

BOROS TAMÁS – FILIPPOV GÁBOR

MAGYARORSZÁG 2030

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Hungary 2030 – executive summary

In its publication entitled *Hungary 2030*, the Equilibrium Institute, a new think tank, presents an alternative political, economic and social vision of Hungary's future; our study was published jointly with Osiris Publishing. The authors worked in complete autonomy on the details of their vision of Hungary's future in the coming decade, independently of the prevailing party narratives and political agendas, and without any influence from the world of finance or politics. They sought to create a document that is both theoretically and methodologically well-founded, fact-based and ready for direct practical implementation. While the vision that emerges from this effort looks far ahead into the future in trying to gauge the potential scope of Hungary's long-term prospects, at the same time it remains grounded in our nation's economic, geographic, social and political circumstances – in other words, it is realistic – and charts the path forward in full awareness of the conditions that delineate the possibilities of a more successful future for Hungary.

Our future vision consists of three major parts. 1) Based on numbers and data, the paper reviews the most important facts and trends that determine Hungary's life today, while at the same time it sketches where the country is headed in the medium-term if we stay on the current trajectory; 2) We present an alternative vision of the future to Hungarians with respect to their country's economic, social and political possibilities, which we believe we should strive to realize in the coming decade; 3) We outline the path that – assuming we follow it for the next decade – could serve as the foundation for a successful Hungary which joins the cohort of top-performing nations.

Hungary in 2030

After the shock of regime transition, our nation's gross national product and the living standards of Hungarians began to rise and eventually began to follow a steadily rising trajectory; our GNP and standards of living will continue to grow in the coming decade. Unless there is a reversal in the current favorable trends, the number of those who live in extreme poverty will decline slowly but steadily, and as a result will see a new group of consumers arise who have the purchasing power to boost the economy.

At the same time, however, the demographic processes that prevail all around the developed world apply to Hungary as well: there are increasingly fewer of us, and we are living in an ageing society. A growing number of elderly need to be supported by a declining number of working-age persons. In the meanwhile, cities are increasingly emerging as the central terrains of social and economic life, with the concomitant depopulation of entire regions. We will not be able to save the lagging small municipalities, and ultimately the entire country will benefit from the intense urbanization we are experiencing now. Nevertheless, there will be some who won't be able to or won't be willing to part from the place they have become accustomed to, and helping them will be a joint communal responsibility.

Machines will be taking over an ever-increasing number of functions previously performed by humans, and to a growing extent they will do so without human intervention or with a minimum level of human oversight. At the same time, humans will be increasingly often forced to switch jobs – that is if there is any type of work left for them that they can actually perform. As a result, entire work functions and professions will vanish. The livelihood of those who perform easily automated functions might become endangered already in the near future. This threat most acutely affects those in the middle class rather than the poorest or richest strata in society.

A great deal will depend on the state and its ability to properly incentivize the transition of corporations to the new economic framework; to help employees

adjust; and to train and prep those whose jobs and professions are most at-risk as a result of these developments. The enterprises and nations that keep up with the pace of robotisation will have an edge in this process. The rising role of machines and algorithms will lead to a disappearance of jobs all around the globe – however, the process will also give rise to new jobs in those places where decision-makers take timely steps to brace their economies for the coming fundamental transformations.

There won't be a single superpower left in the international arena whose interests and movements will solely define the global realm. The influence of the United States will be scaled back, but she will continue to remain influential in terms of its global role; China will be close behind the United States, doing all in its power to assume a leading position in the global economy and politics. As the competition between these players intensifies, the room for a policy of non-alignment will diminish: all countries will have to align themselves unequivocally with one of the emerging camps. The European Union will also see its role decline, even as regionalism and the emergence of robust local alliances will come to play a more prominent role. Rivalling great powers, alliance systems that increasingly seal themselves off from the rest of the world, and unconventional conflicts will characterize the coming decades. In the meanwhile, international migration will emerge as a problem that will continue to rise to the fore from time to time, since the underlying reasons that fuel it are unlikely to be relieved in the coming decades.

