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**China vis-à-vis Democratic Changes in Hungary**

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**Summary** (maximum: 700 characters)

The study aims to analyze whether China has affected the degree of democracy in Hungary in 2012-2019. The study identifies the problem, the democracy changes in Hungary and the rising role of China in CEE. The objective of the research is answering the question: ‘Does China affect the quality of democracy in Hungary and if yes, how?’. And finding out what are the normative, political and economic leverages of the China towards Hungary.

The thesis uses linkage and leverage methodological framework, qualitative content analysis and secondary data collection. As it appears, China does not directly affect the democracy rate in Hungary, rather it is perceived as a possibility for states to decide upon their own political models.

## Confirmation

I confirm that I am the author of submitted thesis: China vis-à-vis Democratic Changes in Hungary, which has been prepared independently and has never been presented for any other course or used in another educational institution, neither in Lithuania, or abroad. I also provide a full bibliographical list which indicates all the sources that were used to prepare this assignment and contains no un-used sources.

Name, Surname

Signature

Ketevani Tatikiani



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## List of Abbreviations

CCP – Chinese Communist Party

CEE – Central and Eastern Europe

EU – European Union

FDI – Foreign Direct Investment

LL – Linkage and Leverage

NATO – North Atlantic Treaty Organization

RCI – Rational Choice Institutionalism

SI – Sociological Institutionalism

USD – United States Dollar

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## 1.Introduction

Since finishing the dominance of the USSR in several Central and Eastern European countries, Hungary has gone through different democratic development processes. These processes were embodied in various aspects of media, parliament, civil society and judiciary. However, certain events that happened alongside changed the attitudes of Hungarian citizens towards democracy. Financial crisis that started in 2008, caused important problems for the economy of the country, leaving the society feeling not better than during the USSR's control. The tendencies of nationalism and xenophobia began to rise and the groundwork for attacking democracy was prepared. After Viktor Orban's coming to power, democracy rate in Hungary started to decline. The prime minister has started to build a 'new model of governance' with 'illiberal democracy' at the center stage.<sup>1</sup> After first steps such as centralizing its power, trying to control media and insulting the civil society, the prime minister started to pursue control in other areas as well. An emergency law, which has recently been adopted and which is characterized by letting the prime minister to rule by decree, has demonstrated undemocratic behavior of the country once again. Democracy decline in Hungary was 'the most precipitous ever tracked in Nations in Transit' by Freedom House. It is no longer a full democracy.<sup>2</sup>

At the same time, since Xi Jinping's governance that started in 2012, the foreign policy characteristics of People's republic of China (PRC) have significantly changed. The PRC has left the low-profile strategy of foreign affairs that was established by Deng Xiaoping and assigned China more active role within international society. According to the report of Xi Jinping during the XIX National Congress, it was clear that China would adopt even more assertive foreign policy, meaning the expansion of Chinese influence globally and regionally. Xi made it clear that China could be the role model for various countries. The confidence of the president was backed by the capabilities of the PRC in fields such as economy, soft power and military. As a result, China started to have an even more important effect on other countries. Meanwhile it is noteworthy, that the leaders of China realize the importance of positive image in international society, therefore the

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<sup>1</sup> John Shattuck, 'How Viktor Orban degraded Hungary's weak democracy' 2019, The Conversation. <https://theconversation.com/how-viktor-orban-degraded-hungarys-weak-democracy-109046>, [2021.01.02]

<sup>2</sup> Zselyke Csaky, 'Dropping the democratic facade in Europe and Eurasia', Freedom House, 2020 <https://freedomhouse.org/report/nations-transit/2020/dropping-democratic-facade>, [2021.01.02]

active propaganda and diplomatic efforts have been adopted in order to prove, that China is not a threat.<sup>3</sup>

In 2012 China started an implementation of the new 16+1 (later 17+1) initiative that was including Eastern and Central European (CEE) countries and was representing innovative approach towards the regional cooperation. As several CEE countries were involved in regional cooperation simultaneously, the initiative was perceived as a multilateral one. However, it proved to contain bilateral practices and competitive nature. At first, this initiative was approached by CEE countries as an opportunity after the 2008 crisis to diversify their economic relations and improve domestic economic situations. However, according to the European Union (EU) it did not appear to be that fair for Central and Eastern Europe.<sup>4</sup> CEE states are now seen as equal partners by China. After the proclamation of the 16+1 format, the Sino-CEE relations strengthened and attracted significant attention from the world. It was evaluated as a strategy of China that aims to increase influence in Europe by the ‘divide and rule’ approach. As the initiative is mostly based on bilateral agreements, the EU decided not to be just informed about the platform, but rather pay closer attention and somehow become involved in the initiative.<sup>5</sup>

As soon as the 16+1 initiative became active and China’s rising role in CEE became clear, the discussions and questions arose inside the European Union and the EU returned Chinese-related topics to its agenda. The new strategy towards China has been adopted in 2016, and the 2020 Strategic Agenda for Cooperation has been developed. These documents are providing the basis for a further policy shift towards the initiative and the PRC, thus making clear the importance of the topic.<sup>6</sup>

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<sup>3</sup> Mario Esteban, *The foreign policy of Xi Jinping after the 19th Congress: China strives for a central role on the world stage* Real Instituto Elcano Royal Institute, 2017  
<[http://www.realinstitutoelcano.org/wps/portal/rielcano\\_en/contenido?WCM\\_GLOBAL\\_CONTEXT=/elcano/elcano\\_in/zonas\\_in/ari87-2017-esteban-foreign-policy-xi-jinping-19th-congress-china-central-role-world-stage](http://www.realinstitutoelcano.org/wps/portal/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari87-2017-esteban-foreign-policy-xi-jinping-19th-congress-china-central-role-world-stage)> [2021.01.03]

<sup>4</sup> European Parliament. Briefing, ‘China, the 16+1 format and the EU’. (2018) P1-3.  
<[http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625173/EPRS\\_BRI\(2018\)625173\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625173/EPRS_BRI(2018)625173_EN.pdf)> [2020.06.20]

<sup>5</sup> Turcsányi, Richard. ‘Central and Eastern Europe’s Courtship with China: Trojan Horse Within the Eu?’ European Institute for Asian Studies, 2014, P1-2, <<http://eias.org/wp-content/uploads/2016/02/EU-Asia-at-a-glance-Richard-Turcsanyi-China-CEE.pdf>> [2020.06.20]

<sup>6</sup> European Commission, European Commission and HR/VP contribution to the European Council. March 2019. ‘EU-China – A strategic outlook’. P1-5 <<https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>> [2020.06.20]

It is interesting, why Chinese presence in CEE appeared to be so important while many other European countries have been cooperating with China for years. The assumption was made that China can threaten democratic regimes of the countries in Eastern and Central Europe.

As it will be seen afterwards from the literature review, rising Chinese economic and political presence in CEE countries raised alert of the Western world. The 16+1 (17+1) platform brought forward an important concern regarding the Chinese relations with the region. While the Western European countries themselves were willing to cooperate and partner with China, they were not supporting the same path for the Eastern and Central countries of Europe, including both EU and non-EU members. Some scholars, officials and politicians suggested that China only has distinct economic interests that do not represent any political threat to the region while some argue that it is not true. At the same time some sources assume that China has political goals and interests, but for now it does not have enough capabilities to implement its real foreign policy agenda.<sup>7</sup>

Meanwhile recent data shows that democracy level in CEE countries is declining. The most eminent example of this problem is Hungary. Some scholars assume that the decrease of democracy rates is encouraged by the alternative powers in the region. China is considered as an alternative to the West as it does not require governments to act as democracies and still provides some economic benefits – in comparison to the Western attitude this opportunity seems to be attractive at the first sight for countries such as Hungary.<sup>8</sup> It is noteworthy that Hungary also has had special historical and political relations with China for years that will be discussed a bit later. It is interesting whether China can really contribute to the changes in regime (in this case -recently democratic) qualities. If it can, it is interesting to understand how China promotes authoritarian regime, and if it does not, it is interesting to explore whether the reason is the lack of capabilities or will.

Some scholars addressed the effect of China on the democracy of CEE countries. The number of literature pieces on this topic is currently growing. However, most of the studies are not

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<sup>7</sup> Ivana Karaskova et al, *‘Empty shell no more: China’s growing footprint in Central and Eastern Europe*. Prague, Czech Republic, Association for International Affairs (AMO). 2020 <[https://chinaobservers.eu/wp-content/uploads/2020/04/CHOICE\\_Empty-shell-no-more.pdf](https://chinaobservers.eu/wp-content/uploads/2020/04/CHOICE_Empty-shell-no-more.pdf)> [2020.01.05]

<sup>8</sup> Bogdan Lucian CUMPĂNAȘU, *‘China’s linkages and leverages in Central and Eastern Europe – a new challenge for EU’* 2019, National University of Political Studies and Public Administration, Bucharest, Romania P185-186 <[http://ceswp.uaic.ro/articles/CESWP2019\\_XI3\\_CUM.pdf](http://ceswp.uaic.ro/articles/CESWP2019_XI3_CUM.pdf)> [2020.01.05]

theorized, nor empirical explorations using the methodological and analytical frameworks are applied. Some of them have semi-academic nature and require further research. As long as there is no study on the Chinese role in declining democracy rate in Hungary, this research will try to explore the link and address this topic in order to cover the existing gap. Furthermore, there are limitations in literature work that in general explains how countries promote authoritarian regimes and/or act as opponents towards the EU as a democratizing power (meaning that they act as ‘black knights’ – see below). We aim to explore the trend on the case on Sino-Hungarian relations.

