liquified natural gas (LNG) import capacity and improved regional gas market integration for Central

¹² <https://dgap.org/en/research/publications/gas-and-energy-security-germany-and-central-and-eastern-europe>

¹³ <https://www.imf.org/en/Blogs/Articles/2022/07/19/blog-how-a-russias-natural-gas-cutoff-could-weigh-on-european-economies>

and Eastern Europe – a region that has historically been heavily dependent on Russian gas.

The disruption of the global supply of commodities such as oil and gas has affected the region's energy security, while rising food and energy prices have also adversely affected the economies of countries in the region. The war in Ukraine has also led to changes in geopolitical alliances and supply chains, which have impacted the entire global economy. The EU has expanded sanctions against Russia, targeting sectors of the Russian economy and political elites, in response to the invasion.

The special problems brought on by their heavy reliance on Russian natural gas are being addressed by some Central and Eastern European nations. Almost half of the gas consumed in countries in Central and Eastern Europe in 2021 came from Russia, compared to just over one-fifth for the rest of Europe. Some nations, including Serbia and the Republic of Moldova, are largely reliant on Russian gas imports¹⁴. Overall, the region's heterogenous political positions highlight the need for a nuanced approach to addressing the challenge of Russian gas dependence in Central and Eastern Europe.

PROLIFERATION OF NUCLEAR ENERGY IN CENTRAL AND EASTERN EUROPE: THE CASE OF SLOVAKIA

Many Central and Eastern European countries have recently announced plans to increase their nuclear power capacity, and Slovakia is at the forefront of this trend. In 2022, Slovakia commissioned a new nuclear unit that will be capable of generating around a quarter of the country's electricity consumption. This unit is expected to help



THE HIGH INTENSITY OF RUSSIAN GAS USAGE IN CENTRAL AND EASTERN EUROPEAN COUNTRIES, PARTICULARLY HUNGARY, THE SLOVAK REPUBLIC, AND THE CZECH REPUBLIC, HIGHLIGHTS THE PRESSING NEED TO ADDRESS ENERGY SECURITY CHALLENGES

Slovakia achieve energy independence and provide a reliable source of low-carbon energy. Plans have already been announced to construct an additional unit, which will further increase Slovakia's energy production and make the country a net exporter of electricity from 2024. This expansion of nuclear power capacity in the region represents an important shift towards more secure and sustainable energy sources¹⁵.

¹⁴ <https://www.iea.org/commentaries/accelerating-energy-diversification-in-central-and-eastern-europe>

¹⁵ <https://dgap.org/en/research/publications/gas-and-energy-security-germany-and-central-and-eastern-europe>



THE WAR IN UKRAINE HAS LED TO CHANGES IN GEOPOLITICAL ALLIANCES AND SUPPLY CHAINS, WHICH HAVE IMPACTED THE ENTIRE GLOBAL ECONOMY

THE WAR SPURS EU'S CONCERNS OVER DEMOCRACY IN POLAND AND HUNGARY: POLARIZED RESPONSES TO RUSSIAN AGGRESSION UNFOLD

The ongoing war in Ukraine has brought these challenges to the forefront, urging the EU to address and confront issues related to democracy, sovereignty, and regional stability in both Poland and Hungary¹⁶. The European Union's focus on the erosion of democracy in Poland and Hungary intensifies. Both nations have drawn attention to their respective political challenges, prompting the EU to take serious measures in response.

¹⁶ <https://www.gmfus.org/news/erosion-democracy-and-rule-law-hungary>

Poland, once viewed as an outlier within Europe, faced concerns over democratic principles as the ruling government disregarded the constitution, leading to repression of media freedom and attacks on minority and women's rights. The EU responded with infringement processes, leading to Poland's isolation within the bloc and labelling it as a pariah for its actions and policies¹⁷.

The war in Ukraine has served as a turning point in the European order, with Poland playing a pivotal role in this evolving landscape. Showing remarkable humanitarian support, Poland welcomed more than two million Ukrainian refugees¹⁸, underscoring its significance in addressing regional challenges and fostering stability.

Meanwhile, the Kremlin's aggressive campaign to undermine Ukraine's democracy acted as a stark reminder to European politicians about the significance of upholding democratic ideals. Europe's unified support for Ukraine encouraged optimism that Poland would align itself strategically with the rest of the EU and recommit to liberal democratic values, presenting an opportunity for the nation to contribute actively to preserving and promoting democracy in the region¹⁹.

Meanwhile, Hungary, under Prime Minister Viktor Orbán's regime, posed continuous challenges to Western responses against Russia's aggression and hampered

¹⁷ <https://www.europarl.europa.eu/news/en/press-room/20210910IPR11928/poland-attacks-on-media-freedom-and-the-eu-legal-order-need-to-stop>

¹⁸ <https://www.unhcr.org/news/news-releases/poland-welcomes-more-two-million-refugees-ukraine>

¹⁹ Jaroslaw K. and K. Wigura (2022) "Will the Ukraine War Return Poland to Europe's Democratic Fold? Europe and Poland Need Each Other More Than Ever", [in]: *Foreign Policy*. Available [online]: <https://foreignpolicy.com/2022/08/11/poland-democracy-illiberalism-europe-ukraine-russia-war-eu-nato/>

Ukraine's defense efforts. The country's autocratization history questioned the West's democratic credentials, while Orbán's deliberate efforts to weaken strategic alliances with the United States and the European Union raised concerns about the stability of the Western alliance. Favoring Russia over its friends, Hungary delayed and softened EU sanctions against Russia and signaled opposition to crucial financial aid for Ukraine. The obstruction of high-level NATO-Ukraine Commission meetings, refusal to provide military assistance, and denial of transit for military supplies, further complicated official communication with Ukraine, setting it apart from other Central European NATO members²⁰.

EU LEVERAGES FUNDING TO PUSH FOR REFORMS IN HUNGARY: AGREEMENT REACHED ON RULE OF LAW AND JUDICIAL INDEPENDENCE

The European Union pulled EUR 22 billion in cohesion money from Hungary's long-term budget for 2021–2027 in December 2022 in response to Viktor Orbán's administration's refusal to comply with demands over the asylum system, academic freedoms, judicial independence, and LGBT-QI+ rights. Additionally, it blocked funding totaling EUR 5.8 billion from the epidemic recovery fund until Hungary fixes issues with its judicial system.

A deal was achieved after discussions, and Budapest mostly endorsed it. The European Union would only cut EUR 6.3 billion until Hungary completes 27 reforms aimed at fighting corruption and improving judicial independence. In return, Hungary withdrew its objections to the EU's EUR 18 billion aid package for Ukraine and the global minimum corporate tax of 15%. While this does not completely solve Hun-



FAVORING RUSSIA OVER ITS FRIENDS, HUNGARY DELAYED AND SOFTENED EU SANCTIONS AGAINST RUSSIA AND SIGNALLED OPPOSITION TO CRUCIAL FINANCIAL AID FOR UKRAINE

gary's rule of law or corruption problems, it shows that the EU is willing to use its leverage to promote necessary reforms²¹.

THE PARADOXICAL IMPACT OF THE CONFLICT ON THE SECURITY OF CENTRAL AND EASTERN EUROPE

The ongoing conflict in the region has created a paradoxical situation for the security of Central and Eastern Europe. On the one hand, the war has significantly worsened the security environment facing the CEE countries, with the potential for increased aggression and instability in the region. On the other hand, however, the conflict has also led to a reinforcement of the foundations of the security architecture that protects them, as countries come together to

²⁰ Ibid.

²¹ Max B., Ilke T. and S. Otto (2023) *A Continent Forged in Crisis: Assessing Europe One Year into the War*. Available [online]: <https://www.csis.org/analysis/continent-forged-crisis-assessing-europe-one-year-war>

uphold shared values and defend against external threats. While the conflict has certainly created challenges for the region, it has also underscored the importance of regional cooperation and the shared commitment to a stable and secure CEE²².

The ongoing battle has significant impacts on Washington's security commitment to NATO and the eastern flank, which is a cornerstone of the security architecture of Central and Eastern Europe. While the war amplifies concerns for the security of the CEE countries, it will likely strengthen the commitment of the United States to the region.

This enhanced commitment can be expected to manifest as increased deployment of U.S. troops and weapons in the CEE, an even stronger American commitment to defend NATO's borders, and closer defense cooperation with CEE countries. These measures reflect the United States' recognition of the importance of upholding shared values and defending against external threats in the region. Overall, the war has increased the importance of NATO's security architecture for the region, and we can expect Washington to continue prioritizing their relationship with CEE countries in the context of this war²³.

The allies decided to build four new multinational battle groups in Bulgaria, Hungary, Romania, and Slovakia, in addition to fortifying their current battle groups. With eight multinational battle groups overall as a result of this, the number of troops on the ground virtually doubled, and NATO's expanded presence on the alliance's eastern flank was extended from the Baltic Sea



THE ONGOING CONFLICT IN THE REGION HAS CREATED A PARADOXICAL SITUATION FOR THE SECURITY OF CENTRAL AND EASTERN EUROPE

in the north to the Black Sea in the south. Furthermore, numerous actions performed by the allies on a national level also boost allied engagement in the alliance's eastern region. The allies have moved more ships, planes, and troops to NATO territory in Eastern Europe in reaction to Russia's full-scale invasion, bolstering the alliance's deterrent and defensive stance²⁴.

Indeed, CEE nations have improved their defense capabilities significantly in response to Russia's invasion. The necessity to thwart prospective assaults and growing security concerns have resulted in greater defense spending, improved military readiness, and the hosting of NATO forces and exercises. To ensure that their forces can effectively counter a variety of threats, this has required not just expenditures in

²² <https://www.orfonline.org/expert-speak/ukraine-war-and-the-paradox-of-central-and-eastern-european-security/>

²³ Ibid.

²⁴ NATO (2023) *NATO's Military Presence in the East of the Alliance*. Available [online]: https://www.nato.int/cps/en/natohq/topics_136388.htm



CHANGES IN GEOPOLITICAL ALLIANCES AND SUPPLY LINES HAVE ALSO BEEN BROUGHT ABOUT BY THE WAR IN UKRAINE, WHICH IS NOW SERI- OUSLY HARMING THE WORLD ECONOMY

modern weapons and technologies, but also changes in military organizations and training programs. To strengthen their deterrence and reassure their citizens of the Alliance's backing and unity, several nations, including Poland and the Baltic States, have taken special measures to host NATO soldiers and exercises.

Additionally, in response, NATO and its partners expanded their military collaboration with Russia while maintaining open channels for political and diplomatic communication. The list of entities and people subject to sanctions against Russia was also significantly increased by the EU. These tougher measures, which target the Russian political and economic elites, were put in place in reaction to Russia's unlawful and unjustified invasion of Ukraine. Chang-

es in geopolitical alliances and supply lines have also been brought about by the war in Ukraine, which is now seriously harming the world economy²⁵.

THE WAR IN UKRAINE AND ITS IMPACT ON THE POSITION OF THE CEE COUNTRIES IN NATO AND THE EU

In addition, it would be reasonable to say that the ongoing war in Ukraine is likely to have strategic implications for the Central and Eastern European countries in their relationship with both NATO and the EU. The geographical position of these countries and their crucial role in containing Russian influence have long been recognized by both organizations. However, the conflict has increased the political weight of these countries, strengthening their position in shaping the security and economic policies of both organizations. This is particularly evident in the case of Poland, whose government has been at odds with Brussels and the Biden administration, but now emerges as a key NATO and EU member in the region.

The war has underscored the importance of the Central and Eastern European countries on the frontline of both NATO and the European Union, lending them greater influence in shaping policy and decision-making. As such, we can expect their voices to carry more weight in both organizations moving forward. However, this enhanced influence also comes with greater responsibilities and expectations from the international community on matters of security and global governance. Overall, while the conflict has created challenges for the region, it has also brought about opportunities for CEE countries to strengthen their

²⁵ Europa.eu (2023) *EU Response to Russia's Invasion of Ukraine*. Available [online]: <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/>.



THE RESOLUTION OF THE CONFLICT AND ITS AFTERMATH WILL CONTINUE TO HAVE A SIGNIFICANT IMPACT ON THE SECURITY AND STABILITY OF THE REGION

position in NATO and the EU and to shape policies that affect their interests²⁶.

CONCLUSIONS

Overall, the ongoing war and the Russian invasion of Ukraine have had significant and far-reaching effects on the security and stability of the Central and Eastern European region. The war has exposed the dangers of dependence on Russian energy supplies, disrupted global commodity supplies, and raised concerns about global food security and growing economic instability. However, the conflict has also led to the strengthening of the regional security architecture, as countries in the region came together to promote common values and defend against external threats.

The Russian occupation also served to underline the importance of upholding dem-

ocratic ideals and regional stability, and Poland emerged as a key member of both NATO and the European Union. Despite the challenges posed by the conflict, the countries of Central and Eastern Europe have significantly improved their defense capabilities and are actively working to diversify their energy sources, strengthen regional cooperation and promote sustainable and secure energy use.

Looking ahead, it is clear that the resolution of the conflict and its aftermath will continue to have a significant impact on the security and stability of the region. However, the continued efforts of CEE countries to build partnerships, strengthen the security architecture and promote regional cooperation offer hope for a brighter future of increased stability and prosperity.



PARVIN
GULIYEV

He holds a BA degree in International Relations from Baku Slavic University and pursues an MA in Social Science at Humboldt-Universität zu Berlin. Currently based in Berlin, he has been working in the non-governmental sector for nearly ten years and has organized various types of training and projects

²⁶ <https://www.orfonline.org/expert-speak/ukraine-war-and-the-paradox-of-central-and-eastern-european-security/>

Navigating New Realities: Five Lessons for CEE States from the Russian Invasion of Ukraine



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NATALIA
MATIASZCZYK

The 2022 Russian aggression against Ukraine has left an indelible mark on the geopolitical landscape of Europe, triggering significant and lasting changes.

The invasion shattered the long-standing post-Cold War notion of a stable and peaceful Europe. It has led to a reevaluation of security strategies, alliances in the region, and position of many countries. Moreover, the war's repercussions have underscored the importance of collective defense and cooperation among European nations in the face of emerging security threats, thus reshaping the dynamics of international relations on the continent.

The invasion of Ukraine has not only shifted the European center of gravity to the east, but also thrust the countries of Central and Eastern Europe (CEE) into the spotlight, demanding increased attention from the international community. This development changes their situation significantly. There were opportunities, but also threats. Western states had been wrong about Russia's intentions. After 2022, however, they stopped accusing their CEE partners of prejudice against Moscow and began to listen to them more carefully. This moment should be used wisely by the CEE countries to make the most of the challenges faced. Additionally, contrary to skeptics, both NATO and the European Union have been successful in their actions. They actively responded to all threats related to the ongoing war¹.

Furthermore, the war also brought to light two significant but less analyzed situations. While analyses, journalistic texts, and politicians' statements often emphasize the role

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of countries in conflicts², the war highlighted the crucial role played by local governments – regions and cities. The outbreak of war spurred European countries to swiftly bolster their armed forces. And then, South Korea showed up as an important source of non-European support for Ukraine and a significant East Asian partner for Europe. Poland, but also NATO as a whole, played a vital role in transforming the nature of cooperation between the CEE region and South Korea, elevating it beyond mere economic considerations.

¹ <https://theconversation.com/ukraine-war-is-blurring-the-lines-between-nato-and-the-eu-on-defence-policy-200849>

² See: <https://lgiu.org/publication/local-government-and-the-impact-of-the-ukrainian-invasion/>; <https://www.consilium.europa.eu/en/documents-publications/library/library-blog/posts/think-tank-reports-on-the-invasion-of-ukraine/>



IT TOOK A FULL-SCALE INVASION OF UKRAINE FOR SOME COUNTRIES TO REALIZE THAT THEIR APPROACH TOWARDS RUSSIA WAS A MISTAKE, AND THAT THEIR CEE PARTNERS WERE RIGHT

Over the course of more than a year of full-scale warfare in Eastern Europe, five crucial lessons have emerged from the conflict. The prolonged duration and intensity of the war have provided a unique opportunity to glean invaluable insights. These lessons hold particular significance for the countries in Central and Eastern Europe. Therefore, they should be carefully analyzed by CEE, as they can shape the future trajectory of the region.

LESSON 1: THEY WERE RIGHT, SO WHAT...?

For many years, CEE countries (mostly Poland and the Baltics) have been warning against Russia's aggressive policy, openly informing their EU and NATO allies that Russia *will* use various methods to pur-

sue expansion. However, the countries of Western Europe did not take these words into account, believing that the countries of the former Eastern Bloc are prejudiced against Russia, accusing them of Russophobia. Their efforts to strengthen NATO's presence on the eastern flank, drawing attention to cyberattacks by Russia (like, e.g., in 2007), or criticizing German-Russian energy projects remained unanswered³. Even after the Russian annexation of Crimea and the war in Donbas, EU member states disagreed over how to deal with Russia in the future⁴. Time has shown that the CEE countries were right, and now a large-scale war in Europe is no longer fiction, but a reality for millions of people.

It took a full-scale invasion of Ukraine for some countries to realize that their approach towards Russia was a mistake, and that their CEE partners were right. Poland, Lithuania, Latvia, and Estonia were the most proactive in convincing their allies to increase their involvement and support for Kyiv⁵. They pushed for more extensive sanctions against Russia and were the first to announce the abandonment of Russian oil and gas. They have repeatedly called for the provision of more and faster military assistance for Ukraine, which initially resulted in objections and reluctance from Western Europe as it was considered an

³ Lau, S. (2022) "We Told You So! How the West Didn't Listen to the Countries That Know Russia Best", [in:] *Politico*, March 9. Available [online]: <https://www.politico.eu/article/western-europe-listen-to-the-baltic-countries-that-know-russia-best-ukraine-poland/>

⁴ Meister, S. (2022) "A Paradigm Shift: EU-Russia Relations After the War in Ukraine", [in:] *Carnegie Europe*, November 29. Available [online]: <https://carnegieeurope.eu/2022/11/29/paradigm-shift-eu-russia-relations-after-war-in-ukraine-pub-88476>

⁵ Sytas, A. and A. Prentice (2022) "Visiting Kyiv, Leaders of Poland and Baltic States Condemn Russia", [in:] *Reuters*, April 13. Available [online]: <https://www.reuters.com/world/europe/leaders-poland-baltic-states-head-kyiv-2022-04-13/>



POLAND EMERGED AS A CRUCIAL HUB OF MILITARY SUPPORT FOR UKRAINE AND GENEROUSLY ACCOMMODATED MILLIONS OF UKRAINIAN REFUGEES

'escalation'⁶. However, as time passed, their stance evolved, and now only a few Western politicians remain opposed to offering military support to Ukraine⁷.

Now, among the Western countries, there is finally a willingness to listen to countries with a far deeper knowledge of Russia and the tragic historical experiences of the violence from the Kremlin. The CEE countries should seize this opportunity wisely. However, it is not enough to be right. They have to be effective in their actions. The influence that the CEE countries have achieved in recent months must be leveraged pur-

posefully. Yet, there are certain practices and behaviors within the CEE that could hinder the region's efforts to strengthen its position within the European Union, potentially undermining their intentions.

... Because They Could Lose a Lot Poland's reaction to Russian aggression in Ukraine was remarkable. The country provided substantial military aid, including more than 300 tanks, numerous howitzers, and fighter aircrafts. Moreover, Poland emerged as a crucial hub of military support for Ukraine and generously accommodated millions of Ukrainian refugees. As a result, Poland's global image has significantly improved, and its potential has been highlighted to other nations⁸. At the same time, the government in Warsaw spends too much of its political energy on disputes with the institution of European Union. The issue of the rule of law remains unresolved, which hampers the country's overall strength and position, despite its current potential.

Hungary is an extreme example of a threat to the rule of law. Additionally, Hungarian Prime Minister Victor Orban's anti-Ukrainian stance is evident as he opposes sending military aid and has intentionally obstructed EU funding for Ukraine⁹. Generally speaking, this attitude has caused Hungary to lose credibility in the eyes of its Western partners for an extended period. What is more, such behavior could also have adverse consequences on the image of the entire CEE, particularly for those countries

⁶ Politico (2022) "Scholz Says Germany Won't Provide Fighter Jets to Ukraine", [in:] *Politico*, March 9. Available [online]: <https://www.dw.com/en/scholz-sending-polish-jets-to-ukraine-via-us-base-in-germany-certainly-not-an-option/a-61060929>.

⁷ Among them, figures like the Deputy Prime Minister of Italy Matteo Salvini, the leader of Spanish Podemos Ione Belarra, as well as politicians linked with parties like Die Linke (Germany), the Republican Party (US), or the Five Star Movement (Italy) can be mentioned.

⁸ Buras, P. (2023) "East Side Story: Poland's New Role in the European Union", [in:] *ECFR*, February 16. Available [online]: <https://ecfr.eu/article/east-side-story-polands-new-role-in-the-european-union/>

⁹ Gyori, B. (2023) "Hungary to Block EU Military Aid Fund for Ukraine Unless Kyiv Takes OTP Bank Off Blacklist", [in:] *Reuters*, May 17. Available [online]: <https://www.reuters.com/world/europe/hungary-block-eu-military-aid-fund-ukraine-unless-kyiv-takes-otp-bank-off-2023-05-17/>

that collaborate closely with Budapest.

Meanwhile, Slovakia, being a neighboring country to Ukraine, has actively assisted Ukraine by not only accepting refugees and humanitarian aid, but also by donating significant military equipment, including infantry fighting vehicles, howitzers, and fighter aircrafts¹⁰. Undoubtedly, its position has increased. However, the upcoming parliamentary elections scheduled for September 2023 could potentially undo all the progress. The polls suggest that the national populist party, Smer, openly advocating anti-Western and pro-Russian views, is likely to secure a victory. Its leader, Robert Fico, even went as far as comparing the arrival of NATO soldiers in Slovakia to a 'welcoming of the Wehrmacht' in 2022, and the party has been known to disseminate Russian propaganda¹¹. If Smer takes power, it is determined to pursue a pro-Kremlin foreign policy, which not only threatens to weaken Slovakia's image but also risks creating disputes and tensions between Slovakia and other countries, including those within the CEE region.

LESSON 2: NATO WILL NOT BE BRAIN DEAD

"What we are currently experiencing is the brain death of NATO," French President Emmanuel Macron said in 2019¹². He was criticized for these words by his own allied countries. Additionally, among the CEE countries, there were concerns raised due

¹⁰ Centre for Eastern Studies (2023) "Deliveries of Major Categories of Military Equipment to Ukraine". Available [online]: <https://www.osw.waw.pl/en/armssdeliveries>

¹¹ Zmušková, B. (2022) "EU Socialists Quiet as Slovak Member Spreads Kremlin Propaganda", [in:] *Euroactiv*, March 8. Available [online]: https://www.euractiv.com/section/politics/short_news/eu-socialists-quiet-as-slovak-member-spreads-kremlin-propaganda/

¹² France 24 (2019) *NATO is Suffering 'Brain Death', Argues French President Macron*. Available [online]: <https://www.france24.com/en/20191107-macron-claims-nato-is-suffering-brain-death>



AFTER THE END OF THE COLD WAR, NATO LOST ITS PRIMARY GOAL, WHICH HAD BEEN DEFENSE AGAINST THE USSR AND THE EASTERN BLOC

to Macron's criticism of the United States' approach and the perceived lack of coordination in decision-making between Washington and European nations. For the countries of NATO's eastern flank, the US is seen as the primary guarantor of their independence from Russia. Marko Mihkelson, then Vice Chair of the Foreign Affairs Committee in Estonia, even said that "*deliberately destroying the transatlantic alliance (...) that's just moronic*"¹³.

However, words of the French president held some truth. The then US president Donald Trump and his approach posed, diplomatically speaking, a challenge for European NATO members. He questioned the significance of Article 5, criticized his own allies, and planned to reduce the

¹³ Rose, M. (2019) "Macron's Blunt NATO Diagnosis Was Risky But Necessary, French Officials Say", [in:] *Reuters*, November 8. Available [online]: <https://www.reuters.com/article/uk-nato-france-idUKKBN1X1242>

number of American troops in Europe¹⁴. These actions resulted in tensions within the Alliance.

Moreover, after the end of the Cold War, NATO lost its primary goal, which had been defense against the USSR and the Eastern Bloc. While challenges like terrorism posed threats, they were not considered critical. Thus, consequently, reaching a consensus within the Alliance regarding the prioritization of security threats became difficult. In addition, many NATO members believed that a large-scale armed conflict in Europe was a thing of the past, leading them to neglect the development of their own military capabilities. In 2021, only 8 out of 30 NATO members allocate the required 2% or more of GDP to defense spending¹⁵.

However, February 24, 2022, marked a pivotal moment for NATO. Russia's full-scale invasion of Ukraine has showed that the threat from Russia is real, and unified member countries, contrary to what Putin probably assumed. NATO has once again found a clear and strategic purpose. The North Atlantic Alliance has shown that it works efficiently. Within a few weeks, the eastern flank witnessed a significant strengthening, with 40,000 troops placed under direct NATO command¹⁶. Importantly, not only the United States increased its involvement in the CEE region, but the United Kingdom and France also followed suit. This collec-



NATO HAS ONCE AGAIN FOUND A CLEAR AND STRATEGIC PURPOSE

tive action demonstrates their unwavering commitment to upholding the obligations derived from the Alliance treaty. Additionally, the Netherlands and Belgium made the decision to deploy their troops to Romania, further underlining the unity and dedication of NATO member states¹⁷. Since February 2022, a majority of NATO's members have committed to investing more in defense and at a quickening pace¹⁸.

Russian aggression made Finland and Sweden abandon their long-standing policy of neutrality, and in May 2022 they declared their willingness to join NATO. Finland has already become a member of the Alliance, and Sweden will soon join it as well. Their joining the Alliance will bolster NATO's presence in the Baltic Sea region. It will strengthen the security of the CEE countries, and make it easier to defend them in

¹⁴ Sperling, J. and M. Webber (2019) "Trump's Foreign Policy and NATO: Exit and Voice", [in:] *Review of International Studies*, vol. 45(3); RP. (2020) "Trump Uderza w Jedność NATO", [in:] *RP*, June 23. Available [online]: <https://www.rp.pl/opinie-polityczno-spoleczne/art8899761-trump-uderza-w-jednosc-nato> [in Polish]

¹⁵ NATO (2022) *The Secretary General's Annual Report 2021*, Brussels: NATO.

¹⁶ Euronews (2022) "NATO Now Has 40,000 Soldiers on Europe's Border with Russia", [in:] *Euronews*, May 18. Available [online]: <https://www.euronews.com/my-europe/2022/05/18/nato-now-has-40-000-soldiers-on-europe-s-border-with-russia>

¹⁷ Ministry of Defence of the Netherlands. (2022) "Army Personnel to Romania for NATO", [in:] Ministry of Defence of the Netherlands, April 20. Available [online]: <https://english.defensie.nl/latest/news/2022/04/20/army-personnel-to-romania-for-nato>; NATO Air Command. (2022) "NATO's Eastern Flank: Stronger Defense and Deterrence", [in:] *Twitter*, March 21. Available [online]: https://twitter.com/NATO_AIRCOM/status/1505854454930812928/photo/1

¹⁸ NATO (2023) "Funding NATO", [in:] NATO, July 19. Available [online]: https://www.nato.int/cps/en/natohq/topics_67655.htm



A SERIOUS EXTERNAL THREAT CAN UNITE PEOPLE AND NATIONS BECAUSE IT TRIGGERS A UNITY OF PERCEPTIONS, INTERESTS, AND IDENTITIES. ON THE OTHER HAND, IT CAN TRIGGER DISUNITY AND CONFLICT BY EXPOSING ASYMMETRIES THAT WERE EXISTENT BEFORE THE CRISIS

the event of any potential war. Thus, NATO remains a crucial pillar of security for CEE.

LESSON 3: THE EU IS EFFECTIVE, CONTRARY TO WHAT EUROSCEPTICS SAY

The Russian aggression against Ukraine happened at a time when the EU had already experienced several major crises, including the financial crisis in 2007-09 and the Eurozone crisis, the migration crisis in

2015, and finally Brexit. At the same time, a significant increase in Eurosceptic sentiment was noticeable. Popular support for Eurosceptic parties has increased from almost 20% to 30% between 2007 and 2019¹⁹. A 2021 survey conducted by Kantar on behalf of the European Commission revealed 28% of respondents indicated that their country could better face the future outside the EU²⁰.

In addition, the beginning of 2022 was the moment of recovering from the crisis related to the COVID-19 pandemic. The pandemic itself highlighted among the citizens of EU a belief that the EU did not adequately fulfill its responsibilities. Many people felt that the EU was irrelevant in addressing the challenges posed by the pandemic²¹. All of those previous crises have led to the emergence of divisions between EU members in many dimensions.

The European Union has been repeatedly criticized for its lack of decisive and timely action. In addition, accusations were made against an opaque, oversized, and costly bureaucracy²². The EU was deemed too slow to ratify agreements and not very flexible when funds and budgets had to be modified as a result of crises. It was said to have limited itself to expressing 'deep concern' and reluctant to take more action

¹⁹ Rooduijn, M. et. al. (2019) "The PopuList: An Overview of Populist, Far Right, Far Left and Eurosceptic Parties in Europe", [in:] *The PopuList*. Available [online]: www.popu-list.org

²⁰ European Commission (2021) *Public Opinion in the European Union, Standard Eurobarometer 95*, Brussels: European Commission

²¹ https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_world-view/

²² Bertoincini, Y. and N. Koenig (2014) "Euroscepticism or Europhobia: Voice Vs. Exit?", [in:] *Policy Paper 121*, November 27. Available [online]: <http://www.institut-delors.eu/wp-content/uploads/2018/01/euroscepticis-moreurophobia-bertoncini-koenig-ne-jdi-nov14.pdf>



RUSSIAN AGGRESSION HAD A UNIFYING EFFECT ON THE MEMBERS OF THE EU

when, according to some, it should have. Some of these accusations may have merit, which have provided Eurosceptics with ammunition to attack the EU's effectiveness and portray it as inefficient.

A serious external threat can unite people and nations because it triggers a unity of perceptions, interests, and identities. On the other hand, it can trigger disunity and conflict by exposing asymmetries that were existent before the crisis²³. One could assume that Russian aggression against Ukraine would result in the latter scenario. However, that did not happen. As in the case of NATO, Russian aggression had a unifying effect on the members of the EU. The EU's response has been remarkably prompt and unprecedented. The first package of sanctions was already agreed on February 23, 2022, a day before the Russian invasion began. In less than a month of war, three more packages of sanctions were adopted.

As of July 2023, the European Union has adopted a total of 11 sanction packages against Russia²⁴. Remarkably, EU member states have displayed unprecedented unity in their approach to imposing sanctions on Russia, even when it meant sacrificing economic benefits for themselves. Moreover, the EU's response extends beyond sanctions. Under the European Peace Facility, the EU has agreed to support Ukraine by providing equipment to the Ukrainian military²⁵. Additionally, significant humanitarian aid, amounting to billions of euros, has been provided. Furthermore, in less than a year, the European Union has significantly decreased its reliance on Russian fossil fuels²⁶.

What is more, the measures taken by the EU since the onset of the war have been of significant importance, and arguably groundbreaking, in the realm of European security and defense cooperation. During the informal European Council Summit in Versailles in March 2022, the EU pledged to 'resolutely invest more and better in defense capabilities and innovative technologies'²⁷. Ten days later the EU's Foreign Affairs Council approved the Strategic Compass for Security and Defense, a document outlining over 50 specific goals with deadlines, most of which were set to be achieved before 2025. It is probably the most concrete and realistic roadmap for the EU as security provider in the whole history of

²³ Genschel, P., Leek, L. and J. Weyns (2023) "War and Integration. The Russian Attack on Ukraine and the Institutional Development of the EU", [in:] *Journal of European Integration*, Vol. 45, No. 3.

²⁴ European Council (2023) "Timeline - EU Response to Russia's Invasion of Ukraine", [in:] *European Council*. Available [online]: <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/timeline-eu-response-ukraine-invasion/>

²⁵ <https://blogs.lse.ac.uk/europpblog/2022/04/05/russias-invasion-of-ukraine-a-turning-point-for-european-integration/>

²⁶ <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/impact-of-russia-s-invasion-of-ukraine-on-the-markets-eu-response/>

²⁷ <https://www.consilium.europa.eu/media/54773/20220311-versailles-declaration-en.pdf>



DECISIONS MADE IN 2022, PRIMARILY BY POLAND, HAVE POSITIONED SOUTH KOREA AS A KEY PLAYER IN THE DEFENSE SECTOR WITHIN THE CEE REGION

the EU²⁸. All this shows that the reaction of the European Union was not only quick and decisive, but also encompassed a wide range of areas.

LESSON 4: SOUTH KOREA IS NO LONGER JUST AN ECONOMIC PARTNER

During the late 1980s and early 1990s, Central and Eastern European countries established official diplomatic relations with Republic of Korea (ROK)²⁹. For years, South Korea was primarily recognized as an economic partner, known for its substantial investments in the region. It is not surprising considering that several hundred South Korean companies operate in the CEE. Every few months, the media reports on a new South Korean investment in the

region³⁰. In Poland alone, there are nearly 550 companies backed by ROK capital³¹. Following Poland, the Czech Republic, Slovakia, Hungary, Romania, and Bulgaria are among the countries that have received significant investments from South Korea³². Remarkably, CEE countries contribute approximately 20% to ROK's trade with the European Union, with Poland ranking fourth among South Korea's EU trade partners³³.

Decisions made in 2022, primarily by Poland, have positioned South Korea as a key player in the defense sector within the CEE region. In fact, Poland was a pioneer in establishing cooperation with ROK in this field. The collaboration began in 2013 when both countries signed a defense cooperation agreement, followed by a subsequent agreement the following year for the supply of chassis for self-propelled howitzers, known as the AHS Krab³⁴. This is how the presence of 'made in ROK' military equipment in the CEE region began. Estonia was next, ordering 12 K9 Thunder self-

³⁰ See: <https://www.savills.us/insight-and-opinion/savills-news/289851/savills--south-korean-investment-acquisitions-in-europe-hits-record--6.2bn-in-h1-2019>; <https://koreapro.org/2023/01/the-untapped-potential-for-south-korean-investment-in-central-and-eastern-europe/>

³¹ Polish Investment and Trade Agency (2022) "PAIH zorganizowała polsko-koreańskie forum biznesowe", [in:] PAIH, September 23. Available [online]: https://www.paih.gov.pl/20220923/paih_zorganizowala_polsko_koreanskie_forum_biznesowe [in Polish]

³² <https://emerging-europe.com/business/why-poland-is-increasingly-south-koreas-gateway-to-the-eu/>

³³ KOSIS (2023) "Exports and Imports by Nation". Available [online]: https://kosis.kr/statHtml/statHtml.do?orgId=360&tblId=DT_1R11006_FRM101&connPath=12&language=en

³⁴ *Umowa Między Rzeczpospolitą Polską a Republiką Korei o Współpracy w Dziedzinie Obronności* (2013) M.P. 2018 poz. 959. Available [online]: <https://isap.sejm.gov.pl/isap.nsf/download.xsp/WMP20180000959/O/M20180959.pdf> [in Polish]; Wilewski, K. (2014) "Program 'Krab' będzie kontynuowany", [in:] *Polska Zbrojna*, December 17. Available [online]: <https://polska-zbrojna.pl/home/articleshow/14517> [in Polish]

²⁸ <https://www.delorscentre.eu/en/publications/detail/publication/putins-war-and-the-strategic-compass-a-quantum-leap-for-the-eus-security-and-defence-policy>

²⁹ Matura, T. (2014) "Central Europe and the Republic of Korea: Politics, Economy, and Perceptions", [in:] *Journal of Contemporary Korean Studies*, Vol. 1, No. 1.

propelled howitzers from Korea in 2018 (and in the following years, Tallinn bought additional K9s)³⁵.

However, until 2022, these were essentially the only real effects of cooperation between CEE and Korea when it came to military and defense issues. The full-scale Russian invasion of Ukraine elevated the Polish-South Korean defense cooperation to a new level, granting Seoul a strong position in the CEE region. It would not be an exaggeration to say that in July 2022, the Polish authorities surprised the global defense industry by announcing the signing of several framework agreements with South Korea for the purchase of K2 tanks, self-propelled howitzers (K9), and light combat aircraft (FA-50), with a combined value of at least several billion USD³⁶. In addition to that, there is also an agreement for the purchase of K239 Chunmoo MLRS, along with ammunition, and logistical and training packages, totaling over 3 billion USD³⁷. Apart from sales, South Korea also offers the transfer of technology and production to Poland.

The recent collaboration between Poland and ROK has sparked interest in South Korean military equipment among other countries in the CEE. In 2023, Romania signed memorandums of understanding with Hanwha Aerospace and LIG Nex1. The agreements focus on the export of K9, Redback infantry fighting vehicles and portable short-range anti-aircraft missiles

³⁵ <https://news.err.ee/842341/gallery-estonia-south-korea-sign-artillery-purchase-agreement>

³⁶ Song, S. (2022) "Poland Signs Deal to Buy S. Korean-made Fighters, Tanks, Howitzers", [in:] *Yonhap*, July 27. Available [online]: <https://en.yna.co.kr/view/AEN20220727009151325?section=search>

³⁷ Ko, D. (2022), "Korea Inks Record \$3.55 Billion Weapons Export Deal with Poland", [in:] *Korea Times*, November 4. Available [online]: https://www.koreatimes.co.kr/www/nation/2023/06/113_339217.html



THE RECENT COLLABORATION BETWEEN POLAND AND ROK HAS SPARKED INTEREST IN SOUTH KOREAN MILITARY EQUIPMENT AMONG OTHER COUNTRIES IN THE CEE

to Romania³⁸. Several European countries are also considering the adoption of the K2 for their own armed forces. The fact that Koreans are interested in establishing military production facilities in Europe has further encouraged CEE countries to explore cooperation with South Korea, considering their own limited armaments industries.