The impact of climate change will also be continuously present in our lives: mass extinctions of animal species, powerful storms, devastating floods and droughts will lead to greater volatility in our lives. The next decades will be defined by a race to keep up, to determine who will be among the first to attain a sustainable future and which countries will take a leading position in bringing about a new non-carbon world economy. Those who will profit most from these transformations will be the ones that are most astute and quick in finding their respective niches in the new economic order.

As of this time, Hungary is obviously among the nations that are behind the curve. This does not imply that all's lost for us – but it does mean that we do not have much time left to make up the lost ground. We need a comprehensive strategy, a fundamental pivot in a new direction.

The underlying strategy needs to be based on three fundamental pillars:

- Our first responsibility is to create a community that is proud of its knowledge and capable of cooperation, along with a future-oriented and positive national consciousness.
- As the second step, we need to create the framework for a well-ordered and sustainable life in Hungary and for Hungarians, to ensure that ten years hence Hungary will continue to be a comfortable place where citizens can live their lives in a free, secure and clean environment.
- Our third responsibility is that we shift the emphasis from the focus on physical infrastructure to our most important common treasure, our human resources, that is on education, training, poverty reduction, and our health and life conditions.

Hungarian community/communities

Social capital, that is the dense network of interpersonal relations and the ability to cooperate, is a historical advantage. Trust in each other is an absolutely essential resource. Hungarians today, by contrast, live in an atomized society with weak communities. We share an attachment to the abstract values of Hungarianness, but in everyday life we do not even tend to trust our neighbors. We put the family above all, but we cannot rely on the power of mid-sized volunteer associations, on autonomous and proactive civic communities.

How the citizens of a country look at each other is an absolutely seminal question; so much hinges on whether they regard each other as strangers or as partners who share a common past, a common fate and common goals. A community is always more than the sum of its individuals. In the 21st century, we need to learn to think of ourselves as a community. Thus, in the future we must devote special attention to ensure that Hungarians can and dare to act jointly with their fellow citizens. We need mutually cooperating residential communities; civic communities that jointly nurture their common environment, schools and parks; as well as active citizens with the capacity for meaningful action. We need to turn Hungary from a country with a legion of inward-turning and isolated citizens into a community that is suffused with dense networks of autonomous and proactive volunteer associations.

Contrary to the fears of many, Hungarian national consciousness is not excessively strong; in fact, it's too weak. Hungarians should not shrink back from taking pride in their own nation. The nation provides the natural framework wherein the peoples of Europe cohabit their continent: it is where they are at home, where the prevailing culture is their own, and it serves as the basis for the responsibility they feel towards their compatriots. It is the framework for understanding our broader environment and for feeling at home in Europe and the world. It is not true that national sentiments are always inward turning or hostile, or efforts at trying to make out enemies everywhere. Successful nations set themselves apart from unsuccessful ones through the trust that co-nationals exhibit towards one another; through their ability to hark back to their common roots and work towards common goals and believe in a common future. We also need to start thinking in future terms. We need values and goals that can serve as a new basis for our national consciousness.

These days, the national consciousness of Hungarians is held captive by political parties. We do not dare to have our own ideas about our common identity. We have succumbed to letting our national consciousness wither into a mere assortment of campaign slogans and a tool of political mobilization. We are either preoccupied

with looking for new external and internal enemies that we can guard ourselves against or, alternatively, we keep our lips tightly and anxiously sealed when someone utters the word nation. In the meanwhile, however, the Hungarian nation could readily be our common enterprise: a motto that does not exclude people but instead inspires them to invest their efforts into the realization of common objectives.