The research intends to narrow the existing literature gaps such as the empirical and theoretical analysis and find out whether and how China affected the degree of democracy in Hungary from 2012 to 2019. The objective of this work is to answer the following research question: ‘Does China affect the quality of democracy in Hungary and if yes, how?’ In order to address this question, the study will be based on empirical evidence following the neo-institutionalist theory, namely Sociological Institutionalism (SI) and Rational Choice Institutionalism (RCI) and the analytical framework of Linkage and Leverage (LL), but the modified version of the latter will be used. In order to better explain the effect that China has on the quality of democracy, the research will follow the work of Lebanidze ‘Russia, EU and the Post-Soviet Democratic Failure’ where the linkage and leverage are combined and formed into a single measurement tool – the leverage.<sup>9</sup> According to neo-institutionalist theories, regime promotion strategies are instrumentalized through the leverage.<sup>10</sup> Therefore, the research will assess the leverage of China towards Hungary from 2012 to 2019. The evaluation of the leverage will demonstrate the quality of Hungary’s vulnerability to China, therefore the independent variable of the research is the (normative, political and economic) leverage of China and the dependent one is the quality of democracy in Hungary.

In order to answer the research question, first it is necessary to find out what is the leverage of China towards Hungary. Therefore, we will assess normative, political and economic leverages of China to get more information about the country’s autocracy promotion abilities in Hungary. In

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<sup>9</sup> Bidzina Lebanidze, *Russia, EU and the Post-Soviet Democratic Failure*, Bremen: Springer, 2020

<sup>10</sup> Thomas Ambrossio, ‘Constructing a Framework of Authoritarian Diffusion: Concepts, Dynamics, and Future Research’, *International Studies Perspectives*, 2010, as cited in Soso Dzamukashvili, ‘China’s Influence on the Quality of Democracy in Georgia’, 2020. Krakow, Poland. P31,

[https://dspace.ut.ee/bitstream/handle/10062/69850/dzamukashvili\\_soso\\_ma\\_2020.pdf?sequence=1&isAllowed=y](https://dspace.ut.ee/bitstream/handle/10062/69850/dzamukashvili_soso_ma_2020.pdf?sequence=1&isAllowed=y)  
≥ [2021.02.01]

order to assess the leverage, qualitative content analysis and secondary data collection methods will be used. Afterward, we will see whether we can argue about having a causal relation between China's leverage and the quality of democracy in Hungary. In order to present a full picture other factors such as the leverage of the EU will be discussed and compared to the leverage of China. In order to argue the causality, the variables need to show negative correlation and other factors that can possibly influence the democracy rate should be eliminated.

The study contains six chapters. The first one introduces the goal and objects of the thesis. Second one explores the literature around the topic and existing research gaps. The literature review discusses the opinions and pieces of work of different scholars about the role of China for CEE countries and its role as a promoter of authoritarian regime. Third chapter provides theoretical frameworks of neo-institutionalism and explains the application of sociological institutionalism and rational choice institutionalism to the following study. The chapter also considers the concept of black knights and the analytical model of Linkage and Leverage. Fourth chapter provides detailed information about the methodology that is used for evaluating the normative, political and economic leverage of China towards Hungary, as well as the EU's leverages and explains how the qualitative content analysis and secondary data collection methods will be used for measuring the leverages. The fifth chapter reveals the research results and evaluates the leverages of China and the EU, as well as the democracy degree in Hungary. By assessing the leverage of China towards Hungary, the thesis answers the following question: 'Does China affect the quality of democracy in Hungary and if yes, how?'. Therefore, the study shows the (non)causality between the variables – China's leverage towards Hungary and the level of democracy of the latter. The last chapter provides conclusions and the summarization of the study.

Of course, there are certain limitations to this research. First, the literature about the promotion of competitive authoritarian regimes is not expansive and diverse enough, thus we need to be guided by single case-based research work on the similar topic, and it is not possible to generalize the conclusions. However, at the same time the aim is to comprehensively analyze one case as long as China has different approaches towards different regions and countries that is clearly demonstrated in bilateral negotiations of 16+1 (17+1) initiative. Furthermore, the access to the sources is also challenging for making this research, especially the ones that are in Chinese and Hungarian languages.

## 2.Literature Review

This chapter intends to analyze literature on Sino-Hungarian relations, Chinese image in the global world and the role of PRC in democratic changes in CEE countries (Is it a promoter of authoritarian regime and/or can it affect democracy in CEE states, especially in Hungary?). The chapter explores the goals of China in domestic and foreign affairs in order to understand its strategies. The chapter also explores the main gaps of the existing literature and demonstrates the problem of the study.

### 2.1 Rise of China – promotion of autocracy?

Various scholars evaluate the role of China in the world in a different way. The author Zhang Baohui (2010) points out in his article that according to Shi Yinhong (2006), recent activities in Chinese diplomacy attracted significant attention. China's confidence and assertiveness contributed to the international influences of China. That was an important change from Chinese low-profile foreign policy to an active one. People of the PRC understood the importance of proactive foreign policy. China started to actively involve in international affairs in order to defend its national interests.<sup>11</sup> The country's confidence in its political and economic model promoted 'Beijing Consensus'. This success, according to Shi, is accompanied with 'normative consequences' – in particular, the great power rise is actually connected with the rise of a certain set of values. Therefore, the rise of China contributes to promote its values into the international society. According to Shi, 'Washington Consensus' can be replaced by the development strategy offered by China. Meanwhile, the Chinese use soft power, economic and diplomatic activities in order to acquire more influence. Some of the clearest examples are those diplomatic activities that the PRC backs up with economic ones, such as China-Africa Cooperation Forum and China-ASEAN Free Trade Agreement. At the same time Zhang Baohui suggests that in order to not exaggerate Chinese soft power we need to take public opinion of various countries about the PRC into consideration.<sup>12</sup>

According to Kaczmarek et al (2019) the 'grand strategy' of China is embedded in its domestic politics. Therefore, the actions in foreign affairs are subordinated to the domestic ones.

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<sup>11</sup>Zhang Baohui, 'Chinese Foreign Policy in Transition: Trends and Implications', Journal of Current Chinese Affairs, 2010 P 40-41 <<https://journals.sagepub.com/doi/pdf/10.1177/186810261003900202> > [2021.02.01]

<sup>12</sup> Same, 59-60, [2021.02.01]

China needs to have an international environment that will be ‘conducive’ for the domestic reforms that China adopts and it should strengthen the legitimacy of the Chinese Communist Party (CCP). For China protecting the sovereignty, meaning non-interference in domestic affairs and territorial integrity is perceived as a main source of the ruling party’s legitimacy.<sup>13</sup>

Bader et al (2010) in the work ‘Would autocracies promote autocracy? A political economy perspective on regime-type export in regional neighborhood’ mention that authoritarian powers that dominate regionally, promote autocracy externally. Based on ‘political survival’ logic regional powers that are authoritarian prefer to surround themselves by other authoritarian regime countries.<sup>14</sup> Meanwhile Ambrosio (2010) suggests that countries with authoritarian regimes such as China want to develop global conditions in a way that the promotion of democracy is weakened and states can have an ability to determine the form of their governments themselves. Such kind of approach will strengthen autocratic tendencies while providing alternative sources for states to get aid and support. Also, while serving as ‘a model for others to follow’, this approach will undermine the promotion of democracy and liberalism.<sup>15</sup>

According to Dzamukashvili (2020), even if some scholars argue that China only aims to follow its pragmatic goals, economic and political aims, it still tends to promote autocracy. Even if Beijing does not interfere in domestic politics of other countries, it supports them by various activities that stabilizes competitive authoritarian and/or fully authoritarian regimes.<sup>16</sup>

## 2.2. China and CEE

China has different negotiations and relations with CEE countries. Relations of China with Hungary is an especially interesting topic because of their nature and history. Hungary was one of the first countries that recognized the PRC in 1959. Strong trade ties had already been developed till 1989, and in the 1980s China was regularly sending high-level delegations to the country in

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<sup>13</sup> Marcin Kaczmarek et al, ‘The effects of China’s economic expansion on Eastern Partnership countries’, EU-Strat, Berlin, 2019, P10 < <https://refubium.fu-berlin.de/bitstream/handle/fub188/24773/EU-STRAT-Working-Paper-No.-17.pdf?sequence=1&isAllowed=y> > [2020.06.01]

<sup>14</sup> Julia Bader J et al ‘Would Autocracies Promote Autocracy? A Political Economy Perspective on Regime-type Export in Regional Neighborhoods’, Contemporary Politics, P96-97, 2010

<sup>15</sup> Thomas Ambrosio, ‘Constructing a Framework of Authoritarian Diffusion: Concepts, Dynamics, and Future Research’, International Studies Perspectives’. 2010, P376-377

<sup>16</sup> Julia Bader ‘China, Autocratic Patron? An Empirical Investigation of China as a Factor in Autocratic Survival’ 2015, p25 as cited in Soso Dzamukashvili, P7

order to study reforms implemented after 1968. China has significant historical links with Hungary as well. In Hungary's perception, the country itself is the only European nation that has Asian origin, and had Orientalists as early as the 18<sup>th</sup> century. In around 2000 Asia and especially China officially became fourth priorities for Hungarian foreign policy. Budapest aims to increase exports of agricultural products and diversify exports in environmental sector. Hungary is seen as an ally of China by the EU and China itself as well. They have regular high-level visits and Hungarian prime minister usually visits China almost every two years. It is worth mentioning that China is more important trade partner for Hungary than the US. The trade imbalance that was at 1 to 23 ratio gradually reduced to 1 to 7 between these countries. Hungary aims 'to become a European hub for China' and launch Chinese Brand Trade Center in its capital city, Budapest. In 2008, 400 Chinese companies were established in Hungary and the target was 2000. Hungary has direct flights to Beijing and it is the only country in Eastern Europe with the branch of the Bank of China. The number of Chinese in Hungary equals to 20,000. This is the only country in the EU that has bilingual Chinese school.<sup>17</sup>

Different scholars consider various interests that China might have in CEE and the changes that it is causing in regards of political regimes. According to Martin Hala's article 'China in Xi's 'New Era': Forging a New 'Eastern Bloc' (2018), the 16+1 initiative in Central and Eastern Europe that is led by China is developing a softer version of the old East European bloc, but in this case under Chinese tutelage rather than the Russian one. A collection of sixteen uneven relationships, among which all are bilateral, Chinese 16+1 initiative threatens the currently existing Euro-Atlantic alliances. At the same time China reinforces some tendencies toward crony capitalism in 16+1 CEE states and reverses the progress toward open socioeconomic systems that those states have achieved since 1989 under the normative guidance of the EU. CEE countries will have to choose between the 'China model' – politicized economy controlled by a state, – and the EU regulatory framework, designed in a way to secure a level playing field.<sup>18</sup>

'Mapping China's One Belt One Road Initiative' edited by Li Xing (2019) suggests that engagement between CEE countries and China is deepening and this trend will most likely continue in the short term, but the author thinks there is no important leverage from the side of

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<sup>17</sup>John Fox & François Godement. 'A Power Audit of EU-China Relations' Policy Report. ECFR. 2009. P85

<sup>18</sup> Martin Hala. 'China in Xi's 'New Era': Forging a New 'Eastern Bloc'. Journal of Democracy, 2018. P83-84



China over CEE states. According to the editor, China lacks the capacity to at some degree alter the strategic and/or policy choices of some states. However, the author emphasizes the fact that the study has limitations and it treated CEE region ‘uniformly, without analytically acknowledging that different CEE countries develop their relationships with China at different speed, with different levels of commitment, and with different outcomes. Critics of the China-CEE relationship also tend to conflate what happens on certain issues, or within certain bilateral relationships, with the trends relevant to all of the 16 CEE countries’.<sup>19</sup> Therefore, the study to analyze the detailed cases is necessary.