Moreover, in July 2023, the president of South Korea took part in the NATO Summit for the second time in history. The Alliance and the ROK signed the Individually Tailored Partnership Programme. The agreement covers 11 areas of cooperation, including cyber defense, enhancing interoperability, new technologies, arms control and non-proliferation cooperation,

³⁸ <https://koreapro.org/2023/07/why-south-koreas-outreach-to-nato-could-pose-problems-at-home/>



THE NORTH ATLANTIC ALLIANCE RECOGNIZES THE VITAL IMPORTANCE OF COLLABORATING WITH SEOUL, AND THIS PARTNERSHIP IS EXPECTED TO FLOURISH IN THE FUTURE

and strategic communication³⁹. Thus, the relationship between NATO and South Korea has been elevated to a more significant level. This shows that the North Atlantic Alliance recognizes the vital importance of collaborating with Seoul, and this partnership is expected to flourish in the future. Likewise, the European Union is increasingly recognizing the crucial role of South Korea in matters of security⁴⁰.

The significant contracts and strengthened defense cooperation create a natural

pathway towards joint production of military equipment and potential collaborative projects in the future, such as involvement in producing the KF-21. Notably, CEE, and above all Poland, is becoming a leader in European-Korean defense cooperation. Through this cooperation, Poland can more broadly shape the EU and, to a lesser extent, NATO dialogue with South Korea in the security and defense dimension.

LESSON 5: CITIES AND REGIONS MATTER

The full-scale Russian invasion of Ukraine in 2022 has shown that cities and regions are not only places where crises happen, but they are also active actors, which respond to and address the consequences of the war. Local governments can establish emergency response mechanisms, allocate financial and material resources, and engage local stakeholders to ensure an effective and comprehensive humanitarian response. By taking on the role of an actor, they demonstrate their ability to contribute proactively to the well-being and resilience of their communities, facilitating timely and targeted interventions to alleviate the challenges faced during times of crisis⁴¹.

Local governments not only act within their own capacities, but foster collaboration and receive support from partners from abroad too, or they can also be a donor of aid for other cities and regions that are currently in crisis. Right after the current war began, cities and regions in the world, and above all in Europe, immediately began to help their Ukrainian cities and partner districts. It was primarily humanitarian and financial aid. However, it is impossible to list and describe all examples. In the first few days of the war, Finnish cities raised

³⁹ Lee, H. (2023) "S. Korea, NATO Establish New Partnership for Cooperation in 11 Areas", [in:] *Yonhap*, July 11. Available [online]: <https://en.yna.co.kr/view/AEN20230711008400315>

⁴⁰ Gracianteparaluceta, D. (2023) "EU-Korea Security Cooperation and the War in Ukraine – A Double-edged Sword for Seoul?", [in:] *EIAS*, May 26. Available [online]: <https://eias.org/publications/eu-korea-security-cooperation-and-the-war-in-ukraine-a-double-edged-sword-for-seoul/>

⁴¹ Roepstorff, K. (2020) "A Call for Critical Reflection on the Localization Agenda in Humanitarian Action", [in:] *Third World Quarterly*, Vol. 41, No. 2.



CITIES AND REGIONS ARE NOT ONLY PLACES WHERE CRISES HAPPEN, BUT THEY ARE ALSO ACTIVE ACTORS, WHICH RESPOND TO AND ADDRESS THE CONSEQUENCES OF THE WAR

around EUR 1.5 million in humanitarian aid for Ukraine. At the beginning of March, the Warmińsko-Mazurskie Voivodship in Poland decided to transfer PLN 200,000 (over EUR 45,000) from the local government budget for material assistance for the partner Rivne Oblast⁴².

Transparent Cities⁴³ conducted research on the aid provided by foreign cities to their 25 Ukrainian partners (the leading cities in the Transparency Ranking) during the initial 50 days of the war. All of those 25 cities received humanitarian aid from their partners from abroad 65 times. To only Lviv alone, 3,400 tons of assistance were delivered,

⁴² Makarewicz, N. (2022) "Jednogłośna decyzja: Warmińsko-mazurskie zrywa współpracę z obwodem kaliningradzkim", [in:] *RMF*, March 3. Available [online]: https://www.rmfm24.pl/regiony/olsztyn/news-jednoglosna-decyzja-warminsko-mazurskie-zrywa-wspol-prace-z-o.nld.5869340#crp_state=1 [in Polish]

⁴³ Transparent Cities is a branch of Transparency International that promotes transparency, local authority control and anti-corruption in Ukraine.

including food, medicines and medical equipment, or clothes⁴⁴.

Although local governments face limitations in this regard due to the nature of countries' systems and competencies related to military equipment procurement, some Ukrainian local governments received equipment intended for the Armed Forces of Ukraine and the Territorial Defense Forces. The examples of Khmelnytskyi and Chernivtsi, who received such assistance from their Polish partners, namely Ciechanów and Konin, respectively, include the provision of reconnaissance drones, night-vision devices, and soldier equipment such as helmets⁴⁵.

The Russian invasion of Ukraine revealed that numerous cities and regions were willing to offer support to Ukrainian local governments, even in the absence of a specific cooperative framework. For instance, Konotop, with only one partner city in Bulgaria, received assistance from six cities in Poland, including the capital Warsaw, as well as from two cities from the Czech Republic and Lithuania⁴⁶. Fort Wayne and Tyler from the United States organized fundraisers for Ukraine. They then donated over USD 100,000 to their partner cities in Poland, Płock and Jelenia Góra, respectively, who in turn used the funds to help

⁴⁴ Transparent Cities. (2022) "Twin Cities Helping Ukraine: Who and How Supports Our Cities", [in:] *Transparent Cities*, May 22. Available [online]: <https://transparentcities.in.ua/en/articles/dopomoha-mist-pobraty-miv--ukraini-khto-i-yak-pidtrymuie-nashi-mista>

⁴⁵ Oworuszko, J. (2022) "Ciechanów Pomaga Ukrainie. Blisko 90 tys. zł na zakup dronów i noktowizorów", [in:] *Interia*, May 6. Available [online]: <https://wydarzenia.interia.pl/raporty/raport-ukraina-rosja/aktualnosci/news-ciechanow-pomaga-ukrainie-blisko-90-tys-zl-na-zakup-dronow-i.nld.6007256> [in Polish]; Smałhina, A. (2022) "Як Міста-побратими Можуть Допомогти у Відновленні України? Приклади та Інструкція", [in:] *Рубрика*, July 4. Available [online]: <https://rubryka.com/article/twin-cities-help-ukraine/> [in Ukrainian]

⁴⁶ Konotop City Official (2023).



CEE COUNTRIES WERE UNDERESTIMATED IN THEIR CONCERNS ON RUSSIAN AGGRESSIVE POLICY

Ukrainian refugees in Poland and to support their own twin cities in Ukraine⁴⁷.

From January to March 2023, I conducted surveys in Ukrainian cities with over 50,000 inhabitants⁴⁸. Out of the 39 cities that responded, 26 of them signed at least one new partnership agreement with a foreign city after February 24, 2022. In total, they concluded 62 new partnerships, with 22 more planned. The new partner cities of Ukrainian are from 21 countries. Among these, 53 cities, accounting for 85% of the total, are located within Europe, with 50 cities representing member states of the European Union.

One very significant change has taken place in terms of establishing partnerships between cities. Prior to the Russian full-scale invasion, the inclination for coop-

⁴⁷ Matiaszczyk, N. (2022) "Paradyplomacja w warunkach wojennych – wsparcie dla Ukrainy na poziomie miast i regionów", [in:] *Instytut Nowej Europy*, October 14. Available [online]: <https://ine.org.pl/paradyplomacja-w-warunkach-wojennych-wsparcie-dla-ukrainy-na-poziomie-miast-i-regionow/> [in Polish]

⁴⁸ The research survey was undertaken within Ukrainian cities, which were under the full control of the Ukrainian authorities as of January 1, 2023. There were 56 such cities. The questionnaire was sent to city offices via e-mails. The comprehensive findings of the research will be made available in an academic journal publication.

eration between Ukrainian cities and those in Western countries primarily originated from the Ukrainian side⁴⁹. Out of 26, only four cities indicated that they acted solely as initiators in establishing new partnerships. According to the survey results, 16 Ukrainian cities acquired at least one new partnership due to the proactive engagement of foreign cities. An interesting example is Zhytomyr – the city received six new partnerships, and all of them were initiated by foreign cities⁵⁰. This clearly shows that there is an increasing interest of Western cities in cooperation with Ukrainian counterparts.

CONCLUSIONS

The Russian full-scale invasion of Ukraine has shifted the European center of gravity to the east, giving more attention to the countries of Central and Eastern Europe. It has completely changed the situation in the region, providing both opportunities and challenges.

CEE countries were underestimated in their concerns on Russian aggressive policy. However, they are now being listened to much more closely by politicians and decision makers in Western capitals. Early recognition of security threats and prompt action were the reason for the increase in importance and improvement of their image in the world. It is essential for them to capitalize on the acknowledgment of their significance by states in Western Europe and avoid self-destructive actions fueled by internal populist sentiments.

NATO has proven to be a vital pillar of security for CEE states. The Alliance's ability

⁴⁹ Teise, E. 2022. "Десятки Німецьких Міст Шукають Партнерів в Україні", [in:] *DW*, June 28. Available [online]: <https://www.dw.com/uk/solidarnist-hromad-desiatky-nimetskykh-mist-shukaiut-partneriv-v-ukraini/a-622-71469> [in Ukrainian]

⁵⁰ Zhytomyr City Official (2023).

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ACKNOWLEDGING
THE SIGNIFICANCE
OF COLLECTIVE
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ING GEOPOLITICAL
LANDSCAPE AND EF-
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FORTHCOMING
CHALLENGES

to act quickly and decisively in response to Russian aggression on Ukraine demonstrated its critical role in safeguarding the region. The decision to enlarge NATO was driven by the necessity to bolster collective defense efforts, thus it will lead to enhanced regional security.

The European Union showcased its effectiveness in addressing security concerns and fostering unity among its member states during the crisis of war. Despite the challenges posed by the Russian invasion, the EU displayed resilience and cohesion, acting collectively to keep the security and

stability of its members. The war has served as a rallying point, highlighting the EU's ability to overcome internal divisions and present a united front against external threats.

Meanwhile, the evolving role of South Korea as a strategic player in the CEE region opens up promising avenues for enhanced security and military cooperation – not only through military contracts, but also through ROK partnerships with NATO. Beyond economic ties, defense partnerships with South Korea hold the potential to strengthen the region's stability and security dynamics.

Lastly, the war exposed the crucial role local governments play in enhancing resilience and international cooperation. The conflict became a catalyst for establishing new international collaborations at the sub-state level, emphasizing the importance of local entities in promoting stability and fostering ties in the region.

Finally, the war's lessons underscore the need for continuous vigilance and collaboration among CEE countries, within the NATO and the European Union, as well as with external partners. Acknowledging the significance of collective defense, unity, and cooperation across all levels will enable the CEE region to adeptly navigate the changing geopolitical landscape and effectively address forthcoming challenges. The war in Ukraine has thus become a wake-up call, illuminating the region's importance and potential for strategic partnerships, thereby paving the path towards a more secure and stable future in the CEE.



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NATALIA
MATIASZCZYK

A PhD candidate at the University of Lodz. Her research focuses on politics and security in CEE and East Asia

creative talent,
and conceptual

Hope

n. 1 The ex-
pectation and
desire for
something to
happen

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Russian Aggression on Ukraine: Resilient Government and Adaptive Business



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YEVHEN
ANHEL



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OLEKSANDRA
BETLIY



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OKSANA
KUZIAKIV

The full-scale war that Russia waged against Ukraine has drastically impacted the situation in Ukraine. Many Ukrainians were forced to flee the country and seek safer regions or countries: according to estimates, about 8 million became refugees, while around 5 million are internally displaced people (IDPs). Real GDP dropped by 29% in 2022 due to temporary occupation of part of the territory, broken supply chains, problems with logistics, and a decline in consumption and investment demand.

From the first day of the full-scale invasion, Ukraine's government was fully operational, negotiating support from international partners and approving the decisions to increase the resilience of the country. The behavior of businesses changed as companies had to work and make decisions in extraordinary conditions, where missiles and drone attacks by Russians are a greater obstacle to business activity than, for example, corruption.

THE GOVERNMENT REMAINED IN PLACE EVERY DAY DURING THE WAR

The government (in a broad sense of the definition) in Ukraine has remained in place and operational from the first day of the full-scale invasion on February 24, 2022. The government's key objectives since that date aimed to ensure the financing of defense and security, as well as negotiate with international partners for larger military, financial, and humanitarian assistance. Apart from those, while characterizing government policies, the following tasks can be defined:

- support of vulnerable groups of the population through timely and full social payments and wages;

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IN MARCH 2022, THE UKRAINIAN GOVERNMENT INTRODUCED A ONE-TIME PAYMENT OF UAH 6,500 FOR ALL DISPLACED INDIVIDUALS WHO REGISTERED FOR THE PAYMENT THROUGH THE ELECTRONIC APPLICATION DIIA

- support of businesses through tax exemptions, improved logistics, relocation programs, and discounted credits;
- facilitating public services through digitalization;
- implementing emergency projects (especially in the energy sector) to improve access to electricity after Russia destroyed or damaged an enormous share of energy infrastructure.

WAGES AND SOCIAL PAYMENTS

Already in the first days of the full-scale invasion, the government tried to ensure the evacuation of people from the territories

which were at risk of occupation or under constant missile attacks. There were numerous trains coming from the south and east of Ukraine to the center and west of the country. Local budgets were allowed to use their funds on humanitarian assistance to internally displaced people, as well as for organizing shelters.

In March 2022, the Ukrainian government introduced a one-time payment of UAH 6,500 for all displaced individuals who registered for the payment through the electronic application Diia. The registered IDPs received UAH 2,000 per adult and UAH 3,000 per child and disabled person. However, only IDPs from territories defined in the list of the Ministry of Reintegration were granted the payment. Moreover, it approved the decision to index pensions as it was planned before. The government also continued paying wages to civil servants and budget sector employees (e.g., in education and healthcare). Such an approach aimed to restrict a further increase in poverty – which still reached 25%, according to the estimate by the World Bank in February 2023¹.

To ensure better access of Ukrainians to public services, digitalization was used as a tool. Individuals were granted the right to register as IDPs or unemployed online through the Diia application. Moreover, now, they can apply for housing and utility subsidies also online.

In the summer of 2023, the government launched the eVidnovlennia (*electronic recovery*) program, which provides individuals with compensation of up to UAH 200,000 for the damaged housing be-



THE FIRST POLICY STEPS TO AID BUSINESS IN UKRAINE WERE RELATED TO THE INTRODUCTION OF TAX EXEMPTIONS AND A MORATORIUM ON TAX INSPECTIONS

cause of Russian missile and drone attacks. Larger scale damages will be compensated later as the procedures are not yet finalized, and the money for the payment is still in shortage.

BUSINESS SUPPORT

The first policy steps to aid business in Ukraine were related to the introduction of tax exemptions and a moratorium on tax inspections. Therefore, businesses of any type received the possibility to enjoy a 2% unified tax (which substituted VAT and CPT) at the simplified taxation scheme (STS). Micro-private entrepreneurs on the simplified taxation system that provided services or sold goods primarily to households were exempt from the obligation to pay unified tax². A zero VAT rate on imports was

¹ World Bank (2023) *Ukraine: Rapid Damage and Needs Assessment: February 2022–February 2023*. Available [online]: <https://documents1.worldbank.org/curated/en/099184503212328877/pdf/P1801740d1177f-03c0ab180057556615497.pdf>

² Unified tax is applicable to individual entrepreneurs working on simplified taxation. It in fact substitutes the number of taxes that exist on general taxation system.

imposed as well. Such decisions were approved based on the assumption that the war would not last long, and, as it turned out to be wrong, the tax exemptions have been reversed. Since July 2022, the zero import VAT rate has been canceled, while the 2% unified tax was canceled in August 2023.

After Russia destroyed or heavily damaged the oil refineries and fuel storage in Ukraine, the government reduced the VAT rate to 7% (instead of 20%) and introduced a zero-excise rate on fuel. Excises were partially restored in October 2022. Since July 2023, the 20% VAT and full excise rate have been re-introduced.

Needless to say, Russia's missile and drone attacks in autumn of 2022 destroyed or damaged a large share of energy infrastructure and caused the blackout in Ukraine in November. As a result, the government introduced VAT exemptions for importing energy generators, batteries, and other similar appliances to help businesses and the population survive through the winter. Such exemptions existed until May 2023.

Considering the fact that one of the largest impediments to business operations was the danger to work, in 2022, the Ukrainian

government ran a state program of relocation for companies to safer regions, which was aimed to alleviate the costs of transportation. Indeed, about 800 companies relocated within this program. Moreover, the subsidized job program for hiring IDPs was also introduced.

Logistics has been a major issue for many large companies in Ukraine as traditional routes for freight transportation were broken. Therefore, much effort was put into ensuring better logistics – especially for exports. For railway freight transportation, there is a problem with low capacity to increase transportation in neighboring countries. The government introduced electronic queues (e-Cherha) to facilitate freight transportation by trucks, which regulates the order of cars passing the customs control on the border. Reached in the summer of 2022, the Grain Initiative was a success, as it allowed exports of grain through three Odesa Sea ports. However, already in July 2023, Russia deliberately stopped the Grain Initiative and heavily bombed the port infrastructure in Odesa.

Meanwhile, the government expanded the program of subsidized loans '5-7-9%' to cover operational costs. Large companies were also given the possibility of receiving loans through the program, which was initially designed for small and medium companies. In 2023, the program was partially streamlined to concentrate more on investment projects. It is likely to focus again only on Small and Medium Enterprises (SMEs) later in the year 2023. To support financial businesses, small grants were also introduced for micro-businesses as well as for agricultural companies³.



LOGISTICS HAS
BEEN A MAJOR
ISSUE FOR MANY
LARGE COMPANIES
IN UKRAINE

³ See: <https://suspilne.media/252557-urad-vprovadzuetri-granti-dla-biznesu-ak-podatisa-ta-hto-moze-prenduvati-na-grosi/> [in Ukrainian]



OVERALL, THE POLICIES OF THE NATIONAL BANK OF UKRAINE (NBU) BEFORE THE FULL-SCALE WAR AND DURING 2022 HELPED MAIN- TAIN THE BANKING SECTOR'S STABILITY

FINANCIAL STABILITY

Overall, the policies of the National Bank of Ukraine (NBU) before the full-scale war and during 2022 helped maintain the banking sector's stability. Already on 24-25 February 2022, the NBU immediately imposed FX controls, restricting the purchases of foreign currency and its transfer abroad. At the same time, the hryvnia exchange rate was fixed. Good communication with banks and the population helped to keep the market stable.

The National Bank of Ukraine also provided banks with refinancing loans for several months to support their liquidity. Later, in June 2022, the NBU picked the key rate by 15 p.p. to 25% per annum to restrict inflation and later devalued hryvnia as the official rate was much stronger than the market one. In June, the NBU approved the *Strategy to Ease FX Restrictions, Transition to Greater Flexibility of the Exchange Rate, and Return to Inflation Targeting*, which

was one of the structural benchmarks of the IMF program.

FINANCING

In the first months of the full-scale invasion, the Ukrainian government financed its liabilities largely at the expense of the direct financing of the NBU, which was voted to become possible in the first days of the war (but is forbidden during peacetime)⁴. Overall, in 2022, the NBU purchased the government domestic bonds directly at the amount of UAH 400 billion (equivalent of USD 12.5 billion), mostly in the first half of the full-scale war⁵. Direct NBU financing is not used in 2023 to cover the fiscal gap. The placement of domestic government bonds added up to total gross financing in the equivalent of USD 7.7 billion.

It is important to mention that social payments and wages in the second half of 2022 and in 2023 have been predominantly financed at the expense of international assistance received through grants or concessional loans. Total financing received in 2022 in the form of international grants and concessional lending reached USD 32 billion in 2022 and USD 23.6 billion in 2023 (as of July 21, 2023)⁶. The United States and the European Union are leading this assistance, but with different approaches. The U.S. aids Ukraine with grants, whereas the EU provides concessional loans for long maturity with no interest if Ukraine fulfills all conditions. In June 2023, the European Commission initiated the EUR 50 billion Ukraine Facility to be provided to Ukraine

⁴ CMU resolution is available at: <https://zakon.rada.gov.ua/laws/show/156-2022-%D0%BF#Text> [in Ukrainian]

⁵ Budget financing in 2022 is available at the site of the Ministry of Finance of Ukraine: https://www.mof.gov.ua/storage/files/Financing_en_30_12_22_corrected.pdf

⁶ Budget financing in 2023 is available at the site of the Ministry of Finance of Ukraine: [https://www.mof.gov.ua/storage/files/23-07-21%20W29%20Foreign_Financing%20\(website\)%20EN.jpg](https://www.mof.gov.ua/storage/files/23-07-21%20W29%20Foreign_Financing%20(website)%20EN.jpg)

during the next four years – under the condition that Ukraine meets the list of conditionalities.⁷

Still, at the beginning of the full-scale invasion, the first substantial financial support was provided in March 2022 by the IMF within the Rapid Financing Instrument⁸. Later in October, the IMF provided another loan under the new food shock window of the Rapid Financing Instrument⁹. As the IMF policies did not allow it to provide the full-scale program to Ukraine, it first provided the Board Monitored Program, which envisaged structural benchmarks but without money provision, and later changed the policies, which enabled the Fund to provide Ukraine full-fledged 4-year EFF program at USD 15.6 billion.

The international capital markets are clearly closed for Ukraine since February 24, 2022. Therefore, the government negotiated a two-year standstill on all payments on Eurobonds since September 2022. At the same time, further steps are needed for the debt restructuring to be negotiated in 2024, which is already envisaged in the IMF memorandum.

THE UKRAINIAN ECONOMY IS RESISTING AND RECOVERING: WHERE DO BUSINESSES FIND THE SOURCE OF OPTIMISM IN WARTIME?

Business optimism has remained high during all full-scale Russian military aggression periods, while the extended future remains

⁷ European Commission (2023) Ukraine: Commission Proposes to Set Up a Dedicated Facility to Support Ukraine's Recovery, Reconstruction, and Modernization. Available [online]: https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3355

⁸ <https://www.imf.org/en/News/Articles/2022/03/09/pr2269-ukraine-imf-executive-board-approves-usd-billion-in-emergency-financing-support-to-ukraine>

⁹ <https://www.imf.org/en/News/Articles/2022/10/07/pr22343-imf-approves-emergency-financing-support-to-ukraine>



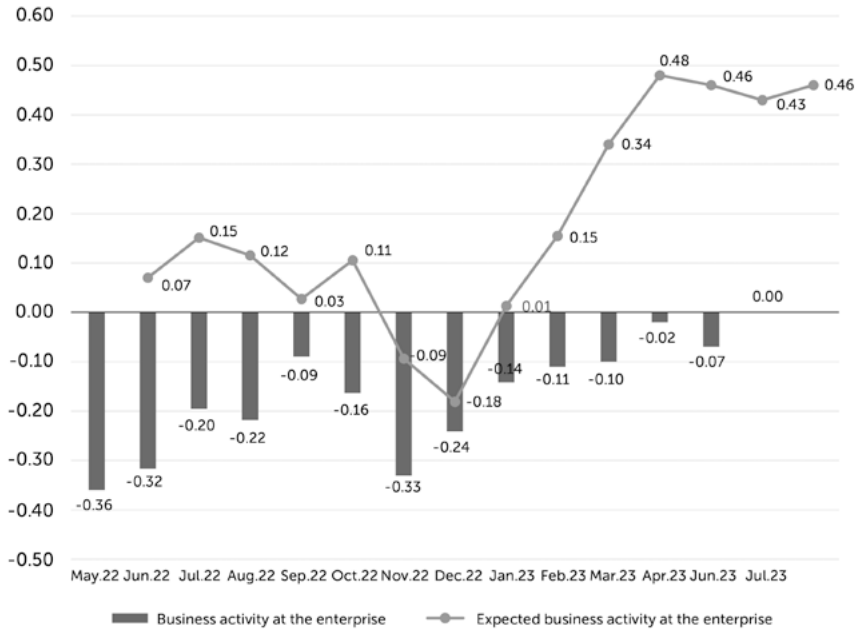
SOCIAL PAYMENTS AND WAGES IN THE SECOND HALF OF 2022 AND IN 2023 HAVE BEEN PREDOMINANTLY FINANCED AT THE EXPENSE OF INTERNATIONAL ASSISTANCE RECEIVED THROUGH GRANTS OR CONCESSIONAL LOANS

unclear. This is the main message received every month after analyzing the results of the new monthly survey of enterprises *Business in Wartime*, which the Institute of Economic Research and Political Consultations (IER) conducts every month from the 15th to the 30th. We interviewed managers of 500+ industrial enterprises of all sizes located in 22 out of 27 regions of Ukraine – several regions where the survey is conducted border directly with the battlefield¹⁰.

For example, in May 2023, against the background of escalating missile attacks, businesses continued to have an

¹⁰ NRES (2022-2023) #1-14. Available [online]: http://www.ier.com.ua/en/trade_facilitation/survey

Figure 1: Business activity at the enterprises in Ukraine



Source: IER (2023) *New Monthly Enterprises Survey: Ukrainian Business in Wartime*

Note: All indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased.

optimistic mood, although, in the long-term perspective, uncertainty increased. Therefore, for the time being, it seems that nothing can limit the optimism of Ukrainian business.

THE TIMELINE OF CHANGES IN THE BEHAVIOR OF BUSINESS ENTITIES DURING WARTIME¹¹

In the first days of the full-scale war of Russia against Ukraine, the Government of Ukraine temporarily simplified obligatory reporting of business to the Ukrainian Statistical Service (Ukrstat). As a result,

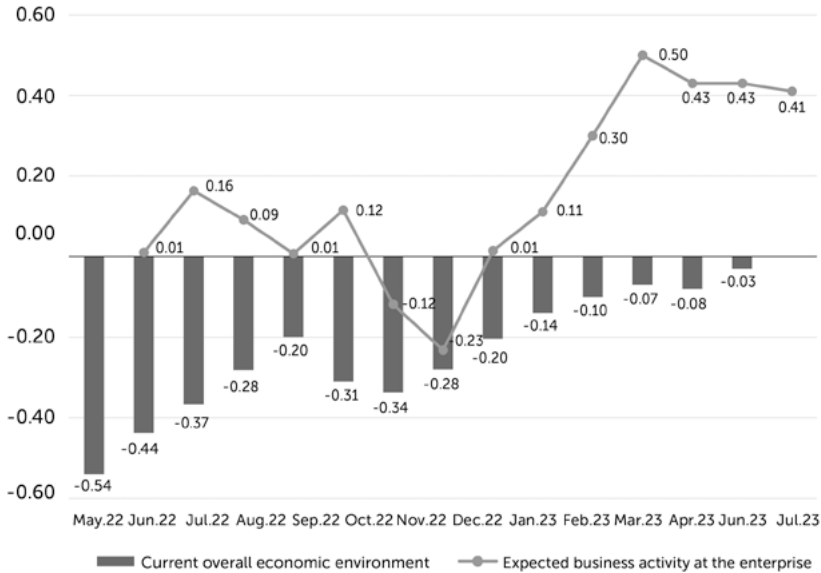
the Ukrstat stopped publishing economic data. This pushed the IER to launch New Monthly Enterprises Survey (#nres) aiming at collecting enterprises opinions to better understand the behavior of businesses.

The results of the first spring waves of #nres¹² in 2022 showed that Ukrainian businesses were significantly affected by the war [See: Figures 1 and 2]. One in three of the surveyed enterprises reported

¹¹ The presented data is based on the New Enterprises Survey, #nres, No. 1-14, for the years 2022-2023. See: http://www.ier.com.ua/en/trade_facilitation/survey

¹² *New Monthly Enterprises Survey (#nres)* is a survey that is a part of the *Business Tendency Survey*. The Institute for Economic Research and Policy Consulting conducts the *New Monthly Enterprises Survey* to quickly collect information on the current economic state at the enterprise level. The methodology is designed to assess the situation from the 'base level': the opinions and expectations of key economic agents – such as entrepreneurs and business managers.

Figure 2: Overall economic environment in Ukraine



Source: IER (2023) *New Monthly Enterprises Survey: Ukrainian Business in Wartime*

Note: All indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased.

a reduction in production by more than half compared to pre-war times, and 10% ceased operations. Negative trends lasted at least two months, and in April the situation became worse than in March.

In addition to the decline in production, uncertainty is another significant indicator of the war's impact on Ukraine's economic situation. In May, about half of the respondents could not forecast changes in the financial and economic situation (45.0%) and the general economic situation (47.7%). The share of respondents who could not give a forecast for the future of 1-2 months regarding changes in key production and financial indicators varies depending on the indicator from 14.7% (number of employees) to 27.8% (receivables).

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FURTHER STEPS
ARE NEEDED
FOR THE DEBT
RESTRUCTURING
TO BE NEGOTIATED
IN 2024,
WHICH IS ALREADY
ENVISAGED
IN THE IMF
MEMORANDUM



DUE TO THE RUSSIAN ATTACK ON CIVIC INFRASTRUCTURE, INCLUDING ELECTRO-POWER PLANTS, ENTERPRISES TEMPORARILY SUSPENDED WORK DUE TO POWER OUTAGES

At the same time, against the background of uncertainty, business in Ukraine had quite positive expectations. Thus, **in May 2022**, the share of enterprises where production growth is planned exceeded the share of those where production volumes were expected to decrease (32.2% and 17.9%, respectively).

Already **in June**, business adapted to work in war conditions, in the **summer months**, against the background of a gradual decrease in the level of uncertainty, both in the medium and short term, business production expectations improve. A decrease in the rate of expected reduction in output and employment was recorded, and the share of enterprises increasing the use of their own production capacities was growing.

In August 2022, the production recovery in Ukraine continued, but the dynamics of indicators of the economic situation indicated **a slowdown in positive trends**. The main reasons for such expectations were the continuation of the active phase of the war and the postponement of victory, the devaluation of the hryvnia that took place in August, and the uncertainty about the duration of the simplified tax regimes introduced at the time of martial law.

In September 2022, against the backdrop of a successful counteroffensive by the Ukrainian armed forces, there was significant improvement in expectations and assessments of the economic situation and business climate. All indicators improved. Uncertainty remained high, but two opposing trends existed in different forecasting horizons. Uncertainty in the long term grew, and in the three-month perspective, it became easier for entrepreneurs to forecast their activities.

In October 2022, Russian missile terror significantly affected the overall economic situation. The importance of electricity problems as an obstacle increased 13 times (!) and took the 2nd position in the ranking of obstacles. Production plans and expectations for all performance indicators of enterprises for 3 and 6 months deteriorated, but long-term plans remained unchanged.

In November and December 2022, businesses continued to feel the impact of Russian missile terror, but adapted to work in such conditions. The trend of deterioration of half-year expectations of the general economic situation and the situation at the enterprise level stopped. Production expectations improved in the short term.

Due to the Russian attack on civic infrastructure, including electro-power plants, enterprises temporarily suspended work

due to **power outages**, but most of the surveyed enterprises informed that they provided themselves with independent power sources. The average time when enterprise did not work due to power outages was 21% and 23% of working hours in November and December 2022.

Business optimism improved in January 2023, a year after the last pre-war month. Business plans for the next two years remained **optimistic**, while **uncertainty increased** in the long-term.

In February 2023, despite the high level of long-term uncertainty, assessments and expectations of enterprises are improving significantly. In particular, enterprises' expectations of changes in the financial and economic situation in the half-year perspective have increased rapidly (the value of the corresponding index has more than doubled, from 0.15 to 0.34). At the same time, against the background of optimistic business expectations, in February, for the first time since the beginning of the war, there was an increase in difficulties in finding both skilled and unskilled workers.



ONLY IN THREE
MANUFACTURING
INDUSTRIES (FOOD,
LIGHT, AND PRINT-
ING) MORE THAN
HALF OF ENTER-
PRISES OPERATED
AT FULL CAPACITY

In March 2023, the economic situation of enterprises improved significantly, and business leaders' optimism in the short and medium term continued to grow significantly. Assessments of the then current situation in the country and in the enterprise were improving for the fourth month in a row. Blackouts were becoming less frequent, as well as the number of missile attacks. As a result, on average, due to power outages, enterprises lost only 6% of the total volume of work in February. The importance of an approach that 'it is dangerous to work' as an obstacle to doing business continued to decrease.

In April 2023, enterprises showed the best results for the entire survey, and the resumption of production continued. The percentage of enterprises operating at almost full capacity and at full capacity was the highest in the last 12 months. The economic situation at enterprises in April 2023 compared to April 2022 improved significantly, and plans for the next two years remained cautiously positive.

In May 2023, business optimism remained quite high in the background of the military escalation, while the distant future became even more uncertain, according to respondents. With the intensification of missile attacks, the importance of 'working dangerously and power outages' as obstacles to doing business has increased somewhat.

In June 2023, business behavior expectations continued to change. Long-term uncertainty has increased, and the share of enterprises that were not able to answer questions about what would happen at the enterprise in two years increased from 56.5% to 60.8%. Expectations in the half-year perspective remained very optimistic, while for the first time in several months, there was a slight increase in uncertainty in

the short and medium term. At the same time, the then current situation was characterized as quite positive. The share of enterprises operating at almost full capacity and total capacity was the highest since the beginning of the war. At the same time, the physical security issues of business remained in the top 5 obstacles to business operations in wartime.

SECURITY IS THE MAIN FEATURE OF SUSTAINABILITY

The first main feature of sustainability in wartime is security. The more Ukraine can protect its citizens from enemy air attacks, the more confident business is. Let us consider the following example. Rising prices for materials and raw materials, logistical problems in the middle of the country, and a decrease in demand led to the rating of obstacles to doing business in May 2023. The importance of the obstacle to work dangerously increased again after the increase in the number of missile strikes on Ukrainian cities by the Russian Federation.

The share of enterprises that chose dangerous work as an obstacle to doing business, after decreasing to 25% in April, increased again to 32% of respondents in May. Such results show that the issue of security and how Ukraine can protect its territory from terrorist missile attacks of Russia is very important for economic recovery.

MANUFACTURING INDUSTRIES THAT DEMONSTRATE BETTER RESILIENCE IN WARTIME UKRAINE

Russia's invasion of Ukraine highlighted the weak points in Ukraine's manufacturing sector. The IER survey results demonstrate that selected industries have higher levels of wartime resilience [See: Figure 3]. As of June 2023, 78% of enterprises in the food industry operated at full capacity or more in comparison with the prewar period, the highest result noted among manufactur-



42% OF METALLURGY AND METALWORKING ENTERPRISES REDUCED THEIR PRODUCTION BY MORE THAN HALF

ing industries. Food production has kept recovery leadership almost in each month since the first survey wave. Alongside fulfilling domestic demand, processed food products can also be transported to international markets despite the sea blockade.

In the light industry sector, which must have also heavily benefited from domestic demand, including military, 69% of enterprises operated at full capacity or more in comparison with the prewar period. Altogether, it seems that industries that secure the basic human needs (food, clothing, among others) have been more likely to adapt to new challenges and recover high production levels. Only in three manufacturing industries (food, light, and printing) more than half of enterprises operated at full capacity.

Metallurgy and metalworking, wood processing, the chemical industry, and production of construction materials continue to lag behind, even though the situation has slightly improved in the last few months. For example, 42% of metallurgy and metalworking enterprises reduced their produc-

Figure 3: The share of industrial enterprises operating almost at full and full capacity (75 - 99%, 100% and more) compared to the prewar period, % of respondents by sector

	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23
Food industry	58	61	62	62	58	63	62	66	66	73	73	78
Printing industry	57	53	61	53	75	54	33	50	58	62	60	71
Light industry	43	47	62	44	60	46	46	52	63	65	55	69
Machine building	33	33	40	32	51	33	27	46	39	43	30	47
Construction materials	11	13	39	33	29	25	14	14	15	30	38	38
Chemical industry	32	25	38	11	27	25	35	36	30	42	42	36
Wood processing	35	25	22	26	43	22	18	17	13	42	33	36
Metalworking	26	26	20	10	13	17	23	24	22	20	29	27

Source: IER (2023) *New Monthly Enterprises Survey: Ukrainian Business in Wartime*

tion by more than half. At the same time, 10% of construction material manufacturers do not operate. The pace of recovery has been less optimistic in those industries due to disrupted supply chains, power outages, sea blockade, low demand, and other issues.

Power outages, caused by Russian missile and drone attacks, hampered recovery in autumn 2022 – winter 2023. Manufacturing enterprises lost on average 21% of total working time in November, 23% in December 2022, and 15% in January 2023. The situation significantly improved in February and January when most enterprises did not experience power cuts. However, the electricity issue had disproportionate impact on enterprises of different sizes and sectors. It should be noted that the lowest average losses of working time due to power outages were usually recorded in the food industry. This phenomenon mirrors the fact that food manufacturing companies proved to be the leaders of recovery. At the same time, the highest loss was recorded in construction material manufacturing,

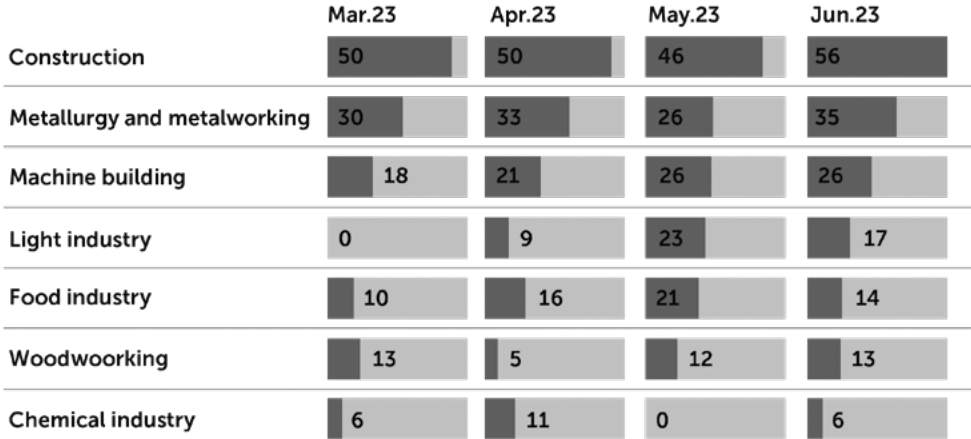
metallurgy, and metalworking, and other 'crisis-hit' industries.