Hungarian politics perpetually seeks to persuade people to focus on the things that divide us. It is time to focus instead on the things that unite us. We shouldn't be wary of diversity. Hungary is not threatened by multiple layers of identity, in fact, it is strengthened by distinctive levels of identification: We can be ethnically Hungarians, Germans, Serbs, Jews, Roma, and we can self-identify as Europeans at the same time as being Hungarian in terms of our national identity. The strength of a community does not stem from a common quest to identify perceived enemies, but from the common goals and the responsibility that the members of the community feel towards one another.

And what common goals could we embrace in the 21st century?

We need to be connected by a joint enterprise: The ideal of joining the winners' circle of the grand transformations that shape the 21st century by virtue of our brainpower and our knowledge! To move Hungary out of its current path dependency and to steer it from its midfield position right to the vanguard! Let us be the smart and self-confident nation that deliberately plans and realizes its future! A nation that can take justified pride in its common language, its common past and traditions; and which is at the same time also not afraid to face its weak points and to look for new opportunities. Let us be a nation which looks at the talents and the diligence of its citizens as its most treasured resource and builds on these as it advances on the road to success.

The role model before us are our own traditions: The most spectacular phase of development in our nation's history, the final third of the 19th century, was rooted

in the ideals of the Hungarian Reform Era. This was a phase in which the nation soared by drawing on the potential of the Hungarian people, on the common investment of our resources and goods. Let us commit once again to building our success on our knowledge, spirit and flexibility. Why would we not exploit that fact that we Hungarians are most proud of our minds and our ingenuity – values that are precisely the keys to success in the 21st century? The source of our national pride is at the same time the potential engine of our national resurgence.

The global successes of our elite education and the spectacular international achievements of hundreds of our compatriots illustrate all too well that Hungary is anything but a nation condemned to failure. Yet, currently we allow a vast portion of our resources to lay fallow: Our public education is outdated, and it reproduces rather than eliminates poverty, it sets the fate of Hungarians born into less affluent families in stone right from the start of their lives. We allow knowledge and success to become a privilege enjoyed by a select few, while the majority are only allowed to bask in the reflection of this glory. Thus, the most important goal of the coming decade will be to make this success our common project. Outstanding individual accomplishments are of course important in and of themselves – but even more important are all the achievements from which the majority can benefit.

Let us no longer be the nation of an outstanding elite and a mediocre average – all Hungarians could be part of a clever and “smart country”! Let us create an education system that does not hold children back but propels them forward instead. This would open up the opportunity for socio-economic advancement to all talented Hungarians. The outstanding accomplishments of our elite education prove two things: Both, Hungarian children and our domestic education, harbor immense opportunities. We need to open up the possibility of seizing this opportunity to every Hungarian youth. Our common goal should once again be the creation of a well-trained, clever, competitive and proud Hungarian nation!

Hungary cannot build on anything but its human resources. However, this resource is dwindling, which is why we cannot afford to waste a single Hungarian in this country. We need to put an end to our national self-mutilations and the waste of our talented people. Knowledge and the ability to succeed is neither charity nor a handout, it is our most fundamental self-interest, the key to our resurgence.

Clean Hungary

The welfare of the population, their mental balance and health are not solely defined by material aspects. We all long for orderliness and cleanliness, and we all desire a world that operates transparently. This is especially true in the 21st century, when our lives are characterized by continuous changes and restructurings. The comfort and coziness of our immediate life-world, its reliable operation, are universal basic needs.

It is not true that order is the opposite of freedom. Order and a secure life are preconditions for allowing individuals to unfold their potential. No one can be really free if they do not have a tranquil life, a sense of safety in their property and environment. We need a comprehensive concept of orderliness. Starting with our everyday interactions with other people, over the operation of the state all the way to our sense of responsibility for the environment, the entirety of our lifeworld must be organized around the principles of order, transparency and cleanliness.