Bogdan Lucian Cumpănașu (2019) in the work ‘China’s linkages and leverages in Central and Eastern Europe – a new challenge for EU’ also tries to find out whether EU is in competition with China in the region and what are the linkages and leverages of the EU in CEE countries. The author suggests that China really became a competitive actor, which is trying to expand in Europe – a place where the ex-communist states are in the core of the confrontation. Also, the article shows that the EU has the capabilities to act as an influential international power in the region and contradict China. However, this study does not analyze the leverage that China has in the region.<sup>20</sup>

According to Thorsten Benner et al (2018), the confidence of China in promoting its authoritarian values is an important threat to liberal democracy in Europe. Values and interests of the EU are challenged. The efforts of Beijing receive less attention than the efforts of Moscow and the rising influence of China is neglected. However, the consequences that the CCP’s active involvements can cause might be much more dangerous than Russia’s efforts in a long-term perspective. The reason is flexible and comprehensive toolset of China that targets ruling elites, public opinion and civil society, media and academia. Furthermore, the openness from the side of Europe, while China remains closed and restricted, provides an important advantage for the PRC. As a consequence to the asymmetric relationship, many European states started to adjust their policies in favor of China. Those countries of the EU, where liberal democratic values are not deeply entrenched, are more vulnerable towards China. Domestic elites that try to attract financial capital from China are participating in the promotion of Chinese values and rhetoric as well.

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<sup>19</sup> Li Xing. ‘Mapping China’s ‘One Belt One Road’ Initiative’. International Political Economy Series. University of London, UK, 2019. P266-271

<sup>20</sup> Bogdan Lucian CUMPĂNAȘU, ‘China’s linkages and leverages in Central and Eastern Europe – a new challenge for EU’ 2019, National University of Political Studies and Public Administration, Bucharest, Romania, P1 <[http://ceswp.uaic.ro/articles/CESWP2019\\_XI3\\_CUM.pdf](http://ceswp.uaic.ro/articles/CESWP2019_XI3_CUM.pdf)> [2020.01.05]

According to the authors, Chinese activities in Europe are driven by two major motivations: first, it is regime stability at home, and the second motivation is Beijing's aim to present its political and economic model as a competitive and superior one. These motivations set three main goals for CCP: gain international support on specific policy agendas, weaken the unity among Western actors, and create positive image of Chinese model globally, which is an alternative to liberal democracy.<sup>21</sup>

Zselyke Csaky (2019) in the article 'Dropping the democratic façade in Europe and Eurasia' published by Freedom House points to the decline of democracy in CEE countries together with the increased emergence of Russia and China in the region. The study of Freedom House suggests that Hungary is no longer a democracy and some countries of the region do not even care to act as ones, as long as they are having alternatives of non-democratic regimes with economic prosperity: 'The Russian and Chinese governments are moving in with money and propaganda, trying to win hearts and minds.' The article suggests that Russia's foreign policy that aimed to destabilize the trans-Atlantic alliance and reestablish its 'sphere of influence' was researched for years, but recently China has become way more active than it used to be in terms of promotion of its foreign policy objectives. According to the author, China's international engagement is not as directly confrontational as the Russian one. However, it significantly affects the development and functioning of the democratic institutions in CEE. CCP influence campaign is evolved around two prominent goals: first, to expand China's influence abroad and, second, to promote China's positive image globally. At the same time the fact that we have to take into consideration is the flexibility of that campaign, as it tailors its approach to every country individually and takes advantage of institutional weaknesses embedding into corrupt political and economic structures. This leads to the degradation of good governance, as well as transparency, rule of law and the creation of room for local predatory political elites to remain in power and shape system to their advantage.<sup>22</sup>

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<sup>21</sup>Thorsten Benner and Jan Gaspers. 'Authoritarian Advance - Responding to China's Growing Political Influence in Europe'. GPPI, 2018. P2

<sup>22</sup>Zselyke Csaky, 'Nations in Transit 2020 - Dropping the democratic facade in Europe and Eurasia' Freedom House (2019)



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

According to Karaskova et al. (2020), the PRC has used the CEE region as a ground where CCP tested more active diplomacy, which was led through ‘multilateral forums and bilateral contacts.’ The cooperation in the framework of 17+1 initiative was mainly non-transparent causing to raise a lot of doubts regarding the aims and the nature of this initiative. The CCP aims to create relationships with ruling elites in order to assure ‘the long-term pro-China inclination of the respective countries’.<sup>23</sup>

Eszterhai et al (2019) in ‘China and Hungary: 70 Years of Bilateral Relations in a Changing World’ suggest that there is no one definition of ‘China model’ in the broad literature on China. However, the authors suggest that the model of China is not the one that Hungary is intending to follow. However, Hungary wants to create a way that takes the model of China as an example and creates its own path to follow. This means that while China does not directly challenge the ‘Washington Consensus’, it has indirect effect and inspires countries to look for their own path based on the example of successful economic developments of China.<sup>24</sup>

### 2.3. Summary

As we see from the literature review, some of the scholars argued that China is and can be a threat, while others do not really see the potential of China to have the ability for influencing

<sup>23</sup> Ivana Karaskova et al, P32-33

<sup>24</sup> Viktor ESZTERHAI, ‘The China Model and Hungary’ in ‘CHINA AND HUNGARY: 70 YEARS OF BILATERAL RELATIONS IN A CHANGING WORLD’, 2019. P51-52 < [https://china-cee.eu/wp-content/uploads/2020/01/70\\_YEARS\\_PDF\\_CEE.pdf](https://china-cee.eu/wp-content/uploads/2020/01/70_YEARS_PDF_CEE.pdf) > [2020.12.24]

major political actions of those countries. Some academicians also took our attention to Chinese intentions to provide alternative to the EU for Eastern and Central European countries. Nevertheless, most of the literature did not explain with detailed methodological analysis and specific theoretical framework how China affects the quality of democracy in Hungary. Most of the literature pieces do not summarize economic, political and normative aspects of Chinese influence and have semi-academic nature, leaving a room for the new research to find out whether China is a ‘black knight’ threatening democratic processes in Hungary. Therefore, the research tries to find how Chinese normative, political and economic leverage affects democracy quality in Hungary.

### 3.Theoretical Framework

In this part the theoretical premises of the research will be discussed. We will focus on neo-Institutionalist theories that sees international system as a determinant of domestic changes, in this case changes in the quality of democracy. Sociological Institutionalism and Rational Choice Institutionalism will be applied to the research. Later, by using the concepts of Black Knights and Competitive Authoritarianism the research will analyze and explain how the former can promote authoritarianism or the regime stability in case of competitive authoritarian regimes. As well as assess how it opposes the EU’s democratizing pressure in CEE. This part will be followed by the Linkage and Leverage (LL) analytical model, which explores the regime outcomes in countries according to the degrees of external influences from the West.<sup>25</sup>

#### 3.1 Neo-Institutionalism

The research emphasizes literature that explores the promotion of authoritarian and democratic regimes, as well as explains how external factors affect the quality of democracy in certain countries. A great number of existing studies on the topic follow the neo-Institutionalist theories. They are applied when scholars are trying to explain how countries spread authoritarianism or democracy abroad. According to the neo-Institutionalist approach the regime dissemination strategies used by democracies and authoritarian states are similar. These strategies are conditionality, socialization and diffusion norms.<sup>26</sup> Those strategies are different by their nature and follow different logic. Democracy and authoritarianism can be promoted

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<sup>25</sup> Steven Levitsky, Lucas A. Way. ‘*Competitive Authoritarianism – Hybrid Regimes After the Cold War*’. Cambridge University Press, Cambridge, 2010.