Electricity outages dominated the list of impediments to business throughout the whole winter in all manufacturing industries. Only in spring 2023, businesses became more concerned about other issues. As of June 2023, more than 70% of chemical and woodworking enterprises were concerned by rising raw materials and supplies prices. The construction materials' production industry reported the highest concerns regarding logistical issues (difficulties in transporting raw materials or goods). Manufacturers of construction materials and wood processing enterprises face issues with low demand more often than others. Nevertheless, top impediments are common for all manufacturing industries.

NEGATIVE CURRENT ASSESSMENTS BUT OPTIMISTIC EXPECTATIONS

The leadership of certain industries is reflected in assessments of the overall economic environment and business activity.

Figure 4: Share of exporters who did not export during the last 12 months, by industry (% of surveyed exporters)



Source: IER (2023) *New Monthly Enterprises Survey: Ukrainian Business in Wartime*

As of June 2023, the only positive balance index was recorded for food companies (+0.05). At the same time, assessments remain negative for all other industries. However, relatively optimistic results are also in light industry (-0.02). The worst assessments are recorded in the wood processing (-0.24) and manufacturing of construction materials (-0.31).

All surveyed industries have positive assessments of future changes in the overall economic environment. The food industry is the most optimistic, with a balance index +0.49. Positive expectations are also high in light industries (+0.38) and printing industries (+0.46). At the same time, the lowest index was recorded in the chemical industry (+0.11).

Food, light, and printing industries also demonstrate the most optimistic results regarding business activity at enterprises with positive assessments of the current situa-

tion in June 2023 (+0.09, +0.07, +0.14, respectively). However, only the food industry also demonstrated cautious optimism in the previous months. Besides, the food industry also has the best expectations regarding business activity in the future (+0.54). Altogether, assessment of the current and expected economic environment and business activity demonstrates uneven resilience of manufacturing sectors.

HIGH RESILIENCE OF EXPORT EFFORTS DESPITE LOGISTICAL ISSUES

Based on the obtained data, it is evident that the most challenging situation regarding export recovery persists in construction material production [See: Figure 4]. For instance, 56% of enterprises in this industry engaged in exports before the war, but had no exports during the last 12 months (50% in March and April 2022, 46% in May 2022). Metallurgy and machine building also face a difficult situation, with a corresponding figure of 35%.



DESPITE THE RECOVERY OF EXPORT ACTIVITIES, THE RECOVERY OF EXPORT VOLUME IS SLOW IN ALL INDUSTRIES

In contrast, the chemical industry shows the best performance, with only 6% of enterprises having no exports in the last 12 months. The woodworking industry follows closely, with only 13% of enterprises having no exports during the last 12 months, despite exporting before the war. Similarly, the food industry exhibits a positive outlook, with only 14% of enterprises having no exports in the last 12 months. It should be emphasized that the food industry has demonstrated the most stable export recovery.

Despite the recovery of export activities, the recovery of export volume is slow in all industries. Only in two industries, more enterprises increase export volume than decrease (chemical industry with +0.17 and food industry with +0.11). At the same time, the lowest value of the export index is in the metalworking (-0.42) and printing (-0.33) industries. The food industry also has the highest expectations, as the index of expected export changes is +0.47. Nevertheless, the agri-food sector might worsen its expectations after Russia pulled

out of the grain deal and attacked Ukraine's sea ports.

It should be noted that logistical issues are key challenges to exporters of all manufacturing industries. For example, queues at the western borders are a problem for 82% of light industry exporters and 72% of food industry exporters. The inability to export by sea is more important for representatives of machine building (61%) and the food industry (48%). Woodworking enterprises often complain about the lack of wagons/trucks/drivers (43%).

Chemical and machine-building enterprises report more often than others that it is difficult for them to reorient themselves from the CIS markets to other markets (27% and 22%, respectively). Machine-building enterprises also felt a drop in demand for products the most (56% of respondents). Thus, machine building is most affected by demand problems. At the same time, woodworking enterprises are often unable to meet demand in foreign markets (43% of respondents).

CONCLUSIONS: WHAT SHOULD COME NEXT?

The increase in long-term uncertainty and simultaneous decreases in medium- and short-term uncertainty among Ukrainian businesses result from the adaptation of business and society to the fact that the war will last longer than we expected. This indicates the need for a clearer agenda for business in terms of the domestic economic policy of the state. Business needs to answer not only the question of 'What will we do after the victory?', but also 'What do we do now?'.

Another important finding of the IER's ongoing business survey is that despite the high adaptability of businesses to work in war conditions, security has become an



SECURITY HAS BECOME AN ESSENTIAL CHARACTERISTIC OF THE BUSINESS CLIMATE

essential characteristic of the business climate. Our results show that security issues and how Ukraine can secure its territory from terrorist missile attacks by the Russian Federation are important for economic recovery. Therefore, modern Western weapons for Ukraine are an essential factor not only militarily, but also economically.

Ukraine relies substantially on the financial support of international partners, which helps the country to keep going as of now. More financial support, as well as foreign direct investments, are needed to finance recovery and reconstruction. Both international and domestic business need war-related risk insurance to be sure they are economically protected from damages by Russian missiles and/or drones. Thus, the steps taken by the Ukrainian government, as well as international partners to make such insurance available, would be welcome.

Higher business confidence in the future also requires more certainty on economic policies in the country. Since February 2, 2022, the regulation was not really stable. The Government switched from tax exemptions, which undermined fiscal revenues, to targeted cash subsidies

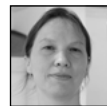
to selected companies to help business develop. Future policies are to be defined in Ukraine, which the Government has started to develop in August and plans to approve in October 2023. The plan will be a key document for Ukraine facility of EUR 50 bn, which was initiated by the European Commission in June, 2023¹³.

¹³ European Commission (2023) *Ukraine: Commission Proposes to Set Up a Dedicated Facility to Support Ukraine's Recovery, Reconstruction, and Modernization*. Available [online]: https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3355



YEVHEN
ANHHEL

Senior Research Fellow at the Institute for Economic Research and Policy Consulting (Kyiv, Ukraine)



OLEKSANDRA
BETLIY

Leading Research Fellow/Project coordinator at the Institute for Economic Research and Policy Consulting (Kyiv, Ukraine)



OKSANA
KUZIAKIV

Executive Director of the Institute for Economic Research and Policy Consulting (Kyiv, Ukraine)



Impact of the War in Ukraine on the Hungarian Government: How Viktor Orbán Capitalized on the Invasion



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MÁTÉ
HAJBA

The Russian invasion of Ukraine in February 2022 was a wake-up call for Europe. EU member states united in taking up a strong stance against Vladimir Putin's aggression. Everyone seemed to hold the same front – everyone except for one country: Hungary. While other European states redoubled in a *tour de force* of liberal values, the Hungarian government sunk even deeper into illiberalism and Prime Minister Viktor Orbán further consolidated his power, despite a dismal economic performance and international ostracism.

In order to better understand how this could have happened when all of the favorite analysts of the Hungarian government (going against the warning of the international community) were predicting that there will be no invasion, one needs to look at the situation in Hungary and examine its foreign and domestic policies with regards to the war in Ukraine. This will also help explain how Viktor Orbán is still popular, despite Hungary having the highest inflation in the European Union (EU), and how he managed to win the election with a supermajority again by utilizing the war in the neighborhood. It is important to do so, as the Hungarian model of illiberalism – which enables authoritarian figures such as Viktor Orbán to rule strongly in the face of economic crisis and become an international pariah – is not unique.

THE CASE OF HUNGARY CAN HAVE GLOBAL EFFECTS ON REDEFINING POLITICS

Populism has been gaining ground in Europe. Although other countries are not echoing Vladimir Putin's propaganda on the war, such a U-turn would not be unexpected if it would gain more votes, stemming from the nature of such politics. Outside of the EU, a prime example of a lukewarm

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WHILE OTHER EUROPEAN STATES REDOUBLED IN A *TOUR DE FORCE* OF LIBERAL VALUES, THE HUNGARIAN GOVERNMENT SUNK EVEN DEEPER INTO ILLIBERALISM

approach towards the war is embodied by former U.S. President Donald Trump, who desperately seeks reelection on an extremist populist ticket.

Hungary is a country that experienced Russian aggression several times in the past¹. Viktor Orbán is a popular figure because of his apparent stance against the Soviet Union, yet now he goes against the Western nations, often condemning them, and plays a dangerous game in maintaining risky alliances with Russia and its satellites.

It is, therefore, crucial to understand the reasons behind these tendencies and the benefits to the Hungarian regime, because only then can one start working on preventing the spread of similar politics.

¹ For instance, the Hungarian revolution of 1848 against the Habsburgs had been defeated with Russian help, and the revolution of 1956 against the communist regime had been crushed with Soviet tanks.

Illiberalism has no place among European values. However, if liberals fail, illiberals might redefine the meaning of these values. Numerous freedoms – such as freedom of speech, assembly, movement, and press – as well as such values as tolerance, free markets, democracy, and peace, are at risk.

Valdimir Putin has shown his true colors. He is waging a war he cannot win, and which does not benefit him in any real way – apart from the propaganda value. In order to sustain his power, he needs to repress the people of Russia – a process which destroys whatever freedoms Russian citizens could still grab onto.

By not standing firmly against such mayhem, destruction, and aggression, Hungary is getting closer to Putin – not only diplomatically, but also in its policies. If a country, which had reasons to be weary of a Russian aggression, now supports a government which is warming towards Putin (a feat achieved through disinformation, propaganda, and authoritarian measures) can go through such a turn, any country can. Therefore, it is crucial to understand how it has all unfolded and heed the warning signs. It is of utmost importance for Europeans to ensure it never happens anywhere else, and to figure out how can Hungary find its way back to European values.

HISTORIC BACKGROUND OF HUNGARIAN-RUSSIAN RELATIONS: FROM AN UNBEARABLE RUSSIAN BEAR TO A GIANT TEDDY BEAR THAT PROTECTS THE HUNGARIAN DREAM

Hungary and Russia, by whatever name, have a long and battered history, which resulted in the Russians being present in the Hungarian psyche as monsters from



ILLIBERALISM HAS NO PLACE AMONG EUROPEAN VALUES

folktales to scare children with². In order to understand the history better and to explain how the boogeyman-esque Russian scare turned into a reluctant acceptance of a working relationship, let us take a stroll through the capital of Hungary: Budapest.

Liberty square is a central area in the city. The building of the Central Bank, the U.S. Embassy, and the former building of the Budapest Stock Exchange (which turned into the headquarters of Hungarian Television for a while) are all scattered around here. The name of the square derives from the Revolution of 1848, when Hungary fought for freedom from the Habsburgs. The most prominent feature of the square, however, is a large obelisk with a golden star at its peak wedged between the statue of Ronald Reagan and the U.S. Embassy.

Yet, not all that glitters is gold, and the star on top is a gilded red star of the Soviets, capping the memorial of the fallen Soviet troops who died for ‘liberating’ the city during its Nazi occupation of the WWII. The liberators quickly became the oppressors, as they forgot to leave the country, thus sustaining a puppet regime to enforce communism on the people.

² Soviet troops raped more women in Hungary than elsewhere (2,028 cases were reported). See: Index.hu (2018) *A szovjet katonák Magyarországon több nőt erőszakoltak meg mint máshol*. Available [online]: https://index.hu/techtud/2018/08/03/peto_andrea_szovjet_katonak_ii_vilaghaboru_nemi_eroszak/ [in Hungarian]

This was not the first time Russian boots trampled Hungarian freedom. When Hungary rose up against the Austrian overlords in demand of more liberties, the Habsburgs asked for help from Russia, which they got. In order to signal that the surrender was not to the Habsburg but to the invasionary force of the Tsar's army, it was in front of the latter that the Hungarian army laid their arms down. Thus, the failure of the military conflict is blamed on Russian help. Now, the memorial for the fallen Soviet troops who 'liberated' Hungary from the Nazis is located in a square, the name of which is a callback to the revolution of 1848 surpassed with Russian help.

However, the most telling sign of the relationship between the two countries lies not in the liberation monument, or in the square it is erected at. It is derived from the walls around the city still bearing the bullet holes fired from the guns of Russian soldiers. There are holes from the 'liberation' of the city, and those from the suppression of the revolution of 1956. Even though the Russians finally left in the early 1990s, the holes are still left behind. They are empty sockets now, as the sentiments turned, the history is forgotten. By now, the Russians, when they behave more devilishly than ever, are demonized no more.

In 1989, when the ever-growing chinks in the armor of communism finally showed, Hungary, along with its neighbors, stood on the verge of democratic changes. At an event symbolic of this transformation – the reburial of a former prime minister, Imre Nagy³, who had been executed by the Soviets after a kangaroo court trial for supporting the uprising of 1956 and wanting to Soviets to leave Hungary (albeit he was

also of communist convictions) – current prime minister, Viktor Orbán (back then only a budding politician) stood in front of the crowd and delivered a youthful speech, calling on the Russians to leave Hungary⁴.

And the troops did leave. Although not as a direct consequence. Truth be told, Orbán could deliver his speech unpunished because the political and international environment with the Soviet Union crumbling, favored him. At the time, it seemed daring – yet, in retrospect, not so much anymore. It was, nevertheless, a welcome change in the torpid and repressive communist era. Orbán and his then liberal ideas were celebrated, and he was hailed as a freedom fighter. However, his commitment to liberty was too radical for most, so it took years before he first gained office as the leader of the country.

In 1991, the Hungarian people welcomed democratic changes with open arms. Market and social liberalization, liberal values, the rule of law, and political pluralism were lauded. According to a Pew Research Center poll⁵ conducted that year, 74% of Hungarians approved a multiparty system. For comparison, in the region which shifted to democracy at the time, it was East Germans who welcomed democratic changes in the highest numbers, with 91%, and Russians were the least keen on the transformation (with 61% being in favor of the changes).

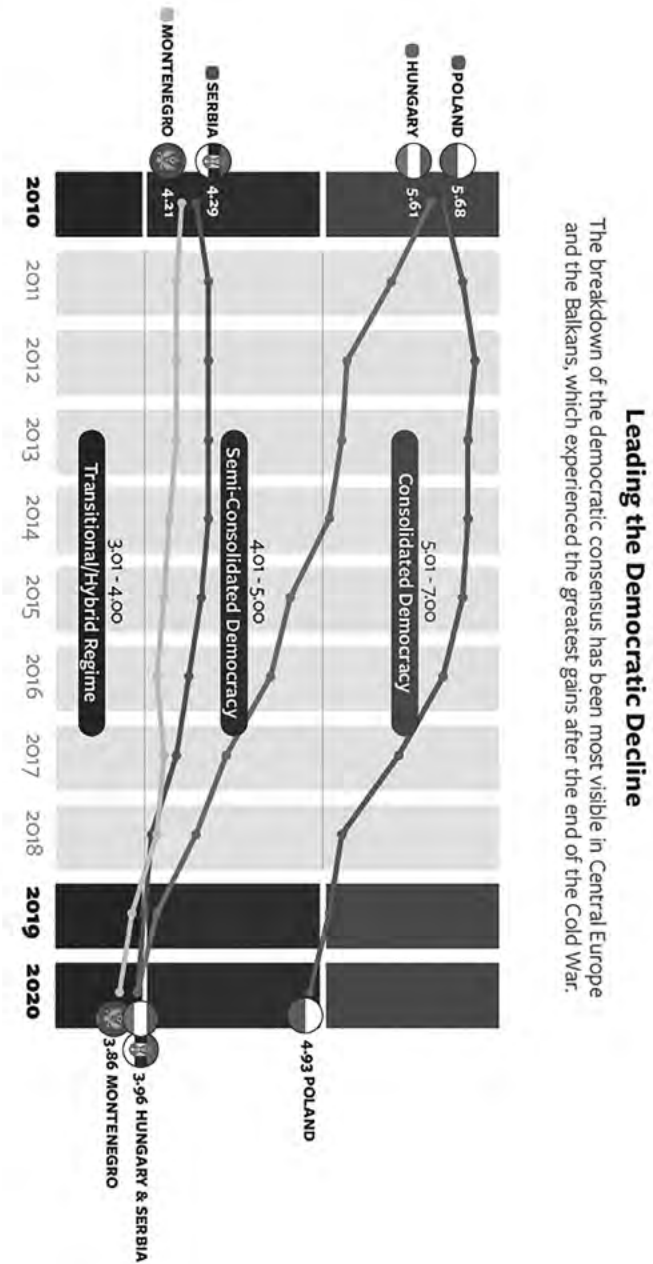
The approval of the market economy in 1991 was also high, with 80% of Hungarians being positive about it. The highest support of capitalism was in the Czech Republic (with 87%), whereas the lowest was

³ <https://www.theguardian.com/world/2019/jun/16/hungarians-remember-imre-nagy-hero-of-56-as-orban-tightens-grip>

⁴ <https://4liberty.eu/review-11-orbanization-of-the-magyar-state-hungary-in-the-past-30-years/>

⁵ <https://www.pewresearch.org/global/2009/11/02/end-of-communism-cheered-but-now-with-more-reservations/>

Figure 1: Comparison of democratic decline of Poland, Hungary, Serbia, and Montenegro from 2010 to 2020, according to the Nations in Transit 2020 report of Freedom House



Source: Freedom House⁶

⁶ <https://freedomhouse.org/report/nations-transit/2020/dropping-democratic-facade>

observed in Ukraine (with 52%). Both these numbers show that people in the region had relatively high hopes for democracy and free markets.

The same poll was conducted in 2009, around the time of the financial crisis, and later in 2019. In 2009, there was a fall in support of both democracy and free markets in Hungary – 56% approved of the former and 46% the latter [See: Figure 1]. Although this backslide was present generally in the region, the dissatisfaction with capitalism was most prominent in Hungary. The 2019 poll revealed, however, that the number of people satisfied with the way democracy is working in their country, including Hungary, was increasing⁷. Interestingly, though, by 2020, Hungary had been downgraded to being a hybrid regime, no longer a democracy⁸, something that has not changed since⁹ [See: Figure 1].

At any rate, the great expectations of the early 1990s were not met, and it laid the bed for authoritarianism in Hungary. After his election in 2010, Prime Minister Orbán started to dismantle democratic institutions slowly but gradually, and until in 2014 he showed his true colors. The man who gained prominence by calling for the Soviets to leave, who in his speeches supported Western values, democracy, and free markets, went on to declare he is building an illiberal state modeled upon Russia, among others¹⁰. Orbán's speech came shortly after

⁷ <https://www.pewresearch.org/global/2019/10/14/political-and-economic-changes-since-the-fall-of-communism/>

⁸ <https://freedomhouse.org/report/nations-transit/2020/dropping-democratic-facade>

⁹ Freedom House (2023) *Nations in Transit*. Available [online]: <https://freedomhouse.org/country/hungary/nations-transit/2023>

¹⁰ <https://budapestbeacon.com/full-text-of-viktor-orban-s-speech-at-baile-tusnad-tusnadfurdo-of-26-july-2014/>



BY NOT STANDING FIRMLY AGAINST SUCH MAYHEM, DESTRUCTION, AND AGGRESSION, HUNGARY IS GETTING CLOSER TO PUTIN – NOT ONLY DIPLOMATICALLY, BUT ALSO IN ITS POLICIES

Russia annexed Crimea and started the war in Ukraine's Donbas region.

When the West condemned Russia (though not effectively enough to stop Putin from taking more drastic steps in February 2022), PM Orbán cited Russia as an example to follow. And follow he did. A rather telling gesture is that PM Orbán was the first EU leader to host Putin on a visit to Hungary (in 2015) since the annexation of Crimea¹¹.

¹¹ BBC (2015) *Hungarians Protest as Putin Meets Orban*. Available [online]: <https://www.bbc.com/news/world-europe-31499654>

THE RUSSIAN PLAYBOOK: HOW THE ILLIBERAL HUNGARIAN STATE WAS MODELED UPON RUSSIA

Hungary did its utmost to build its illiberal system. The role model of Russia sure helped, as there was no need to reinvent the wheel, and the Fidesz government could simply just transplant it onto a different setting. Hungary balanced its allegiances carefully so as to still be part of the EU while doing so.

The reason behind copying the *Russian modus operandi* was quite simple. Vladimir Putin is a master of shaping his environment and a whole country to serve one specific purpose: for him to retain power. This is what Viktor Orbán admires about him¹². The Hungarian prime minister also wants to retain power, so he does not shy away from doing U-turns all the time – and so he shifted from being a liberal freedom fighter to an illiberal useful idiot of Putin¹³. At some point, a number of policies and their propagandistic explanations were introduced to mirror the Russian example.

BIRDS OF A FEATHER: HOW ORBÁN COPIES PUTIN

The term ‘foreign agent’ conjures up something sinister. People in tuxedos drinking vodka martinis during suave conversations and working against the regime. Or simply malicious people working against social order. The undesirable figures, who were often the critics of the regime, were branded as ‘enemies of the people’ in communist countries¹⁴ – interestingly, similar sentiments were used also

¹² <https://4liberty.eu/is-hungary-becoming-the-second-russia/>

¹³ <https://www.economist.com/europe/2023/07/03/vladimir-putins-useful-idiots>

¹⁴ Courtois, S. and M. Kramer (1999) *The Black Book of Communism: Crimes, Terror, Repression*, Cambridge, Massachusetts: Harvard University Press.



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during the red scare of McCarthyism in the United States¹⁵.

Foreign agent laws were introduced in Russia in 2012, requiring foreign-funded organizations to register as such to be branded as foreign agents¹⁶. A crusade against the civic society started by blaming them for wanting to meddle in the

¹⁵ National Archives. *McCarthyism / The “Red Scare”*. Available [online]: <https://www.eisenhowerlibrary.gov/research/online-documents/mccarthyism-red-scare#:~:text=%5BThe%20American%20Heritage%20Dictionary%20gives,in%20order%20to%20suppress%20opposition.%5D>

¹⁶ <https://www.icnl.org/resources/civic-freedom-monitor/russia>

internal affairs of Russia, which was allegedly directed by international forces – mainly from the United States. The law mandates that any non-commercial organization posing a threat to Russian interest and receiving funds from U.S. citizens or organizations be shut down and their assets seized. The term ‘Russian interests’ is, however, vague and broad, thus creating a fertile ground for attacks against the civic society.

In 2014, the same year when Russia started its aggression against Ukraine, and PM Orbán declared his intention of building an illiberal state, a new law was adopted in Hungary. According to the law, NGOs which received at least EUR 22,000 from abroad were mandated to register as foreign-funded organizations¹⁷. The law has been ruled by the European Court of Justice as incompatible with EU law in 2017, but it took four additional years for the Hungarian government to repeal it¹⁸. However, a new law was created in its place, assigning the State Audit Office the competence to investigate NGOs whose activities can influence public life¹⁹.

The rationale behind the Russian and the original Hungarian anti-NGO law was that the United States passed similar legislation – the Foreign Agent Registration Act (FARA), which requires foreign-funded organizations pursuing political activities to register under the law. However, FARA exempts organizations funded by foreign countries that are allies of the United

States, or it exempts new organizations and those of religious, scholastic, academic, or scientific pursuits²⁰.

Another example of similarities between the two countries is their treatment of the media. Ever since Putin gained power in Russia, atrocities against journalists were not investigated satisfactorily. Journalists have been murdered and abducted²¹. Independent outlets were leaned on and shut down or taken over by Putin’s cronies²².

Moreover, Vladimir Putin uses fake news stories not only in his own country, but also worldwide to push his own agenda²³. This is needed to utilize his media control and to influence the population and public opinion of foreign nations. Hungary is less ambitious in this regard, but not so in its media control. Through punitive taxation, the control of the media authority, and media purchases by government cronies, Orbán exerts his influence over the majority of the country’s media²⁴. This media control in Hungary is used to spread misinformation and propaganda.

Furthermore, PM Orbán also copies Putin in the treatment of private universities²⁵ – in the case of Hungary, this is visible in the form of chasing the Central European

¹⁷ <https://www.euractiv.com/section/politics/short-news/hungary-repeals-ngo-law-but-civil-rights-group-deem-replacement-is-unconstitutional/>

¹⁸ hvg.hu (2021) *Visszavonja a kormány a civiltörvényt*. Available [online]: www.hvg.hu/itthon/20210421_civil-torveny_visszavonas [in Hungarian]

¹⁹ Telex.hu (2022) *Az ÁSZ szerint ez még nem a civilek ellenőrzése, csak tanácsadás*. Available [online]: <https://telex.hu/belfold/2022/05/31/az-asz-arra-keri-a-sajtot-tartozkodjon-a-panikkeltestol> [in Hungarian]

²⁰ Rohac, D. (2017) “Opinion: Crackdown on Hungary’s NGOs: Mirage or Reality?”, [in]: *The Budapest Beacon*. Available [online]: https://budapestbeacon.com/op-ed-crackdown-hungarys-ngos-mirage-reality/?sf_data=all&sf_s=foreign+Agent+Registration+Act

²¹ <https://rsf.org/en/country/russia>

²² <https://www.theguardian.com/world/2016/may/25/how-russia-independent-media-was-dismantled-piece-by-piece>

²³ <https://www.oecd.org/ukraine-hub/policy-responses/disinformation-and-russia-s-war-of-aggression-against-ukraine-37186bde/>

²⁴ <https://rsf.org/en/country/hungary>

²⁵ <https://www.dw.com/en/european-university-in-st-petersburg-threatened-with-closure/a-38093963>



PM ORBÁN WAS THE FIRST EU LEADER TO HOST PUTIN ON A VISIT TO HUNGARY (IN 2015) SINCE THE ANNEXATION OF CRIMEA

University away from the country²⁶. Last but not least, LGBTQI+ rights are also disregarded in both Russia²⁷ and Hungary, although to a somewhat lesser extent in the latter²⁸.

VIKTOR AS 'THE VICTOR' OF THE WAR: HOW PM ORBÁN BENEFITTED FROM THE WAR IN UKRAINE

Ever since 2014, it was apparent to anyone willing to go through the news that President Vladimir Putin has further plans for Ukraine, and that the tensions in Donbas and the annexation of Crimea were just the beginning. Yet, there were a handful of intelligence agencies in Europe who turned a deaf ear towards the persistent warning of their U.S. and UK colleagues²⁹. The most

cocksure deniers of the fact that there is going to be a war were the Hungarian political, diplomatic, and intelligence apparatus. What unfolded in the weeks leading up to the war and soon thereafter was revealed by the excellent work of investigative journalists³⁰.

On February 1, 2022, Viktor Orbán traveled to Moscow to meet Vladimir Putin. The usual entourage was to accompany him (aids and advisors) until at the last-minute President Putin requested that it be only PM Orbán and his translator that visited him, and the Hungarian head of the government had to undergo a myriad of COVID-19 tests and isolation. After the intimate meeting, which was supposedly about technical details of economic cooperation, Viktor Orbán returned with the firm belief that there will be no war³¹.

The same conclusion was reported to a Parliamentary Committee by the intelligence services just a day before the invasion. There were several reasons for this mistake. Diplomatic reports were self-censored, reporting conversations verbatim rather than adding analysis and opinion, because the environment in the Hungarian Ministry of Foreign Affairs and Trade were of the position that there will be no war, so diplomats and analysts were trying to accommodate facts to this bias. The ministry's hubris was due to the leadership thinking that they were the only ones understanding Russians, others cannot³².

The continued intelligence sharing from the United States and the United Kingdom was disregarded, and the Hungarian leadership dismissed this as fake news and U.S.

²⁶ <https://bbj.hu/economy/statistics/analysis/unmoved-by-pressure-president-ader-signs-lex-ceu->

²⁷ <https://www.euronews.com/2023/06/29/why-is-russia-ramping-up-its-attacks-on-lgbt-rights-during-the-ukraine-invasion>

²⁸ <https://www.hrw.org/news/2022/02/15/lgbt-rights-under-renewed-pressure-hungary>

²⁹ <https://www.rferl.org/a/russia-ukraine-invasion-predictions-wrong-intelligence/32275740.html>

³⁰ <https://telex.hu/direkt36/2022/10/26/inside-viktor-orbans-response-to-the-war-in-ukraine>

³¹ Ibid.

³² Ibid.



THE RATIONALE BEHIND THE RUS- SIAN AND THE ORIG- INAL HUNGARIAN ANTI-NGO LAW WAS THAT THE UNITED STATES PASSED SIMI- LAR LEGISLATION

meddling. The pundits of the pro-government media (who benefit from plenty of taxpayers' money and are the unofficial mouthpieces of the government) laughed at the idea of a looming war³³.

Hungary was going to hold a general election in April 2022, and the governing party, Fidesz, was sure to win unless an external event interferes with their winning streak. So, when the war broke out in late February of that year, the opposition hoped that it would be to their benefit rather than Fidesz's, a party which got ever closer to Putin since 2010, when they took over.

Sure enough, the Hungarian foreign policy wavered in its balancing a Western alliance with the European Union and NATO and its friendship with Putin. PM Orbán condemned Russia, signaled support for upcoming EU actions, and considered exiting the International Investment Bank (IIB), which is located in Budapest and is often monikered as a 'KGB Bank'³⁴.

³³ Ibid.

³⁴ Ibid.

This stance, however, was not because of moral conviction or a sudden return to liberal values. Orbán hoped that because of his gestures the European Union will be more lenient with him in releasing the recovery funds withheld by the EU in fear of it being lost to corruption in Hungary³⁵. He was mistaken in assuming Brussels would send him money, so after the initial shuffling towards the Western mainstream, Hungary not only reverted, but even intensified its anti-Western propaganda. Orbán was claiming that the war is the fault of the United States, which wants a unipolar world and the ensuing increase in energy prices would give a competitive edge to American business interests as everything in the EU will be more expensive³⁶.

The opposition in Hungary was wrong to think that the war in Ukraine will help them in internal affairs. Despite the government not believing a war is likely to break out, polls and surveys were ordered given the closeness of elections. When the full-scale war eventually broke out on February 24, 2022, government officials responsible for propaganda held a meeting with pro-government pundits, to tell them what messages to spew forth, based on the results of the polls. It turned out Ukrainians were unpopular with the general population³⁷. Government voters disliked them for the language laws affecting the Hungarian minority in Ukraine, whereas opposition voters had reservations about Ukrainians for thinking Ukrainian nationals were transported to Hungary and voted illegally for Fidesz³⁸.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ <https://telex.hu/direkt36/2022/10/26/inside-viktor-orbans-response-to-the-war-in-ukraine>



THE OPPOSITION IN HUNGARY WAS WRONG TO THINK THAT THE WAR IN UKRAINE WILL HELP THEM IN IN- TERNAL AFFAIRS

The government wanted to put forward a message that they were on the side of peace, whereas the opposition, the European Union and the United States want war, and that the Hungarian government will protect its citizens from such bellicose politicians and measures. As it happens, this 'peace narrative' is an old Russian and Soviet tactic, according to which they (usually the aggressor) only want peace³⁹. This strategy is mirrored also by Putin's 'useful idiots'⁴⁰.

Meanwhile, the opposition suffered from dilettantism and disorganization and failed to capitalize on the narrative of the war. The opposition's prime ministerial candidate, Péter Márki-Zay, claimed in an interview that if he won, he would provide military assistance to Ukraine⁴¹. His words

³⁹ <https://www.globsec.org/what-we-do/commentaries/pro-ukraine-forces-need-develop-their-own-narrative-peace>

⁴⁰ <https://www.theguardian.com/world/2023/feb/13/hungary-war-and-peace-opera-spotlight-russia-stance-ukraine>

⁴¹ Political Capital (2022) *Hungary 2022 – Campaign Finale: Warmongers vs. Peace-Lovers*. Available [online]: https://politicalcapital.hu/news.php?article-read=1&article_id=2988

were intensively used by the government's propaganda saying that if the opposition won, Hungarian youth would be shipped off to war⁴².

The government would have probably been reelected in any case, but it seems that the thematization of the war helped them retain a supermajority. In his victory speech, Viktor Orbán sounded the usual conspiracy theories, saying that despite the efforts of the United States, George Soros, and Ukraine, they had won⁴³.

Hungary remained in the IIB long after other countries in the region had already left (though they left eventually as well, but only because the bank was severely hit by US sanctions)⁴⁴. The anti-Ukraine and anti-West propaganda remained, and Hungary continued to nurture a close friendship with Putin.

It is because PM Orbán generally pursues an increasingly anti-Western propaganda, and with a lack of EU funds, Hungary could drift even further from the EU to the point of a breakup⁴⁵. Yet, the foreign policy of Orbán was to balance between east and west, to stay on the fence. Hungary is pushing the boundaries of the EU and NATO alliance. In the former, Hungary supported many of the sanctions, despite the Hungarian government communicating towards its voters that Hungary opposes them.

⁴² Ibid.

⁴³ <https://telex.hu/direkt36/2022/10/26/inside-viktor-orbans-response-to-the-war-in-ukraine>

⁴⁴ <https://www.reuters.com/world/europe/hungary-quit-russian-international-investment-bank-after-us-sanctions-report-2023-04-13/>

⁴⁵ <https://www.bloomberg.com/news/articles/2023-07-24/hungary-getting-closer-to-leaving-the-eu-former-central-banker-simor-says#xj4y7vzkq>

However, Hungary also holds some of the sanctions (for example against Russian individuals) in limbo, as it wants to remove some names from the sanction's list. Recently, Hungary successfully lobbied to get Patriarch Kirill's (who is close to Putin and had been a KGB agent⁴⁶) name dropped from it. Moreover, Hungary has also delayed the NATO membership of Finland and it is still hindering Sweden's membership⁴⁷.

ENERGY AND POWER

The reason behind all these actions undertaken by the Hungarian government is energy. Hungary is wholly dependent on Russian gas [See: Figure 2]. The Orbán government's most important promises revolve around socialist welfare benefits – such as the utility price reductions. In order to sustain this, although it was partially unphased (but prices are still government controlled) Hungary needs Russian gas. As the country was exempted from the import ban on Russian energy, it could buy gas relatively cheaply, but due to unfavorable conditions this is less and less the case. The Russians would not let Hungary buy in big batches and instead required the Hungarian leadership to go and beg for every drop. Russia is thus controlling Hungary through energy, just like it has been blackmailing Europe through it for years⁴⁸.

Other countries, however, managed to gain independence from Russian energy sources⁴⁹. Supposedly, Hungary could do it



THE ANTI-UKRAINE AND ANTI-WEST PROPAGANDA REMAINED, AND HUNGARY CONTINUED TO NURTURE A CLOSE FRIENDSHIP WITH PUTIN

as well⁵⁰, but it hangs on tightly to Russian independence in both gas and its willingness to get the Russians to build another nuclear power plant in Hungary⁵¹.

Polls indicate that the general population of Hungary supports the government's policy to stay friendly with Putin in order to receive gas and oil⁵² [See: Figure 2]. 76% are in favor of maintaining relations to such an end. Yet, much of these sentiments towards Russia are not necessarily due to reason, but rather due to prolonged propaganda. Exposure to these tactics has long-term consequences in Hungarians supporting the ties with Russia, which, in turn, will make the country vulnerable to Russian influence.

⁴⁶ <https://www.rferl.org/a/patriarch-kirill-sanctions-eu-ukraine-hungary/31880523.html>

⁴⁷ <https://apnews.com/article/hungary-sweden-nato-vote-finland-turkey-65809a5f0e660ae91400e9ff3a8e3092>

⁴⁸ <https://telex.hu/direkt36/2022/10/26/inside-viktor-orbans-response-to-the-war-in-ukraine>

⁴⁹ <https://foreignpolicy.com/2022/12/21/europe-russia-energy-climate-change-policy-renewable/>

⁵⁰ Direkt36.hu (2023) *How Viktor Orbán Angered His Closest Friends in Europe*. Available [online]: <https://www.direkt36.hu/en/igy-haragitotta-magara-orban-viktor-a-legkozelebbi-baratait/> [in Hungarian]

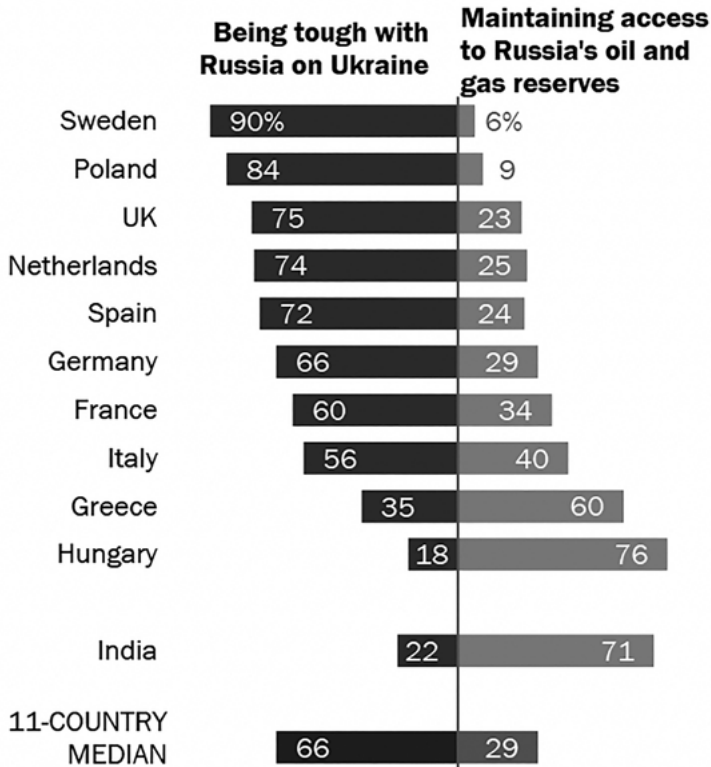
⁵¹ <https://telex.hu/direkt36/2022/10/26/inside-viktor-orbans-response-to-the-war-in-ukraine>

⁵² Ibid.