Let Hungary be a place where it is self-evident to everyone that they need to comply with the rules that govern the life in our common sphere! Where citizens rest assured in the knowledge that their life and assets are safe. But let it also be a place where it isn't necessary to regulate everything by law and to place a police officer at every corner to ensure that citizens do not litter in their own backyards – because the compliance with our common norms becomes an internalized

command and desire. Let our country become a place where we learn already in school that as members of a community we are responsible for one another and for our common lifeworld.

Those who wield public power must also comply with our common rules. Public funds are not the funds of the state but the wealth of the Hungarian people. Such funds must be managed transparently, responsibly and efficiently. We do not have enough to spend it wastefully.

That is why we need a state that stands athwart rent-seeking and does not strive to displace the market by arbitrarily dispensing privileges, but instead aims to provide a transparent and reliable environment wherein the economic players are given the opportunity to create value through their activities. We need to create an institutional framework in which public procurement provides for real competition and public funds are disbursed based on genuine contributions, under conditions of utmost transparency, and all public resources are allocated with due consideration to their impact on public welfare and the community's best interests.

The reason for a clean state is not some “intellectual foible” or even political idealism. Hundreds of studies have shown that people's welfare and happiness correlate massively with the degree of freedom available to them and the existence of a well-ordered state based on the rule of law. Let it therefore be our common goal as Hungarians to make sure that we can jointly take pride in a clean and ordered constitutional state that provides high quality public services.

But we must stand in the way of waste not only when it comes to money – we also need to manage our natural environment and resources responsibly. Neither the limitations of our current situation nor any perceived historical “necessity” should be used to justify a potential failure to turn over our natural assets to the coming generations in at least the same condition that we received them in from our forebears. . In our century, economic success will become inextricably linked to sustainability. Those who can outpace the rest and arrive more quickly in a cleaner

and more sustainable future will serve as trendsetters rather than followers in the coming new world. For Hungary, preserving our biodiversity, the quantity and quality of our aquatic resources, and the purity of our air is not driven by a desire to conform to external expectations, but an expression of our most fundamental self-interest. We have the right to a clean environment and in fact the obligation to ensure that that is what we leave behind for future generations.

It does not suffice, however, for citizens to act responsibly and carefully. Keeping our public areas clean and ensuring that we have a well-ordered environment is a communal responsibility, in other words it falls within the remit of state and municipal institutions (and that includes the regulation by the state of market players), which is ideally only assisted and augmented by civilian volunteers and their organisations. The state is the only agent that has sufficient resources and capabilities to enact systemic level changes in the area of keeping our country clean rather than merely implementing the odd clean-ups and upgrades. Among the tools in the state's arsenal are, for example, education and training; restrictions on the use of plastics or their outright ban in certain contexts; as well as the incentivization of recycling and of the transition to a circular economy.

Hungary has a special relationship to water. We have a strong attachment to our rivers, our poetry is teeming with references and allusions to the Danube and the Tisza, and we are proud of the Balaton, our very “own sea.” Who among us has not heard Hungary being referred to as a “grand aquatic power” in serious public conversations? The idea that Hungary is a “water-rich” country awash in hydrological resources is part of our national identity, and the aforementioned resources are the source of both economic advantages as well pleasant cultural, sports and leisure activities.

Despite this fact, the “water revolution” that is characteristic of many of the world's great urban centers has not yet sunk in in Hungary. The expansion of cities into the direction of water does not benefit only the economy and tourism, but it also promotes our ability to adapt to climate change (as a natural protection against

urban heat waves), and contributes more generally to improving citizens' well-being. So let us return the Danube to the residents of Budapest! Let us return the Tisza to those who live in Szolnok, Szentes or Szeged! Let us open up the path of Hungarians to their most important natural resource, their own streams and rivers!

Hungary won't save the Earth from the harmful impact of global climate change and environmental pollution. This does not exempt us from our responsibility to keep our natural environment clean, however. As part of humanity and as the source of above-average emissions in global comparison, we have a responsibility to help lay the foundations for a sustainable future – and as a small and open economy, this will be the key to our own resurgence in a European Union that is already ahead in global comparison when it comes to sustainability.