<sup>26</sup> Anja Franke-Schwenk et al, ‘*The European Union’s Relations with Ukraine and Azerbaijan*’ 2013, P151-152. <[file:///C:/Users/User/Downloads/PSA\\_2010\\_EU-Ukraine-Azerbaijan\\_af\\_ag\\_im\\_rs.pdf](file:///C:/Users/User/Downloads/PSA_2010_EU-Ukraine-Azerbaijan_af_ag_im_rs.pdf)> [2020.11.03]

unintentionally through norms, values and intentionally through the policies such as conditionality, incentives and integration. They are divided into two groups: tangible (incentives and conditionality) strategies and non-tangible (spread of norms, socialization) ones. Therefore, two theories of the neo-Institutionalist approach will be used: Sociological Institutionalism (SI) and Rational Choice Institutionalism (RCI). The two theories are different as they focus on different regime promotion strategies.<sup>27</sup>

### 3.1.1 Rational Choice Institutionalism (RCI)

Rational Choice Institutionalism (RCI) is one of the neo-Institutionalist theories, which is widely applied while studying how external determinants are affecting domestic changes of the country through conditionality and incentives. According to the theory, actors of international system are rational and purposeful.<sup>28</sup> They have their preferences and act instrumentally with a cost-benefit approach in order to achieve them.<sup>29</sup> At the same time, theory suggests that conditionality and incentives influence domestic elites to democratize themselves or be authoritarian.<sup>30</sup> External actors use those instruments for affecting the domestic set of choices of states. According to Shweickert et al 'conditionality is based on the assumption that the preferences of domestic ruling elites can be changed via coercion, the so-called carrots and sticks approach'. This approach follows the assumption that 'cost-benefit calculations of ruling elites (taking their preferences as given) could be changed by external actors'. Those actors offer incentives for fulfilling their demands and reward loyalty and compliance. In case of disloyalty or non-compliance sanctions can be posed.<sup>31</sup> At the same time, states follow the rational assumptions of reactions that they will receive externally or domestically in case of becoming authoritarian or democratic.<sup>32</sup>

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<sup>27</sup> Soso Dzamukashvili, P22, 2020

<sup>28</sup> Lebanidze, 2020, P141

<sup>29</sup> Tanja Borzel and Risse, 'When Europe hits home: Europeanization and domestic change', European Integration online papers, 2000. P6 <[file:///C:/Users/User/Downloads/Borzel-Risse%20\(2\).pdf](file:///C:/Users/User/Downloads/Borzel-Risse%20(2).pdf)> [2020.11.07]

<sup>30</sup> Peter A. Hall and Rosemary 'Political Science and the Three New Institutionalisms' Köln, Germany, 1996, P12. <[https://www.mpifg.de/pu/mpifg\\_dp/dp96-6.pdf](https://www.mpifg.de/pu/mpifg_dp/dp96-6.pdf)> [2021.01.7]

<sup>31</sup> Shweickert et al 'External Drivers of Institutional Change in Central Asia – Regional Integration Schemes and the Role of Russia and China' Kiel Working Paper, Kiel, Germany, 2012. P4.

<[file:///C:/Users/User/Downloads/External\\_Drivers\\_of\\_Institutional\\_Change%20\(1\).pdf](file:///C:/Users/User/Downloads/External_Drivers_of_Institutional_Change%20(1).pdf)> [2020.12.14]

<sup>32</sup> Jakob Tolstrup, 'When can external actors influence democratization? Leverage, linkages, and gatekeeper elites' 2013, P726

### 3.1.2 Sociological Institutionalism

Sociological Institutionalism (SI) is also applicable while talking about the domestic changes influenced by the external actors. It is a bit different from Rationalist Institutionalism (RCI) as these two theories identify different mechanisms of institutional change that we can equally apply to the change of politics. While RCI draws on the ‘logic of consequentialism’, SI follows the ‘logic of appropriateness’, referring to the diffusion of norms, ideas and values that can influence the domestic changes.<sup>33</sup> Sociological Institutionalism (SI) argues that normative and ideational processes influence the motives of political elites driven by values.<sup>34</sup> This kind of authoritarianism promotion is mentioned as autocratic diffusion. According to Ambrosio (2010), during the autocratic diffusion, regimes aiming to strengthen their power are seeking the models that can meet their goals. The effectiveness of autocratic path ‘might be indicated by the ability of authoritarian governments to achieve economic growth, as in the case of the capitalist-dictatorship of China’. Therefore, success of the countries such as China have the potential to weaken the democracy and serve as role models for various states. ‘It is China’s success, not pressure, which makes it a potential role model for others.’<sup>35</sup> The instruments for autocracy promotion are various: transfer of ideas and norms, as well as economic cooperation.<sup>36</sup>

### 3.1.3 Application of the Neo-Institutionalist Theories

The Rational Choice Institutionalism (RCI) and Sociological Institutionalism (SI) will be applied to this research. SI explains the influence of external factors such as socialization and soft power on the values of the country, while RCI explains how external factors such as conditionality influences the domestic changes in the country.<sup>37</sup> Through SI we will assess the effect of China and the EU on the democracy quality of Hungary. China promotes authoritarianism abroad by soft power, i.e. establishing the economic cooperation and providing political support. Following SI,

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<sup>33</sup> Tanja Borzel and Risse, 2000, P6-9

<sup>34</sup> Lebanidze, 2020, P32

<sup>35</sup> Thomas Ambrosio, ‘*Constructing a Framework of Authoritarian Diffusion: Concepts, Dynamics, and Future Research*’, International Studies Perspectives, North Dakota State University, 2010. P382-383.

<[https://moodle.swarthmore.edu/pluginfile.php/118253/mod\\_resource/content/0/Regime\\_Change/Ambrosio Framework\\_Authoritarian\\_Diffusion.pdf](https://moodle.swarthmore.edu/pluginfile.php/118253/mod_resource/content/0/Regime_Change/Ambrosio_Framework_Authoritarian_Diffusion.pdf)> [2020.11.07]

<sup>36</sup> Shweickert et al, 2012, P6

<sup>37</sup> Lebanidze, 2020, P31-32

we can assume that China's closer relations with Hungary and spreading its soft power can lead to changes of values of Hungary's ruling elites and lowering the degree of democracy. For the EU it can be applied in the same way – it also uses soft power for the promotion of democratization in different states.<sup>38</sup> At the same time, the theory of RCI will be used in order to analyze the EU's approach that follows the logic of conditionality as well (sanctions VS carrots).<sup>39</sup>

It is noteworthy that together with analyzing external factors, it is important to take domestic elites and policy directions, as well as values into consideration. In this case SI focuses on the normative choices of incumbents, while RCI looks at their strategies in regards to external actors. Thus, the alternated analytical model of Linkage and Leverage (LL) that includes both perspectives will be used.<sup>40</sup>

#### 3.1.4 The Analytical Model of Linkage and Leverage (LL) of Levitsky & Way and Competitive Authoritarianism

When the Cold War was over, the research field focused on hybrid regimes was full of assumptions about the states stepping towards democracy. Hybrid regimes were mentioned as 'incomplete' and /or 'transitional' democracies, as they were sharing few characteristics of a democracy. This research field was mainly concentrated on the democratization of those countries. However, the empirical research later suggested and proved that those hybrid regimes were not always stepping towards the democratization. After the Cold War many regimes remained stable and did not democratize. Levitsky & Way tried to explain regime outcomes in 35 states after the cold war and discuss why some states became democracies while others did not. They argue that the above-mentioned hybrid regimes can be labeled as the competitive authoritarian regimes (CARs). According to Levitsky & Way, those states are still authoritarian even if they state themselves as democracies. Those competitive authoritarian regimes try to somehow create the illusion and show that there is a possibility for competition and that they are legitimately elected. At the same time CARs differ from fully authoritarian regimes. In the competitive authoritarian systems, there are some channels that enable opposition to legally compete for an executive power. In CAR elections are held regularly and the activity of opposition happens 'above ground': the

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<sup>38</sup> Dzamukashvili, 2020, P31

<sup>39</sup> Michael Blauburger, 'Conditionality of EU funds: an instrument to enforce EU fundamental values?' *Journal of European Integration*, 2020. <<https://www.tandfonline.com/doi/full/10.1080/07036337.2019.1708337>> [2020.12.15]

<sup>40</sup> Lebanidze, 2020, P36

parties have possibilities to open office, recruit necessary candidates, organize campaigns. Also, in such regimes the politicians are rarely imprisoned and exiled. Democratic procedures are quite meaningful for parties in order to actually consider them as arenas through which it is possible to contest for power. Therefore, the possibility to change the regime through elections is present, however, rarely free and mostly unfair.<sup>41</sup> Even if the democratic institutions formally exist in the competitive authoritarian regimes and they are perceived as the source of gaining power, the incumbents' abuse gives them a significant advantage in comparison to their opponents. These regimes are competitive as parties use democratic institutions to compete for power, but they cannot be considered democratic as the playing field is lopsided in favor of the incumbents. Competition is thus real but unfair. Also, according to Levitsky & Way in CRA the incumbent abuse of the state violates at least one of the three main characteristics of democracy: free elections, protection of civil liberties, and a reasonably level playing field.<sup>42</sup>

Levitsky & Way distinguished three trajectories for competitive authoritarian regimes. 'First, the country with such regime can democratize. Second, the incumbent regime can remain in power after several elections, or is capable of choosing their own successor when needed. These are called stable authoritarian regimes. Third, the incumbents lose their power through electoral change, however the new regime turns out to be autocratic as well. These regimes are labelled unstable authoritarian'<sup>43</sup>. Those unstable competitive authoritarian regimes are the most vulnerable towards democratization. The major idea of Levitsky & Way is that the incumbents are able to hold the power considering the three mechanisms: linkage - to the West, leverage - from the West, and the organizational power of the state (incumbents). These three mechanisms are determining the regime trajectory. Taking the level of linkage, leverage or organizational power into consideration, the competitive authoritarian regimes are democracies or stable/unstable authoritarian regimes. Therefore, according to Levitsky & Way not only incumbents, but external players also determine the regime trajectories.<sup>44</sup>

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<sup>41</sup> Steven Levitsky, Lucas A. Way, 2010, P3-10

<sup>42</sup> Steven Levitsky, Lucas A. Way, 2010. P7

<sup>43</sup> RE Mulder, *Towards Authoritarianism? A case study on the influence of Russia on Kyrgyzstan*. Leiden University, The Netherlands, 2014. P10. <

<https://openaccess.leidenuniv.nl/bitstream/handle/1887/31938/Masterthesis%2C%20Towards%20authoritarianism%2C%20Mulder%2C%20RE%2C%20s1311271%2C%20Final%20version.pdf?sequence=1> > [2020.10.15]

<sup>44</sup> Steven Levitsky, Lucas A. Way, 2010, P20-22



As Levitsky & Way tried to explain the different regime outcomes, they argued that high Western linkage resulted in democratization of CARs, while the low linkage-cases regime outcomes were depended on the organizational power of incumbents. If the governing parties and states were well structured as well as cohesive, then regimes were remaining stable and authoritarian; where they were not developed or were less cohesive, they were unstable and they rarely democratized.<sup>45</sup>

According to Levitsky & Way's 'The New Competitive Authoritarianism' Hungary is perceived to be competitive authoritarian state. Since 1990, Hungary has been a stable democracy and some observers from the 21<sup>st</sup> century thought this democracy was threatened. Fidesz government used the supermajority in the parliament in order to significantly change political climate. The government of the prime minister Viktor Orban 'packed the Constitutional Court, limited opposition media access both by politicizing state-run media and by coopting much of the private media, and gerrymandered electoral districts to lock in the ruling party's control of parliament.' According to authors, while strong pressure from the side of the EU helped to prevent authoritarian projects in countries such as Romania, Slovakia and Albania, it took less action in Hungary from 2010 to 2018 and was less successful. Therefore, Hungary has become competitive authoritarian state, meaning to be more vulnerable towards the pressure of external powers (including black knights) such as China.<sup>46</sup>

**Leverage:** Leverage is an 'ability to act or influence people, events, decisions, etc.'<sup>47</sup> Levitsky & Way describe it as the vulnerability of a government to external (democratizing) pressure. It is a bargaining power towards or the ability to avoid the actions of the external power – in this case the West. **The leverage does not exercise the external pressure, but rather the country's vulnerability to that pressure.** If countries are highly affected by the West as they lack the bargaining power, then the leverage is high, but if they do possess this power, then the leverage is low.