Figure 2: Support of being tough on Russia vs maintaining relations with Russia for its oil and gas. Source: Pew Research Center

Most support being tough with Russia, although Greeks, Hungarians, Indians prioritize Russian energy

% who say, when thinking about their country's relations with Russia, ___ is more important



Note: Those who did not answer not shown.

Source: Spring 2023 Global Attitudes survey. Q36.

“Large Shares See Russia and Putin in Negative Light, While Views of Zelenskyy More Mixed”

PEW RESEARCH CENTER

Source: PEW Research⁵³

⁵³ <https://www.pewresearch.org/global/2023/07/10/attitudes-toward-russian-oil-and-gas/>



THE POPULARITY OF PUTIN AND VOLODYMYR ZELENSKY GOES AGAINST WESTERN TRENDS

In light of Orbán's policy to balance his ties between east and west, reports suggest that Hungary is sending a considerable amount of gas to Ukraine⁵⁴, but the Hungarian propaganda machine fails to disclose this to the government's supporters, as the propaganda depicts Ukraine as an enemy, and a Hungary that is completely absent from helping its eastern neighbor in any way.

REAP WHAT YOU SOW: WHAT ARE THE CONSEQUENCES OF A PRO-RUSSIAN PROPAGANDA?

The constant barrage of propaganda and disinformation that aids Russian efforts⁵⁵ has its consequences. Recently, I had a conversation with someone from a small Hungarian village, who claimed that the crops failed not because of frost, but because chemtrail sprayed by Ukrainian planes. This is a rather telling example of how effective the ongoing propaganda and disinformation campaign is.

⁵⁴ Hvg.hu (2023) *Egy német elemzés szerint jelentős részben Magyarország látja el olajjal az ukrán hadserveget, ami óriási segítség.* Available [online]: https://hvg.hu/gazdasag/20230725_oroszukran_konfliktus_oroszukran_haboru_uzemanyagellatas_olajexport_Mo_Nyrt_Magyarorszag_Torokorszag [in Hungarian]

⁵⁵ <https://www.politico.eu/article/russia-war-narrative-hungary-disinformation/>

The effect of the government's ties with Russia and its populist propaganda and disinformation campaign lead to only 10% of Fidesz voters blaming Russia for the war, 36% blame Ukraine and a quarter blame the USA⁵⁶. Meanwhile, the popularity of Putin and Volodymyr Zelensky goes against Western trends. Hungarians trust President Zelensky the least in Europe, with 86% not being confident he would do the right thing. In the case of Putin, although most Hungarians have no confidence in him, still 19% do trust him to do the right thing, which is the second highest ratio⁵⁷ [See: Figures 3 and 4].

In the meantime, children are also indoctrinated in schools, with teachers showing them images that the war in Ukraine is a civil war, denying Russian aggression, blaming the whole situation on the United States and the European Union, and claiming Ukraine's territory to Hungary⁵⁸.

While Hungary is serving Russian interests, it is becoming further alienated from its allies – the European Union and the United States. American-Hungarian relations are getting increasingly strained over the topic of Ukraine, as well as Hungary's violation of democratic values⁵⁹.

⁵⁶ Telex.hu (2023) *IDEA: Minden harmadik Fidesz-szavazó szerint Ukrajna miatt tört ki a háború.* Available [online]: <https://telex.hu/belfold/2023/05/11/dk-idea-intezet-felmeres-oros-zukran-haboru-megitelese-felelosseg> [in Hungarian]

⁵⁷ <https://www.pewresearch.org/global/2023/07/10/large-shares-see-russia-and-putin-in-negative-light-while-views-of-zelensky-more-mixed/>

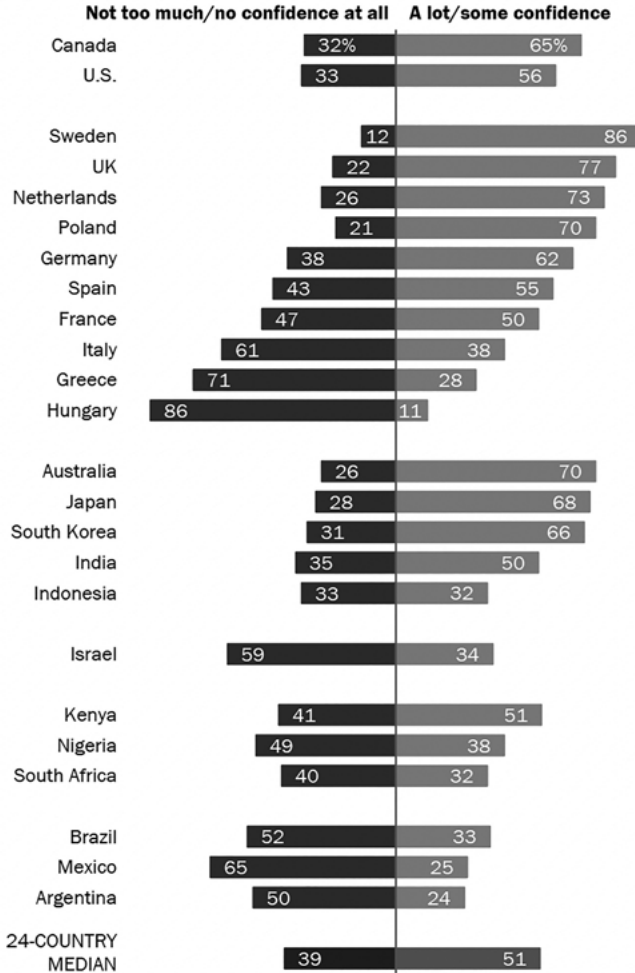
⁵⁸ European Pravda (2022) *Orbán's School Propaganda: Hungary Raising Generation Hostile to Ukraine.* Available [online]: <https://www.eurointegration.com.ua/eng/articles/2022/09/7/7146307/>

⁵⁹ <https://www.euractiv.com/section/politics/news/us-concerned-over-hungarys-close-relations-with-russia/>

Figure 3: Confidence in President Volodymyr Zelensky

Views of Zelenskyy

% who have ___ in Ukrainian President Volodymyr Zelenskyy to do the right thing regarding world affairs



Note: Those who did not answer not shown. In Australia and the U.S., the question included a "never heard of this person" response option, which was new in 2023. For full trend data, see topline.

Source: Spring 2023 Global Attitudes survey. Q15f.

"Large Shares See Russia and Putin in Negative Light, While Views of Zelenskyy More Mixed"

PEW RESEARCH CENTER

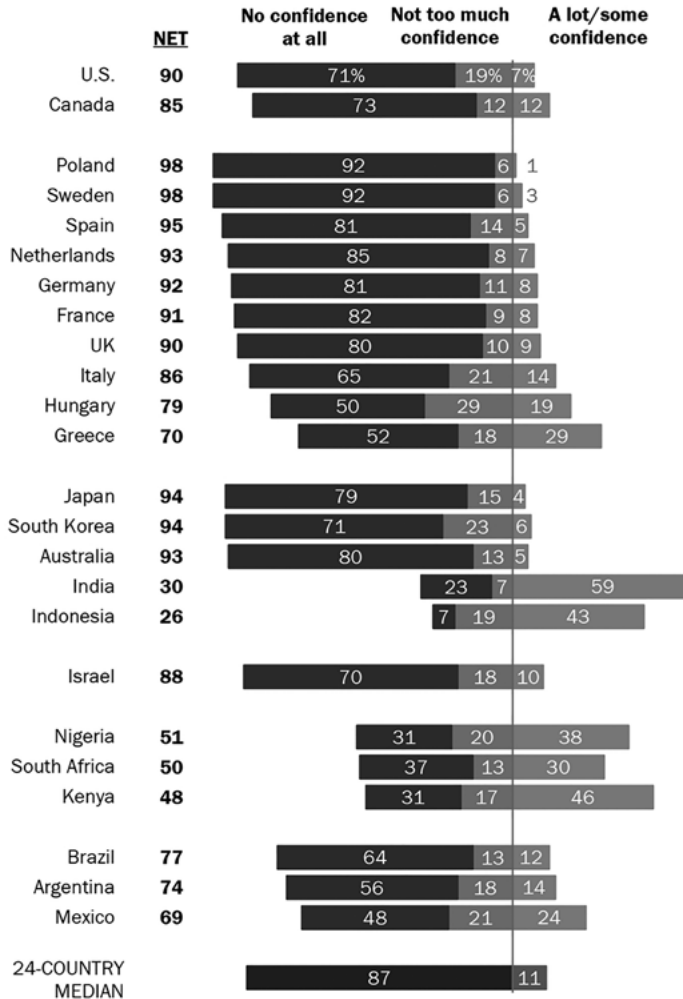
Source: Pew Research Center⁶⁰

⁶⁰ <https://www.pewresearch.org/global/2023/07/10/confidence-in-zelensky-to-handle-world-affairs/>

Figure 4: Trust in President Vladimir Putin

Views of Putin around the world

% who have ___ in Russian President Vladimir Putin to do the right thing regarding world affairs



Note: Those who did not answer not shown. In Australia and the U.S., the question included a "never heard of this person" response option, which was new in 2023. For full trend data, see topline.

Source: Spring 2023 Global Attitudes survey. Q15c.

"Large Shares See Russia and Putin in Negative Light, While Views of Zelenskyy More Mixed"

PEW RESEARCH CENTER

Source: Pew Research Center⁶¹

⁶¹ <https://www.pewresearch.org/global/2023/07/10/confidence-in-putin-to-handle-world-affairs/>

Finally, Hungary serves Russian propaganda, according to which Russia (and, in Orbán's narrative, Hungary) are the 'guardians of normalcy' in a world tyrannically governed by gay lobby, political correctness, and socialism⁶². The fact that the only tyrants are those promoting this world view, and they themselves are often socialist in nature (like the populist welfare plan of Orbán mentioned before) is lost on the population.

CONCLUSIONS

The key to understanding Hungary's 'on-the-fence' politics lies in the simple fact that Prime Minister Viktor Orbán wants to retain power at whatever cost. All his policies are subordinated to this premise. Ideologies factor less into his decisions, which are all about ruthless pragmatism. As such, his actions are not explained the same way as the Western support of Ukraine, which is more ideological in nature.

PM Orbán has been using the Russian model of retaining power at cost in order to extend his authority already for some time. His crackdown on democratic values, election laws, the takeover of the media, the harassment of the civic sector and minorities, all serve to make democratic and civic oversight harder, to lessen transparency, and to take over the flow of information with tightly controlled propaganda (or disinformation). This approach spans across the schools, impacting small children and elderly voters.

Furthermore, Viktor Orbán's populist approach requires socialistic measures. The promise of more money – either in the form of price reductions, price caps, more pensions and subsidies, or a careful shielding of the population from market



WHILE HUNGARY IS SERVING RUSSIAN INTERESTS, IT IS BECOMING FURTHER ALIENATED FROM ITS ALLIES – THE EUROPEAN UNION AND THE UNITED STATES

prices – is not cheap. The budget suffers, and external help is needed for Hungary. The EU funds helped fuel Orbán's populism and socialism, but Brussels has had enough of the rampant corruption and rule of law violations, and so, it withholds these funds.

Russia assists PM Orbán by providing cheap gas (or now, 'gas at any price'⁶³), so that prices can be kept at levels controlled by the Fidesz government. In exchange for this special treatment, Russia obviously asks favors, presumably, for example, the exclusion of certain people from sanctions or the delay in the decision making of the European Union or NATO.

On an internal level, Viktor Orbán plays to the sentiment and fears of his voters, the dislike of Ukrainians, and the distorted views of the war due to propaganda. It is,

⁶² <https://www.hrw.org/news/2023/05/17/russia-homophobia-and-battle-traditional-values>

⁶³ Hungary Today (2022) *G7: Hungary Pays Much More for Russian Gas Than Other EU Countries*. Available [online]: <https://hungarytoday.hu/russian-gas-prices-hungary-eu-member-orban-putin/>

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therefore, likely that he will continue the anti-Western communications, as this is what is working to his benefit and is the easiest narrative to employ.

While PM Orbán manages to win elections through his populist agenda, and balance Russian and Western interests, he will have enough legitimacy to continue on his current track. He will give minor support to Ukraine, but in communication will continue to oppose any aid. He will continue to mirror Putin domestically and condemn sanctions, but still vote for them occasionally.

Change in this trend will not come externally. The EU can either pay up and fuel Orbán's populism, or withhold funds and push Hungary closer to Russia. This is an unwinnable situation for Brussels.

It is Hungarians with whom the responsibility of making changes lies. It is up to them to choose their leaders, and it is their duty to inform themselves and not let themselves be misguided.



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MÁTÉ
HAJBA

Director of the Free Market Foundation, an independent think tank in Hungary focusing on free market economics, rule of law, civic liberties, and tolerance

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The Hungarian Government's Game of Russian Roulette: Between Brussels and Moscow



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REBEKA
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The Brussels sanctions will destroy us!’ was a slogan featured on billboards (with the sanctions depicted as bombs) paid for by the Hungarian government, which have been displayed across the country since the second half of 2022. The campaign was introduced as a reaction to the European Union’s decision to impose sanctions against the import of Russian products – most prominently energy resources.

The rhetoric around the billboards directly suggests that it is the EU, and its sanction packages, that should be blamed for the high inflation and the energy crisis – and not the Russian aggression in Ukraine. The Hungarian government has used the rising prices to delegitimize EU policies while not discussing the role of Russia in the situation. Even though this discourse against the EU by the Fidesz government is not a new phenomenon, Hungary’s anomalous position in the middle of unanimity among other member states proves to be an interesting puzzle that should be unpacked. The aim of this article is to offer a deeper understanding of Hungary’s ambiguous standpoint by looking at the governmental discourse that has successfully convinced Hungarian voters repeatedly.

Social values diverged even before the war, as Hungary has been committed to ‘protecting’ conservative, Catholic, ‘illiberal’ values¹ from Western liberalism in terms of migration, gender questions, and liberal democracy. Over the past year, it has become apparent that this gap has not decreased, but that the EU has shifted its focus from domestic issues to Russia.

¹ <https://2015-2019.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-at-the-25th-balvanyos-summer-free-university-and-student-camp>

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However, the divergence of these values is still significantly present in the agenda of the EU, as Hungary threatens to obstruct the EU’s policies to punish Russia and support Ukraine. The phenomenon described here had also applied to Poland before the war, as it allied with Hungary on conservative values and violation of democratic institutions.

Notwithstanding, since the outbreak of the war, Poland proved to be a crucial geo-strategic asset to the European Union. The country’s rather negative historical and political experience (such as the Soviet invasion or the circumstances of the Smolensk air disaster) with Russia might have urged the Polish government to strengthen ties with its European partners.

There is an important element of referring to the Hungarian nation's history which can be attributed to Fidesz's nationalist values and communication. It drew on Hungarian historical elements – both from the distant past and the more recent events. These references include Hungary's efforts to fight back the muslim Ottomans in the 15-17th centuries and the country's eventual division between the occupation of the Ottoman and Habsburg Empires, or the Soviet occupation in the 20th century. This rhetoric builds on the viewpoint that during its 1000 years of existence Hungary has always been fighting with external (mostly much stronger) powers which aimed to control the Hungarian 'nation'^{2,3}.

HISTORICAL AND POLITICAL CONTEXT

During late socialism, Viktor Orbán was one of the most prominent anti-Soviet voices in 1989, which is the reason why he regards himself as a 'freedom fighter'⁴. During the conferences of the South Stream Pipeline in 2009, Orbán and his party, who were in opposition back then, heavily criticized the then left-wing government for signing an agreement about the construction of a new pipeline, arguing that it would make Hungary vulnerable to Russia and Russian interests⁵.

² Bocskor, Á. (2018) "Anti-Immigration Discourses in Hungary during the 'Crisis' Year: The Orbán Government's 'National Consultation' Campaign of 2015", [in]: *Sociology*, Vol. 52, No. 3, pp. 551-568.

³ <https://2015-2022.miniszterelnok.hu/orban-viktors-ceremonial-speech-on-the-170th-anniversary-of-the-hungarian-revolution-of-1848/>

⁴ <https://miniszterelnok.hu/speech-by-prime-minister-viktor-orban-at-the-opening-of-cpac-texas/>

⁵ Gyóri, L., Hunyadi, B., Juhász, A., and P. Kerkó (2015) "Domestic Political Context Since 1989: Hungary, Russia, Ukraine", [in]: J. Kucharczyk and G. Mesežnikov (eds.), *Diverging Voices, Converging Policies: The Visegrad States' Reactions to the Russia-Ukraine Conflict*, Warsaw: Heinrich-Böll-Stiftung, pp. 52-68.



AFTER FORMING A GOVERNMENT IN 2010, ORBÁN HAS CHANGED HIS RHETORIC ABOUT STRENGTHENING ECONOMIC TIES WITH RUSSIA ALONG WITH THE EASTERN OPENING POLICY

Still in opposition, he clearly condemned the Russian aggression in Georgia: "*when an independent state is attacked by the Russians with military aggression, we should speak out clearly, directly and with a local moral standpoint*" and "*let us be clear and straightforward: military aggression is military aggression*"⁶. However, after forming a government in 2010, Orbán has changed his rhetoric about strengthening economic ties with Russia along with the Eastern Opening policy. The main argument today against cutting ties with Russia completely and supporting the sanctions is based on the necessity of energy supply for the country and most of Europe.

Hungary-Ukrainian relations in the post-socialist period can be most accurately described through the question of the

⁶ Orbán, V. (2008). Oroszország agressziójáról. Available [online]: https://mandiner.hu/cikk/20140902_orban_viktor_orszorszag_agressziojarol_2008 [in Hungarian]

140,000-150,000 ethnic Hungarians living in Western Ukraine⁷. Advocating Hungarians' rights in neighboring countries have been a central feature of Fidesz's nationalist policies. The language law of the 2010s introduced by the Ukrainian government has caused a derailment of Hungarian-Ukrainian relations, as the Hungarian government expressed its concerns about the curtailing of ethnic Hungarians' rights to use the Hungarian language in public spaces.

It is worth outlining, however, that constructing Ukrainian national identity in the post-Soviet period was seen as a security issue⁸ and the worsening Ukrainian relationship with Russia could imply that any efforts to strengthen Ukrainian national identity in contrast to minorities' attachment to their home country might have been more focused towards Russia than towards Hungary. Nevertheless, other problems in the bilateral relations emerged even before the language law, when the newly elected Fidesz government introduced the Act on Dual Citizenship, which allowed ethnic Hungarians in the neighboring countries to obtain Hungarian citizenship – beside their Ukrainian one. This policy went against the Ukrainian constitution, which states that Ukrainian citizens are allowed to have only one citizenship⁹.

⁷ Waterbury, M. A. (2018) "Friends in High Places? The Externalization of Hungarian Minority Rights Claims", [in]: A.-M. Biró, K. Lantos Swett, and M. Fischer (eds.), *The Noble Banner of Human Rights: Essays in Memory of Tom Lantos*, Nijhoff: Brill, pp. 150-182.

⁸ Denber, R. (2022) "New Language Requirement Raises Concerns in Ukraine: The Law Needs Safeguards to Protect Minorities", [in]: *Language Rights*. Available [online]: <https://www.hrw.org/news/2022/01/19/new-language-requirement-raises-concerns-ukraine>

⁹ Fedinec, C. (2015) "Some Aspects of Hungarian-Ukrainian Relations in Our Time", [in] V. Padiak, and P. A. Krafcik (eds.), *A Jubilee Collection: essays in Honor of Professor Paul Robert Magocsi on his 70th Birthday*. Uzhhorod - Presov - New York: Valerii Padiak Publishers, pp. 185-192.



ADVOCATING HUNGARIANS' RIGHTS IN NEIGHBORING COUNTRIES HAVE BEEN A CENTRAL FEATURE OF FIDESZ'S NATIONALIST POLICIES

Identity and ideology are key elements of the governmental discourse to reach voters and gain legitimization in the international arena. Identity politics is increasingly present in the discussion about Orbán's Hungary. Populism and Euroscepticism can also be associated with identity construction that increasingly rejects Western liberal values and aims to establish a different path, in which Hungary is often seen as a 'trendsetter' after quitting the 'social mobility' strategy of aligning with Western values^{10,11}. Moreover, Fidesz draws its program on historical experiences of the Hungarian nation and puts great emphasis on the protection of Hungarians – not only in the state of Hungary, but also across borders.

¹⁰ Shevchenko, A. (2018) "From a Follower to a Trendsetter", [in]: *Communist and Post-Communist Studies*, Vol. 51, No. 1).

¹¹ Körtvélyesi, Z., & Majtényi, B. (2017) *Game of Values: The Threat of Exclusive Constitutional Identity, the EU and Hungary*, [in]: *German Law Journal*, Vol. 18, No. 7.

AMBIGUOUS PEACE PROMOTION

It should be clearly stated that the Hungarian government *did* condemn the Russian aggression and expressed “Hungary’s commitment to NATO and the EU”^{12,13}. However, beside these short statements of condemning the war (which seem to be a mandatory element of the government’s communication as an EU and NATO member state), the emphasis has always been on their ‘peace promotion’ and blaming the West for the economic hardships and their efforts to “drag Hungary into the war”^{14,15}.

Since the beginning of the Russian invasion of Ukraine, the Hungarian government has been at the forefront of advocating ‘peace’ and opposed any aid in providing arms to Ukraine. They focused on the possibility of the escalation of the war that would bring a third World War. Therefore, the focus has shifted to Hungary’s reluctance to wholeheartedly support Ukraine, which is often seen as efforts to weaken the Western alliance and promote a pro-Russian standpoint.

Hungary repeatedly emphasized its refusal to allow arms through the country or any other military support for Ukraine¹⁶ – instead, they focused on helping refugees arriving from Ukraine. One interesting point that should be mentioned is the

¹² Gulyás, G. (2022) *Magyar katonáknak ebben a konfliktusban nem kell részt venniük!*. Available [online]: <https://kormany.hu/hirek/magyar-katonaknak-ebben-a-konfliktusban-nem-kell-reszt-venniuk> [in Hungarian]

¹³ Magyar Közlöny (2023) *Magyar Közlöny 2023. évi 47. Szám*, Budapest: Magyar Közlöny. [in Hungarian]

¹⁴ <https://2015-2022.miniszterelnok.hu/we-will-not-allow-the-left-to-drag-hungary-into-this-war/>

¹⁵ Szijjártó, P. (2022) *Ez nem a mi háborúnk*. Available [online]: <https://kormany.hu/hirek/szijjarto-peter-ez-nem-a-mi-haborunk> [in Hungarian]

¹⁶ Szijjártó, P. (2022) *A legfontosabb az, hogy kimaradjunk ebből a háborúból*. Available [online]: <https://kormany.hu/hirek/szijjarto-peter-a-legfontosabb-az-hogy-kimaradjunk-ebbol-a-haborubol> [in Hungarian]



IDENTITY POLITICS IS INCREASINGLY PRESENT IN THE DISCUSSION ABOUT ORBÁN’S HUNGARY

difference in governmental rhetoric between Ukrainian refugees and refugees coming from the Middle East since 2015. While people escaping the war in Ukraine are called ‘refugees’ and the government focuses its discourse on helping Ukraine around refugee support, providing them with the necessary needs, during the 2015 migration crisis, people escaping the civil war in Syria were considered as ‘illegal migrants’, who would not only threaten European Christian culture but were also seen as terrorists¹⁷.

In contrast however, the Hungarian government put great emphasis on helping Ukraine through humanitarian channels, which allowed them to claim they are on the “side of peace”¹⁸. Fidesz not only constructed the concept of ‘refugees’ according to their own ideology, but also constructed a narrative over how they contextualize support for Ukraine as well as persist their opposition to war and display a lack of commitment to stronger action against Russia.

¹⁷ Bocskor, Á. (2018) “Anti-Immigration Discourses in Hungary during the ‘Crisis’ Year: The Orbán Government’s ‘National Consultation’ Campaign of 2015”, [in]: *Sociology*, Vol. 52, No. 3).

¹⁸ <https://2015-2022.miniszterelnok.hu/interview-with-prime-minister-viktor-orban-on-the-hir-televizio-programme-daily-update-extra/>



THE DISCOURSE AROUND THE MIGRATION CRISIS WAS HEAVILY BUILT ON THE CONCEPT OF HUNGARY BEING THE 'BASTION OF EUROPE'

The discourse around the migration crisis was heavily built on the concept of Hungary being the 'Bastion of Europe', referring to the country's historical role in repulsing the Ottoman Empire's expansion to Europe¹⁹. The concept is often overstretched to viewing Hungary as the protector of Europe being torn between great powers.

'BASTION OF EUROPE'

In a speech delivered by the Prime Minister at a national commemoration of the 1848 revolution, he stated that "*Hungarian history has accustomed us to fighting for that which is the natural prerogative of more fortunate peoples*" and that "*it was never easy, but still in the end we always won. In the end we sent the Sultan home with his Janissaries, the Habsburg emperor with his accomplices and the Soviets with their*

comrades"²⁰. These statements by Orbán contain historical inaccuracy, as foreign powers contributed to these Hungarian 'victories' in all three cases. However, in terms of constructing a sense of Hungarian greatness in the middle of great 'European civilizational struggles'²¹, Orbán can position Hungary as a country with common sense and utter importance in the international arena.

The Hungarian established position for 'pro-peace' is strongly argued on the grounds of the considerable ethnic Hungarian community living in Western Ukraine. Fidesz has repeatedly used the discourse of protecting those Hungarians lives as of the utmost importance to them^{22,23}. Therefore, the government has refused to take a clear stance on the war, despite the repetition of the short declarations of condemning the Russian aggression in official statements aiming to reassure their Western allies.

Apart from this compulsory condemnation to satisfy the minimum expectations of the EU and NATO, they have failed to state their unwavering support for Ukraine, even when asked – as, for example, Péter Szijjártó, the Minister of Foreign Affairs of Hungary, did while on BBC's HARDtalk, when asked whom Hungary wants to see win the war. Instead, the governmental officials maintain their discourse about the destructing humanitarian crises the war produces, repeat their message of the 'war

²⁰ Orbán, V. (2018, March 15). Orbán Viktor's ceremonial speech on the 170th anniversary of the Hungarian Revolution of 1848. Retrieved March 5, 2023, from <https://2015-2022.miniszterelnok.hu/orban-viktors-ceremonial-speech-on-the-170th-anniversary-of-the-hungarian-revolution-of-1848/>

²¹ Ibid.

²² Szijjártó, P. (2023) *Vádak és/vagy kérdések* - BBC HARDtalk. Available [online]: <https://www.facebook.com/watch/?v=790069862147395> [in Hungarian]

²³ <https://miniszterelnok.hu/en/prime-minister-viktor-orbans-state-of-the-nation-address-2023-02-18/>

¹⁹ Bocskor, Á. (2018) "Anti-Immigration Discourses in Hungary during the 'Crisis' Year: The Orbán Government's 'National Consultation' Campaign of 2015", [in]: *Sociology*, Vol. 52, No. 3.



THE GOVERNMENT HAS REFUSED TO TAKE A CLEAR STANCE ON THE WAR, DESPITE THE REPETITION OF THE SHORT DECLARATIONS OF CONDEMNING THE RUSSIAN AGGRESSION IN OFFICIAL STATEMENTS AIMING TO REASSURE THEIR WESTERN ALLIES

to be stopped' – *"immediate ceasefire to be established, peace talks to take place and a peace agreement to be reached finally which would stop killing innocent people"*^{24,25,26}. Here, they usually refer to their responsibility over the safety of the Hungarian community in Ukraine and,

²⁴ Szijjártó, P. (2023) *Vádak és/vagy kérdések - BBC HARDtalk*. Available [online]: <https://www.facebook.com/watch/?v=790069862147395> [in Hungarian]

²⁵ <https://abouthungary.hu/news-in-brief/pm-orban-hungary-is-pro-peace-and-urges-an-immediate-ceasefire-and-peace-talks>

²⁶ <https://2015-2022.miniszterelnok.hu/prime-minister-viktor-orbans-state-of-the-nation-address-5/>

therefore, they once again mobilize history to underpin their argument.

In certain cases, government officials diminish the war with sentences like *"every country outside Europe is aware of the limited significance of the war in Ukraine"* or *"the war in Ukraine is not a war between the armies of good and evil, but a war between the troops of two Slavic countries"*²⁷. These statements belittle Ukrainians' efforts and struggles to defend their homeland and go against not only the Western perception of the war, but also against Hungary's closest political allies in the region – such as Poland.

NAVIGATING INTERNATIONAL ALLIES

In contrast to Ukraine, the cordial relationship between Hungary and Russia is the product of long years of cooperating on various issues. Since the full-scale Russian invasion of Ukraine in 2022, the Hungarian government has taken various ambivalent steps regarding Hungary's relationship with Russia and the European Union. Orbán flew to Moscow just weeks before the invasion, on February 1, 2022, which was later promoted as a 'peace mission'²⁸ to soften both the domestic and international critical voices.

The Hungarian position, according to the government, is clearly balanced – *"we have developed and are operating a Hungarian model. We are members of NATO and the European Union, and at the same time we have balanced political and economic relations with Russia. The Hungarian example proves that this is possible"*²⁹. This statement is also present in the government's

²⁷ <https://miniszterelnok.hu/en/prime-minister-viktor-orbans-state-of-the-nation-address-2023-02-18/>

²⁸ <https://2015-2022.miniszterelnok.hu/prime-minister-viktor-orbans-state-of-the-nation-address-5/>

²⁹ Ibid.



IN CONTRAST
TO UKRAINE,
THE CORDIAL
RELATIONSHIP
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ON VARIOUS ISSUES

actions taken in the past year, with Minister Szijjártó visiting Moscow multiple times to secure various deals – including gas and oil – as well as resources necessary to expand the nuclear power plant of Paks³⁰. While the government actively shapes the Hungarian position in the situation and claims clear agency over shaping Hungary's position and interest, in the case of the energy imports from Russia, they argue that structural reasons do not allow Hungary to break with Russian energy resources (such as being landlocked and the existing infrastructure³¹).

The alleged fear of Russia being a bad loser leading to nuclear war is reflected in the construction of the argument that NATO countries should, therefore, not send

weapons or any other military resources to Ukraine. Instead, the Hungarian government turns its focus towards the EU and other Western institutions, whom the government argues to have continuously failed to listen to Hungarian voices – like in the case of a European army³². Hence, the Hungarian government flips every criticism of Russia back to the West in their rhetoric. It implies that, in the context of Russia's war in Ukraine, Hungary's outlier role in the European Union can be attributed to the longstanding dispute-ridden relationship between the EU and Hungary about Hungary's Eurosceptic attitude.

An important cornerstone of Hungary's relation with the West can be found in Hungary's repeated threats to use its veto power against sanction packages developed by the EU and in its carefully weighing Finland's and Sweden's NATO membership applications. The fact that Finland's application has been accepted before that of Sweden shakes the Hungarian government's discourse of promoting peace and not angering Russia further due to geostrategic reasons of increasing the border of NATO with Russia. Rather, it implies political factors to be present in the background, which can be traced back to Sweden's continued criticism of the Orbán regime³³. This hesitation could be interpreted as exercising Hungary's power over Sweden's future, while constructing a discourse about genuine concerns about the Swedish accession.

This situation targeted both international and domestic audiences. The government managed to exert power to discourage Western actors from criticizing Hungary,

³⁰ Szijjártó, P. (2023) *Vádak és/vagy kérdések* - BBC HARDtalk. Available [online]: <https://www.facebook.com/watch/?v=790069862147395> [in Hungarian]

³¹ Ibid.

³² <https://miniszterelnok.hu/en/prime-minister-viktor-orbans-state-of-the-nation-address-2023-02-18/>

³³ Kövér, L. (2023) *Napi aktuális* - Kövér László (2023-03-03) - HIR TV. Available [online]: <https://www.youtube.com/watch?v=aNLUeuhRGA8> [in Hungarian]

while depicting Orbán as a responsible leader who steps up in a time of need and leads the government. Hungary has not yet vetoed any EU sanction package at the time of writing despite the continuous threats. Instead, the government exploited its veto power not only on the grounds of their backfiring effect, but also to gain leverage, for instance, to gain exception from the oil embargo by referring to Hungary being a “landlocked country with an infrastructural network that makes us [Hungary] cooperate with the Russians”³⁴.

THE LONG-STANDING CENTRAL EUROPEAN MARTYRDOM

Along with references to events of Hungarian history, the complex concept of ‘Central Europe’ is present in the formulation of the Hungarian position. The argument which expresses Hungary’s constant fight for independence from great powers also relies on the claim that the idea and meaning of Central Europe is the center of not only Europe, but also of great power struggles.

PM Orbán often argues that Central Europe is different from the West and serves as a bridge between the East and the West, and when “*there has been conflict between the East and the West, Central Europe has always been the loser*”³⁵. This claim by Orbán of Central Europe being exposed to great power interests serves as a “*chessboard and Hungary is simply a piece in their game*”³⁶ and allows the gov-

³⁴ Szijjártó, P. (2023) “Vádak és/vagy kérdések - BBC HARDtalk”, Available [online]: <https://www.facebook.com/watch/?v=790069862147395>

³⁵ <https://2015-2022.miniszterelnok.hu/press-statement-by-prime-minister-viktor-orban-following-his-talks-with-president-of-the-russian-federation-vladimir-vladimirovich-putin/>

³⁶ <https://2015-2022.miniszterelnok.hu/speech-by-prime-minister-viktor-orban-on-the-174th-anniversary-of-the-hungarian-revolution-and-war-of-independence-of-1848-49/>



THE HUNGARIAN GOVERNMENT FLIPS EVERY CRITICISM OF RUSSIA BACK TO THE WEST IN THEIR RHETORIC

ernment to legitimize its argument of pursuing a double game policy between Russia and the EU. They argue that because of this ‘chessboard’, “*if it serves their [great powers] purposes, and we [Hungarians] are not strong enough, they will even sacrifice us*”³⁷.

The historical references are present in this kind of rhetoric also, as grievances of the aftermath of the Second World War and the division of Europe by the winners are pulled into the discourse to remind people that the West is unreliable and had already ‘betrayed’ the Hungarians before – not only after World War Two, but also in 1956, during the Hungarian revolution against the Soviet oppression^{38,39}. Therefore, Hungarians should not follow anyone who is under foreign influence – instead, they should only trust those who “*represent our [Hungary’s] own interests – calmly*

³⁷ Ibid.

³⁸ Kóvér, L. (2023) *Beszéd a kommunista diktatúrák áldozatainak emléknepján*. Available [online]: <https://www.orszaggyuleselnoke.hu/archivum/-/cikkk/64424860> [in Hungarian]

³⁹ <https://2015-2022.miniszterelnok.hu/speech-by-prime-minister-viktor-orban-on-the-174th-anniversary-of-the-hungarian-revolution-and-war-of-independence-of-1848-49/>



THE GOVERNMENT
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*and courageously*⁴⁰. According to Fidesz, this trustworthy actor is the national government, as it has been accentuated by the government multiple times both indirectly, through accusing the domestic opposition, and directly with sentences like: *“ever since Hungary has been led by a national government, every crisis has seen us coming out of it stronger than when we went into it”*⁴¹.

⁴⁰ Ibid.

⁴¹ <https://2015-2022.miniszterelnok.hu/speech-by-prime-minister-viktor-orban-at-the-opening-ceremony-of-the-mindszentyneum/>

A related thought-provoking observation is that the link between historical injustices and the current international political situation is inconsistent in the governmental rhetoric. While the governmental communication blames and often attacks the collective West and its institutions for Hungary’s oppressed past, they are relatively soft on the contemporary ‘East’ in the same regard. This Western-blame-heavy rhetoric is present in two phenomena.

Firstly, even during discussing the revolution against the Soviet Union in 1956, the government highlights the ‘betrayal’ of the West and accuse them of the failure of the revolution (even the death of hundreds of Hungarians), while not putting much emphasis on the fact that the mass killings were carried out by the Soviets. Secondly, the Hungarian government seemingly still holds a grudge against those empires and alliances whose successor states today belong to the West – such as the Habsburgs, the West of both post-world war era, and the 1950s United States.

On the other hand, this attitude cannot be seen in the cases of Turkey and Russia. Orbán’s government has managed to overcome the atrocities carried out by their ancestors towards Hungary. The Russian president, for example, can be directly linked to the Soviet state apparatus and, if we follow the governmental argumentation, to the Soviet oppression of Central Europe as he worked for the Soviet KGB in Eastern Europe during late socialism⁴². This behavior reflects the contemporary political and ideological relationship of Hungary’s government with the government of these countries and values they represent and shows the power of history used by language to become a mobilizing force.

⁴² Knight, A. and B.A. Ruble (2000) “The Two Worlds of Vladimir Putin”, [in]: *The Wilson Quarterly*, Vol. 24, No. 2.

Despite the threatening rhetoric of vetoing sanction packages in the EU, constantly emphasizing the Hungarian sovereignty in decision making and resisting Western pressure to ‘get involved with the war’, the actions taken by the government in the international arena were often not in line with the discourse. In April 2023, for instance, the United States sanctioned certain individuals who were involved in the International Investment Bank (IIB), based in Budapest, but controlled by the Russians. The U.S. ambassador to Hungary expressed U.S. concerns about the cordial relationship the Hungarian government has with the IIB and the wider Russian government⁴³.

The sanctions against individuals involved in the bank (including a former Hungarian ambassador) was a clear message to the Hungarian government to cut ties with the bank and stay in line with the Western alliance. The Fidesz government responded by pulling out of the bank the next day. They placed their decision on the argument that *“there was no sense in carrying on with its operations following the US sanctions”*⁴⁴. Consequently, while they rhetorically project the image of a strong state resisting foreign pressure, thereby eulogizing the Hungarian nation as far as Western alliances are concerned, they also try to stay part of the team and not to alienate themselves completely from Western partners.