Let us accelerate our transition to a zero-carbon future! We can do so by upgrading and modernizing our built environment and our production; decarbonizing our transportation; scaling back air pollution; increasing our green areas; and keeping our water resources clean – and, for the time being, we can do so by sacrificing relatively little! And while we are in the process, let us ensure that the costs of social change are not borne by the most vulnerable and underprivileged strata in society! Let us increase the share of renewables in our energy mix! Nuclear energy may give us a reprieve of a few decades – but in the long-term, the future belongs to increasingly cheaper renewable energy, especially solar and wind energy.

The creation of a sustainable and clean Hungary is our best chance of resurgence. Let us edge out our regional competitors and be the first among them to arrive in the sustainable future in order to ensure that we hold the best position possible in the new global race!

A successful country – our primary resource are humans

Today, Hungary is in a far better position than we are often willing to acknowledge. Based on the relevant indicators, our transportation, travel and digital infrastructure is outstanding in international comparison. These factors have already played a vital role in drawing the investments of the multinational corporations that have served as the engines of Hungary's economic growth, and they have also served to increase the performance of Hungarian-owned enterprises. This is an advantage that we can continue to build on in the future.

So where are we lagging behind? In the proper use of our human resources. We have thus far invested enormously in the physical capital of our country. It is time to make room for the better use of our greatest resource, our most valuable reserve: the development of human capital.

Conventional wisdom holds that the biggest problem plaguing our country is the gaping abyss of inequality which separates the poor from the rich. According to statistical data, the inequalities in income and wealth are not at all exceedingly high in international comparison – not even in light of the fact that they have indeed grown substantially in recent years. The real problem is that the low level of inequality conceals an extremely depressed wage level. In other words, the problem facing Hungary today is not one of inequality but of poverty. Generally speaking, people in Hungary tend to live on too little money as compared to their Western European peers, and a great many of these underpaid people are poor and have trouble making ends meet.

And what's even worse: only few have the possibility to break out of poverty. Our country is characterized by extreme social immobility; the children of poor parents will likely remain poor. Welfare benefits are not primarily aimed at those who are in the greatest need of such support, while the widespread use of segregated education also serves to pre-empt the possibility of children from more privileged backgrounds helping their underprivileged peers. In this respect, it is indeed fair

to talk about an inequality problem: the inequality in access to opportunities and the chance at a better life.

The biggest problem in Hungary today is unequivocally our failure to make full use of the talents of our citizens and their inherent potential. The extreme lack of internal mobility, the failure to sufficiently exploit the people's talent and work, as well as their creativity, is bad for everyone because it acts as a drag on Hungary's performance in the global competition. The things that work only for the elite ultimately work for no one. The most successful and happiest nations on earth do not set themselves apart from their mediocre peers by virtue of their natural resources or favorable geography. Venezuela has oil, for example – Finland does not. Angola has diamonds – Singapore does not. Denmark, Iceland and Sweden do not finish regularly at the top of global surveys gauging where people are the happiest on average because they have the benefit of a nice climate or because of the exceptional beauty of their seashore. The reason is that they have recognized early on that the most important resources of a nation are its citizens. Their health, talent, knowledge and diligence.

We also need to build on these – and there is a lot to build on. Our accomplishments in music or in international academic and sports competitions tend to exceed what a country of our population and national income would lead us to expect. These days, however, we allow our talents to lay fallow. Our country makes a rather elitist impression. We have access to decent transportation options, but only if we set out on our journey from Budapest. Our internet infrastructure is good in European comparison, but at the same time we are far below the European average in terms of digital skills. The few dozen elite institutions in our public education system churn out students of exceptional talent, while on the whole our students perform well below the European average. The segment of our manufacturing industry that is geared towards production for export is rather complex in global comparison, and it can draw on and mobilize a broad base of knowledge, all the while we lack strong domestically-owned corporations that can stand up to competition in international markets. We have undeniable and spectacular

successes, and there are impressive individual achievements behind each of the Olympic gold medals and behind each Nobel Prize won by Hungarians, as well as behind any innovative patents registered in the name of Hungarian inventors. The only problem is that the majority today cannot partake in these success stories.