The concept of leverage is defined by the following three key factors

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<sup>45</sup> Same, P5

<sup>46</sup> Steven Levitsky, Lucan Way, 'The New Competitive Authoritarianism' *Journal of Democracy*, 2020. P53-54. < <https://muse.jhu.edu/article/745953/pdf> > [2020.01.10]

<sup>47</sup> RE Mulder, 2014, P10

- The most important factor – the size and strength of the states and economies. Governments of weak states with aid-dependent, small economies are more vulnerable to the pressure from the external actors than bigger states that possess significant military or economic power.
- Competing the objectives of Western (external) foreign policy objectives can limit the leverage. When this power has specific strategic interest in the state, the latter is getting a bargaining power. Therefore, external/Western powers have less leverage on countries that are important energy producers or strategically important at some point.
- Leverage can also be reduced because of the existence of what Hubfauer et al. mention as ‘**Black Knights**’. This means the presence of the counter-hegemonic powers that help to blunt the impact of the Western pressure through economic, military or diplomatic support or other assistance. China played the role of ‘black knight’ several times during the post-Cold War times.<sup>48</sup>

**Linkage:** Linkage is a central point for understanding the variation of international democratizing pressure effectiveness during the post–Cold War period. Levitsky & Way define it as the density of economic, political, diplomatic, social, and organizational ties as well as cross-border flows of capital, goods and services, people, and information among particular countries and the Western democratizers. Linkage is ‘a multidimensional concept that encompasses the myriad networks of interdependence that connect individual polities, economies, and societies to Western democratic communities.’ There are following six important dimensions of linkages:

- economic linkage, considering the flows of trade, investment and credit;
- intergovernmental linkage, including military and bilateral diplomatic ties, also participation in treaties and international organizations that are led by the Western powers;
- technocratic linkage, share of a country’s elite that is educated in the West and/or has professional ties to Western universities or Western-led multilateral institutions;
- social linkage, flows of people across the borders, including tourism, immigration and refugee flows, and diaspora networks;

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<sup>48</sup> Steven Levitsky, Lucas A. Way, 2010, P41

- information linkage, flows of information across borders via telecommunications, internet connections, and Western media penetration;
- civil-society linkage, local ties to Western-based NGOs, international religious and party organizations, and other transnational networks<sup>49</sup>.

Linkage can contribute to democratization through three perspectives: first of all, international reverberation and the cost of governmental abuse can contribute to the stimulation of democratization. When linkage is high, Western media and NGOs can have an influence on the CAR. High linkage increases the probability that the Western governments might act once abuse and/or violence are reported. When the linkage is low, the cruel regimes even stay without the attention of media.

Secondly, linkage favors democratization through creating domestic constituencies for democratic behavior. With the high linkage, main domestic players that have personal, financial and/or professional connections with the West, most probably will encourage democratic behavior of the regime.<sup>50</sup>

Thirdly, linkage can shape the distribution of power and resources and reshape domestic balance of power that will contribute to democratization. Western governments can support and protect the opposition and their leaders.<sup>51</sup>

Levitsky & Way emphasize several facts about the linkage. It is important to have various linkage dimensions. If we have only two of them present, then observing described linkage effects will not be possible. At the same time the linkage can overlap with the leverage, especially if both are high. When linkage increases the costs of non-democratic behavior, it can be considered as leverage as well. However, according to Levitsky & Way we need to differ linkage from leverage, as in some cases, the outcomes of high leverage and high linkage also differ from one another.

Linkage and leverage are not very effective when we use them separately. Linkage can increase the impact of leverage. When linkage is high, incumbent abuses will have to deal with

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<sup>49</sup> Same, P43-45

<sup>50</sup> Jonathan Hartlin, 'La política del régimen de coalición: la experiencia del Frente Nacional en Colombia', 1993, as cite in RE Mulder, 2014, P10

<sup>51</sup> Re Mulder, 2014, P10

scrutiny from the West. At the same time, high linkage increases the probability of becoming a democratic regime if the authoritarian regime is collapsed as through linkage the West influences domestic actors. The theory of Levitsky and Way also states that international actors usually use domestic ones, such as the opposition, to support their aspirations for democratization. It means that when the linkage is high then there is support for international leverage. On the contrary, when it is low, the outcome most likely will be another authoritarian regime.<sup>52</sup>

### 3.1.5 The Analytical Model of Linkage and Leverage (LL): Limitations and Alteration

There are certain limitations to this analytical model that should be taken into consideration. First of all, Levitsky & Way do not evaluate domestic factors of the states, such as foreign policy strategies of ruling elites towards the external actors. We are following the neo-Institutionalist theories that take the importance of domestic components into account. They consider the policy preferences of ruling elites and their normative agenda.<sup>53</sup> It is important to use the model that is better connected with the theory.

Furthermore, the difference between the linkage and leverage is a bit vague and sometimes they overlap with each other. In certain cases, they can be considered as the same ones. In order to avoid confusion, we can follow the alternated model of Lebanidze, who combines both of those concepts into a single one – leverage.<sup>54</sup> At the same time, his model is more applicable as he follows the SI and RCI approaches while forming this concept. With the use of leverage, he analyses both – diffusion strategies and conditionality for democracy and authoritarianism promoting actors. Also, by using the normative, political and economic leverage, the study of Lebanidze measures the role of both actors – Black Knights (such as China) and democracy promoters such as the EU in regime outcomes while trying to explain why different post-soviet countries that shared the same history end up with different regimes.<sup>55</sup> Therefore, using his model will be more appropriate for the study.

Evaluating China's leverages according to Lebanidze will demonstrate how (and whether) the promotion of authoritarianism by China affects the quality of democracy in Hungary.

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<sup>52</sup> Same, P10-11

<sup>53</sup> Tanja Borzel and Risse, 2000, P12

<sup>54</sup> Lebanidze, 2020. P41

<sup>55</sup> Dzamukashvili, 2020 P.31

### 3.1.6 The Concept of 'Black Knights'

A black knight is a 'counter-hegemonic power whose economic, military, and diplomatic support helps to blunt the impact of US or EU democratizing pressure'.<sup>56</sup> According to Levitsky and Way, countries such as Russia, China, etc. played the role of black knights in post-Cold War era a couple of times. When we think about the 'black knights' we should automatically keep in mind the following characteristics:

- they oppose democratization efforts;
- they are hegemonic powers with economic, military and diplomatic power;
- they can change their role as a black knight in international relations depending on their objective<sup>57</sup>.

As we see, the whole notion about being a black knight is about being counter-democratic and have power and influence to reach your goals. First, let's elaborate a little bit more on the concept of 'black knight'.

The concept of 'black knights' for the first time appeared in research written on economic sanctions by Hufbauer et al., and it was used for similar research on economics<sup>58</sup>. The term was used in order to describe the states exploiting the market of the state that was sanctioned. At first the market was dominated by sanctioning state's companies, later third countries could exploit it. Once many black knights interfere, the target cost of economic sanctions significantly lowers.<sup>59</sup> Later a little bit more literature about the promotion of authoritarianism by the black knights was developed. It considers the ideas of counter-promotion of democratization and assumes that black knights promote authoritarianism for countering the democratization efforts, but it can also not be the primary intention of the so-called black knight, rather, **it can appear as a side effect of a larger foreign policy**.<sup>60</sup> Because of this assumption we will discuss Chinese foreign policy in

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<sup>56</sup> Steven Levitsky, Lucas A. Way, 2010 P376-378

<sup>57</sup> RE Mulder. 2014, P12

<sup>58</sup> Hufbauer, Schott, 'Economic Sanctions Reconsidered'. Washington DC, Peterson Institute for International Economics, 2007

<sup>59</sup> Whang McLean 'Friends or Foes? Major Trading Partners and the Success of Economic Sanctions' International Studies Quarterly, 2010. P431

<sup>60</sup> Vanderhill, R 'Promoting Authoritarianism Abroad'. Colorado.2013. P24. <  
<https://www.rienner.com/uploads/505795148a579.pdf> > [2020.12.14]

order to better understand whether China somehow aims to change/stabilize the regime in the region/country.

Another research by Vanderhill tries to describe counter-democratic behavior and argues that the external actors of the country can affect and encourage authoritarian regimes through changing the elite strategies by simply providing them with aid (e.g. humanitarian aid). She also considers the theory of Levitsky and Way. According to this work, it is important to consider local conditions while talking about regimes. However, external forces can influence those local conditions.<sup>61</sup>

One even more important issue to discuss is how to measure the results of authoritarian promotion. We will use Levitsky and Way's trajectories and assume that the **important objective of so called 'black knight' is the stabilization of targeted regime in a way to make it less vulnerable towards democratic pressure**. One more study by Erdmann also explains that the promotion of authoritarian regimes increases authoritarian regime presence in other countries. However, it mostly leads us to CARs, or stabilization of such regimes. Therefore, a black knight is concentrated on the stability more than on the authoritarianism itself.<sup>62</sup>

Mulder assumes that democracies and black knights are actors that influence the target by using linkage and leverage mechanisms. According to it, democracies will promote democratization, while authoritarian regimes (or maybe even democracies e.g. France) and black knights will attempt either to consolidate the regime or to make it authoritarian.<sup>63</sup> Also, as there are major differences between the democracies and authoritarian regimes, altered analytical model of Levitsky and Way will be employed.