DOMESTIC ADVANTAGE FORGING

In April 2022, parliamentary elections took place, which brought challenges to both political sides. After 12 years of Fidesz government, six opposition parties agreed on

⁴³ <https://hu.usembassy.gov/news-ambassador-press-mans-remarks-at-a-press-conference-announcing-sanctions-designations/>

⁴⁴ <https://miniszterelnok.hu/en/prime-minister-viktor-orban-on-the-kossuth-radio-programme-good-morning-hungary-2023-04-14/>



THE ACTIONS TAKEN BY THE GOVERNMENT IN THE INTERNATIONAL ARENA WERE OFTEN NOT IN LINE WITH THE DISCOURSE

a coalition and organized primary elections to choose the most adequate candidates against Fidesz for most positions. In the period preceding the elections, polls of various institutes showed that the two main blocs were head-to-head, some even prognosed an oppositional win⁴⁵. However, the results eventually brought another term for Fidesz with supermajority.

The electoral campaign was heavily built on what position Hungary should take in the war, with the opposition hoping to delegitimize Fidesz’s close ties to Russia and linking the Orbán’s government to Putin’s aggression. The debate is still heavily influenced by historical experiences of the country. Fidesz has accused the opposition parties of being controlled and financed by foreign actors – most specifically donors from the United States.

⁴⁵ Közvéleménykutatók (2022) *Kutatócégenkénti havi eredmények: Legfrissebb kutatási eredmények*. Available [online]: <https://kozvelemenykutatok.hu/havipart-preferenciak/page/7/> [in Hungarian]

However, according to the Fidesz rhetoric, Hungarians have managed to resist the “huge international power centers and organizations [that] have acted against us”, and this huge victory “like never before” stems from the Hungarians’ ‘unity’ and ‘passion’⁴⁶. This is a reference to the heroic Hungarian past and the Hungarian nation that has always resisted interference from great foreign powers as mentioned in the previous chapters, connecting to the concept of the ‘Bastion of Europe’.

Through this kind of rhetoric, they not only portray the West and liberal organizations as ‘Other’, but also the voters of the opposition side, who are excluded from the ‘unity’ described by the government. Moreover, the government constantly refers to the parties that were part of the coalition before the parliamentary elections of 2022 as the collective ‘Left’, even though some of the parties do not have a leftist agenda – either socially or economically. However, by including all these parties under the umbrella of the ‘Left’, the government manages to project that Fidesz is the one true party representing conservative values.

SCAPEGOATING THE ‘LEFT’

The label ‘Left’ is a historical reference used consciously by the government to discredit the opposition through constantly reminding the voters about socialism and that the successor party of that era continues (Hungarian Socialist Workers’ Party, MSZMP) to be present in the current political sphere (Hungarian Socialist Party, MSZP). By doing so, they have managed to build up a campaign in which the opposition is linked to a shameful part of Hungarian history. Thereby the opposition is discredited, and other right-wing parties are removed from



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competition at the same time. They constructed the term ‘Left’ to be disgraceful, to which no one would want to belong because they promote non-Hungarian interests and aim to destroy what the Hungarian nation has achieved.

The government managed to link the Hungarian ‘Left’ to the EU and foreign powers who pressure Hungary into a destructive war. During the electoral campaign Orbán formulated his March 15 speech around the ‘Left’ and compared them to threats such as the COVID-19 pandemic, migration crisis and Russia’s war in Ukraine directly claiming that an electoral victory of the opposition would mean ‘destruction’, ‘back[wardness]’, and ‘nightmare’⁴⁷. After

⁴⁶ <https://2015-2022.miniszterelnok.hu/speech-by-prime-minister-viktor-orban-following-the-election-victory-of-fidesz-kdnp/>

⁴⁷ <https://2015-2022.miniszterelnok.hu/speech-by-prime-minister-viktor-orban-on-the-174th-anniversary-of-the-hungarian-revolution-and-war-of-independence-of-1848-49/>



BLAMING THE OPPOSITION AND THE EU FOR THE HARDSHIPS CONTINUED AFTER THE PARLIA- MENTARY ELECTIONS

listing the challenges that the Fidesz government had overcome, he says *“if all this were not enough, here we also have the Hungarian left”*⁴⁸, which portrays the opposition as another problem endangering security and wellbeing.

SUPERFICIAL MEASURES AS LEGITIMIZATION TOOLS

Blaming the opposition and the EU for the hardships continued after the parliamentary elections. In the autumn of 2022, the government launched the 12th National Consultation, most of which discussed the ‘erroneous’ steps taken by the EU. This time, the National Consultation included the Hungarian people aiming to *“correct the erroneous Brussels sanctions”*⁴⁹. It consisted of seven questions, all explaining in detail the governmental stance and why the given sanctions are harmful.

The questions directly accused ‘Brussels’ and the European Parliament for the negative consequences, linked the opposition parties to the Brussels standpoint. Two questions included references to migration and the COVID-19 pandemic, and other sensitive topics. Besides, terms that can evoke strong emotions such as ‘famine’, ‘migration wave’, ‘threaten’, or ‘fight’ were also included to build on people’s fears and encourage them to express their support for the government.

In general, the National Consultations fulfil various purposes. The answers made public usually allow the government to build legitimization for its actions. They also appeal to people, as they feel included and heard in serious decision-making processes, which reinforces the argument that the ‘national government’ works *for* the people⁵⁰.

An excellent example that illustrates the most recent developments is drawn from the Hungarian parliament, which is ruled by supermajority by the governmental parties. On March 31, 2023, the parliament passed a resolution marking the *“1 year anniversary of the Russo-Ukrainian war”*. In the resolution, the parliament states eight points about the inefficiency of the EU sanctions, promoting ceasefire, and peace⁵¹.

The resolution also states the condemnation of the *“Russian military aggression”* and *“recognizes Ukraine’s right to self-defense”*, but it is the shortest point and only comes after the one that states the unwavering promotion of peace, which indicates an order of priorities. The point also includes the word ‘repeatedly’ before ‘condemnation’,

⁴⁸ Ibid.

⁴⁹ Magyarország Kormánya (2022) *Nemzeti Konzultáció: hét kérdés a brüsszeli szankciókról*. Available [online]: <https://kormany.hu/hirek/nemzeti-konzultacio-het-kerdes-a-brusszeli-szankciokrol> [in Hungarian]

⁵⁰ Bocskor, Á. (2018) “Anti-Immigration Discourses in Hungary during the ‘Crisis’ Year: The Orbán Government’s ‘National Consultation’ Campaign of 2015”, [in]: *Sociology*, Vol. 52, No. 3.

⁵¹ Magyar Közlöny (2023), *Magyar Közlöny 2023. évi 47. Szám*, Budapest: Magyar Közlöny. [in Hungarian]

which implies the parliament's (or rather government's) goal to draw attention to their claim that they have already condemned the aggression⁵². This resolution was passed by the Hungarian parliament. Notwithstanding, the MPs of the 'Left' either did not vote in favor or refrained from voting, which provided the governmental media and communication with a useful tool allowing them to stigmatize the 'Left' as being 'pro-war' and that wishes for the death of more people and promotes the sending of Hungarian soldiers to Ukraine⁵³.

THE CONSEQUENCES OF THE GOVERNMENTAL PROPAGANDA

Through their rhetoric, they managed to convince people that the 'Left' would "*drag Hungary into this war*"⁵⁴. The success of the governmental rhetoric can be measured in a representative survey conducted by the IDEA Institute. They asked the Hungarian population (in July 2022 and then May 2023) who they held responsible for the prolonged war and then compared the results. According to their findings, seeing Russia as the main responsible actor increased from 24% to 37%, Ukraine stayed at 9%, NATO decreased from 26% to 18%, and the EU increased from 5% to 15% among the whole adult population.

These results indicate that the governmental discourse has managed to convince the electorate about blaming the European states for providing weapons to Ukraine. It is most significantly present in the results among Fidesz-KDNP voters. Among them, blaming Russia only increased by



THE GOVERNMENTAL DISCOURSE HAS MANAGED TO CONVINCE THE ELECTORATE ABOUT BLAMING THE EUROPEAN STATES FOR PROVIDING WEAPONS TO UKRAINE

3 percentage points (pp), Ukraine by 8pp and the EU by 33pp, while among the opposition voters, only the Russia-blame percentage increased, by 26pp. The 'pro-peace' campaign conducted by the Hungarian government has hence proved to be successful mostly among governmental voters. However, even among the whole adult population, the fear from a nuclear war has increased substantially, from 9% to 24%⁵⁵.

One of the key variables that has been exploited by the government as the basis of their ambivalent 'pro-peace' argument is the ethnic Hungarian community living in Western Ukraine as the result of the Trianon

⁵² Ibid.

⁵³ <https://abouthungary.hu/speeches-and-remarks/prime-minister-viktor-orban-on-the-kossuth-radio-programme-good-morning-hungary-642a98cebdb74>

⁵⁴ <https://2015-2022.miniszterelnok.hu/we-will-not-allow-the-left-to-drag-hungary-into-this-war/>

⁵⁵ IDEA Institute (2023) *Az orosz-ukrán háborúval kapcsolatos vélemények a hazai felnőtt népesség körében: 2023. júliusban és márciusban elvégzett, a magyarországi felnőtt népességre nézve reprezentatív, kérdőíves felmérés.* Available [online]; http://ideaintezet.hu/uploads/docs/38/az-orosz-ukra--n-ha--boru--val-kapcsolatos-ve--leme--nyek-a-hazai-felno--tt-ne--pesse--g-ko--re--ben_ideainte--zet_2023_ma--jus.pdf [in Hungarian]



THE PROTECTION OF ETHNIC HUNGARIANS ABROAD AND PROVIDING THEM WITH HUNGARIAN CITIZENSHIP HAS BEEN A CORNERSTONE POLICY OF FIDESZ THROUGHOUT THE PARTY'S LIFE

Treaty established after the First World War. Relying on the argument that they are part of the Hungarian nation and Fidesz promoting itself as *national* government, the ruling party is empowered to not only refuse Hungary's support towards any action that could lead to the prolongation of the war, but also to criticize Ukraine for curtailing the ethnicities' rights during war⁵⁶.

HISTORICAL GRIEVANCES USED FOR POLITICAL MOBILIZATION

The protection of ethnic Hungarians abroad and providing them with Hungarian citizenship has been a cornerstone policy of Fidesz throughout the party's life, especially in the last 13 years. They have built their current war rhetoric heavily on their

responsibilities to protect Hungarians – both within and beyond borders. The variable of ethnically defined nationhood not only serves as a tool against the domestic opposition who can be accused of not being true patriots by representing foreign interests instead of Hungarian ones, but also on the international stage, as they refer to protecting the members of the Hungarian nation as a legitimizing strategy for upholding their ambivalent position towards Ukraine, towards the West, and consequently towards Russia.

Once again, the historical grievances come to the foreground by being sensitive to foreign powers pressuring Hungary. The argument of great powers tearing the country apart that resulted in today's situation in which Hungarians are dying at the frontlines in Ukraine is a very strong discursive tool that can mobilize many Hungarian citizens to agree with the government. March 15 is one of the most significant Memorial Days commemorating the Hungarian revolution and war of independence of 1848-1849 against the Habsburg Empire. It is usually heavily politicized in the annual speeches of the politicians, placing the historical events into contemporary context.

In the governmental speeches of the commemoration in 2023, they used such statements as: *"Hungarians were right in 1848, as they were in 2010, when we recognized the value of Hungarians abroad and began to reunify the nation, and we were right to unite the nation", "we are right when we stand up for national unity, and every day we work to ensure that our Hungarian communities abroad feel that the motherland will not let their hand go, even in the most difficult times"*⁵⁷ or

⁵⁶ Szijjártó, P. (2023) *Strasbourg - napirenden Kárpátalja*. Available [online]: <https://www.facebook.com/szijasarto.peter.official/videos/577836434362737> [in Hungarian]

⁵⁷ Szilágyi, P. (2023), *"Clevelandi megemlékezés az 1848/49-es forradalom és szabadságharc tiszteletére"* Available [online]: <https://www.youtube.com/watch?v=zTzEL38oWXA> [in Hungarian]

"[March 15] is a birthday: a great shared birthday. (...) This is how the day on which Hungarian freedom was born lives on in our memory"⁵⁸. Through this discourse, they emphasize the unity of the Hungarian nation, with special attention to people living abroad, thereby reaching the support of the voters.

In its communications, the Fidesz government has consistently based its legitimacy on the concept of 'nation' rather than 'state', which implies the important ideational content and the role of values in its rhetoric. They draw a parallel between themselves and the heroes of 1848, who fought both for civil rights, as well as the freedom of the nation. They depict themselves as the guardians of freedom that the ancestors of 1848 fought and died for: "we have demonstrated that we can stand together and are ready to fight for our independence with two great powers at the same time"⁵⁹, referring to the then alliance of the Habsburg and Russian Empires and the Western pressure today consisting of various influential powers.

This rhetoric has seemed to appeal to many voters – both within the borders of Hungary and beyond. 1.1 million people have received Hungarian citizenship abroad since 2010, when the newly elected Fidesz government legally allowed people of Hungarian ancestry to become Hungarian citizens, that allowed them to feel included. It has benefited Fidesz because most of these new voters tend to back Fidesz-KDNP at the elections. 94% of the votes arriving

⁵⁸ <https://miniszterelnok.hu/en/speech-by-prime-minister-viktor-orban-on-the-175th-anniversary-of-the-hungarian-revolution-and-war-of-independence-of-1848-49/>

⁵⁹ Szilágyi, P. (2023) *Clevelandi megemlékezés az 1848/49-es forradalom és szabadságharc tiszteletére*. Available [online]: <https://www.youtube.com/watch?v=zTzEL38oWXA> [in Hungarian]



IT HAS LONG BEEN SAID THAT HUNGARY IS RUSSIA'S TROJAN HORSE IN THE EU

from these areas was for Fidesz-KDNP at the last parliamentary elections⁶⁰.

CONCLUSIONS

Overall, as the war in Ukraine has prolonged, the quick Russian victory did not come about. While the Western powers increasingly supported Ukraine, it can be observed that domestically, the Hungarian government and the media close to Fidesz still aim to sell their 'pro-peace' standing enduring all foreign pressures, while strongly criticizing the opposition parties for placing foreign interests above Hungarian ones and accusing them of being 'pro-war'.

On the international stage, however, the government was cautious about vetoing sanctions proposed by the European Union and rejected the claims of vetoing the common EU standpoint in support of the arrest warrant of Vladimir Putin. They also focused on placing a sentence on condemning the Russian aggression in official documents to strengthen their commitment to "our [Western] allies".

⁶⁰ Nemzeti Választási Iroda (2022) *Országgyűlési képviselők választása-Levélszavazatok*. Available [online]: <https://vtr.valasztas.hu/ogy2022/valasztasi-informaciok/levelszavazas?tab=results> [in Hungarian]

Throughout all the arguments brought up by Fidesz, they claim to protect the Hungarian nation, in which ethnic Hungarians across the border are included, as well as Hungarian soldiers, families, and farmers whose work and wellbeing are threatened by the EU sanctions and policies and the overall Western 'pressure to join the war'. Regardless of whether there is an ideological support for Russia and Putin from Fidesz's side or just material considerations, this rhetoric managed to convince the Hungarian voters again to put their trust in Fidesz, which in turn gives a strong base for legitimization when standing up against EU policies.

Domestic politics is a crucial player in governmental communication, as proved by the 2022 parliamentary elections. The government was highly successful in reaching voters and convincing them to vote for Fidesz. Even though the elections are over, Fidesz continued the rhetoric of portraying the 'Left' as being 'pro-war', but also became slightly more cautious on the international stage.

It will be interesting to follow the upcoming European parliamentary elections of 2024 and see the Hungarian government's tactics to blame the hardships on the opposition and the West. What can be concluded at this stage is that Fidesz has been successfully functioning for over a decade with the strategy of constantly fighting a real or imagined enemy, who is usually foreign or has alleged ties to foreign organizations and individuals (such as George Soros, 'Brussels', or 'dollar-fueled left'⁶¹). In this construction of the enemy, the long-standing metaphor of Hungary being the 'Bastion of Europe', thereby protecting European values based on Christianity and conservatism, is very

present. PM Orbán and his government portray the Hungarian nation with themselves at the helm as the saviors of Europe and protectors from immoral liberal ideas, as the continuation of the glorious Hungarian past.

Constant references to the past and drawing on both the times of glory and of vulnerability mobilize domestic support, which enables the government to pursue their current policy. The Orbán government politicizes history, thereby exploiting the population's feelings to pursue their agenda. They abuse historical grievances, with great emphasis on the Trianon Treaty and the Revolution of 1956 against the Soviets, both when the West can be blamed for 'betraying' the Hungarian nation, to strengthen their power.

It has long been said that Hungary is Russia's Trojan Horse in the EU, weakening the institution from the inside with its veto powers, which could change in the foreseeable future. As the war prolongs and the world is increasingly polarizing (with the West on the one side and Russia and China with their allies on the other), Hungary might no longer be able to continue with its ambivalent rhetoric, trying to ride two horses at the same time.

The war has drastically changed the current European security structure and, therefore, the latter will need to be reconstructed. The EU will, therefore, need to rethink their own role and responsibilities in it – along with Hungary.



*

REBEKA
PAPP

⁶¹ <https://miniszterelnok.hu/en/prime-minister-viktor-orban-on-the-kossuth-radio-programme-good-morning-hungary-5/>

A recent Oxford graduate of MSc Russian and East European Studies, and a current trainee at the European Commission's Blue Book Traineeship Programme. She is based in Budapest



Toward Understanding the Hungarian Right-Wing Media Narrative about the Russian Aggression in Ukraine



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OLIVÉR
PAPP

The Hungarian government has always had a strong relationship with Russia. This has changed since the outbreak of the war in Ukraine due to the fact that Hungary is, after all, a member of the European Union (EU). This is why Hungary could no longer keep such a strong connection to Russia as before. Still, the Hungarian right-wing media is known for its centralized opinions coming from the government¹. Therefore, it is crucial to explore which Hungarian right-wing media outlets are using Russian propaganda, how they are doing it, and what links can be found between Russian and Hungarian media.

The governing party uses its media to spread their ideas, which allows it to be more radical than in their own communication. *“After the turnaround in 2010, the media system was re-monopolized. More and more organs became the governments mouthpieces; above all, the channels, which had been downgraded from public service to state ownership, and many other privately owned presses. Media pluralism, i.e., diverse, factual[,] and objective information, is under threat”².*

While the government changed their messaging concerning Russia, their media kept promoting ideas coming in from the Russian Federation. State television channels, newspapers, and online pages are still using Russian propaganda. They promote these ideas because the government has been pursuing a pro-Russian narrative for the past decade.

¹ Máriás, L., et.al. (2019) “Központosított Médiarendszer Lány Cenzúra 2018”, [in]: *Mérték Füzetek 17. szám* [in Hungarian]

² Martin, J.P. (2019) “Kéz a kézben a lejtőn. Korruptió és sajtószabadság a média trendek tükrében”, [in]: *Médiakutató*, Vol. XX, No. 3. [in Hungarian]

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IN 2014, IN HIS INFAMOUS SPEECH IN TUSNÁDFÜRDŐ, PM ORBÁN ANNOUNCED THAT HUNGARY IS NO LONGER A LIBERAL DEMOCRACY, BUT RATHER AN ILLIBERAL ONE AND IDENTIFIED PUTIN'S RUSSIA, AMONG OTHERS, AS A MODEL COUNTRY

As Hungary is a member of organizations such as the European Union and NATO, it is understandable that the government cannot talk about Russia in the same way as it did before, but their voters are used to the Russian narrative. This is why the right-wing media continue to use Russian propaganda, so as not to be seen as a sudden shift in communication. Media can talk about the Russian aggression in a more friendly way and even can blame Ukraine for it. It is possible because the media simply can do more than an elected government. These media products are

directed by the governmental propaganda machine, but as a journalist or a TV presenter you can still say that it is just your opinion. However, someone who is an elected politician does not have the same ‘freedom’.

The government uses its media to keep a good relationship with Russia and broadcasts fake information about the war for Hungarians. Interestingly, the Russian propaganda machine often talks about Hungary – to an extent that a well-known tv presenter willingly participates in this, which shall be discussed in detail below. It is also good for the government, because after years of Russian propaganda usage, the people who believed that information can still get those and are not subject to cognitive dissonance redundancy, but the government can say that they do not support the aggression at all.



WHEN THE FIDESZ
GOVERNMENT
TALKS ABOUT
THE WAR,
THE STATEMENTS
OF THE RIGHT-
WING MEDIA
AND THE GOVERN-
MENT ARE COM-
PLETELY DIFFERENT

In fact, the Hungarian government’s main message is that peace is the most important thing in the world, and the opposition side is the one who wants to force Hungary into the war. But their media is quite different.

THE CHANGE OF THE MEDIA SYSTEM IN HUNGARY

During the first two decades after the change of regime (the end of the communist era) in 1990, right-wing parties operated primarily small media platforms. This changed when Fidesz – KDNP won the elections and started to build a new media system in 2010. As observed by József Péter Martin, a senior lecturer at Corvinus University of Budapest, *[i]n the 2010 parliamentary elections, with a two-thirds majority in parliament, the Fidesz-KDNP coalition made a new media law.*³ Moreover, no opposition parties nor NGOs were consulted before the legislation was tabled, and all opposition parties later voted against the amendment. This law, which is still in force today, also created a new media council, all members of which were voted in by a two-thirds majority of the governing coalition. The powers of the council were extended not only to television, radio, or print media, but also to the internet⁴. This has been the most significant change until this day in the media system in Hungary as the law made it possible for the government to manage the media as they please.

THE HUNGARIAN NARRATIVE BEFORE THE WAR IN UKRAINE

Before 2010, PM Orbán held the view that the future of Hungary lies in its western orientation. After Fidesz won with a two-

³ Bajomi-Lázár, P. (2017) “Tekintélyelvűség és szabadelvűség között – Paradigmaváltások a magyarországi politika és média viszonyában”, [in]: *Politikatudományi Szemle*, No. 26. [in Hungarian]

⁴ Ibid.

third majority in 2010, this opinion soon changed, and he announced the politics of ‘eastern opening’. In 2014, in his infamous speech in Tusnádfürdő, PM Orbán announced that Hungary is no longer a liberal democracy, but rather an illiberal one and identified Putin’s Russia, among others, as a model country⁵.

The right-wing media in Hungary has always presented the same opinion as the governing party and the Prime Minister. For example, one of the biggest pro-government sites, *Origo*, wrote about the Orbán-Putin meeting in 2019 as follows:

“Russian President Vladimir Putin, one of the world’s most influential politicians, has visited Budapest, where he signed eight agreements with Prime Minister Viktor Orbán. A new gas supply contract was announced, the new Ukrainian leadership and the situation of Hungarians in Transcarpathia were discussed, bilateral economic relations were discussed, NATO and Western countries’ relations with Russia were improved (...)”⁶.

The positive context of presenting the events, calling Putin “one of the world’s most influential politicians” may indicate that the government’s and the right-wing media’s point of view is the same.

FAKE NEWS AND THE RUSSIAN NARRATIVE

When the right-wing media is controlled by the government, fake news may occur. In Hungary, in addition to the public media, the government is also able to influence media outlets that are initially linked to private entrepreneurs – this can be done in such a way that these owners do not have a government role, but are still sympathetic to the government. In 2018, KESMA (Central European Press and Media Foundation) was established, to which more than 470 Hungarian media outlets were transferred from these private entrepreneurs⁷.

Spreading fake news for political gain is one thing, but using propaganda from Russia is a whole other part of the story. The fact that Hungarian right-wing media use Russian narrative is clear. For instance, the employees of the taxpayer funded national MTVA network have, admittedly, fabricated fake news about immigration for the benefit of the government. In addition, pro-government media spread pro-Kremlin conspiracies, as well as fake news, on political and non-political issues – both in public media and in private media close to the government⁸. Interestingly, Hungarian right-wing media still uses disinformation from Russia, but they changed the extent of it, apart from some extreme examples.

⁵ Szabad Európa (2023) *Hogy jelenik meg Magyarország Putyin propagandájában, és fordítva?*. Available [online]: <https://www.szabadeuropa.hu/a/magyar-orosz-putyin-kormanypropaganda-cimek/32407272.html> [in Hungarian]

⁶ MTI/ORIGO (2019) *Óriási magyar sikert hozott az Orbán-Putyin csúcstalálkozó*. Available [online]: <https://www.origo.hu/itthon/20191030-orban-viktor-es-vlagyimir-putyin-budapest-talalkoztak.html> [in Hungarian]

⁷ Szebeni, Z., Lönnqvist J.E and I. Jasinskaja-Lahti (2021) *Social Psychological Predictors of Belief in Fake News in the Run-Up to the 2019 Hungarian Elections: The Importance of Conspiracy Mentality Supports the Notion of Ideological Symmetry in Fake News Belief*. Available [online]: <https://www.frontiersin.org/articles/10.3389/fpsyg.2021.790848/full>

⁸ Ibid.

ORGIO.HU: THE PROBLEMATIC HUNGARIAN RIGHT-WING NEWS SITE

When it comes to adapting the narrative to be less problematic in light of the ongoing full-scale invasion of Ukraine, Orgio.hu, the third biggest web portal in Hungary (infamous for spreading the narrative of the Hungarian governing coalition, Fidesz-KDNP) is a very telling example. Being one of the key news sources for most Hungarians, after the Russian aggression against Ukraine, this media outlet has changed its messaging.

According to the 2023 research conducted by the Political Capital, a Hungarian think tank, the headlines used by Orgio are similar to Russian propaganda. One of the findings indicates that Vladimir Putin is mentioned more frequently in headlines than Zelensky.

“Putin was typically featured more in the first five months of the war, from 13 to 26 times, while in the last eight months, he has been in the headlines 7 to 12 times a month. Zelensky has been mentioned more frequently in headlines since November last year, but Orgio readers were still more likely to see a headline about Putin each month”⁹.

However, one could argue the fact that the Russian president is mentioned more often still does not necessarily mean that it is indicative of spreading Russian propaganda. That may be true, but the research does not stop there – the Political Capital also examined the contexts and connotations of the headlines. They found out that ‘Zelensky’ appears predominantly in a negative context.

“If we look only from here, we can see – in line with Russian propaganda claims – a picture of a “reckless leader” with “dangerous” and “crazy ideas”, making “scandalous” and “desperate” decisions. Moreover, he “takes revenge on his own people”, “sends his soldiers to their deaths”, “wants to involve more countries in the war”, and “has started a third world war” and “nuclear war”. He is a “human wimp”: a “liar”, a “coward”, a “drunk” (to the extent that he “started speaking Russian”), a “secret neo-Nazi” and has a “scandalous business record”¹⁰.

In contrast, as regards representing the Russian president,

“Origo breaking news articles of the past 13 months have portrayed Vladimir Putin – the leader who initiated the war- not as an aggressor but as a determined but prudent head of state of a great power. Putin “makes announcements” (37 times), “sends messages” (28), “responds” (12), “takes decisions” (10), and usually does so in a “tough”, “dramatic”, “unexpected”, and “extraordinary” way. A negative context like that of Zelensky and Biden did not appear in any of the 160 occurrences”¹¹.

In their study, the Political Capital found that, according to *Origo*, Putin is portrayed as a strong, and more importantly, a calm leader who does not matter what tries to win this war as quick as possible. On the other hand, Zelensky is said to have poor leadership skills, be reckless, and kill his own citizens in the war¹².

⁹ Krekó P. and Cs. Molnár (2023) *Disinformation Wonderland in the Hungarian Government-Controlled Online Media: Origo’s Articles on Putin and Zelensky*. Available [online]: https://politicalcapital.hu/news.php?article_read=1&article_id=3192

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

Of course, the Hungarian government does not communicate the war in Ukraine in the same fashion. Interestingly, before the full-scale invasion, the government and their media communication went hand in hand, although the latter has always been a bit more radical than the government. This has not changed, except in one case. When the Fidesz government talks about the war, the statements of the right-wing media and the government are completely different.

The position of the Hungarian government is that peace should be achieved as soon as possible (yet, they have never explained how this could be done), whereas the right-wing media usually talk about peace as well, but they have a specific proposal on how to achieve this goal: it is Ukraine that must stop the war. This is not only sur-

real, but also implicates that Ukraine is the one who started the war¹³.

How is it possible that a news portal such as *Origo* operates in a country that is a part of the European Union? Interestingly, *Origo* is one of the oldest online news sources in Hungary (it was founded in 1998) and has not always propagated Russian propaganda. Before 2015, it used to be one of the most reliable and popular news sites in the country. It was that year that everything changed, and the owners had to sell the site to a media company which has the same interest as the government.

Moreover, "[o]ne of the members of the media group that bought *Origo* also benefited from the growth loan programme of the Hungarian National Bank led by György Matolcsy, under a contract signed in August. [...] *New Wave Production Kft.*, the sister company of *New Wave Media Kft.*, which bought the Internet portal for HUF 4.2 billion, received a HUF 500 million loan from the Central Bank's loan program[m]"¹⁴.



SINCE 2010,
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ESTS OF THE GOV-
ERNMENT

¹³ According to the Political Capital, "*The breaking news in Origo shows no intention of correcting the foreign policy orientation of the Hungarian government, and the news about Zelensky has become even more extreme in recent months than it initially was. The articles often openly cite exclusively Russian sources [...] and in many cases, clearly reflect the narratives spread in Europe by Russian disinformation outlets (e.g., about bioweapons or Zelensky dragging Europe into nuclear war)*". Ibid.

¹⁴ It is important to note at this point that the author had to use waybackmachine.com to access the article, because it was released in a newspaper called *Magyar Nemzet*. Back then, it was independent, but nowadays it also belongs to the government (although it is not widely known for propagating Russian propaganda). See: Horváth, C. L. (2015) *Ki vette meg valójában az Origót?*. Available [online]: <https://web.archive.org/web/20170330032015/https://mno.hu/belfold/ki-vette-meg-valojaban-az-origot-1319887> [in Hungarian]

Spreading fake news is morally reprehensible and can cause enormous damage. Therefore, nobody should be able to afford to do so, even if they are paid by the government – and that is often the case. According to an investigative journal called *Átlátszó* the pro-government media lost almost 400 press lawsuits, from this *Origo* lost more than 100¹⁵.

RUSSIAN PROPAGANDA IN THE HUNGARIAN PUBLIC MEDIA

In theory, in most countries, public media serve as an all-around information service where the pro- and anti-government voices shall both be represented. In Hungary, however, it is quite a different story. Since 2010, public service media has been reorganized to provide programs and news that serve the interests of the government¹⁶. The programming is prone to spreading the ideas promoted by the government. In the case of Russian aggression against Ukraine, the main narrative is that we must strive to make peace as soon as possible. Moreover, information which seems like Kremlin propaganda is presented as well. When referring to the war in Ukraine, it is mostly about how President Zelensky is more responsible for the whole situation than Russia¹⁷. They also talk about a different path that Hungary took than the European Union and NATO.

¹⁵ Erdélyi, K. (2022) *Közel 400 pert veszített 5 év alatt a Fidesz-barát média, ebből 103-at az Origo bukott*. Available [online]: <https://atlatszo.hu/kozugy/2022/02/23/kozel-400-pert-vesztett-5-ev-alatt-a-fidesz-barat-media-ebbol-103-at-az-origo-bukott/> [in Hungarian]

¹⁶ Máriás, L., et.al. (2019) "Központosított Médiarendszer Lány Cenzúra 2018", [in:] *Mérték Füzetek 17. szám* [in Hungarian]

¹⁷ Lakmusz (2022) *Orosz Propaganda A Magyar Állam Támogatásával: Hazai Dezinformáció Az Orosz-Ukrán Háború És A Választások Idején*. Available [online]: <https://www.lakmusz.hu/orosz-propaganda-a-magyar-allam-tamogatasa-val-hazai-dezinformacio-az-orosz-ukran-haboru-es-a-valasztasok-idejen/> [in Hungarian]



NEITHER THE RUSSIAN NOR HUNGARIAN TELEVISION PROGRAMS MENTION PUTIN AT ALL

In other cases, the public media claim that the Hungarian opposition parties want Hungary to be part of the war efforts¹⁸. Sometimes, they highlight the fact that Hungarians living in Ukrainian Subcarpathia must face extensive political repression (which is actually true)¹⁹. They also tend to claim that President Zelensky is responsible for most of the actions in the war, while they barely mention Vladimir Putin²⁰.

A rather telling case is when Georg Spöttele, a security policy expert known for his proximity to the government, an analyst at "Nézőpont Intézet" (which is a pro-government think-tank), who worked as

¹⁸ Ibid.

¹⁹ Molnár, Sz. (2022) *Életbe lépett az új ukrán nyelvtörvény*. Available [online]: https://index.hu/kulfold/2021/01/16/karpatalja_ukrajna_kulhoni_magyarsag_nyelvtorveny/ [in Hungarian]

²⁰ Zubor, Z. (2022) *Kétkulacsos kormánykommunikáció: a közmédiába is bekerültek az orosz háborús propaganda állításai*. Available [online]: <https://atlatszo.hu/kozugy/2022/02/28/ketkulacsos-kormanykommunikacio-a-kozmedia-ba-is-bekerultek-az-orosz-propaganda-allitasai/> [in Hungarian]

a UFO researcher in the 1990s, claimed in an interview in the public media that Ukraine started to develop nuclear weapons²¹. He stated that *“Ukraine had crossed the red line, ‘blowing Putin’s fuse’ by announcing that it was preparing to develop nuclear weapons”*²². This false accusation was made verbatim in Putin’s speech announcing recognition of the breakaway republics two days earlier²³.

This was an obvious example of the Hungarian public media system spreading Kremlin propaganda. Such an approach is not only allowed, but even welcome. In the interview, Spöttle talked about the two sides in a very different fashion. He said that *“Russian soldiers are very calm, as the Ukrainians are not putting up any serious resistance”*²⁴, whereas when he talked about the fact that President Zelensky had armed civilian volunteers, he said that *“the last time someone committed such madness was Hitler in the last days of the war”*²⁵.

One of the root causes for the public media service sharing the point of view that Russia is not an aggressor may be the fact that during the last ten years, the Fidesz government’s communication was all about following Russia’s example²⁶. Although the government *did* condemn the aggression,

their voters seem to have a radical pro-Russian side and so they will follow Russia no matter what. The public media system is, therefore, serving as a means of keeping these voters supportive of the government coalition.

“YES, I AM ALSO ROOTING FOR THE RUSSIANS!”

András Bencsik, a famous television presenter in “Hír Tv” (a Hungarian news channel, known for its pro-government statements and programs) uttered that sentence on February 12, 2022, the ‘Sajtó klub’ program. After issuing this rather strong statement, he continued: *“But not because I am pro-Russian. It is because of the filthy, inhuman lies and deceit of the sweater-and-t-shirt actor Zelensky, who pretends to be a statesman while this poor man is just playing a character”*²⁷.

Before the Hungarian right-wing media started to call Volodymyr Zelensky a ‘nazi’, ‘reckless’, or ‘incompetent’, he was often referred to as merely an actor (which he used to be before becoming the president of Ukraine). It has also been a cliché commonly used by the pro-government media – which clearly creates a paradox of sorts.

The already mentioned television program did not stop there. Bencsik also claimed that: *“I’ve yet to meet a person in this country who, when he takes a deep breath, doesn’t say, yes, he’s rooting for the Russians”*²⁸. This is obviously not true, as the statement implicates that all Hungarians are rooting for Russia, but it nicely

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Lakmusz (2022) *Orosz Propaganda A Magyar Állam Támogatásával: Hazai Dezinformáció Az Orosz-Ukrán Háború És A Választások Idején*. Available [online]: <https://www.lakmusz.hu/orosz-propaganda-a-magyar-allam-tamogatasaval-hazai-dezinformacio-az-orosz-ukran-haboru-es-a-valasztasok-idejen/> [in Hungarian]

²⁷ Haász, J. (2023) *“Az oroszoknak drukkolok” – a fideszes megmondóember Bencsik András visszatért az állampárti önmagához*. Available [online]: <https://telex.hu/zacc/2023/02/13/az-orosz-oknak-drukkolok-a-fideszes-megmondoember-bencsik-andras-visszatert-az-allamparti-onmagahoz> [in Hungarian]

²⁸ Ibid.

serves the purpose of spreading the idea that, in Hungary, everyone is pro-Russian.

These statements can be interpreted as opinions, but the presenter continued with something that cannot be anything but Russian propaganda. He said: “[...] *this whole lying machine, starting with Russian aggression... Russian aggression... and when the Russians were shot at by the Ukrainians in the Donbass for eight years, wasn't that aggression?*”²⁹. The fact that Donbass was annexed by separatists fighting with Russian support in 2014 and it has been accepted as a state only by Russia, Syria, and North-Korea was not mentioned in the program.³⁰

Just after two months, the program with Bencsik featured in a Russian propaganda documentary³¹ about Hungary was aired in the Russian television channel RT. Although it was about Hungary, it managed to speak about Ukraine and the war as well. According to 444.hu, an independent Hungarian news site, in the first third of the movie they talk about how the Hungarian government voted against the sanctions (while, in reality, all of them were voted by them), and how it seems like Hungary is pro-Russian, but in reality, they are pro-common sense³². Later on, Bencsik becomes the star of the production. He goes on to talk about how he does not understand how the European Union can want Ukraine to be part of the European project, because, after all,

Ukraine is ‘fascist’³³. Finally, Bencsik expresses the view that the West thinks that they must actually destroy Russia³⁴.

As the film draws to a close, they discuss, among other things, that fascism is in power in Ukraine and forced conscription in Transcarpathia is taking place, but there is no mention of the undisputed fact that it was Russia that actually started the war in the first place³⁵. It is not a surprise that in a Russian propaganda documentary they are talking about ‘fascist Ukrainians’ and ‘forced conscription’, but if a well-known television presenter willingly takes part in making such a movie, it is a horse of different color.

It is important to notice that the Russian documentary and the previously mentioned Hungarian news sources are talking about the same things and using the same phrases. While the Hungarian government’s communication is more light-hearted, their media has the freedom to continue to spread disinformation coming directly from Russia, and their viewers seem to believe them³⁶.

Another interesting detail is the fact that neither the Russian nor Hungarian television programs mention Putin at all. It seems that these propagandistic aspirations are all about presenting Ukraine in a negative light. However, while Russia’s interest in doing this may be relatively obvious, it is somewhat confusing as to why Hungary

²⁹ Ibid.