Our youths are talented and – provided that they receive the proper education – they are capable of genuinely outstanding achievements. Thus, the problem is not with the children but with the adults; it is not with the “raw materials” but with how they are “crafted.” And in the 21st century, the latter is precisely the issue on which everything hinges: whether the citizens can continuously update their skills and knowledge, learn and tread new paths. In other words, our biggest problem right now is that not everyone receives the education that would allow them to fully unfold their potential.

We need to devote our development funds to unleashing the full potential of our human resources. Our public education needs to become more inclusive and it needs to become genuinely focused on skills and competences rather than rote learning – we need to inspire our children to think independently, cooperate and be flexible! Let us furnish them with fundamental skills that are convertible across professions, which they can apply to ever-changing circumstances and challenges! And in the meanwhile, we must do all in our power to mitigate as far as possible the potential drag of the family background on the child’s prospects rather than to reinforce it! Above all, we must urgently get rid of the suicidal myth of the excessive number of university graduates! In the 21st century, there is no such thing as too many people with higher education degrees. The phantasm of “overeducated Hungarians” is one of the most dangerous lies.

But all the skills and knowledge of our “smart Hungarians” will be in vain unless we can offer them opportunities to apply themselves to meaningful work. In Hungary today, there is a paradoxical and absurd simultaneous presence of both labor shortages and unemployment. We are importing working hands from neighboring countries or even more remote places, while there are entire

settlements that are suffering from an absence of work opportunities. In Hungary today, the real problem is not emigration – on that parameter alone, the numbers suggest that we do not differ from countries at a similar level of development. The actual problem is one of compatibility of skills and jobs in the labor market: in other words, supply and demand do not intersect. We need to help those looking for jobs and employers to find one another: from developing general skills over an effective adult education system all the way to incentivizing the geographical mobility of the workforce and the more effective exploitation of the possibilities inherent in part-time work and telecommuting, there are countless potential avenues waiting to be explored.

We need to find new cornerstones for the operation of our state. These days, the Hungarian state tends to be overly active in the areas where it can only do harm, while at the same time it is not active enough in the areas where it would be genuinely needed: above all, in shoring up human capital through education and healthcare. We do not need ad hoc decisions; funding and support doled out as a privilege bestowed by those in power; or individually customized laws to favor particular players – we need a state based on the rule of law which operates steadfastly and reliably for all, as well as functioning institutions, a competitive education that is worthy of the 21st century, and ensuring that the door towards social mobility is wide open to all. We do not need a system of exceptions and loopholes, but a system that respects talent and rewards performance.

Anyone who claims that there exists a successful economic policy that is not organized around the primacy of investing in human resources is simply not telling the truth. And anyone who suggests that there is an easier or quicker way out of our current predicament is simply being short-sighted. The question is not how we can make up the squandered decades in the blink of a moment, but whether we are willing to finally get to the starting line. We will be surprised ourselves how quickly we can exceed our perceived limitations if we only finally commit ourselves to this undertaking.

The knowledge-based society is not a mere grandiose commonplace but the reality of our age. The 21st century revolves around never-ending, continuously ongoing renewal, mobility and creativity. As a “smart country,” we could be among the winners of this age by finally investing into people rather than objects and corporations. Let’s make sure that we do not let this opportunity go to waste!

So how long will it take to put the country on a new trajectory? Thirty years? Or twenty? Maybe a single decade could be enough? And how much time we will need later if we now choose to sit the current period out and remain passive in the coming decade?

One thing’s for certain: We can see all too clearly now what needs to be done. We need to start laying the groundwork as swiftly as possible.