#### 4. Research Design and Methodology

During the research the single case – Sino-Hungarian one – will be discussed in order to see whether China is acting as a black knight in the country/region and promotes authoritarianism and/or opposes the democratizing pressure from the EU. The research question is 'Does China affect the quality of democracy in Hungary and if yes, how?'. The independent variable in this

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<sup>61</sup> RE Mulder, 2014, P13

<sup>62</sup>Gero Erdmann *'Transition from Democracy. Loss of quality, hybridisation and breakdown of democracy'*. GIGA Working Papers, 2011, P161

<sup>63</sup>RE Mulder, 2014, P14

case is China's (normative, political, economic) leverage towards Hungary, while dependent variable is the quality of democracy in Hungary. The quality of democracy will be evaluated according to the Freedom House scores. In order to estimate the independent variable, we will use the concept of leverage by Levytsky and Way, altered by Lebanidze as explained above, in order to see the vulnerability of Hungary towards Chinese influences. In order to evaluate the leverage of China and the EU towards Hungary, we will assess the degree of the normative, political and economic leverages of China and the EU towards Hungary. The degree of leverage will be counted by summing up the degrees of three different leverages and dividing it into three in order to get an average.

The research aims to reveal (non) causality between the two variables: the degree of leverage of China towards Hungary and the degree of democracy in Hungary. To see whether there is a causality, the degree of leverage and democracy should demonstrate negative correlation, and other factors that might influence the degree of leverage should be eliminated.

In order to measure Economic leverage, we will count the import, export and FDI rates from/to China and the EU and compare them to each other. This will allow us see how Hungary is dependent economically on those actors. For assessing the political leverage, we will analyze the need of diplomatic assistance, membership in regional organizations and military and civil ties. For the Normative Leverage (domestic factors, affecting the external influences) we will explore foreign policy strategies, as well as ideological orientation.

The data will be collected, categorized and analyzed. The degree of democracy in Hungary will be compared to the degree of China's leverage in Hungary in 2012-2019. The time frame was chosen while taking 2011 changes in Hungary – Opening to the East - into consideration (starting the research from the following year), Chinese foreign policy shift initiated by Xi Jinping and the establishment of 16+1 cooperation, as well as the evidence of declining democracy in Hungary.

#### 4.1. Normative Leverage

While estimating the effects of China on the democracy level in Hungary, it is important to consider the domestic attitudes and perceptions of elites and civil society towards external actors. Normative leverage of China measures the presence of pro-Chinese elites and the attitude of them towards democratic values. Pro-EU leverage measures the presence of pro-EU (pro-Western) elites and the adherence of the government to the norms of democracy.

This approach follows the logic of SI and RCI that was explained in the chapter on theory. This enables the research to include domestic factors into analysis and do not exclude such important indicator while discussing regime changes. According to Tolstrup, domestic elites decide whether to follow demands from the external actors while taking into account their values and calculate costs and benefits that the political changes might cause. Those elites are ‘gatekeepers that hold the capacity to facilitate or constrain relationships with external actors.’<sup>64</sup>

In addition, even if the normative leverage measures the domestic attitudes, it is highly connected with the external actors and the relations of the incumbent towards the outsider. These indicators can have an influence on the vulnerability of the country in a following way: the pro-EU attitude and democratic norms adherence of the incumbent makes it vulnerable to the criticism from the EU. The criticism might question the external legitimacy of the government and if the pro-European path is important an incumbent will be more vulnerable. Following the same logic, during the measurements of the normative leverage of China, the pro-Chinese government might be more vulnerable towards the criticism from the side of China. At the same time, it makes the incumbents more vulnerable towards the external actors as they follow the logic of rational choice.<sup>65</sup>

The following table shows how the normative leverages of China and the EU towards Hungary are measured. It provides information about the factors and indicators that the research uses to measure the normative leverages in case of two different external actors.

Factors	Indicators
<b>Foreign policy orientation and ideological identities of ruling elites</b>	<b>China:</b> <b>1-Low</b> Ruling elites do not declare and pursue a pro-Chinese foreign policy in strategic documents <b>2-Medium</b> Ruling elites are formally committed to liberal-democratic values and pursue pro-Chinese foreign policy <b>3-High</b> Ruling elites are not committed to liberal-democratic values and declare/pursue pro-Chinese foreign policy

<sup>64</sup> Tolstrup, 2013, P716-717

<sup>65</sup> Lebanidze, 2020, P66



	<p><b>The EU:</b></p> <p><b>1-Low</b> Ruling elites are not committed to liberal and democratic values and do not declare/pursue pro-EU policy in strategic documents</p> <p><b>2-Medium</b> Ruling elites are not committed to liberal and democratic values and/or do not declare/pursue pro-EU policy in strategic documents</p> <p><b>3-High</b> Ruling elites are committed to liberal and democratic values and declare/pursue pro-EU policy in strategic documents</p>
<b>Attitudes of society</b>	<p><b>1-Low</b> The society has negative perceptions about an external actor</p> <p><b>2-Medium</b> The society has neutral perceptions about an external actor</p> <p><b>3-High</b> Civil society has positive perceptions about an external actor</p>

**Table 1** Normative Leverage. Elaborated Based on Lebanidze<sup>66</sup>

4.2. Political Leverage

Similar to normative leverage, political one concentrates on the domestic vulnerability of an incumbent and how it increases the influence of an external actor. If a target country has a specific political and/or security problem and counts on another country to provide assistance in solving this problem, then logically it becomes more vulnerable towards the external actor, its expectations and demands. If a country has political and/or security challenge and counts on pro-EU regime then EU’s political leverage increases.<sup>67</sup> According to this logic, if an incumbent has a political and/or security challenge and needs Chinese assistance then it becomes more vulnerable towards the expectations from China.

At the same time the degree of political leverage will be measured while taking into account the memberships in the organizations led by China or the EU. When a target country is integrated into the organization led by external actor, it is expected that the incumbent will follow the rules

<sup>66</sup> Lebanidze 2020, P292-294

<sup>67</sup> Lebanidze, 2020, P66-67

and expectations of the organization, therefore the vulnerability of the country towards the actor increases.<sup>68</sup>

The following table shows how the political leverage of China and the EU are measured towards Hungary in this research.

Factors	Indicators
<p><b>The need of political and diplomatic assistance</b></p>	<p><b>China:</b></p> <p><b>1-Low</b> A country does not have a specific political and/or security challenge involving China</p> <p><b>2-Medium</b> A country has a specific political and/or security challenge involving China but does not expect any political/diplomatic assistance from this external actor</p> <p><b>3-High</b> A country has a specific political and/or security challenge involving China and expects political/diplomatic assistance from this external actor</p> <p><b>The EU:</b></p> <p><b>1-Low</b> A country does not have a specific political and/or security challenge related to the EU</p> <p><b>2-Medium</b> A country has a specific political and/or security challenge related to the EU, but does not expect any political/diplomatic assistance from the EU</p> <p><b>3-High</b> A country has a specific political and/or security challenge related to the EU and expects political/diplomatic assistance from the EU</p>
<p><b>Membership in organizations</b></p>	<p><b>For China and the EU:</b></p> <p><b>1-Low</b> A country is not a member of organizations that are led by the external actor</p> <p><b>2-Medium</b> A country is a member of one organization that is led by the external actor</p>

<sup>68</sup> Levitsky and Way, P43 as cited in Soso Dzamukashvili, 2020, P41

	<b>3-High</b> A country is a member of several organizations that are led by the external actor
<b>Civil and political ties</b>	<p><b>For China and the EU:</b></p> <p><b>1-Low</b> An external actor does not have civil/military presence in the state</p> <p><b>2-Medium</b> An external actor has civil/military presence which is not significant for the security of the state</p> <p><b>3-High</b> An external actor has civil/military presence in the state which is significant for the country</p>

**Table 2** Political leverage. Elaborated based on Lebanidze<sup>69</sup>

In order to assess political leverage, the scores for three different indicators will be summed up and will be divided into three (average). Similarly to the economic leverage, results will be assigned in a following way: 0-1 – means that the leverage is low, 1-2 means that the leverage is medium and 2-3 indicates that the leverage is high.

4.3. Economic Leverage

Economic leverage will measure the economic vulnerability of Hungary towards China and the EU. It will assess trade relations of Hungary with China and the EU. It is difficult to set specific boundaries for measuring economic leverage and assign the scores of 1, 2 or 3. Also, it is difficult to say exactly what amount of trade should a country have towards external actors to have economic leverage counted as low-1, medium-2, or high-3. Therefore, in order to avoid any subjective assumptions, the leverage will be measured proportionally. The higher indicator (e.g. in the case of trade - the EU) will get assigned the highest leverage score - 3 (100%), and another actor, in this case China, will get a leverage score proportionally to its trade percentage. The degrees for each factor will be calculated and divided into three (average) in order to get a degree

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<sup>69</sup> Lebanidze, 2020 294-296

of economic leverage. In case of economic leverage, the degrees of the leverage will be distributed in a following way: 0-1 is low, 1-2 is medium and 2-3 is high.

Even if economic leverage might not be viable variable to influence the degree of democracy by its own, it can significantly affect the external leverage in total while taking to other leverages into consideration.<sup>70</sup> At the same time, as Sino-Hungarian relations are mainly evolving around the economic relations it is important to measure the economic ties and relations and see what kind of results we can get.

#### 4.4. Level of Democracy

There are different definitions of democracy in social sciences. The study will follow the definition and methodology of Freedom House and will not measure the democracy rate in Hungary itself. Rather, research brings data on the degree of democracy in Hungary based on the Freedom House scores. Freedom house looks at the indicators such as civil liberties and political rights and assigns scores to countries accordingly.<sup>71</sup> According to Freedom House scores, Hungary is a transitional or hybrid regime.<sup>72</sup>

#### 4.5. Methods for Data Analysis

The aim of this research is to see the causal relationship between the leverage of China and the degree of democracy in Hungary. For this we need to assess normative, political and economic leverages of the EU and China towards Hungary and compare them to the one of democracy degree.