³⁰ Ibid.

³¹ See full documentary: https://www.youtube.com/watch?v=ouoUIDGt_GY

³² Horváth, B. (2023) *Bencsik András oroszul gyalazza Ukrajnát az RT filmjében*. Available [online]: <https://444.hu/2023/04/29/bencsik-andras-oroszul-gyalazza-ukrajnat-az-rt-filmjeben> [in Hungarian]

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Csatári, F.D. (2022) *Publicus: A fideszesek negyede Ukrajnát hibáztatja a háború miatt* Available [online]: <https://telex.hu/belfold/2022/03/17/nagy-a-zavar-a-haboru-megiteleserol-publicus-intezet-nepszava-kozvelemenykutatas> [in Hungarian]

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MOST OF THE MEDIA IN HUNGARY IS IN THE HANDS OF THE HUNGARIAN GOVERNMENT, AND THEY ARE USED RATHER EFFECTIVELY TO PROMOTE ITS AGENDA. FIDESZ HAS ALWAYS KNOWN WHAT THEIR VOTERS WANT TO HEAR, AND SO THEY HAVE USED THE MEDIA SYSTEM TO SPREAD THOSE MESSAGES AMONG THEIR AUDIENCES

follows suit. After a decade of pro-Russian messaging, it is difficult to change it straight away, but it seems like a plausible explanation. In short, we do not really (and probably will not ever) know why the Hungarian right-wing media feel that they must spread Russian propaganda.

PERCEPTIONS OF PRO-RUSSIAN PROPAGANDA BY HUNGARIAN SOCIETY

According to the Radio Free Europe/Radio Liberty, “[t]he Hungarian government has created a centralized media market that is unique in Europe over the past 12 years. As a result, by 2022 the overwhelming majority of Hungarian media publications were under pro-government influence, supported by a significant grey-zone media presence in uncontrolled social media”³⁷. Most of the media in Hungary is in the hands of the Hungarian government, and they are used rather effectively to promote its agenda. Fidesz has always known what their voters want to hear, and so they have used the media system to spread those messages among their audiences.

In most cases, what the government and the right-wing media says is the same thing. The case of Russian aggression is a telling example of how the government can communicate one thing (a more ironed out version, because Hungary is still part of the EU and NATO), but also express some ideas that are popular among their voters at the same time.

One of the topics most discussed by the government and its media is the question of sanctions against Russia. Interestingly, even though the Hungarian government voted in favor of all the sanction packages, it also communicated that these sanctions are harmful not only for Hungary, but also for Europe. The Fidesz government even conducted a survey in every household in Hungary concerning their attitude toward sanctions, asking people whether they

³⁷ Szabad Európa (2023) *Hogy jelenik meg Magyarország Putyin propagandájában, és fordítva?*. Available [online]: <https://www.szabadeuropa.hu/a/magyar-orosz-putyin-kormanypropaganda-cimek/32407272.html> [in Hungarian]

would like the government to vote for or against the sanctions. What is even more questionable than the sole fact that the questions themselves were guided ones, was that they started to send out the surveys after they already voted in support of the sanctions³⁸.

According to the research by Political Capital, “[h]alf of Fidesz voters say the government did not vote for sanctions”³⁹. The government’s efforts to convince people that this was actually the case was rather successful, with 23% of the people who voted for one of the oppositional parties also believing that the government voted against the sanctions⁴⁰. Therefore, it becomes clear that even though the Russian propaganda machine is a strong one, it is the Hungarian one combined with disinformation from Russia that can be even more powerful.

CONCLUSIONS

It is evident that the Hungarian government has been using propaganda from Russia. In the last 13 years, it was able to alter the media system to resemble Russia. Nonetheless, with Hungary being part of the European Union, the Fidesz government does not have the same power as the Russian Federation. Despite this fact, the tendencies and approach to operating the media landscape are rather alike. Luckily, in Hungary, we still have a handful of independent

³⁸ Magyarország Kormánya (2022) *Nemzeti Konzultáció: Hét Kérdés A Brüsszeli Szankciókról*. Available [online]: <https://kormany.hu/hirek/nemzeti-konzultacio-het-kerdes-a-brusszeli-szankciokrol> [in Hungarian]

³⁹ Political Capital (2022) *A Fidesz-szavazók fele szerint a kormány nem szavazta meg a szankciókat – kutatás az orosz-ukrán háborúval kapcsolatos attitűdökről*. Available [online]: https://politicalcapital.hu/hireink.php?article_read=1&article_id=3107 [in Hungarian]

⁴⁰ Ibid.



THOUGH THE RUSSIAN PROPAGANDA MACHINE IS A STRONG ONE, IT IS THE HUNGARIAN ONE COMBINED WITH DISINFORMATION FROM RUSSIA THAT CAN BE EVEN MORE POWERFUL

and quality media products, but they are facing an extremely challenging situation – both politically and financially.

The Hungarian propaganda machine is well managed and distributed. No one can express their own ideas in the press, television, or on the radio, because everything must come directly from the headquarters. This is the reason why the opinion of the government and the right-wing media about basically everything is always the same.

When an unexpected event occurs, such as Russian aggression in Ukraine, the government must act professionally, but in the last 13 years they have always expressed the idea that Russia is not only a friendly country, but also a role model. It is, therefore, difficult to explain to the voters how everything that we have known for over a decade has changed all of a sudden. For-

tunately for the government, they do not need to, because their voters are informed by the media, so the government can function professionally, while the right-wing media can continue to deliver the same messages as before.

Even though Hungarian and Russian media have seemingly different goals, it is frightening to see that the pro-government propaganda machine in Hungary uses Russian disinformation on top of their own fake news. The Russian propaganda still tries to present Hungary as a friendly country, as it was portrayed in the propaganda documentary mentioned above⁴¹. This is the reason why they are able to make a documentary about Hungary in which Hungarian television presenters happily and willingly promote the wildest conspiracies that the Russian propaganda machine produces.

Meanwhile, one of the most popular online news sources (Origo.hu) uses Russian propaganda on a daily basis, and people still read it. Not only the pro-government, but also the oppositional voters tend to believe this kind of disinformation, so it is not just that Russian propaganda is constantly being broadcast by the right-wing media, but also that these messages are reaching most citizens and have an impact on them.

Why is using Russian propaganda beneficial for the Hungarian government? Needless to say, for more than a decade the Fidesz party has been building a specific narrative as they want to ensure that voters receive consistent messaging. However, at this point, in light of the ongoing Russian aggression in Ukraine, it is not clear how

such messaging could still be deemed as useful. Once thing is clear: the Hungarian government continues to propagate Russian disinformation in its media, and there is no change in sight.

⁴¹ Horváth, B. (2023) *Bencsik András oroszul gyalázza Ukrajnát az RT filmjében*. Available [online]: <https://444.hu/2023/04/29/bencsik-andras-oroszul-gyalazza-ukrajnat-az-rt-filmjeben> [in Hungarian]



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OLIVÉR
PAPP

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A political scientist and journalist based in Budapest, Hungary. His main areas of interest include regional politics and political communication

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Croatia's Approach to Russian War

in Ukraine:

How the EU Was
Suddenly Forced
to Deal with Its
Decades-Long
Dependence
on Russian Energy
and to Look
for a Way Out



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IGOR
ŠLOSAR

In February 2022, Russian troops invaded the sovereign territory of Ukraine in an attempt to overthrow the regime of President Volodymyr Zelensky and install a compliant one which will take their orders from Moscow and Russian president Vladimir Putin. Russia made an identical move almost eight years ago, when it invaded the Crimean Peninsula in February 2014 and illegally annexed it. Later that year, Russian-backed armed forces seized government buildings in the Donetsk and Luhansk regions – now self-proclaimed independent republics. While the sanctions on Russia were already imposed by the international community, they clearly did not deter further escalations of Russia's actions, eight years later.

Russia weaponized its energy resources and used them as a countermeasure against European sanctions, cutting down the energy supply, and forcing the EU to take multiple measures in order to preserve its economy and to step up its efforts in becoming green, sustainable, and no longer dependent on Russia.

”
RUSSIA
WEAPONIZED
ITS ENERGY
RESOURCES
AND USED THEM
AS A COUNTERMEASURE
AGAINST EUROPEAN
SANCTIONS

Unlike the events that have taken place in 2014, a full-scale invasion in 2022 brought forth a much stronger international reaction and accompanying sanctions, as well as unity, most likely surprising the Russian leader. However, this time the world experienced a much different scenario in the form of the first major global energy crisis. The crisis itself prompted the European Union in particular to double down on its green agenda, reducing the dependency on the imports of Russian fossil fuels. Still, decades of dependency on Russian energy made such a transition impossible, at least in the short run. So, for the last 18 months, EU member states had to help the economy and its citizens deal with rising energy prices, and consequently rising costs of everyday items.

While it would be wrong to say that the Russian invasion of Ukraine is the sole culprit for the current economic environment, it did contribute to it. The world just recently declared the end to the COVID-19 pandemic, which severely damaged international supply chains, and before that, a worldwide increase in inflation began in mid-2021, which is still plaguing global economies, creating instability before February 2022¹. CEE states were among many to introduce aid packages worth billions of euros in order to prevent more severe economic consequences in the form of price regulations, further business support, and money transfers to vulnerable groups in the society².

¹ Attinasi, M. et.al. (2021) "Supply Chain Disruptions and the Effects on the Global Economy", [in]: *ECB Economic Bulletin*, Issue 8/2021. Available [online]: https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202108_01-e8cceebe51f.en.html

² <https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>

Europe's golden hour has finally arrived, a perfect storm of need and opportunity. Firstly, following the COVID-19 pandemic, and the economic hit it took, the European Union has decided to double down on its commitment to rebuilding the continent's economy to be more green, circular, and sustainable. EU funding across the continent is conditioned on implementing green, more efficient technology, and sustainability of its natural resources.

The EU's economy will need to be fueled to a greater extent by green sources which include wind, solar, hydrogen, and nuclear energy. Secondly, Russian aggression has added further impetus to the speed of a green transition and to invest even more heavily into the development of innovative infrastructure, which will serve to transport hydrogen.

EUROPEAN DEPENDENCE ON RUSSIAN ENERGY

For decades, the European continent was becoming increasingly reliant on Russian energy sources. In 2021, EU countries imported 155 billion cubic meters (bcm) of Russian gas, which accounted for about 45 percent of total gas imports³. Before the Russian aggression in Ukraine, Russia was also one of the largest suppliers of crude oil to the European Union (108 million tons), and the largest supplier of petroleum (91 million tons)⁴. Furthermore, the EU also imported a little over 50 million tons of coal, whereas 18 of its nuclear power blocks were fueled by Russia (six in the Czech Republic, four each in Hungary and Slovakia, and two each in Finland and Bulgaria)⁵.

³ <https://ecfr.eu/article/conscious-uncoupling-europe-ans-russian-gas-challenge-in-2023/>

⁴ Ibid.

⁵ Ibid.



WHILE IT WOULD BE WRONG TO SAY THAT THE RUSSIAN INVASION OF UKRAINE IS THE SOLE CULPRIT FOR THE CURRENT ECONOMIC ENVIRONMENT, IT DID CONTRIBUTE TO IT

The rationale for such policies is beyond the scope of this article, but whatever policies there were in place to support such a system, they are gone as of February 24, 2022. On that day, the narrative according to which Europe and Russia are equal trading partners in this deal (and that Europeans need Russia as a supplier as much as Russia needs Europeans as customers) fell apart. Warnings from foreign partners to the EU that such a strong dependence in this strategic sector is something to be taken seriously, went largely unnoticed⁶. Cooperating with a nation whose fundamental values are so different from those of the EU, turned out to be impossible.

⁶ <https://www.marshallcenter.org/en/publications/occasional-papers/europes-dependence-russian-natural-gas-perspectives-and-recommendations-long-term-strategy-0>

Table 1: Dependence Upon Russian Natural Gas by Selected Former Soviet and Former Soviet Satellite Countries (2004)

Country	"Quantity (in billion m ³ /year):"	o/o of Domestic Consumption
Estonia	13	100
Latvia	14	100
Lithuania	28	100
Moldova	28	100
Belarus	198	99
Bulgaria	28	99
Slovakia	64	99
Finland	46	98
Greece	22	82
Czech Republic	72	77
Austria	60	69
Turkey	143	65
Hungary	90	64
Slovenia	056	52
Poland	60	43
Germany	365	42
Ukraine	240	35
Italy	242	31
France	115	28
Romania	39	22
Netherlands	27	6

Source: Gelb, B. A. (2007) CRS Report to Congress: Russian Natural Gas: Regional Dependence, p. 3. Available [online]: <https://sgp.fas.org/crs/misc/RS22562.pdf>

NOTE: Table 1 includes almost every CEE nation, with data collected almost 20 years ago. It is, however, likely that such numbers have gone up in many of those countries.

A relatively cheap (compared to today's situation) and steady supply of Russian fossil fuels, predominantly LNG, was the main benefit from this partnership. LNG, being a much cleaner resource than oil and coal, also fits in nicely with the EU's Green Deal. There is no question that in terms of renewable energy policy, the EU is ahead of many nations across the globe, trying to develop a sustainable and circular economy that will support economic growth, while at the same time preserving the environment.

However, it failed to recognize the risk that comes with dependence on Russian energy – predominantly gas. According to the papers by the European Commission, in the next few decades, the EU would end up importing 80% of its natural gas, with 60% of those imports would be supplied by Russia⁷. Meanwhile, in 2007, the report⁸ handed to the U.S. Congress (using data from 2004) presented a concerning piece of evidence, showing an almost total dependence by some countries on Russian natural gas [See: Table 1].

Following its invasion of Ukraine, Russia has weaponized its natural gas and oil supply in order to strike back against the sanctions implemented by the EU and the U.S. It would be difficult to say that there were not certain warning sounds. In 2006, the European Union experienced a brief energy crisis when Russia threatened to cut off energy supplies to Belarus, Georgia, Moldova, and Ukraine. It should have been clear then that Russia was ready to use its energy supply as a weapon against those who do not act the way Russia wants them to.

⁷ The European Union (2006) Green Paper: "A European Strategy for Sustainable, Competitive and Secure Energy", p. 3. Available [online]: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52006DC0105>

⁸ Gelb, B. A. (2007) *CRS Report to Congress: Russian Natural Gas: Regional Dependence*, p. 3. Available [online]: <https://sgp.fas.org/crs/misc/RS22562.pdf>



BEFORE THE RUSSIAN AGGRESSION IN UKRAINE, RUSSIA WAS ALSO ONE OF THE LARGEST SUPPLIERS OF CRUDE OIL TO THE EUROPEAN UNION

The International Monetary Fund⁹ estimated that some of the most affected countries facing the biggest economic difficulties ahead are countries in Central and Eastern Europe – Hungary, the Slovak Republic, and the Czech Republic. In those states, there is a risk of shortages of as much as 40% of gas consumption and of gross domestic product shrinking by up to 6%. The impacts, however, could be mitigated by securing alternative supplies and energy sources, easing infrastructure bottlenecks, encouraging energy savings, all while protecting vulnerable households and expanding solidarity agreements to share gas across countries.

Even though the analysis was done in 2022, and the worst (so far) has been avoided, it speaks of the fragile grounds that CEE economies are now standing on. The EU's own data showed only moderate GDP

⁹ <https://www.imf.org/en/Blogs/Articles/2022/07/19/blog-how-a-russias-natural-gas-cutoff-could-weigh-on-european-economies>

growth in the spring of 2023 (1%) and 2024 (1.7%), with inflation at 6.7% in 2023, and 3.1% in 2024¹⁰. The European Union must now find a way to reduce its dependency on the Russian energy supply by forming partnerships with like-minded countries, which share its values. While the ultimate objective is clear, in the short run, the EU is forced to mitigate risks immediately.

SO, WHAT HAS THE EU DONE TO ADDRESS THE ENERGY CRISIS?

On March 8, 2023, the European Union published its *REPowerEU* plan, outlining measures to become completely independent from Russian fossil fuels well before the end of the decade. The key elements in this plan are “*diversifying supplies, reducing demand, and ramping up the production of green energy in the EU*”¹¹. In accordance with the plan, the EU has opened to working with international energy partners such as Norway, Japan, South Korea, and Qatar to develop their cooperation on LNG.

Since the beginning of the energy crisis, the European Union has also undertaken several steps to ensure the stability of the market by diversifying its supply. These steps, while useful, have not completely annulled the negative effects – and no one should have been surprised by that. Decades of reliance cannot be undone in a single year. Nonetheless, the Russian supply of gas has gone down – between January and November 2022, Russia (pipeline gas + LNG import) stood for less than a quarter of EU gas imports. Another quarter came

¹⁰ European Commission (2023) *Spring 2023 Economic Forecast: An Improved Outlook Amid Persistent Challenges*. Available [online]: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en

¹¹ https://commission.europa.eu/news/focus-reducing-eus-dependence-imported-fossil-fuels-2022-04-20_en



COOPERATING WITH A NATION WHOSE FUNDAMENTAL VALUES ARE SO DIFFERENT FROM THOSE OF THE EU, TURNED OUT TO BE IMPOSSIBLE

from Norway, and 11.6% from Algeria. LNG imports (excluding Russia – mainly from the United States, Qatar, and Nigeria) stood for 25.7%¹².

In October 2022, the European Commission proposed joint gas purchases, along with a price limiting mechanism, and called on solidarity between member states in order to prepare for the upcoming winter. Along with that, it imposed a 5% obligation to reduce electricity demand during peak price hours, set a 15% gas demand reduction target, and mandated minimum underground gas storage levels in the EU by November 1, 2022, as of June 2022. The EU reached those levels two months before the deadline. The 2022/2023 winter was mild with above-average temperatures, leading to relatively calm markets without major problems.

¹² European Commission (2023) *Where Does the EU's Gas Come From?*. Available [online]: <https://www.consilium.europa.eu/en/infographics/eu-gas-supply/>

However, replenishing storage for the 2023/2024 winter will be harder if Russian gas flows cease completely. The estimated import of Russian gas at the moment amounts to only 10 bcm, compared to 62 in 2022 and 146 in 2021¹³. This year, the EU faces several different problems. While the demand side is growing and becoming more competitive, no significant growth in LNG supply is expected on the world market this year¹⁴. The ECFR also reports that despite a drop in Russian exports, Russia remains the second largest exporter to the EU after the U.S. Finally, the report points out that major gas suppliers will not be able to significantly increase their supply this year¹⁵.

Lastly, EU member states have presented measures (including price caps, financial transfers to consumers, VAT interventions, etc.) to mitigate the impact of high prices on households and businesses. Nonetheless, in the long run, the EU must develop additional energy infrastructure.

LNG TERMINAL IN CROATIA: A STEP FORWARD TO SECURING A MORE STABLE ENERGY SUPPLY FOR EUROPE

After decades of dependence on Russian oil and gas, Europe must diversify its energy supply, and Croatia has the potential to provide some relief in terms of secure and safe energy supply. While the capacity of the floating liquified natural gas (FLNG) has been increased from 2.9 billion cubic meters (bcm) to 6.1 bcm annually¹⁶, it is still

¹³ <https://ecfr.eu/article/own-goal-how-russias-gas-war-has-backfired/>

¹⁴ <https://ecfr.eu/article/conscious-uncoupling-europeans-russian-gas-challenge-in-2023/>

¹⁵ Ibid.

¹⁶ The Croatian government (2023) *Povećanje kapaciteta LNG terminala; Filipović: Nastavlja se jačanje energetske sigurnosti Hrvatske*. Available [online]: <https://vlada.gov.hr/vijesti/povecanje-kapaciteta-lng-terminala-filipovic-nastavlja-se-jacanje-energetske-sigurnosti-hrvatske/38133> [in Croatian]



LNG, BEING
A MUCH CLEANER
RESOURCE THAN
OIL AND COAL,
ALSO FITS IN NICELY
WITH THE EU'S
GREEN DEAL

far from the capacity of the onshore LNG facility capable of securing larger quantities of liquified natural gas to Europe, which would be considered significant.

The successful establishment of the LNG terminal in Croatia will open up significant opportunities for the country's economy. It will further position Croatia as a gateway for LNG shipments to Central and Eastern Europe, attracting investments and fostering regional energy cooperation. Finally, Croatia has a place on the energy map of Europe, and the potential to become an even bigger player in it. However, a myriad of problems surrounding the construction of an onshore facility prevents it to take over a more significant piece of the burden that is safe, reliable, and plentiful energy supply after the Russian invasion of Ukraine.

WHY DOES IT MAKE SENSE?

Croatia, located in the heart of Europe, has emerged as a significant player in the global liquified natural gas (LNG) market. The country has established itself as a hub for energy diversification and security by constructing a state-of-the-art LNG terminal. The development of this terminal repre-



DECADES OF RELIANCE CANNOT BE UNDONE IN A SINGLE YEAR

sents a major milestone for Croatia's energy infrastructure, opening up new possibilities for both domestic consumption and international trade.

The LNG terminal in Croatia offers numerous benefits to the country and the broader region. It provides an alternative source of natural gas, reducing dependence on traditional pipelines and enhancing energy diversification. The terminal also has the potential to increase competition in the natural gas market, leading to improved pricing and supply options for consumers. Furthermore, the terminal's operations align with Croatia's commitment to environmental sustainability, as LNG is a cleaner fuel compared to other fossil fuels.

Prime Minister Andrej Plenković said: *"This terminal in Croatia, combined with those in Lithuania and Poland, forms a new point on the north-south corridor for the diversification of gas supply and competition in Central and Eastern Europe"*¹⁷. However, the LNG terminal on the island of Krk has been marked as a project of strategic importance for the country, the wider region,

¹⁷ The Croatian government (2021) *Otvaranje LNG terminala na Krku je povijesni trenutak kojim se mijenja položaj Hrvatske na energetske karti Europe*. Available [online]: <https://vlada.gov.hr/vijesti/otvaranje-lng-terminala-na-krku-je-povijesni-trenutak-kojim-se-mijenja-polo-zaj-hrvatske-na-energetske-karti-eu-ropce/31404> [in Croatian]

as well as the whole of Europe for the last 28 years.

According to the information provided in the Croatian Chamber of Economy's document on the LNG terminal¹⁸, the first feasibility study and technical documentation for the LNG project dates back to 1995. In 2006 the ADRIA LNG consortium is founded (the founders of ONV, German EON, French TOTAL, Czech-German RWE Transgas, and the Slovenian GEOPLIN), which takes over the documentation for construction of an onshore LNG terminal.

In 2015, the Ministry of Construction and Spatial Planning arrangements issues a location permit. However, because of the opposition from the local community, lack of funding, numerous legal problems, bureaucracy and administration, the project for an onshore full-fledged LNG terminal was postponed, and in 2021 the floating LNG (FLNG) facility in the form of a carrier ship was set-up. The plans for the onshore terminal are still there, mainly because the FLNG terminals have a lifespan of about 10 years.

ADAPTIVE MEASURES BY CEE STATES

Ever since Russia invaded Ukraine, the European Union has implemented measures to mitigate the historic rise in energy prices. The EU was forced to diversify its supply of energy. A *Trilateral Memorandum of Understanding* was signed between the EU, Egypt, and Israel for the export of natural gas to Europe, a *Memorandum of Understanding* with Azerbaijan on a Strategic partnership in the field of energy, whereas the United States committed to provide the EU with an additional 15 billion cubic meters of LNG in 2022. As a result, in

¹⁸ Croatian Chamber of Commerce (2018) *Hrvatski UPP (LNG) terminal*. Available [online]: <https://www.hgk.hr/documents/hrvatski-upp-lng-terminal5a9e3b8dccb7e.pdf> [in Croatian]



THE SUCCESSFUL ESTABLISHMENT OF THE LNG TERMINAL IN CROATIA WILL OPEN UP SIGNIFICANT OPPORTUNITIES FOR THE COUNTRY'S ECONOMY

the first half of 2022, non-Russian LNG imports rose by 19 billion cubic meters (bcm) as compared to the same period last year¹⁹.

The EU has also introduced the *European Gas Demand Reduction Plan* to help member states reduce gas demand by 15%²⁰. In May, the EU adopted the *REPowerEU* plan to end its dependence on Russian fossil fuels as soon as possible. On October 18, 2022, the European Commission proposed new measures on joint gas purchasing, price limiting mechanisms, and transparent infrastructure use, as well as on solidarity between member states and demand management, and finally began mandating 15% minimum gas storage obligations for all EU countries.

The entire European community has implemented some form of measures designed to shield consumers from rising prices, and most of them were aimed at the prices of energy and, naturally, the impact they had on the rise on the cost of living. Let us take a brief look at a couple of CEE countries and what measures they implemented since energy prices started rising. These were selected primarily because their example shows to what extent various states went to protect their economies, as well as their different approaches.

CROATIA: SUPPORTING CITIZENS AND BUSINESSES WITH FOUR EXTENSIVE SETS OF MEASURES

The first package²¹ of measures was announced on February 16, 2022. The package was worth HRK 4.8 billion (app. EUR 636 million) and aimed at mitigating the growth of energy prices, which will limit the electricity prices. The package limited the price rise in electrical power to 9.6%, and gas to 20%. The amount of support directly on the account is 10 Lipa (app. 1.3 eurocent) per kWh, which is about 20% of the projected price of EUR 66 per MWh.

The government added that the cost of this measure is HRK 600 million, and financing will be provided by auctioning greenhouse gas emission units. Further government measures included a permanent reduction of VAT on gas and heat (pellets, briquettes, wood chips, and firewood) from 25% to 13% starting on April 1, 2022, until March 31, 2023.

Furthermore, the Croatian government in its first move also reduced the VAT on food. VAT rates were, therefore, reduced

¹⁹ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/eu-action-address-energy-crisis_en

²⁰ Ibid.

²¹ The Government of the Republic of Croatia (2022) *Predstavljen paket mjera za ublažavanje rasta cijena energenata vrijedan 4,8 milijardi kuna*. Available [online]: <https://vlada.gov.hr/vijesti/predstavljen-paket-mjera-za-ublazavanje-rasta-cijena-energenata-vrijedan-4-8-milijardi-kuna/33907> [in Croatian]

from 13% to only 5% on items such as fresh meat, fish, eggs, butter, fruit, vegetables, edible oils and fats, baby food, and costs in agriculture (seedlings, fertilizer, and pesticides), and a 13% VAT rate on hygiene products. A 5% VAT rate was adopted on various tickets for sports, cultural and other events.

Measures also included HRK 400 (EUR 53) vouchers for social categories, roughly 51,000 individuals, including 5,700 pensioners. Further support for pensioners included a special one-time compensation, the so-called 'energy supplement', which is provided for 721,000 pensioners with a pension of up to HRK 4,000 (EUR 530).

The business sector was also taken into account in this first package. Support for entrepreneurs refers to micro, small, and medium-sized enterprises with an average annual consumption of up to 10 GWh. The amount of support was 15 Lipa per kWh via voucher. Finally, PM Plenković added that *"without these measures, from April 1, 2022, electricity bills would have gone up by 23%, and gas bills by 79%"*²².

On September 8, 2022, the government presented the second set of measures²³ worth over HRK 21 billion (app. EUR 2.8 billion), during the six months period, of which HRK 6 billion (EUR 800 million) will be directed to the state-owned company HEP, while the rest will be used to help the consumers.

The decision on direct measures to control the prices of certain food products was adopted, limiting the prices of nine

²² Ibid.

²³ The Government of the Republic of Croatia (2022) *Snažan, pravedan i sveobuhvatan paket mjera vrijedan 21 milijardu kuna zaštitit će sve i omogućiti mirnu jesen i zimu*. Available [online]: <https://vlada.gov.hr/vijesti/snazan-pravedan-i-sveobuhvatan-paket-mjera-vrijedan-21-milijardu-kuna-zastitit-ce-sve-i-omoguciti-mirnu-jesen-i-zimu/36021> [in Croatian]



THE EU WAS FORCED TO DIVERSIFY ITS SUPPLY OF ENERGY

food products (including oil, flour, sugar, pork, chicken, and mixed minced meat) by more than 30 %, in order to *"preserve the purchasing power of citizens"*²⁴. While most of the measures were extended, the government introduced grades for the consumers²⁵.

On December 22, 2022, the government introduced a third set of measures²⁶ worth HRK 700 million (EUR 93 million) aimed at

²⁴ The Government of the Republic of Croatia (2022) *Vladin paket uključuje mjere pomoći za sve segmente društva*. Available [online]: <https://vlada.gov.hr/vijesti/vladin-paket-ukljucuje-mjere-pomoci-za-sve-segmente-drustva/36022> [in Croatian]

²⁵ For half-yearly consumption of up to 250,000 kWh, a cheaper price of electricity is paid at a single tariff of HRK 0.5295 per kWh, which is essentially the same initial price that applies to the category of the public and non-profit sector. For half-yearly consumption above 250,000 kWh, the prices are as follows: for customers with a single tariff, the price is HRK 1.6176 per kWh, and for customers with a lower and higher tariff, it is HRK 1.7215 per kWh in the higher tariff and HRK 0.8447 per kWh in a lower tariff. The average price after someone consumes those 250,000 kWh is EUR 180 = per MWh. In the third category, for large consumers, that is, for half-yearly consumption over 2.5 GWh, the average price will be EUR 230 per MWh.

²⁶ The Government of the Republic of Croatia (2022), *Novim paketom mjera, vrijednim više od 700 milijuna kuna, osigurana pomoć za gotovo milijun građana*. Available [online]: <https://vlada.gov.hr/vijesti/novim-paketom-mjera-vrijednim-vise-od-700-milijuna-kuna-osigurana-pomoc-za-gotovo-milijun-gradjana/37559> [in Croatian]

giving away one-time financial aid to vulnerable groups of citizens including pensioners, the unemployed, individuals with disabilities, and those of lower socio-economic status.

The final, fourth set²⁷ was presented on March 30, 2023, worth EUR 6.4 billion, and PM Plenković reminded that the price of gas will remain regulated for the next year, the price of electricity will remain the same until September 30, and the regulation of oil derivatives prices (introduced in the Q4 of 2022) will continue. EUR 900 million was to be given to state-owned utility company HEP in order to enable normal functioning, but also to fund necessary investments in the context of the energy transition.

THE CZECH REPUBLIC

According to the data gathered by the European Bruegel think-tank²⁸, in June of 2022, the Czech government introduced a series of measures worth EUR 2.7 billion to assist both households and the business sector with the rising energy costs. Similar to Croatia, the Czech government then provided discounts and financial aid for the households reliant on electricity and gas for heating, lighting, and cooking.

Later that year, the government drafted a law that allocated CZK 100 billion (EUR 4 billion) to cap the prices of electricity and gas. Following those actions in 2022, in 2023, the government agreed on a compensation mechanism for energy traders incurring losses due to the capped electricity and gas prices. The actions undertaken

²⁷ The Government of the Republic of Croatia (2023), *Predstavljen 4. paket mjera pomoći Vlade RH za ublažavanje inflatornih učinaka i porasta cijena energenata*. Available [online]: <https://mrosp.gov.hr/vijesti/predstavljen-4-paket-mjera-pomoci-vlade-rh-za-ublazavanje-inflatornih-ucinkaka-i-porasta-cijena-energenata/13032> [In Croatian]

²⁸ <https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>



THE ENTIRE EUROPEAN COMMUNITY HAS IMPLEMENTED SOME FORM OF MEASURES DESIGNED TO SHIELD CONSUMERS FROM RISING PRICES

by the Czech government largely followed the same pattern as in Croatia, but also in other CEE countries.

ESTONIA

In Estonia, much like in the Czech Republic, prices were already in focus before the Russian aggression on Ukraine. At the beginning of 2021, the Estonian government²⁹ approved a cap on electricity (EUR 0.12/KWh) and gas prices (EUR 65/MWh) for households, while for businesses it had completely removed the electricity distribution charges (previously only halved)³⁰ in an effort to mitigate the negative effects of rising energy prices. In September 2022, the government announced further financial aid (so-called 'allowances') for children to EUR 80, and large family allowances by 50%.

Among other measures, in the 2023 state budget, the Estonian government introduced subsidies in the amount of EUR 50

²⁹ Ibid.

³⁰ Ibid.

per megawatt-hour of electricity for domestic consumers, and 80% compensation for price increases that go above EUR 80 per megawatt-hour. In the case of gas and central heating, the government will compensate 80% of the price increases. As a final measure, universal service³¹ was adopted and made available to home consumers from October 1.

Similar measures were introduced all across the CEE region. They included reducing VAT rates (either permanently or temporarily), retail price regulation, transfers to vulnerable groups, different mandates to state-owned firms, and support to the business sector, among others.

CHALLENGES AHEAD

The world entered the energy crisis almost immediately after exiting the COVID-19 pandemic. A once-in-a-lifetime global pandemic similarly called for incredible state interference into the private sector and markets in general. For two years, the government subsidized the private and public sectors to unprecedented levels, and the energy crisis simply took over with those same demands for intervention. For three years now, the global economy has not operated under the conditions of a free market, and the question is how long it is going to stay like that. Pumping huge amounts of cash into the global economy significantly contributed to the rise in inflation, which then caused consumer prices to go up, which in turn warranted further actions from the governments, thus creating a vicious circle.

With the huge amount of financial resources going into the national economies to support them, some action taken

³¹ Universal service is essentially an electricity package that all household consumers and apartment associations can voluntarily use. See: <https://www.energia.ee/en/universaalteenus>.



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by the states was deemed unwelcome by the private sector. Part of the criticism was directed toward the windfall taxes many countries introduced.

However, a windfall profits tax was introduced because of the sudden and unexpected spike in earnings by the energy companies, in this particular case caused by the Russian invasion. Here, the case of Croatia serves as a rather telling example, as it was one of the first countries to introduce such a tax.



ALREADY BACK IN MARCH 2022, THE EUROPEAN COMMISSION ALLOWED ALL MEM- BER STATES TO TEM- PORARILY IMPOSE WINDFALL TAXES ON ALL ENERGY PROVIDERS

Already back in March 2022, the European Commission allowed³² all member states to temporarily impose windfall taxes on all energy providers. This new taxation would not be retroactive, but rather technologically neutral. As part of the *REPowerEU* plan, it was meant to be designed in a way not to affect the wholesale electricity prices and trends. On September 30, the Council of the European Union agreed to impose an EU-wide windfall profits tax on fossil fuel companies, as a solidarity measure for those who have been hit the hardest by this energy crisis. According to the EU, such a tax rate would raise about EUR 140 billion³³, which would later be used to offset households' high energy bills.

³² European Commission (2022) *REPowerEU: Joint European Action for more affordable, secure, and sustainable energy*, p. 3. Available [online]: https://eur-lex.europa.eu/resource.html?uri=cellar:71767319-9f0a-11ec-83e1-01aa75ed71a1.0001.02/DOC_1&format=PDF

³³ <https://taxfoundation.org/windfall-tax-europe-2023/>

Following the EU Council's endorsement of the EU-wide windfall tax, 25 European nations have taken steps towards adopting it (or a modified version of it) within a span of nine months. Among these, nineteen countries have successfully implemented the windfall tax, while Ireland, Luxembourg, the Netherlands, and Poland have made public their intentions to introduce similar measures. Latvia and Norway have declared their official intent, while the Czech Republic, Hungary, Slovakia, Spain, and the United Kingdom are contemplating the continuation of windfall tax utilization beyond the year 2023³⁴.

As of June 12, 2023, the majority of countries implemented the tax with five countries that have proposed it, and two which have announced it, according to the Tax Foundation. In their publication, they stated that *"the flawed design of these windfall profit taxes has already created problems in countries that implemented them"*³⁵. Since there was no unified approach when it comes to the implementation of this tax, the report published by the European Commission found that *"diverging implementation strategies across [m]ember [s]tates have reportedly led to significant investor uncertainty"*³⁶. EU countries, therefore, approached the implementation of such a tax in significantly different ways. The Czech Republic and Lithuania, for instance, extended the scope to the banking sector. When it comes to the specific tax

³⁴ Enache, C. (2023) *What European Countries Are Doing about Windfall Profit Taxes*, Tax Foundation. Available [online]: <https://taxfoundation.org/data/all/global/windfall-tax-europe-2023/>

³⁵ Ibid.

³⁶ The European Commission (2023) *Report from the Commission to the European Parliament and the Council on the Review of Emergency Interventions to Address High Energy Prices in Accordance*, p.17. Available [online]: https://energy.ec.europa.eu/system/files/2023-06/COM_2023_302_1_EN_ACT_part1_v2.pdf



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rates, Croatia implemented a 33% tax rate on all profits companies made past a certain threshold (the threshold being set at the average profit over the last four years increased by additional 20%)³⁷. For com-

³⁷ The Government of the Republic of Croatia (2022), *Primorac: Tvrtkama s više od 300 milijuna kuna prihoda porez od 33 posto na dobit veću od 20 posto*. Available [online]: <https://vlada.gov.hr/vijesti/primorac-tvrtkama-s-vise-od-300-milijuna-kuna-prihoda-porez-od-33-posto-na-dobit-vecu-od-20-posto/36371> [in Croatian]

parison, the United Kingdom implemented a 25% tax rate on oil and gas companies operating in the UK and the UK Continental Shelf; Slovakia introduced a 90% windfall tax for electricity producers and a 70% tax rate for the rest of businesses; Ireland started taxing electricity producers with a 75% tax rate; Lithuania started taxing 60% of profits; and Slovenia implemented a 90% windfall tax for electricity producers, and 33% for other businesses³⁸.

Croatia implemented the windfall tax on December 23, 2022, starting on January 1, 2022. According to the government's proposal, those liable for this windfall tax will be those with increased profits, regardless of the activity they perform. It will be paid by companies with revenues in 2022 of more than HRK 300 million (app. EUR 40 million), at a rate of 33%, but only on profits greater than 20% compared to the four-year average, already previously mentioned³⁹. Such a broad implementation of this tax was justified by the Croatian government by saying that there were no energy companies in Croatia of such size which would fall under the initial EU proposition and was, therefore, 'adjusted' for local economy.