For this research secondary data collection and deductive qualitative content analysis methods will be used.

In order to measure normative leverage, the research will use qualitative content analysis. In particular, the directed qualitative content analysis will be applied. In order to assess foreign policy orientation and ideological identities of ruling elites the research will analyze strategic documents of Hungary that were adopted from 2012 to 2019 and demonstrate the position of Hungary in international world. As well as shows the interests and the aspirations of Hungary. It

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<sup>70</sup> Lebanidze, 2020, P76

<sup>71</sup> Diego Giannone 'Political and ideological aspects in the measurement of democracy: the Freedom House case' University of Salerno, Italy. 2010. P75

<sup>72</sup> Freedom House 'Hungary', 2020 < <https://freedomhouse.org/country/hungary/nations-transit/2020> > [2020.01.05]

means that the research will analyze ‘Hungary’s National Security Strategy’ by the ministry of foreign affairs of Hungary adopted in 2012.

‘The purpose of the present strategy is to define, on the basis of values and interests and an analysis of the security environment, the national objectives, tasks and comprehensive governmental tools for Hungary with a view to asserting its national security interests in the international political and security context’.<sup>73</sup>

At the same time, we should look not only to the formal documents but to the attitudes of elites that are demonstrated through various speeches by Hungary’s officials, in this case by the prime minister Viktor Orban. His speeches will be analyzed in terms of what he is saying about China and its pro-Chinese attitudes will be discussed. Also, we need to assess the public opinion in Hungary about China while using secondary data analysis. The normative leverage degree will be assigned by calculating the average of two indicators.

In order to measure political leverage, which includes the need of political and diplomatic assistance and membership in organizations, as well as civil and political ties, the research will employ the same directed qualitative content analysis method. The same document ‘Hungary’s National Security Strategy’ by the ministry of foreign affairs of Hungary will be coded and analyzed. It is important to analyze this document for measuring the political leverage of China and the EU towards Hungary as it provides information whether or not Hungary faces any major political or security threat or challenge and counts on the assistance from the side of China or the EU (or any other western organizations). In order to assess the civil and military ties and membership in organizations, the secondary data analysis and deductive qualitative content analysis will be used. This data will be gathered from the official government websites of Hungary, as well as reliable media sources. The political leverage will be the average of the three indicators.

In order to measure economic leverage of China and the EU towards Hungary the secondary data collection will be used as well. Information about export and import between China and Hungary and the EU and Hungary will be collected from sources developed mainly on the basis of world bank official data, OECD and the EU official data. FDIs will be calculated in

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<sup>73</sup> Ministry of Foreign Affairs of Hungary, ‘*Hungary’s National Security Strategy*’ 2012. P4  
<<https://www.eda.europa.eu/docs/default-source/documents/hungary-national-security-strategy-2012.pdf>>  
[2021.01.01]

net inflow in order to calculate the value of ‘cross-border transactions related to direct investment during a given period of time’.<sup>74</sup>

## 5. Research Results

In this chapter the research results are discussed and analyzed. It summarizes the degree of leverage of China towards Hungary and compares to the one of the European Union. As it was mentioned in the chapter on methodology, the research uses the methodology of Levitsky and Way altered by Lebanidze. The degree of China’s and EU’s normative, political and economic leverages are measured and explained. The leverage of China and the EU is calculated from 2011 to 2019. The degree of democracy is also discussed and explained based on the data from Freedom House democracy index. The research does not measure the degree of democracy independently but rather uses already published results by Freedom House.

### 5.1. Normative Leverage

As it was mentioned in the part on methodology, in order to measure normative leverage, we are going to evaluate foreign policy orientation and ideological identities of ruling elites, as well as perceptions of civil society. To do so first of all we are going to analyze Hungary’s National Strategy by the Ministry of Foreign Affairs of Hungary. This will enable us to evaluate formal commitments of domestic elites towards democracy and liberal values, as well as foreign policy aspirations. At the same time, it will evaluate public opinion about China and the EU and the image of those external actors inside the country.

#### 5.1.1. Foreign Policy Orientation and Ideological Identities of Ruling Elites

Throughout the entire time, from 2012 to 2019, Hungary has been formally committed to the liberal and democratic values and acquired pro-EU policy. According to the national security strategy the values of the EU and NATO are the ones that Hungary subscribes and follows and that are strongly intertwined with its national interests:

‘Hungary fully subscribes to the values of NATO and the EU laid down in respective treaties. A significant portion of Hungary’s basic national interests are embedded within

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<sup>74</sup> OECD, FDI flows, 2020 <<https://data.oecd.org/fdi/fdi-flows.htm#indicator-chart>> [2020.01.02]

the set of common interests. For this reason, its national interests may be asserted not only through national means but also in the framework of Euro-Atlantic cooperation.<sup>75</sup>

At the same time, according to the national strategy, following the values of democracy in Hungary are not enough for the security of country – rather, it declares the importance of spreading those values in neighboring countries to the east and south, as well as democracy promotion are important for the security of those countries : ‘The stability of Hungary’s Eastern and Southern neighborhood and the spreading of democratic values are of paramount importance for the country’s security’.<sup>76</sup> In terms of security, the democratic values are also highlighted while discussing the terrorism threats on the global scale that threatens not only Hungary, but also its allies, as well as ‘core values’ of the state. Prevention of threats caused by terrorism involves the promotion of these ‘core values’:

‘Prevention focuses on addressing the causes conducive to terrorism, countering extremism and radicalization, the fight against poverty, support for good governance and the promotion of human rights, rule of law and democratic core values.’<sup>77</sup>

Hungary’s National Security Strategy also emphasizes the role of democracy in crisis management as developing democratic institutions and empowerment of civil society can contribute to establish ‘the conditions of lasting stability’.<sup>78</sup>

In general, formally Hungary is ‘faithful to its values’ and considers values of democracy such as human rights, rule of law, etc. as the country’s basic values:

‘Hungary considers such universal and strongly interlinked values as peace, security, the sovereignty and territorial integrity of states, democracy and the rule of law, human rights – including minority rights – as well as respect for fundamental freedoms as its basic values.’<sup>79</sup>

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<sup>75</sup> Ministry of Foreign Affairs of Hungary, ‘*Hungary’s National Security Strategy*’ 2012. P6  
<<https://www.eda.europa.eu/docs/default-source/documents/hungary-national-security-strategy-2012.pdf>>  
[2021.01.01]

<sup>76</sup> Same, P8

<sup>77</sup> Same, P12

<sup>78</sup> Same, P21

<sup>79</sup> Same, P6

Regarding the aspirations of the country, same tendencies are shown in regards of pro-EU and pro-Chinese foreign policy directions. Mostly, country pursues pro-EU foreign policy and also declares itself as a committed member of the EU and NATO. According to the national strategy, membership in the EU and NATO is the core for Hungary's strategic and security interests.

‘Membership in NATO and the EU provides the basic framework of Hungary's security policy. Euro-Atlantic integration constitutes a value-based community whose member states form a political-military alliance based on solidarity’<sup>80</sup>

According to the document on Hungary's national security strategy, the country is ‘interested in a Europe remaining on a firm, unified and successful course of integration’. The importance of strong cohesion is very high even during the difficult economic situation, as the challenges posed by the 21<sup>st</sup> century can be solved only jointly. At the same time, Hungary aims not only to be a member of the EU and other western organizations, but also promote and ‘enhance the European Union's Common Foreign and Security Policy’. Hungary wants to continue pro-EU and pro-NATO activities and take part in crisis management actions that are managed by these organizations. It is clear from the document that country's stability in terms of security is strongly connected with and caused by the democratic transformation of the country and ‘successful Euro-Atlantic integration’ that is one of the national interests of the country.<sup>81</sup>

It is interesting that according to its document on national security strategy, Hungary does not pursue-pro-Chinese policy directly, neither it aspires to join any organization led by China. It does not mention China directly at all. However, in order to get a full picture, we should have a look at the statement made about other countries from various regions. The document puts emphasis on the strengthening of relationships in terms of security on the basis of mutual interests, as well as multilateralism. It is open to cooperation with other third states. Meanwhile we should not forget that the country does so only in the framework of relationships with the EU and NATO:

‘Hungary actively supports the strengthening of multilateralism, and strives to cooperate with all peace-loving peoples, governments and non-governmental actors. It wishes to play an active role in the fora and organizations of regional cooperation. Hungary lays great

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<sup>80</sup> Same, P6

<sup>81</sup> Same, P9



emphasis on the strengthening of its relationships with other third countries, especially with the emerging power centers and regional organizations in Asia, South America, Africa and the Middle East.’

As the strategic document does not provide much information about Hungary’s aspirations towards Sino-Hungarian relations and pro-Chinese attitudes, we need to bring analyses of speeches of Hungary’s officials. In this case Viktor Orbán’s speeches will be analyzed about cooperation with China and Hungary’s aspirations towards pro-Chinese foreign policy (meaning that the speeches positively evaluate China, mention the country as a good example and aspires to enhance communication). The source of speeches is Hungary Today, which covers the news about China-Hungary and provides the speeches of the prime minister. At the same time, the speech from major CEE events will be discussed – mainly, the prime minister’s speech from the conference: ‘China-CEE Political Parties Dialogue’<sup>82</sup> and from ‘the first China International Import Expo’.<sup>83</sup> In total, 15 texts were analyzed from the sources that contain Viktor Orbán’s speeches and mention China. The ones that have pro-Chinese statements will be discussed.