This kind of interpretation of the EU recommendation caused a major backlash among Croatian employers, with Croatian Employers Association (HUP)⁴⁰ pointing out to the government a number of unwanted consequences of such action. Most

³⁸ Enache, C. (2023) *What European Countries Are Doing about Windfall Profit Taxes*, Tax Foundation. Available [online]: <https://taxfoundation.org/data/all/global/windfall-tax-europe-2023/>

³⁹ Zakon.hr (2022) *Zakon o dodatnom porezu na dobit*. Available [online]: <https://www.zakon.hr/z/3397/Zakon-o-dodatnom-porezu-na-dobit> [in Croatian]

⁴⁰ Croatian Employers' Association (2022) *Prijedlog novog poreza na dobit diskriminira i kažnjava najuspješnije tvrtke*. Available [online]: <https://www.hup.hr/prijedlog-novog-poreza-na-dobit-diskriminira-i-kaznjava-najuspjesnije-tvrtke.aspx> [in Croatian]

important being the reduction of competition amongst Croatian companies on the European and global markets compared to their counterparts who do not have to pay for this additional new tax, as they stated throughout their public campaign⁴¹.

The introduction of such a tax would have further added to the uncertainty factor in the local economy and would damage the investors' trust in the government to maintain a calm and predictable environment for them. Additional taxation would also damage companies' capabilities to reinvest their financial gains in order to expand their businesses or to simply have a cash reserve which would be welcomed in times of future crises. Finally, the new tax would add to the already overly taxed private sector, further hindering its potential, and making them more uncompetitive.

The government's estimates said that it could generate budget revenues of HRK 1.5 billion (app. EUR 200 million). On May 11, 2023, the government announced EUR 236 million had been collected through additional profit tax⁴².

CONCLUSIONS: EUROPE MUST LEARN FROM ITS MISTAKES

Europe is currently facing the consequences of its misguided policy decisions, which first took place decades ago. Doing business with a country whose values are fundamentally different than those of the European nations turned out to be as dangerous and reckless as ever before. Even if

⁴¹ Croatian Employers' Association (2022) Uvođenje novog poreza na dobit zaustavit će investicije i rast plaća. Available [online]: <https://www.hup.hr/uvodjenje-novog-poreza-na-dobit-zaustavit-ce-investicije-i-rast-placa.aspx> [in Croatian]

⁴² The Government of the Republic of Croatia (2023), *Sjednica Vlade: Dodatnim porezom na dobit prikupljeno 236 milijuna eura* Available [online]: <https://vlada.gov.hr/vijesti/sjednica-vlade-dodatnim-porezom-na-dobit-prikupljeno-236-milijuna-eura/38295> [in Croatian]



EUROPE WILL ALWAYS BE FORCED TO IMPORT ENERGY FROM OTHER COUNTRIES, BECAUSE OF THE OBVIOUS LACK OF ITS OWN SUPPLIES ON THE CONTINENT

the warnings that the allied nations provided throughout the years before kept falling on deaf ears, it should have been clear in the beginning that being dependent on energy imports from Russia was never going to end well. Especially when it became clear that Russia was ready to use its gas as an economic weapon back in 2006. Recently, Europe has faced a rude awakening to a brand new economic and geopolitical reality.

So far, the European Union has managed to mitigate the dangers of a reduced energy supply from Russia by pouring large sums of money into the member states' economies, capping the price of gas, reducing consumption, providing financial aid to vulnerable groups, and VAT rates interventions, among other steps taken. A mild winter, continued imports of Russian energy (albeit significantly reduced), and a spike in U.S. LNG exports were also helpful. But de-

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Russian aggression in Ukraine is eventually going to end, and when that happens, the EU must continue to pursue its own goals established in 2022. It will be tempting to let the Russian gas and oil flow yet again through existing infrastructure, but Europe simply must resist it. It is standing on the brink of a unique opportunity to completely detach itself from Russia in this vital sector and turn itself toward the United States and countries alike. Russia cannot ever again hold such enormous leverage over the lives of European citizens.

spite that, the EU did slip into a mild technical recession in the first three months of this year. However, the biggest challenges lie ahead.

Europe will always be forced to import energy from other countries, because of the obvious lack of its own supplies on the continent. However, if we talk about importing such a vital resource, the European Union should turn to its traditional allies – such as the United States. The LNG terminal in Croatia is just one positive example of how the EU can find a way out of this situation.

The Russian war in Ukraine made it painfully clear that building further infrastructure (ports, pipelines, and storage) is the only thing that will provide long-term security in gas supply and stability of its economy. On the other hand, what could slow this progress down (or even completely stop it) is the European disunity and lack of vision.



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IGOR
ŠLOSAR

Vice-President of the Centre for Public Policy and Economic Analysis (CEA)

Russian Disinformation War in Europe, Its Determinants, and Consequences



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FILIP
BLAHA

In light of Russia's invasion of Ukraine, it seems that other European states are finally being forced to take action against Vladimir Putin's dictatorial regime and confront Russian influence both on and off their soil. While in 2014, following the events of the Euromaidan, the subsequent Russian attack and support for separatist groups in Donetsk and Luhansk were questioned, or, perhaps objected to as to the necessity or effectiveness of sanctions. In the case of current events, there is an overwhelming consensus among European countries as to the necessity of sanctions.

The spreading of Russian disinformation is a phenomenon by which Russia is trying to control European countries and undermine the level of freedom there. Mapping trends in the spread of disinformation and proposing possible solutions therefore has an important role to play in countering Russian influence on European levels of freedom and trust in institutions, factors that ultimately affect the overall well-being of these countries. The specificity of the disinformation disseminated with the war in Ukraine is also intended to end Western support for Ukraine and to reduce the level of freedom in that country as well. Preventing the spread of disinformation about this specific event is so important to the overall defeat of Russia as we know it today.

The massive expulsion of the majority of the so-called 'Russian diplomats' (even though they were operating in various European countries in excessive and unnecessarily large numbers for their roles) was also a strong message and a step against Russian influence. Rather than diplomats, these people served as intelligence officers and spies for the Russian Federation, so their expulsion is not only a logical step, but a necessary one.

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IT IS PRECISELY AS A LOBBYING TOOL OF RUSSIA THAT DISINFORMATION CAN BE PERCEIVED EVEN AFTER THE START OF THE WAR IN UKRAINE

Although public opinion was strongly on the side of Ukraine in the initial stage of the war, more than a year after the invasion began, a change and a gradual decline in support for Ukraine in European countries may be observed. Even at the beginning, one could see a milder resistance from Hungary – and even Germany – to the speed and decisiveness of certain steps, while Serbia never made a secret its support for Russia, and the same was true for the public opinion in the Serbian society. However, at the moment, the mood in these countries is getting even bleaker, as public opinion is shifting toward support of Russia in countries where, initially, support for Ukraine was strong and the societies were on board with the pro-EU and pro-Ukraine position.

Meanwhile, disinformation, which had already been a common tool of Russian war and power methods before the war even began, has undoubtedly played



HUNGARIAN PRIME MINISTER VIKTOR ORBÁN HAS BEEN LINKED TO PROMOTING NATIONALIST AND ANTI-IMMIGRANT NARRATIVES, OFTEN USING FEAR-MONGERING TACTICS TO BOLSTER HIS POLITICAL STANDING

a significant role in this shift, and its role and quantity increased since then. The motivation behind its dissemination is, undoubtedly, to sway Western public opinion in favor of Russia and against Ukraine, so that voters in Western countries will support those politicians who openly advocate an end to support Ukraine or indirect actions that directly threaten Ukraine's struggle for freedom. Certain politicians (for example, far-right Marine Le Penn in France, or the Austrian Freedom Party, which was forced out of government because of the scandal over its links to Russian oligarchs) had already been secretly supported by Russia before the full-scale war broke out, and their core electoral clientele and power has, therefore, long been built by Russia.

Nonetheless, the massive spread of Russian disinformation and bribery of politicians is not in itself the real reason why some countries are susceptible to disinformation and Russian influence while others are not. It is only a symptom, not a cause. It is, therefore, crucial to map out the strengths of information dissemination and Russian influence, as well as identify the determinants and consequences of these factors in selected European countries.

A vertical relationship between weak institutions, strength of disinformation dissemination, support for pro-Russian politicians, and lower support for Ukraine can be assumed. Therefore, it is important to examine this hypothesis and its individual parts more closely in selected countries with current particularly low support for Ukraine by public opinion. Only then can possible policy recommendations that could break this relationship and prevent the spread of Russian influence be proposed.

RUSSIAN MOTIVATION FOR SPREADING DISINFORMATION AMID WAR IN UKRAINE

First of all, it should be noted that the function of spreading disinformation for the Russian Federation is twofold – internal and external. Internal disinformation can be seen as propaganda to influence its own citizens and maintain power, whereas external disinformation as a lobbying tool to counter Western interference or sanctions. Even before the war waged on Ukraine, Vladimir Putin's regime had already been struggling with severe internal problems, which stemmed mainly from international isolation, a poorly functioning economy, pervasive corruption, and the oligarchizing of the entire country¹.

¹ <https://www.wilsoncenter.org/publication/putins-created-economic-crisis-and-left-moscow-no-easy-way-out>

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Opposition and dislike of the regime have been suppressed both by brute force and repression (as is the case of the imprisonment of Alexei Navalny, the assassination of Boris Nemtsov, among others), but also by propaganda – including the spread of disinformation. The second, more obvious function of disinformation is external, which is to alibi Russian policy abroad and thus mitigate possible sanctions and other actions that Western states are taking (or might take) against Russia for its violations of human rights and international agreements.

Before the start of the full-scale Russian war in Ukraine, the internal function of disinformation was more important, but after the annexation of Crimea and the occupation of the Donetsk and Luhansk regions, the external function slowly began to gain

momentum, as it was essentially a lobbying tool against the Western states. It is precisely as a lobbying tool of Russia that disinformation can be perceived even after the start of the war in Ukraine, when the external function of disinformation became as important as the internal one.

The recently revealed *Ukrainian Government Office for Combating Disinformation* report² on the dissemination of Russian disinformation in Europe exposed a concerning list of individuals associated with such activities. In addition to former Slovak Prime Minister Robert Fico and Prague-based journalist Bradley Blankenship, other names featured on the blacklist include Hungarian politician Viktor Orbán and economist Jeffrey Sachs.

Hungarian Prime Minister Viktor Orbán has been linked to promoting nationalist and anti-immigrant narratives, often using fear-mongering tactics to bolster his political standing. His rhetoric aligns with the narratives often propagated by Russian disinformation campaigns, which seek to sow division within the European Union and undermine its unity.

The association of these figures with Russian propaganda is not accidental. Russian disinformation campaigns have a history of exploiting political divisions and amplifying fringe narratives to destabilize European nations and erode public trust in their governments and media. By utilizing these figures as conduits for their messaging, the disinformation networks can reach a wider audience and manipulate public perceptions.

² Kačmár, T. (2022) "Kdo ve světě šíří ruské dezinformace? Na černé listině jsou Fico i novinář z Prahy", [in]: CNN. Available [online]: https://cnn.iprima.cz/kdo-na-ve-sve-te-siri-ruske-dezinformace-na-cerne-listine-jsou-fico-i-novinar-z-prahy-114148?utm_source=www.seznam.cz&utm_medium=sekce-z-internetu [in Czech]



THE VERY WORD 'DISINFORMATION' AND ITS ORIGINS ARE UNDOUBTEDLY LINKED TO RUSSIA

As the spread of Russian disinformation continues to pose a significant threat to European democracies³, identifying and challenging the fallacies espoused by these politicians is paramount. It necessitates robust efforts from governments, media outlets, and civil society to foster critical thinking, media literacy, and transparency to counter the corrosive impact of disinformation on Europe's political landscape. Only through collective vigilance and collaboration can Europe fortify itself against the insidious influence of Russian disinformation campaigns.

EAST VERSUS WEST?

It could be said that Russia's influence is stronger in the former communist states that were under Soviet domination for a long time, and Russia still feels a form of superiority towards them and tries to bring them under its influence. This is evidenced by the frequent appearance of the names of Eastern politicians on the list above. This hypothesis should, therefore, be confirmed in the case of the spread of disinformation about the war in Ukraine.

According to the Eurobarometer survey⁴, conducted among EU member states and focused on questions related to the war in Ukraine, there is some skepticism towards material support of Ukraine or Ukraine's possible EU membership. Moreover, there are issues related to trust in sources of information about the war in Ukraine – such as trust in the government, the EU, journalists, and NGOs.

In the first group of opinion questions, Bulgaria, Greece, Cyprus, Hungary, Slovakia, and Slovenia are profiled with particularly low support for Ukraine. These are the countries that also stand out with a high level of distrust towards the information about the conflict from the government, journalists, and NGOs, among others. Interestingly, the same low level of trust is also displayed by the countries where Ukraine's assistance enjoys high support (like the Czech Republic). Thus, distrust of institutions is certainly a factor in why the support for Ukraine is low in these states. However, it is not the only reason.

Another reason that may help uncover why these states are more reluctant to support Ukraine is identified by the World Press Freedom Index⁵. Here too, the aforementioned countries rank lower in journalistic freedom and are more susceptible to the influence of Russian disinformation due to their lack of independent media, combined

⁴ The Eurobarometer survey was conducted among EU member states and focused on questions related to the war in Ukraine, skepticism towards supporting Ukraine, or Ukraine's possible EU membership. Also examined trust in sources of information about the war in Ukraine, such as trust in the government, the EU, journalists, and NGOs. See: European Commission (2022) *Eurobarometer: Europeans Approve EU's Response to the War in Ukraine*. Available [online]: https://ec.europa.eu/commission/presscorner/detail/en/IP_22_2784

⁵ *The World Press Freedom Index* measures press freedom using political, economic, legislative, socio-cultural, and security indicators among 180 countries worldwide. See: <https://rsf.org/en/index?year=2022>

³ For example, disinformation claiming that Ukraine and NATO are to blame for the war occurs. See: <https://spravdi.gov.ua/en/fake/>

with low trust in traditional institutions and sources of information. Furthermore, the economic situation undoubtedly plays a role as well – Greece, Slovakia, and Hungary are among the less developed (in the case of Hungary and Slovakia, post-communist) countries⁶, which may account for the general resistance to such forms of foreign aid.

UNDERSTANDING AND RESISTING RUSSIAN DISINFORMATION: FOUR DETERMINANTS

The very word ‘disinformation’ and its origins are undoubtedly linked to Russia. The term ‘disinformation’ means dissemination of deliberately false information, especially by state actors or their offshoots vis-à-vis a foreign state or the media, with the aim of influencing the decisions or opinions of those who receive it⁷. It is noteworthy that this now internationally used term probably derives from the Russian дезинформация (*disinformation*), which was first recorded in 1949 (as reported, for example, in the Oxford English Dictionary).

Despite its prominence in today’s Europe and the world, there are, however, several aspects that may help resist Russian disinformation and propaganda. These include unbiased media, economic stability, trust in institutions, and appreciating freedom.

THE 1ST DETERMINANT: UNBIASED MEDIA

According to the 2023 World Press Freedom Index⁸, Bulgaria placed 71st in the ranking of press freedom, whereas Hungary ranked 72nd, Cyprus –55th, Greece

⁶ Blaha F., Pánek M., and M. Opatrný (2022) *Strategic Autonomy and the V4 Economies*, Prague: Center for Economic and Market Analysis.

⁷ See: <https://www.etymonline.com/word/disinformation>

⁸ Reporters Without Borders (2023) *The World Press Freedom Index*. Available [online]: <https://rsf.org/en/index>



RUSSIAN-BACKED POLITICIANS AND GROUPS OFTEN ATTACK AND SEEK TO SMEAR THE CREDIBILITY OF THE MEDIA AS A SOURCE OF RELIABILITY

– 107th, Slovenia – 50th, and only Slovakia is doing well as it boasts 17th place. Thus, the situation in most countries cannot be described as ideal in terms of journalistic freedom. The media cannot fully fulfil their role as a source of information either because of repression or because of the government’s denigration, whereas society does not have or does not trust the media as a source of information and more easily believes disinformation sources.

It is clear, therefore, that one determinant of the spread of disinformation is indicated by the possible plateaus where disinformation can spread. To this end, in many countries, Russia operates its own websites or indirectly funds domestic ones⁹. However, this factor can be neutralized to a certain extent if there is a sufficient degree of

⁹ Klepper, D. (2022) “Russian Disinformation Spreading in New Ways Despite Bans”, [in]: apnews.com. Available [online]: <https://apnews.com/article/russia-ukraine-misinformation-european-union-government-and-politics-e5a1330e834fde428aab599b5c423530>



STRONG INSTITUTIONS ARE A DETERMINANT OF SUCCESSFUL ECONOMIC GROWTH AND A WELL-FUNCTIONING COUNTRY

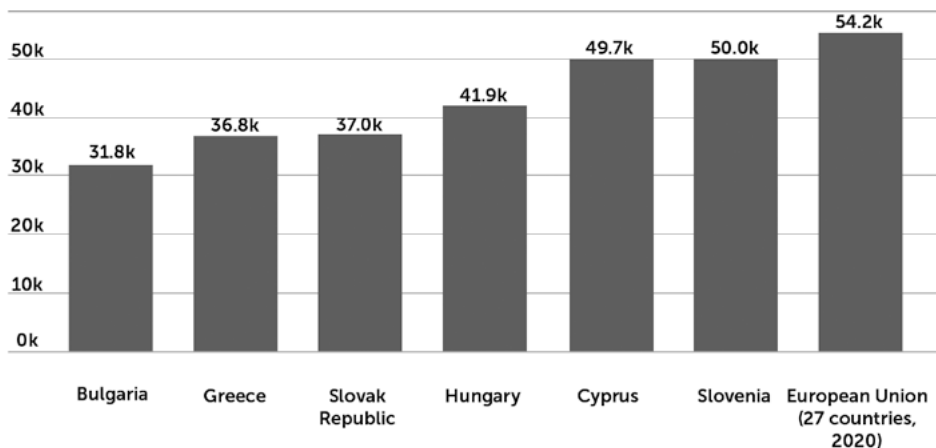
journalistic independence and reliable and strong independent media in the countries themselves, which report truthfully and set the record straight. Citizens then primarily draw their sources of information from these media.

On the other hand, countries with less independence and credibility of mainstream media will then, logically, be more susceptible to the spread and strength of Russian information warfare. This is also why Russian-backed politicians and groups often attack and seek to smear the credibility of the media as a source of reliability, as this is one of the determinants of the success of the spread of their disinformation. These are also countries with weaker civil societies whose development is, or has recently been, blocked by the government.

THE 2ND DETERMINANT: IN POORER COUNTRIES, PEOPLE TEND TO LOOK FOR THE FALSE CAUSES OF THEIR DISCOMFORT

Another factor influencing the speed and strength of the spread of Russian disinformation is the country's economic maturity. After all, public opinion is more favorable towards Russia in eastern countries, where GDP per capita is still often lower than

Figure 1: GDP per capita in selected countries compared to the EU average (2022)



Source: OECD¹⁰

¹⁰ <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>

in western countries, which did not go through communism and its negative economic consequences [See: Figure 1].

Moreover, the richer states can afford a much greater and more robust level of education, which serves as a useful antidote to the spread of disinformation. Because of greater wealth per capita, there are also fewer socially excluded groups that are more easily influenced by disinformation, and after all, a strong economy also produces a large media that can reliably disseminate truthful information.

All countries whose support for Ukraine in the Eurobarometer survey was particularly low have a GDP per capita below the EU average. While the reasons why this is the case vary, there is some correlation between the strength of the reluctance to support Ukraine and the low strength of the economy.

In stronger economies, there is also a greater demand for more luxurious goods – such as private forms of education, special interest lectures, scholarly articles, books, and other sources of information that develop critical thinking. This is a logical phenomenon, where poorer countries are more likely to demand material security and simply forfeit it to those who offer it or impose it on those who do not (as disinformationists often do, using the example of the need for Russian imports and their banning).

THE 3RD DETERMINANT: TRUST IN INSTITUTIONS PREVENTS THE SPREAD OF MISINFORMATION

According to many economists¹¹, strong institutions are a determinant of successful economic growth and a well-functioning country. Institutions such as the govern-

ment, courts, among others, or society's trust in these institutions, are also important factors in the spread of disinformation and the susceptibility of the country and society to Russian efforts to wage information warfare.

Trust in institutions serves as a powerful counterforce to the spread of Russian disinformation. As evident from the OECD report¹² on trust in institutions, societies with higher levels of trust are better equipped to resist the allure of false narratives and propaganda. When citizens have confidence in their governments, media, and other public institutions, they are more likely to critically evaluate information sources, discern credible news from disinformation, and resist manipulation by external actors.

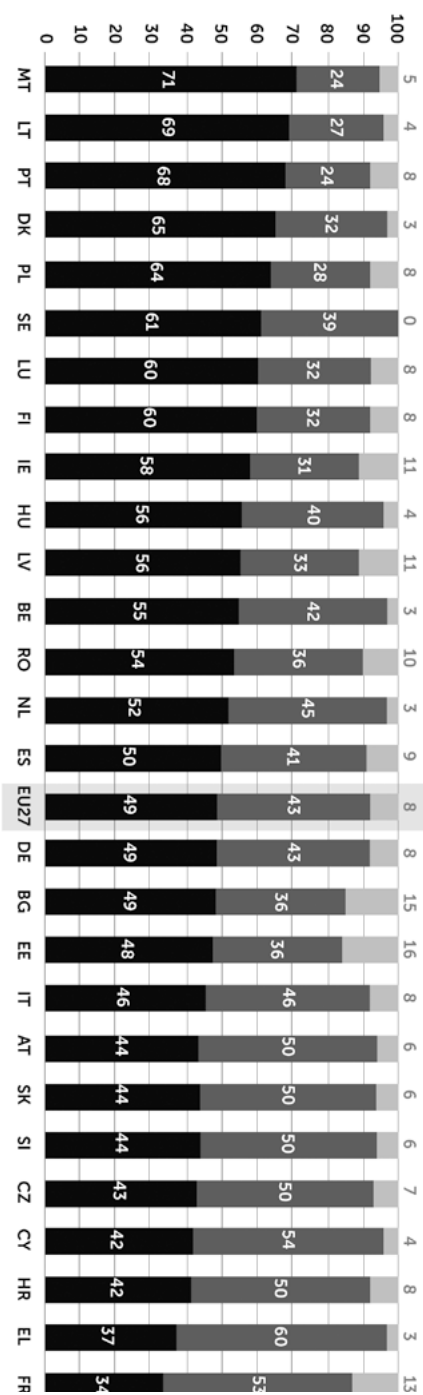
On the other hand, countries where trust in institutions is eroded are more vulnerable to the divisive tactics of Russian disinformation. The report highlights that a lack of trust in institutions not only weakens societal cohesion, but also engenders fertile ground for disinformation to take root [See: Figure 2]. Disinformation campaigns capitalize on the existing grievances and polarizations within a society, amplifying mistrust, and misinformation for their own gains.

Moreover, the impact of disinformation on trust is a two-way street. As disinformation spreads, it erodes trust in institutions and media, further undermining the democratic fabric of a nation. This vicious cycle perpetuates itself, creating a challenging environment for effective governance and public discourse.

¹¹ <https://economics.mit.edu/sites/default/files/publications/institutions-as-the-fundamental-cause-of-long-run-pdf>

¹² OECD (2021) *Measuring Trust in Government to Reinforce Democracy*. Available [online]: https://www.oecd-ilibrary.org/sites/b407f99c-en/1/3/1/index.html?itemId=/content/publication/b407f99c-en&_csp_=_c12e05718c887e57d9519eb8c987718b6itemlGO=oecd&itemContentType=book#figure-d1e889

Figure 2: Trust in the European Union (national results)

Source: Eurobarometer survey¹³¹³ <https://europa.eu/eurobarometer/surveys/detail/2693>



SOCIETIES
WITH HIGHER
LEVELS OF TRUST
ARE BETTER
EQUIPPED TO RE-
SIST THE ALLURE
OF FALSE NARRA-
TIVES AND PROPAGA-
GANDA

In the Eurobarometer survey, 60% of citizens in Greece, 54% in Cyprus, 50% in Slovakia and Slovenia, 40% in Hungary, and 36% in Bulgaria do not trust the European Union¹⁴. In addition to the weak trust in the media, NGOs and the government mentioned above, the majority of the countries selected do not trust the European Union and, therefore, do not trust any policy it undertakes. Logically, their citizens will then be easily tempted not to support Ukraine if it is initiated by the EU.

The premise is then as follows: strong and reliable institutions inspire trust in society and serve as a reliable source of information and legislation for citizens. However, if the institution is weak and trust in it is eroded, citizens and society tend to slide towards alternative sources of information and are more reluctant to believe in misinformation. This premise is borne out by Russia's unending efforts to undermine

trust in traditional political institutions and their representatives by spreading disinformation aimed directly at them or even by bribing and supporting its puppet politicians, who will bury or dominate these institutions. Social institutions include think tanks, which should undoubtedly participate in the public debate on the credibility of institutions and help defend it. This is especially true if Russia is already succeeding in controlling politicians in some countries.

THE 4TH DETERMINANT: FREER COUNTRIES VALUE FREEDOM MORE

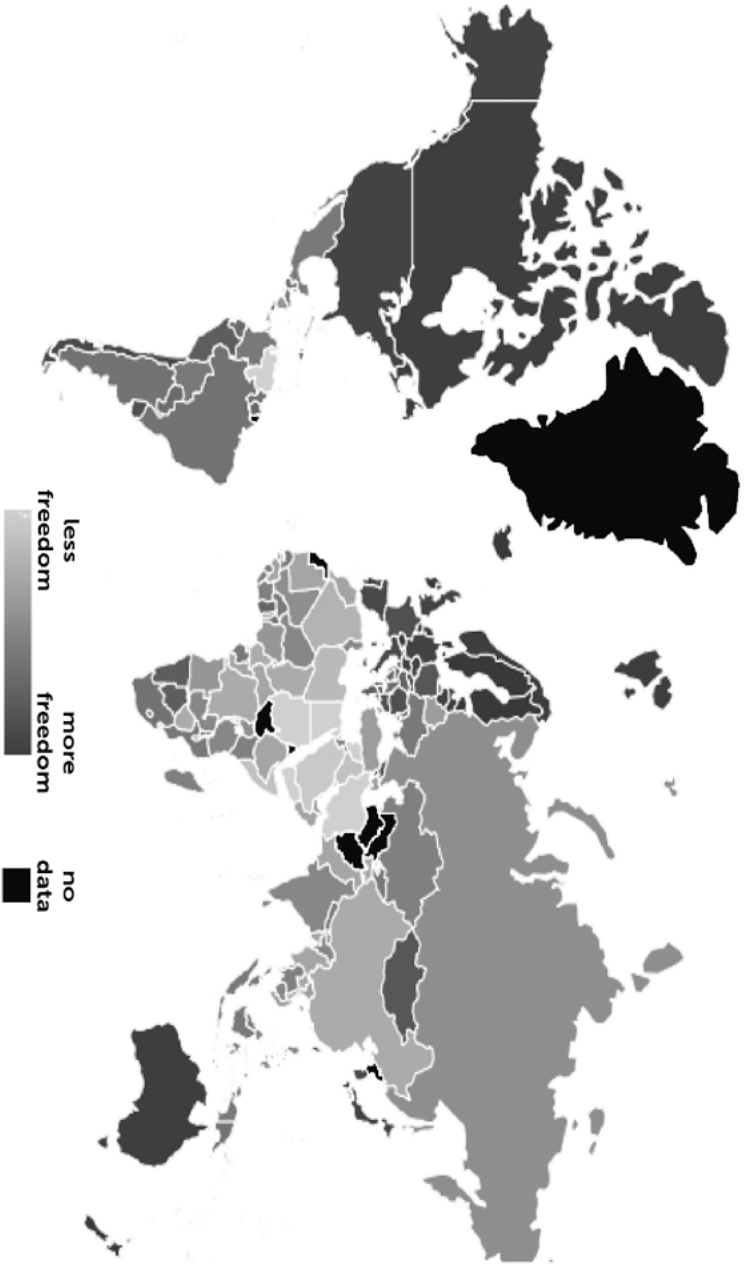
The arguments in this article may seem repetitive, but this is because freedom is a prerequisite for trust in institutions, economic growth, independent media, and, ultimately, quality education. Specifically, the *Human Freedom Index*¹⁵. A free society is, therefore, an indirect cause of less susceptibility to disinformation. It can be achieved by means of supporting the abovementioned four determinants. If this materializes, it contributes to a stronger civil society through building greater tolerance. Moreover, there is a much more secure and stable environment that does not lead people to fear and panic when threatened with poverty, hunger, or arbitrary invasion, as Russian propaganda often tries to suggest.

The 2022 *Human Freedom Index* ranks Cyprus 28th, Slovakia 37th, Slovenia 39th, Bulgaria 41st, Greece 57th, and Hungary 67th. There are 165 countries ranked in the entire index, so it could be said that this is not a terrible result. However, most of the

¹⁵ *The Human Freedom Index* is conducted by the American CATO Institute and measures freedom among countries by the following metrics: rule of law, security and safety, movement, religion, association, assembly, and civil society, expression and information, relationships, size of government, legal system and property rights, sound money, freedom to trade internationally, and regulation. See: <https://www.cato.org/sites/cato.org/files/2023-01/human-freedom-index-2022.pdf>

¹⁴ Ibid.

Figure 3: Human Freedom Index Worldwide (2022)



Source: Human Freedom Index 2022

¹⁶ <https://www.cato.org/sites/cato.org/files/2023-01/human-freedom-index-2022.pdf>

Western European countries are ranked much higher, and these countries are thus in the company of less developed African and Asian countries [See: Figure 3].

Therefore, in practice, the abovementioned determinants should be featured high in the states whose societies do not succumb to Russian disinformation and, as a result, their governments and politicians are not discouraged from supporting Ukraine. Meanwhile, it would be low in the states where support for Ukraine has declined significantly or has always been low since the beginning of the war. If this hypothesis is true, then effective countering of disinformation lies in strengthening these determinants and setting robust rules to ensure quality education, media independence, economic growth, trust in institutions, and a free society in the states.

In addition to the rule of law, civil society movements and associations, and therefore think tanks, also help to protect a free society, and through their lobbying and campaigning they can sometimes defend the ideas of freedom better than governments.

HOW TO BREAK THE CYCLE?

As already suggested, the solution to the unfolding Russian information war, which has intensified especially since the start of the full-scale invasion of Ukraine, is to strengthen institutions and legislation that ensure trust in institutions, economic growth and wealth, an independent and free media, and an overall strong civil and tolerant society. All of these determinants correlate with the level of trust in disinformation and also support for Ukraine. Therefore, concrete steps to combat disinformation should include:

- **Supporting the independence of media and journalists through freedom of the press and freedom of speech and**

fighting against Russian-funded media that try to undermine this trust and directly spread disinformation.

Here, in the current situation, a complete ban on Russian funding is necessary; a direct ban on these media outlets would seem counterproductive and, moreover, would not protect their existence. However, limiting their funding and investigating whether their sources come from Russia could eliminate them indirectly and expose them to the whole of society, so that they know where the source of the information actually comes from.

- **Ensuring confidence in traditional institutions (such as the judiciary, government, and media) through greater transparency and independence.** This step is somewhat more complex, because it goes beyond the scope of one or more laws, and in the case of many European ones, it requires comprehensive reform and also long-term work over a period of a few years. However, this does not mean that European countries should not try.
- **The removal of regulations and restrictions that hinder the development of a free and strong civil society, as well as economic development and growth.** This step assumes reducing barriers to freedom both on a personal and economic level. Richer and freer states will lead their citizens to better critical thinking than is the case in economically poor autocracies.

Many of the steps mentioned above go hand in hand or even intertwine on some topics. Moreover, they can help not only against the spread of misinformation, but also have other important benefits. The problem for some of the reforms may be that they require the work of the government to implement, and some European

governments and societies have already been heavily controlled by Russia (for example, Hungary, Germany, or Serbia). In this case, the role of think tanks and civil society movements comes into play to push governments to implement them and help change public opinion from below.

CONCLUSIONS: AN UNCERTAIN TIME AND INFORMATION OVERLOAD

Nowadays, many platforms and tools exist or are being created to facilitate communication and speed up the dissemination of information – be it the Internet, social networks, emails, electronic handheld devices or even live broadcasting. Thanks to these technological advances, people are able to improve the quality of their lives and the way they function in today's societies. The downside, however, is that in a world where information is disseminated easily and on a massive scale, some of it can often be misleading – at times, by design. The solution should not be to try to limit the technological advances that allow this as a side effect, but rather to find new alternative solutions and make society and individuals more resistant to the spread of misinformation.

In Europe, disinformation has long been spread with the support of the Russian Federation, which has used it in its information war to undermine confidence in the institutions of Western states. This, in turn, will then be more easily attacked by the politicians it had already installed or bribed. This approach further undermines trust in state institutions and society, and the citizens of European countries are becoming more inclined to believe these alternative sources of information that Russia will disseminate, and to look for the cause of their misery wherever the Russian Federation wants. At the moment, the Russian Federation wants Europeans to see the causes of the economic crisis and other unpleasantness

in Ukraine. Next time, it may be Poland, Georgia, or the Baltic States, for example.

This is why we need to make our societies more resilient through support for independent media, trust in institutions, a free and strong civil society, and economic growth. By supporting these factors, it will be possible to reverse the horizontal relationship of weak institutions/strength of disinformation dissemination/support for pro-Russian politicians/lower support for Ukraine. The role in this process should not only be played by the government, but also by think tanks, which should try to participate in society-wide reforms and be credible carriers of information and, if necessary, refute untrustworthy sources and arguments.



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FILIP
BLAHA

Analyst at the CETA - Centre for Economic and Market Analysis and the Chairman of the Czech Students for Liberty



Rebuilding from the Ashes: Drawing Lessons from Past Wars to Address the Consequences of Russia's Aggression in Ukraine



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ANAR
RZAYEV

War and conflict have devastating consequences for societies, leaving behind destruction, human suffering, and long-lasting negative impacts. Countries with a history of war offer valuable lessons on how to address and mitigate these impacts. By examining their experiences, policymakers can gain insight into effective strategies to rebuild shattered societies, promote reconciliation, ensure justice, and foster peace.

The Russian aggression against Ukraine launched in 2014 imposed significant human, economic, and social costs on the affected regions. In navigating the aftermath of this conflict, Ukraine and the international community have drawn on the experiences of countries with a history of war. These experiences have informed approaches to post-conflict reconstruction, reconciliation efforts, transitional justice, diplomatic engagement, and international support.

It is, therefore, crucial to examine the lessons learned from countries that have experienced war in the past and how these lessons have been applied in the context of Russia's aggression against Ukraine. By analyzing the strategies and measures implemented, one can better understand how countries have dealt with the negative effects of war and conflict, and adapt these lessons to the specific dynamics and challenges faced in Ukraine.

PREVENTING WARS SHOULD BE A TOP PRIORITY

Beyond simple finger-pointing and feeble sanctions, the international community must take a proactive and forceful approach to prevent wars¹. Timely and deci-

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COUNTRIES WITH A HISTORY OF WAR OFFER VALUABLE LESSONS ON HOW TO ADDRESS AND MITIGATE THESE IMPACTS

sive actions are crucial to deter potential aggressors and promote peace and stability. Early warning systems can be developed and improved to help identify potential war escalations at an early stage, enabling quick responses and diplomatic interventions before the situation worsens.

Mediation and diplomatic efforts can help disputing parties communicate and open the way for peaceful negotiations. Finding solutions that are acceptable to all parties can depend on the active involvement of impartial mediators. In cases where sanctions are deemed necessary, the international community should implement them effectively and target key actors responsible for aggression.

Another key tool here is diplomatic pressure and isolation. The former can be applied through various means, including diplomatic statements, resolutions, and joint declarations by the international community. Meanwhile, isolating aggressors

¹ <https://www.rosalux.de/en/news/id/46153/stop-ping-the-war-is-the-absolute-priority>



TIMELY AND DECISIVE ACTIONS ARE CRUCIAL TO DETER POTEN- TIAL AGGRESSORS AND PROMOTE PEACE AND STABILITY

politically and diplomatically can send powerful signals and discourage further aggression.

Equally important is deploying peacekeeping missions to help stabilize conflict zones and create conditions for peaceful dialogue. Simultaneously, supporting peacebuilding initiatives can address the root causes of conflicts and foster long-term stability.

It is also crucial to strengthen and support collective security mechanisms – such as regional organizations and international alliances. As a result, it may create a united front against aggression and promote stability.

The international community must consistently uphold international law and norms, including respect for sovereignty, territorial integrity, and human rights. Impunity for aggression should be challenged. Apart

from that, investing in conflict resolution and peace building training for diplomats, mediators, and peacekeepers can enhance their effectiveness in addressing conflicts. Engaging in public diplomacy and raising awareness about the consequences of aggression can garner public support for peaceful resolutions and encourage leaders to pursue non-violent means. Furthermore, reflecting on past conflicts and learning from their failures and successes can inform better strategies for preventing future conflicts.

Overall, preventing wars is a shared responsibility of the international community. By taking proactive, coordinated, and decisive actions, the world can send powerful signals to potential aggressors and create an environment conducive to peace, stability, and conflict prevention.

As the world community witnessed, peace negotiations facilitated by EU countries and institutions have not been able to prevent wars in the cases of Armenia and Azerbaijan, as well as between Russia and Ukraine. The conflicts in these regions have proved to be highly complex and challenging to resolve through conservative diplomatic means alone.

The international community employed diplomatic channels to prevent the Ukraine conflict, urging dialogue and peaceful solutions. Sanctions were imposed on Russia for its annexation of Crimea. However, tensions escalated, leading to violence.

INTERNATIONAL INSTITUTIONS SHOULD KEEP A WATCHFUL EYE ON WARS

Observing wars closely and building pressure on conflicting parties through international institutions plays a crucial role in minimizing the commission of war crimes and human rights abuses. Monitoring and



OBSERVING WARS WITHOUT HAVING A MUCH- NEEDED INFLUENCE OVER THE CON- FLICTING SIDES WILL HARDLY BRING ANY MEANINGFUL RESULTS

holding parties accountable for their actions during conflicts can act as a deterrent and promote adherence to international humanitarian law and human rights standards. International institutions, human rights organizations, and independent observers can document and gather evidence of potential war crimes and human rights abuses. This evidence can be crucial for holding perpetrators accountable and supporting future prosecutions².

Moreover, publicizing information about war crimes and human rights violations can raise awareness and generate international pressure to stop such actions. Media coverage and reports from reputable organizations can help mobilize public opinion and diplomatic responses.

For example, there were numerous reports of human rights abuses, war crimes, and attacks on civilians during the 2020 Nagorno-Karabakh conflict between Armenia and Azerbaijan. These allegations have been documented by international human rights organizations and media outlets.

International organizations, such as Human Rights Watch and Amnesty International, have conducted investigations and documented incidents of war crimes, including attacks on civilian targets, extrajudicial killings, and allegations of torture and ill-treatment. These organizations have called for accountability and investigations into potential violations of international humanitarian law during the conflict.

Pressure from the international community (including calls for investigations and accountability for potential war crimes) can play a critical role in deterring further crimes and holding perpetrators accountable. The United Nations, the European Union, and other regional bodies have also condemned the violence and called for a peaceful resolution to the conflict³.

Furthermore, international institutions can impose targeted sanctions on individuals or entities involved in war crimes. Establishing accountability mechanisms, such as international tribunals or commissions of inquiry, can also deter potential perpetrators. In addition, independent fact-finding missions can be deployed to investigate allegations of war crimes and gather unbiased information about the situation on the ground.

² Karreth, J. and J. Tir (2012) "International Institutions and Civil War Prevention", [in]: *The Journal of Politics*, Vol. 75, No. 1, pp. 96–109.

³ <https://www.theguardian.com/world/2020/sep/30/nagorno-karabakh-un-urges-ceasefire-as-azerbaijan-and-armenia-dismiss-talks>

Similarly, international institutions and diplomatic efforts can engage with conflicting parties to remind them of their obligations under international law and the potential consequences of committing war crimes. Observing wars closely can also help identify situations where civilians are at risk, enabling the international community to take measures to protect civilian populations from harm.

THE IMPORTANCE OF MAINTAINING OPEN CHANNELS OF COMMUNICATION BETWEEN CONFLICTING PARTIES AND INTERNATIONAL ACTORS

Observing wars without having a much-needed influence over the conflicting sides will hardly bring any meaningful results. For these and many other reasons, maintaining open channels of communication between conflicting parties and international actors is crucial, especially during times of war. Open communication can play a significant role in mitigating hostilities, reducing misunderstandings, and creating opportunities for dialogue and negotiation⁴.

Moreover, open communication allows conflicting parties to share information and concerns, which can help manage crises and prevent misunderstandings that may escalate tensions. Furthermore, open channels of communication provide opportunities for diplomatic engagement and mediation, allowing external actors and mediators to facilitate dialogue and peace talks. During wars, open communication is also essential for facilitating humanitarian access to affected populations, ensuring the delivery of aid, and protecting civilians.

⁴ Schech, S. (2022) "Assembling Humanitarianism in the Cold War: The Role of the Red Cross in the Bay of Pigs Prisoner Exchange", [in]: *Journal of Historical Geography*, Vol. 78, pp. 1-11.



IN THE CASE OF UKRAINE, COUNTRIES AND ORGANIZATIONS HAVE EXPRESSED SUPPORT FOR UKRAINE'S SOVEREIGNTY AND HAVE IMPOSED SANCTIONS ON RUSSIA TO DISCOURAGE FURTHER AGGRESSION

Additionally, it allows parties to signal their intentions, willingness to negotiate, or seek a temporary cessation of hostilities. Miscommunication or misinterpretation of actions, on the other hand, can lead to unintended escalations. Open communication helps clarify intentions and actions to avoid misunderstandings.

Open channels can facilitate prisoner exchanges during wars. One real-life example of prisoner exchanges facilitated by open channels was during the 2020

Nagorno-Karabakh war. Azerbaijan and Armenia, with the help of Russia as a mediator, exchanged prisoners of war and bodies of soldiers following the cease-fire agreement reached in November 2020. The open channels of communication enabled the parties to coordinate the logistics and ensure the safe and timely exchange of prisoners.

In this regard, the United Nations and Turkey's mediation in the grain and prisoner exchange deals between Russia and Ukraine has played an important role in the ongoing conflict. The grain deal allowed Ukraine to ship its grain through the Black Sea to Turkey, while the prisoner exchange saw almost 300 people released⁵.

History, politics, and geopolitical considerations all play a role in whether or not Russia and Ukraine are willing to negotiate. For Ukraine, the territorial integrity is a red line, whereas Russia considers strategic interests most important.

In today's world, preventing wars must take precedence as an overarching goal. The echoes of past conflicts remind us of the catastrophic toll wars exact on humanity – loss of lives, economic setbacks, and long-lasting trauma.

DID THE WESTERN WORLD SHOW ENOUGH SOLIDARITY?

However, when wars can be prevented, we must clearly show our support to the victims and act based on our lessons learned from the past conflicts. Countries facing aggression benefit from international support and solidarity. The lessons from past conflicts emphasize the significance of forming alliances, building coalitions,

⁵ <https://moderndiplomacy.eu/2023/03/10/turkey-as-an-ally-and-a-mediator-in-the-russia-ukraine-war-what-does-it-want-from-it/>



THERE IS
NO ROOM
FOR INTERPRETA-
TION REGARDING
HOW SLOW
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PROCESS IS

and garnering international backing to exert pressure on aggressors. In the case of Ukraine, countries and organizations have expressed support for Ukraine's sovereignty and have imposed sanctions on Russia to discourage further aggression.

According to Polish Prime Minister Mateusz Morawiecki, however, France and Germany were not doing enough to support Ukraine during the conflict with Russia⁶. He has raised concerns about France and Germany's lack of commitment to helping Ukraine win the war. Certainly, however, the question of whether France and Germany were not doing enough to support Ukraine is a matter of interpretation and individual perspective.

⁶ Lili, B. and B.I. Jacopo (2023) "Not as Generous": Polish Leader Hits Germany over Ukraine Support", [in]: *Politico*, March 24. Available [online]: <https://www.politico.eu/article/poland-prime-minister-mateusz-morawiecki-germany-ukraine-support-not-generous/>

Nevertheless, there is no room for interpretation regarding how slow the EU's decision-making process is. It involves multiple layers of bureaucracy and requires consensus among its member states, which can sometimes slow down the decision-making process, particularly in times of crises or emergencies. Given the volatile geopolitical environment, EU leaders can no longer afford to wait for all 27 member states to reach a consensus.

LESSONS SHOULD HAVE BEEN DRAWN FROM THE OCCUPATION OF CRIMEA IN 2014

After the occupation of Crimea by Russia in 2014, there were several aspects where the West faced criticism and scrutiny for their response and actions. Some of the points that have been raised as areas where the West could have done things differently or acted stronger include military support to Ukraine, NATO enlargement, proactive diplomacy, strengthening multilateral institutions, norm reinforcement, balancing pragmatism, and principles etc. There were calls for more substantial military aid, including advanced weaponry, to help Ukraine defend its territorial integrity⁷.

The issue of NATO enlargement was brought to the fore following the annexation of Crimea. While some argued that expanding NATO membership to Ukraine could have deterred Russian aggression, others warned that such a move could escalate tensions and further antagonize Russia⁸.

⁷ Bartles, C. K., and R.N. McDermott (2014) "Russia's Military Operation in Crimea: Road-Testing Rapid Reaction Capabilities", [in]: *Problems of Post-Communism*, Vol. 61, No. 6, pp. 46-63.

⁸ Ted, C. (2022) Many Predicted NATO Expansion Would Lead to War. Those Warnings Were Ignored. Available [online]: <https://www.theguardian.com/commentis-free/2022/feb/28/nato-expansion-war-russia-ukraine>



GIVEN THE VOLATILE GEOPOLITICAL ENVIRONMENT, EU LEADERS CAN NO LONGER AFFORD TO WAIT FOR ALL 27 MEMBER STATES TO REACH A CONSENSUS

Diplomatic efforts, in particular, should be proactive and ongoing to prevent and resolve conflicts. Engaging in dialogue and negotiations early on can help prevent escalation and promote peaceful resolutions in new war zones. Moreover, the Crimea situation exposed the limitations of existing multilateral institutions in addressing the crisis effectively. Lessons should be applied to strengthen international organizations and mechanisms for conflict prevention and resolution.

A serious weakness was also seen in the field of upholding international norms and principles – such as respect for sovereignty and territorial integrity. The international community should reinforce these norms and hold violators accountable. Addressing new war zones also requires a delicate balance between pragmatic responses to prevent further escalation and upholding principles of international law and human rights.



IN NEW WAR ZONES, TIMELY AND ADEQUATE HUMANITARIAN ASSISTANCE IS CRUCIAL TO ADDRESS IMMEDIATE NEEDS AND PROMOTE RECOVERY

WHAT CAN WE LEARN FROM THE YUGOSLAV WARS?

After the Yugoslav Wars, there were several areas where the international community, including the West, faced criticism for their response to dealing with the negative impacts of war and conflict. Examining some of them could help in dealing with the negative impacts of the Russian occupation of Ukraine.

The international response to the Yugoslav Wars was criticized for being slow and fragmented. Delays in taking action to address the humanitarian crisis and establish peacekeeping missions contributed to prolonged suffering. In new war zones, a more coordinated and timely response is essential to address urgent humanitarian needs and prevent further escalation.

Another example of failure was the lack of robust peacekeeping. The inadequacy of

peacekeeping efforts during the Yugoslav Wars allowed atrocities and ethnic cleansing to continue. In new war zones, there should be a focus on robust and effective peacekeeping missions to protect civilians and stabilize the situation⁹.

Equally problematic was the insufficient humanitarian aid to the affected areas. The response to the humanitarian crisis in the aftermath of the Yugoslav Wars was criticized for not providing sufficient aid to those affected by the conflict¹⁰. In new war zones, timely and adequate humanitarian assistance is crucial to address immediate needs and promote recovery.

It is important that accountability and justice proceedings are not delayed. The pursuit of justice and accountability for war crimes committed during the Yugoslav Wars faced significant delays. In the Ukraine and other possible war zones, efforts should be made to establish mechanisms for accountability and ensure that perpetrators of war crimes are held responsible.

Furthermore, post-conflict reconstruction efforts in the aftermath of the Yugoslav Wars were slow and encountered numerous challenges. The conflicts in the former Yugoslavia resulted in extensive destruction of infrastructure, loss of life, and deep-seated ethnic tensions, making the reconstruction process complex and protracted. Critical infrastructure (including roads, bridges, schools, hospitals, and utilities) was severely damaged during the wars in the former Yugoslavia¹¹. The extent of the destruction necessitated a sig-

⁹ <https://www.cfr.org/excerpt-world-and-yugoslavia-as-wars>

¹⁰ Talbot, K. (2000) "The Real Reasons for War in Yugoslavia: Backing up Globalization with Military Might". [in:] *Social Justice*, Vol. 27, No. 4, pp. 94-116.

¹¹ Mandelbaum, M. (1999) "A Perfect Failure: NATO's War against Yugoslavia". [in:] *Foreign Affairs*, Vol. 78, No. 5, pp. 2-8.



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nificant investment of time and resources, which prolonged the total reconstruction effort.

Conflict-related economic devastation caused significant unemployment, widespread poverty, and unstable economies in the afflicted nations. It was difficult and time-consuming to rebuild the economies and provide possibilities for sustainable livelihoods. Consequently, it also resulted in large-scale population displacement and refugee flows¹². Providing assistance and support to internally displaced persons (IDPs) and refugees, and facilitating their

return and reintegration added complexity to the reconstruction efforts.

Deep-seated ethnic tensions and animosities were a defining feature of the wars in the former Yugoslavia. Achieving reconciliation and social cohesion among different ethnic and religious groups was a daunting task that required long-term engagement.

Understandably, the post-conflict political landscape in the region was often marked by fragility and competing interests. Political disagreements and power struggles among various factions complicated decision-making processes and slowed down progress in reconstruction efforts. Another obstacle that slowed down the reconstruction efforts and posed risks to the safety of the reconstruction personnel and community was the lingering security concerns and sporadic violence in certain areas of affected countries.

In addition, securing adequate funding and sustained international support for post-conflict reconstruction proved challenging. The magnitude of reconstruction needs often exceeded available resources, leading to delays and dilemmas in terms of prioritization¹³.

Other challenges are addressing the issues of justice, accountability, and dealing with the legacy of war crimes posed complex legal and political issues. Ensuring a balance between reconciliation and accountability was a delicate process.

Furthermore, rebuilding and strengthening institutions (including governance structures, legal systems, and public services) required significant efforts and ex-

¹² Weiner, M. (1996) "Bad Neighbors, Bad Neighborhoods: An Inquiry into the Causes of Refugee Flows". [in]: *International Security*, Vol. 21, No. 1, pp. 5-42.

¹³ Del Castillo, G. (2008) *Rebuilding War-Torn States*, Oxford: OUP Oxford.

pertise. It is also important to remember that a long-term commitment is required here. After all, post-conflict reconstruction is a long-term endeavor that requires sustained commitment from both the affected countries and the international community. Maintaining momentum and sustaining efforts over an extended period proved demanding.

INCLUSIVITY IN PEACE TALKS IS CRUCIAL FOR ACHIEVING LASTING AND SUSTAINABLE RESOLUTIONS

For a permanent peace and restoration, the post-war period is an important and challenging one. Ensuring inclusivity in peace talks is crucial for achieving lasting and sustainable resolutions in new war zones. The exclusion of certain parties from peace talks can be counterproductive and hinder the effectiveness of negotiations. Inclusive peace talks ensure that the views and interests of all relevant stakeholders are heard and considered. This representation of diverse perspectives increases the likelihood of reaching comprehensive and balanced agreements¹⁴.

Including all relevant parties in peace talks can help build trust among different groups. When all parties feel represented and heard, it fosters an atmosphere of openness and cooperation, which is essential for successful negotiations. Besides, inclusive peace talks give all stakeholders a sense of ownership over the process and outcomes. When people feel invested in the negotiations, they are more likely to adhere to the agreements reached.

Additionally, the involvement of all relevant parties allows for a more thorough examination of the underlying causes of



TRUTH-TELLING PROVIDES AN OPPORTUNITY FOR SURVIVORS, VICTIMS' FAMILIES, AND AFFECTED COMMUNITIES TO FIND CLOSURE

the conflict. Identifying and addressing root causes is essential for developing sustainable solutions. Furthermore, inclusive peace agreements are more likely to gain broad-based support from the population. This support is crucial for the successful implementation and acceptance of the peace deal. Inclusion can help mitigate the influence of spoiler groups that might seek to undermine the peace process. Bringing these groups into the negotiations can reduce their potential to disrupt the peace talks.

Inclusive peace talks provide opportunities for stakeholders to interact and build relationships, which can contribute to trust-building and cooperation beyond the negotiations. When all relevant parties are involved in peace talks, they are more likely to commit to, and actively participate in, the implementation of the agreements reached. Most important of all is that inclusive peace talks contribute to the promotion of long-term reconciliation between conflicting parties, laying the groundwork for sustained peace.

¹⁴ Kew, D., and A.W.S. John (2008) "Civil Society and Peace Negotiations: Confronting Exclusion", [in]: *International Negotiation*, Vol. 13, No.1, pp. 11-36.



IN POST-CONFLICT SOCIETIES, TRUST AMONG DIFFERENT GROUPS MAY BE SEVERELY DAMAGED

Here are some examples of conflicts where the exclusion of certain parties from peace talks had negative outcomes: Syrian civil war¹⁵, Israeli-Palestinian Conflict, Yemeni civil war etc. In the early stages of the Syrian civil war, some key opposition groups, at various points in the Israeli-Palestinian peace process, certain Palestinian factions, in the Yemeni civil war, the participation of some key parties were either limited or excluded. Consequently, the exclusion of certain factions has contributed to ongoing divisions and obstacles to a lasting peace.

Significant numbers of ethnic Russians and Russian speakers live in Ukraine. Once a peace deal is reached between Russia and Ukraine, their respective representatives should also be included into peace talks.

HONORING THE TRUTH AND RECONCILIATION

Truth and reconciliation are crucial components in addressing the aftermath of war and conflict. They play a significant role in healing societies, promoting jus-

tice, and establishing a foundation for lasting peace. Acknowledging the truth about past atrocities, human rights abuses, and war crimes is essential for the healing process. This involves a thorough and impartial examination of historical events, accepting responsibility for wrongdoing, and providing a comprehensive account of what transpired during the conflict.

Truth-telling provides an opportunity for survivors, victims' families, and affected communities to find closure. By acknowledging the suffering and injustices that occurred, individuals and communities can begin to come to terms with their experiences. Besides, truth-seeking is often linked to accountability. Identifying perpetrators of war crimes and human rights abuses is crucial for ensuring justice is served. This can be pursued through judicial mechanisms, tribunals, or truth commissions, depending on the context¹⁶.

In post-conflict societies, trust among different groups may be severely damaged. Truth and reconciliation processes can contribute to rebuilding trust by providing a platform for dialogue and understanding between former adversaries. Examining the root causes and dynamics of the conflict is equally important. Truth-seeking efforts can help identify potential triggers and work towards preventing similar conflicts from happening again in the future. Moreover, truth and reconciliation processes aim to foster reconciliation between individuals and communities affected by the conflict. Encouraging dialogue, empathy, and mutual understanding can facilitate the process of reconciliation.

¹⁵ Hellmüller, S. (2020) *Local Legitimacy and International Peacebuilding*, Edinburg: Edinburgh University Press.

¹⁶ De Ycaza, C. (2013) "A Search for Truth: A Critical Analysis of the Liberian Truth and Reconciliation Commission", [in]: *Human Rights Review*, Vol. 14, pp. 189-212.



UNDERSTANDING THE CONSEQUENCES OF VIOLENCE AND WAR CAN INSPIRE A COMMITMENT TO PEACEFUL COEXISTENCE AND CONFLICT PREVENTION

There is no doubt that confronting the truth and promoting reconciliation can strengthen national unity. By acknowledging past wrongs and working towards healing, societies can build a shared understanding of their history and move towards a common vision for the future. Furthermore, examining the truth of past conflicts provides valuable lessons for future generations.

Understanding the consequences of violence and war can inspire a commitment to peaceful coexistence and conflict prevention. Therefore, truth and reconciliation processes should involve the active participation of all stakeholders, including victims, perpetrators, and civil society. Inclusivity and empowerment allow individuals to have their voices heard and contribute to the collective healing and rebuilding process.

The international community should play a role in supporting truth and reconciliation efforts by providing technical expertise, financial assistance, and diplomatic support. International involvement can help ensure the integrity and impartiality of the processes.

Overall, these processes are essential tools in addressing the aftermath of war, fostering understanding, and working towards a more just and peaceful future. However, it is essential to recognize that they are complex and may require significant time and commitment to achieve meaningful and sustainable outcomes.

REBUILDING UKRAINE AFTER THE WAR

It is evident that rebuilding Ukraine after the war will pose a significant challenge. The war has led to widespread destruction of homes, schools, medical facilities, and other critical infrastructure, leaving Ukraine in need of substantial international support to finance the rebuilding effort. Additionally, Ukraine's economy has been severely impacted, with the country experiencing a drastic decline in GDP during the initial stages of the war¹⁷.

Nevertheless, economic recovery and development are critical aspects of addressing the aftermath of war and conflict. War-inflicted damage to infrastructure, disruption of economic activities, displacement of populations, and destruction of livelihoods can have long-lasting effects on a country's economy. Lessons from post-conflict situations demonstrate the importance of implementing effective economic recovery

¹⁷ Bluszcz, J. and M. Valente (2022) "The Economic Costs of Hybrid Wars: The Case of Ukraine". [in]: *Defence and Peace Economics*, Vol. 33, No.1, pp. 1-25.



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and development initiatives to rebuild societies and promote stability¹⁸.

Investment in rebuilding and repairing essential infrastructure (such as roads, bridges, schools, hospitals, and utilities) is crucial to restoring the functioning of the economy and providing basic services to

the population. Similarly, creating employment and livelihood opportunities is essential for the economic reintegration of individuals affected by the conflict. Job creation programs, vocational training, and support for small and medium-sized enterprises can help revitalize local economies.

Macroeconomic stability is another important aspect. Ensuring macroeconomic stability is essential for attracting investment, encouraging economic growth, and maintaining fiscal discipline. Sound economic policies and prudent financial management can create an environment conducive to economic recovery.

In addition, facilitating trade and attracting foreign direct investment are critical for economic growth and development. Improving trade infrastructure, simplifying regulations, and offering incentives can enhance a country's competitiveness in the global market. It should be noted that economic development initiatives should be inclusive and address the needs of all segments of society, including marginalized groups. In turn, inclusive economic growth can contribute to social cohesion and reduce the risk of renewed conflict. Furthermore, ensuring access to financial services for entrepreneurs and small businesses is vital for stimulating economic activity and supporting new ventures.

A country can never do wrong with investing in education, healthcare, and skill development. Simply put, these fields are crucial for building human capital and equipping the workforce with the necessary skills to contribute to economic growth. Natural resource management is equally important. Responsible and sustainable management of natural resources can play a significant role in economic recovery and development. Ensuring equitable access to resources and promoting

¹⁸ Vasylyev, M. et.al. (2022) "Unified European Support Framework to Sustain the HIV Cascade of Care for People Living with HIV Including in Displaced Populations of War-Struck Ukraine", [in]: *The Lancet HIV*, Vol. 9, No 6, pp. 438-448.

environmentally friendly practices are essential considerations¹⁹.

It is crystal clear that Ukraine will need huge economic support in dealing with its challenges lying ahead. The international community can play a crucial role in providing financial assistance, technical expertise, and capacity-building support to post-conflict countries during their economic recovery efforts. Needless to say, economic recovery and development after conflict require a long-term vision and commitment from both national governments and the international community. Sustainable development initiatives that address the root causes of the conflict are essential for preventing its recurrence²⁰.

The case of Bosnia and Herzegovina illustrates the positive impact of international assistance and cooperation in helping war-torn countries recover and rebuild after devastating conflicts. Bosnia and Herzegovina faced a brutal and devastating conflict during the Bosnian War from 1992 to 1995, resulting in widespread destruction and loss of life. The conflict involved ethnic tensions and atrocities, leading to significant humanitarian crises and the displacement of large numbers of people. However, after the war, the international community (including Western countries and international organizations) played a critical role in supporting Bosnia and Herzegovina's post-war reconstruction and recovery efforts²¹.

¹⁹ Kondratov, I. S. et al. (2022) *Challenges for Chemistry in Ukraine After the War: Ukrainian Science Requires Rebuilding and Support*. Available [online]: <https://www.pnas.org/doi/epdf/10.1073/pnas.2210686119>

²⁰ <https://cepr.org/voxeu/columns/postwar-reconstruction-assistance-and-local-governments-ukraine>

²¹ Eastmond, M. (2006) "Transnational Returns and Reconstruction in Post-War Bosnia and Herzegovina". [in]: *International Migration*, Vol. 44, No.3 pp. 141-166.



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CONCLUSIONS

Countries with past war experience offer valuable lessons on how to deal with the negative impacts of war and conflict. These lessons emphasize the importance of diplomacy, international cooperation, humanitarian assistance, truth-seeking, security reforms, and economic recovery. While each conflict is unique, these lessons can guide nations in their efforts to mitigate the consequences of war and work towards sustainable peace.

In the context of the Russian aggression against Ukraine, we have seen the application of some of these lessons. Diplomatic efforts and negotiations have been pursued to seek a peaceful resolution, with international actors engaging in talks and mediation to de-escalate tensions. In one way or other, the international community has shown solidarity with Ukraine, imposing sanctions on Russia to pressure for an end to aggression and supporting Ukraine's sovereignty.



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Humanitarian assistance has been provided to those affected by the conflict, addressing the immediate needs of displaced populations and communities impacted by violence. Additionally, efforts have been made to document human rights abuses and atrocities, laying the groundwork for potential truth and reconciliation processes in the future.

However, it is essential to recognize that the situation in Ukraine remains complex and ongoing. The lessons from countries with past war experiences can continue to guide and inform the international response and support to address the negative impacts of the war.

Meanwhile, Ukraine should accelerate its reforms – particularly in the field of economy, military, and the political system. It is, unfortunately, a brutal reality that if a country such as Russia attacks you and you are not a member of NATO, then you must have powerful and reliable partner countries, which would deter such aggressors²².

²² For example, during the second Karabakh War in 2020, the open and decisive support of Turkey (Turkey's F16 Jets were on Azerbaijani soil until the end of the war) helped Azerbaijan to stand firmly against the threats from Russia and Iran.



ANAR
RZAYEV

An MA Master of Social Sciences at Humboldt University Berlin



Lessons Learned or Strength in Solidarity



*

OKSANA
KUZYAKIV

In the aftermath of the outbreak of the full-scale invasion of Ukraine, the European Union (EU) has been facing the consequences of its misguided policy decisions from decades ago. Doing ‘business as usual’ with Russia, a country whose values are fundamentally different from those of the Western nations’, is always dangerous and may seem reckless.

Russia’s military aggression against Ukraine, unprecedented in the 21st century, created a new reality and changed the rules of the game. Ukrainian citizens have already shown exceptional endurance, will, and courage in the confrontation with the military machine of the Russian Federation. Despite the high level of uncertainty, the economy and business quickly adapted to wartime conditions. Conducting economic activity under the constant crosshairs of Russian ballistic missiles made security an essential characteristic of the business climate, as observed in their article by Yevhen Anhel, Oleksandra Betliy, and Oksana Kuziakiv in this issue of the *4liberty.eu Review*. Still, it is security that calls for international support and solidarity.

Ukraine’s allied countries continue to play the key role in Ukraine’s economic stability as the state relies substantially on the financial support of international partners, which helps the country to keep going despite hardships. Even more financial support, as well as foreign direct investments, will be needed to finance recovery and reconstruction.

The war has also revealed how fragile and interconnected today’s world is, and how countries with open economies are dependent on world events. At the same time, the complete Russian invasion of Ukraine has repositioned the focal point of Europe toward the east, directing increased focus toward the nations of Central and Eastern

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RUSSIA'S MILITARY AGGRESSION AGAINST UKRAINE, UNPRECEDENTED IN THE 21ST CENTURY, CREATED A NEW REALITY AND CHANGED THE RULES OF THE GAME

Europe – as indicated by Natalia Matiaszczyk in her contribution. As we learn from most of the featured pieces, the war has already significantly changed both the structure of European security and economic activity. The European Union needs to rethink its foreign policy, and draw lessons from the previous experiences of pacifying the aggressor.

First of all, the war revealed the risks of being dependent on one energy resource supplier. Clearly, high dependency on Russian energy supplies impacted the economy of EU countries, as analyzed in his article by Igor Šlosar. Secondly, this issue has created a number of others – as, for instance, disrupting global commodity chains, raising worries about worldwide food security, and increasing world economic instability as a result of Russian militaristic policy, as pointed out by Parvin Guliyev in his contribution.

Nevertheless, this strife of both Ukrainians and EU citizens has prompted the fortification of the regional security framework, as nations in the vicinity united to uphold shared values and shield against external dangers. Furthermore, the Russian occupation has emphasized preserving democratic principles and regional stability.

Notably, different behavior patterns can already be observed in various European countries. Natalia Matiaszczyk implies that amid war in Ukraine, Poland has emerged as a pivotal player within both the NATO and the European Union, affirming its role in maintaining ideals of both these organizations. Meanwhile, Hungary is the polar opposite of Poland's stance. Here, we see the war showed that political players who look only at the past and feed on ideas of revanchism tend to act in their short-sighted political interests, despite the jointly declared European values. The example of Hungary reveals how neglecting the principles in favor of illusory economic benefits can force a country to fall into the trap of dependence and become a target of the Russian propaganda machine and disinformation.

In the 19th issue of the *4liberty.eu Review*, a group of Hungarian authors provide their perspectives on the phenomenon of Hungary's reaction to the Russian invasion of Ukraine, reflecting on the connections between domestic and foreign policy and their historical roots. According to Rebecca Papp, Hungary is like Russia's Trojan Horse in the EU, weakening the institution from the inside with its veto powers (which could, however, change in the foreseeable future). Moreover, Oliver Papp shows how the Russian propaganda and disinformation machine strengthens the Hungarian one. At the same time, as stated by Máté Hajba in his article, when European states redoubled in a *tour de force* of liberal val-



UKRAINE'S ALLIED COUNTRIES CONTINUE TO PLAY THE KEY ROLE IN UKRAINE'S ECONOMIC STABILITY

ues, the Hungarian government sunk even deeper into illiberalism, because the head of the government simply wants to stay in power.

We should remember that – according to Filip Blaha's conclusions – the Russian Federation, which has used disinformation to undermine confidence in the institutions of Western states, makes the latter more easily attacked by the politicians it has installed in office or bribed. This is why we need to make society more resilient through support for independent media, trust in institutions, a free and robust civil society, and economic growth. According to the author, the think tanks from the CEE region should participate in society-wide reforms, be credible carriers of information, and, if necessary, refute untrustworthy sources and arguments.

Needless to say, nations with historical wartime experiences provide invaluable insights into effectively addressing the adverse aftermath of conflict. Diplomatic initiatives and negotiations have been actively





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pursued to attain a peaceful resolution, but in this case, time was lost. Nevertheless, the war contributed to rethinking the EU's foreign policy. According to Anar Rzayev, in various forms, the EU community has demonstrated its unity with Ukraine by imposing sanctions on Russia to bring about the end to the hostilities and by upholding Ukraine's sovereignty.

The world is polarizing, but the values of freedom and self-determination were, are, and will be the cornerstones of democracy and development. The lessons of the war emphasize the need for constant vigilance and cooperation between the CEE countries, within NATO and the European Union, as well as with external partners. The role of collective defense, unity, solidarity, and cooperation has increased many times over. Of course, new challenges await us in

the future, but I personally hope that *our* war will teach everyone that the way to a safe and stable future lies in strengthening partnerships, solidarity, and cooperation.

As a citizen of Ukraine, I need to emphasize that we, Ukrainians, are grateful for all the assistance given by our friends and allies. We will fight, resist, and achieve victory. Together, we will make Europe safe and strong. *Slava Ukraini!*



OKSANA
KUZIAKIV

Executive Director of the Institute for Economic Research and Policy Consulting (Kyiv, Ukraine)

MEMBERS OF 4LIBERTY.EU NETWORK

Free Market Foundation (Hungary) is a think tank dedicated to promoting classical liberal values and ideas. The organization's projects focus on advocating a free market economy and fighting racism. The Foundation's activities involve education, activism, and academic research alike, thus reaching out to different people.

Liberalní Institut (Prague, Czech Republic) is a non-governmental, non-partisan, non-profit think tank for the development, dissemination, and application of classical liberal ideas and programs based on the principles of classical liberalism. It focuses on three types of activities: education, research, and publication.

The Lithuanian Free Market Institute (Vilnius, Lithuania) is a private, non-profit organization established in 1990 to promote the ideas of individual freedom and responsibility, free markets, and limited government. The LFMI's team conducts research on key economic issues, develops conceptual reform packages, drafts and evaluates legislative proposals, and aids government institutions by advising how to better implement the principles of free markets in Lithuania.

The F. A. Hayek Foundation (Bratislava, Slovakia) is an independent and non-political, non-profit organization, founded in 1991, by a group of market-oriented Slovak economists. The core mission of the F. A. Hayek Foundation is to establish a tradition of market-oriented thinking in Slovakia – an approach that had not existed before the 1990s in our region.

IME (Sofia, Bulgaria) is the first and oldest independent economic policy think tank in Bulgaria. Its mission is to elaborate and advocate market-based solutions to challenges faced by Bulgarians and the region face in reforms. This mission has been pursued since early 1993 when the institute was formally registered a non-profit legal entity.

The Academy of Liberalism (Tallinn, Estonia) was established in the late 1990s. Its aim is to promote a liberal world view to oppose the emergence of socialist ideas in society.

INESS (Bratislava, Slovakia), the Institute of Economic and Social Studies, began its activities in January 2006. As an independent think tank, INESS monitors the functioning and financing of the public sector, evaluates the effects of legislative changes on the economy and society, and comments on current economic and social issues.

Projekt: Polska (Warsaw, Poland) comprises people who dream of a modern, open, and liberal Poland. It is those to whom a democratic, effective, and citizen-friendly government is a key goal, and who help accomplish this goal while enjoying themselves, forming new friendships, and furthering their own interests.

Liberales Institut (Potsdam, Germany) is the think tank of the Friedrich Naumann Foundation for Freedom dedicated to political issues such as how liberalism can respond to challenges of the contemporary world and how liberal ideas can contribute to shaping the future.

Fundacja Liberté! (Lodz, Poland) is a think tank created in Łódź in 2007. Its mission is to promote an open society, liberal economic ideas, and liberal culture, and to organize a social movement around these ideas. Among the foundation's most recognizable projects are: Liberté!, Freedom Games, 6. District. The foundation is coordinating the 4liberty.eu project on behalf of Friedrich Naumann Foundation.

Republikon Institute (Budapest, Hungary) is a liberal think tank organization based in Budapest that focuses on analyzing Hungarian and international politics, formulating policy recommendations, and initiating projects that contribute to a more open, democratic, and free society.

Civil Development Forum (FOR) (Warsaw, Poland) was founded in March 2007 in Warsaw by Professor Leszek Balcerowicz as a non-profit organization. Its aim is to participate in public debate on economic issues, present reliable ideas, and promote active behavior. FOR's research activity focuses on four areas: less fiscalism and more employment, more market competition, stronger rule of law, and the impact of EU regulations on the economic growth in Poland. FOR presents its findings in the forms of reports, policy briefs, and educational papers. Other projects and activities of FOR include, among others, Public Debt Clock, social campaigns, public debates, lectures, and spring and autumn economic schools.

Visio Institut (Ljubljana, Slovenia) is an independent public policy think tank in Slovenia. Aiming for an open, free, fair, and developed Slovenia, the Visio Institut is publishing an array of publications, while Visio scholars regularly appear in media and at public events.

The Institute for Economic Research and Policy Consulting (Kiev, Ukraine) is a well-known Ukrainian independent think tank, focusing on economic research and policy consulting. IER was founded in October 1999 by top-ranking Ukrainian politicians and scientists, and a German advisory group on economic reforms in Ukraine, which has been a part of Germany's TRANSFORM program. Its mission is to provide an alternative position on key problems of social and economic development of Ukraine.

New Economic School – Georgia (Tbilisi, Georgia) is a free market think tank, non-profit organization, and NGO. Its main mission is to educate young people in free market ideas. It organizes seminars, workshops, and conferences for education and exchanges of ideas. NESG was founded by Georgian individuals to fill the knowledge gap about the market economy in the country and the lack of good teachers and economics textbooks.

Economic Freedom Foundation (Warsaw, Poland) strives to make Poland a prosperous and open country, where people enjoy a high level of economic freedom and other individual liberties. Its mission is to invest in the most valuable initiatives for economic freedom and to create a space for cooperation and integration of free market advocates.

ASSOCIATE MEMBERS

Centre for Economic and Market Analyses (CETA) (Prague, Czech Republic) is a pro-market think tank. Its main goal is to analyze the market, socio-economic and political phenomena in the Czech Republic, and point out their impacts.

PARVIN GULIYEV
RUSSIAN LARGE-SCALE INVASION OF UKRAINE: CONCERNS ABOUT THE SECURITY AND STABILITY OF THE CEE REGION

PAGE 006

Over the years, numerous attempts have been made to find a peaceful solution to the conflict through diplomatic means, but the situation remains highly volatile. The occupation has significantly increased security concerns not only for Ukraine, but also for neighboring Central and Eastern European countries, as it has exposed the potential susceptibility of bordering states to Russian aggression.

NATALIA MATIASZCZYK
NAVIGATING NEW REALITIES: FIVE LESSONS FOR CEE STATES FROM THE RUSSIAN INVASION OF UKRAINE

PAGE 018

Acknowledging the significance of collective defense, unity, and cooperation across all levels will enable the CEE region to adeptly navigate the changing geopolitical landscape and effectively address forthcoming challenges. The war in Ukraine has thus become a wake-up call, illuminating the region's importance and potential for strategic partnerships, thereby paving the path towards a more secure and stable future in the CEE.

YEVHEN ANHEL, OLEKSANDRA BETLIY, OKSANA KUZIYAKIV
RUSSIAN AGGRESSION ON UKRAINE: RESILIENT GOVERNMENT AND ADAPTIVE BUSINESS

PAGE 034

From the first day of the full-scale invasion, Ukraine's government was fully operational, negotiating support from international partners and approving the decisions to increase the resilience of the country. The behavior of businesses changed as companies had to work and make decisions in extraordinary conditions, where missiles and drone attacks by Russians are a greater obstacle to business activity than, for example, corruption.

REBEKA PAPP
THE HUNGARIAN GOVERNMENT'S GAME OF RUSSIAN ROULETTE: BETWEEN BRUSSELS AND MOSCOW

PAGE 070

It has long been said that Hungary is Russia's Trojan Horse in the EU, weakening the institution from the inside with its veto powers, which could change in the foreseeable future. As the war prolongs and the world is increasingly polarizing (with the West on the one side and Russia and China with their allies on the other), Hungary might no longer be able to continue with its ambivalent rhetoric, trying to ride two horses at the same time.

ANAR RZAYEV
REBUILDING FROM THE ASHES: DRAWING LESSONS FROM PAST WARS TO ADDRESS THE CONSEQUENCES OF RUSSIA'S AGGRESSION IN UKRAINE

PAGE 132

Countries with past war experience offer valuable lessons on how to deal with the negative impacts of war and conflict. These lessons emphasize the importance of diplomacy, international cooperation, humanitarian assistance, truth-seeking, security reforms, and economic recovery. While each conflict is unique, these lessons can guide nations in their efforts to mitigate the consequences of war and work towards sustainable peace.