According to Viktor Orbán, China has a different political system, which should be accepted by the world and other European countries as well, especially when it is clear that those systems that are different from the EU ‘can sometimes be more successful in economic terms, fight more effectively against poverty and be more competitive than ours’.<sup>84</sup> At the same time he emphasized the differences in his other speeches as well stating that ‘it should be accepted that we are different and manage our countries differently’.<sup>85</sup>

The prime minister of Hungary has mentioned in his speeches that the countries of CEE and China do not only share one premise, but rather several ones. One of the important premises

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<sup>82</sup> Cabinet Office of the Prime Minister ‘*Viktor Orbán’s speech at the conference “China-CEE Political Parties Dialogue”*’, 2016. <<http://www.miniszterelnok.hu/viktor-orbans-speech-at-the-conference-china-cee-political-parties-dialogue/>> [2020.01.02]

<sup>83</sup> Same, ‘*Speech of Viktor Orbán at the first China International Import Expo (CIIE)*’ 2018. <<http://www.miniszterelnok.hu/speech-of-viktor-orban-at-the-first-china-international-import-expo-ciie/>> [2020.01.02]

<sup>84</sup> HUNGARY Today, ‘*Orbán in China: ‘Accept That Different Political Systems Can Be More Successful’*’ 2019. <<https://hungarytoday.hu/orban-in-china-accept-that-different-political-systems-can-be-more-successful/>> [2020.01.02]

<sup>85</sup> Cabinet Office of the Prime Minister ‘*Viktor Orbán’s speech at the conference “China-CEE Political Parties Dialogue”*’, 2016. <<http://www.miniszterelnok.hu/viktor-orbans-speech-at-the-conference-china-cee-political-parties-dialogue/>> [2020.01.02]

is to ‘have a vested interest in each other’s success’. For Hungary Chinese political system is as acceptable as the one that the country has itself:

‘We, for our part, also look upon the Chinese political system in this spirit. The Chinese political system is a matter for the Chinese people, just as the Hungarian political system is a matter for the Hungarian people’.<sup>86</sup>

As it is seen from the prime minister Viktor Orban’s speeches, Hungary does try to become a close partner of China. However, it not necessarily intends to acquire pro-Chinese orientation, as it does in case of the EU, rather it tries to form China as an independent country that can choose its own political system and other countries should accept it, just like Hungarian system should be accepted. What does Hungarian system mean, is a bit vague, leaving the possibility of interpretations.

According to data analysis we can assign score 2 to China and 3 to the European Union according to the criteria discussed in the chapter on methodology (normative leverage).

#### 5.1.2. Attitudes of Society

In order to better understand normative leverage of China and the EU towards Hungary it is important to understand not only perceptions and attitudes of ruling elites, but also the public opinion. According to Lebanidze, domestic legitimacy of ruling elites that comes from the society can have an important effect on the vulnerability of the country towards the external power (leverage).<sup>87</sup>

According to the survey of the International Republican Institute on the ‘Public Opinion in Hungary’, the public attitude towards China similarly to the European Union is rather positive in terms of having Hungary’s interests served. On the question, to what extent did the survey participants agree that Hungary’s interests were best served with strong cooperation with the EU and with China, 58% of the participants agreed strongly or somewhat that by maintaining close relationships with China served the country’s interests best. The same question regarding the EU got 75% of positive answers - 38% of the participants strongly agreed to the statement, while 37% agreed to some level.

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<sup>86</sup> Same, 2016

<sup>87</sup> Lebanidze, 2020, P66

According to these results we can suggest that China has acquired a positive image among the society of Hungary during the years. In this case, we can assign the score of 3 for both – the EU and China.

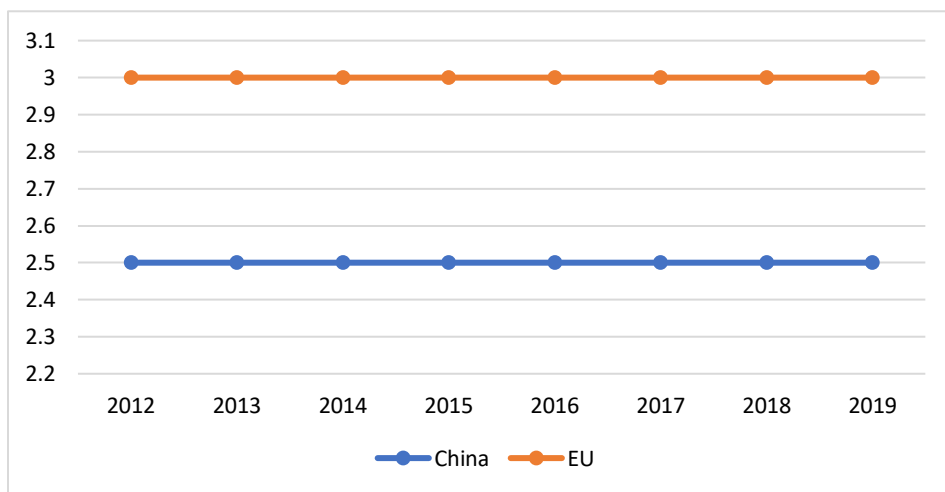
### 5.1.3. Summary

As we see from the research results, the economic leverage of China was significant towards Hungary, however could not outscore the normative leverage of the EU towards Hungary. Both of the indicators remained high. The total normative leverage of China was 2.5 while the one of the EU remained 3.

Factor	Score - China	Score – the EU
Foreign policy rrientation and ideological identities of ruling elites	2	3
Attitudes of society	3	3
Normative leverage	2.5	3

**Table 3.** Normative leverage of China and the EU towards Hungary (measurements: 0-1 low, 1-2 medium, 2-3 high)

The following table shows the dynamics of normative leverage of the EU and China towards Hungary:



**Table 4** Dynamics of Normative Leverage of the EU and China towards Hungary in 2012-2019

## 5.2. Political Leverage

As it was discussed in the methodology, the political leverage will evaluate the need of political and diplomatic assistance for Hungary from the external actors, as well as membership to different organizations and civil and political ties that are important for security. In this case we will also present results given from the analysis of Hungary's national security strategy and by collecting the data from the secondary sources.

### 5.2.1. The need of political and diplomatic assistance

In order to assess the need of political and diplomatic assistance we need to see first of all whether country faces an important security challenge and whether it counts on the assistance on the external actor – in this case China and the EU. For this, we can evaluate the national security strategy of Hungary through the content analysis.

According to the Hungary's national security strategy by the ministry of foreign affairs of Hungary, country has a highest security level throughout the history, which is because of the EU and NATO integration. Nevertheless, it states that the development of security challenges is a fast process, which is difficult to control in a globalized world. The globalization itself is considered for Hungary both, as a threat and as an opportunity. As globalization can spread new threats all around the globe, it is clear that 'security does not start at our borders'<sup>88</sup> and requires to take actions away from Hungary's own borders.

'Hungary enjoys an unprecedented level of security. This has come about as a result of successful process of Euro-Atlantic integration, solidarity and cooperation between Hungary and its Allies and their joint action against foreign and global threats. Security challenges, however, are changing continuously and at a fast pace... For Hungary, globalization is the source of new opportunities, but also new threats'.<sup>89</sup>

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<sup>88</sup> Ministry of Foreign Affairs of Hungary, '*Hungary's National Security Strategy*' 2012. P5  
<<https://www.eda.europa.eu/docs/default-source/documents/hungary-national-security-strategy-2012.pdf>>  
[2021.01.01]

<sup>89</sup> Same, P2

It is clear from the strategy that Hungary's security is strongly based on the EU and NATO and the country counts on the assistance from those organizations. At the same time, it considers the strengthening of cooperation with these actors in order to avoid regional conflicts:

'Membership in NATO and the EU plays a principal role in deterring conventional threats. Hungary's sovereignty, territorial integrity and security can be guaranteed with its national defence forces as well as through collective defence cooperation within NATO. The country's security is further enhanced by cooperation in the European Union based on common commitment and mutual solidarity.'<sup>90</sup>

At the same time, the financial and energy security challenges keep important role in Hungary's security agenda. The results of global economic crisis put the financial stability of the country under a threat and showed the importance of economic stability and resilience. As Hungary has foreign and internal debts 'with most of the debt in the hands of foreign investors', the country is vulnerable in this aspect. At the same time, it is important for the country to have available energy supplies stabilized and considers that establishing of an 'integrated internal European energy market is of primary importance for Hungary'.<sup>91</sup>

Meanwhile, Hungary does not count on China to provide any kind of support in any challenge opposed. However, as it was clear from the strategic document, country feels vulnerable because of the financial stability that explains well why the economic relations with China is so important for Hungary. It is clear, that Hungary does not feel safe in terms of financial stability.<sup>92</sup>

For this category of political leverage, we can assign score to China and the EU accordingly: as there is no any significant threat related to China and country does not count on the political and or/diplomatic assistance from the side of this external actor, Chinese leverage is low with the score 1. Meanwhile, the score of the EU remains high with the score 3 similarly to other indicators.

#### 5.2.2. Membership in organizations

In the methodology section the importance of assessing the membership into organizations was demonstrated. When a target country is integrated into the organization led by external actor,

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<sup>90</sup> Same, P11

<sup>91</sup> Same, P13-14

<sup>92</sup> Same, P13

it is expected that the incumbent will follow the rules and expectations of the organization, therefore the vulnerability of the country towards the actor increases.<sup>93</sup>

Hungary is a member of 17+1 initiative led by China, however it is not a member of any organization led by this external actor.<sup>94</sup> Therefore, China does not possess important leverage in terms of membership in regional organizations. In comparison, the European Union and NATO play significant role in the Hungary's foreign and domestic policies and security in general. It is clear, that the political leverage of the EU towards Hungary is high. Thus, China will be assigned with the low leverage score 1 for the criteria about membership in organizations that are led by external actors, while the EU will get the highest score - 3.

#### 5.2.3. Civil and political ties

China does not pose military threat to Hungary that would provide a political leverage to this external actor, neither it has had any other military and/or friendly presence inside Hungary. Therefore, for this indicator China will be assigned with the low leverage score, which equals to 1.<sup>95</sup>

In terms of the EU, Hungary is the member of NATO and the EU and country shares important military and civil ties with the western world. Collective defense supported by the Article 5 of NATO is the basis of the security of Hungary. Therefore it is clear that the EU has a high leverage score towards Hungary in terms of civil and military ties.

#### 5.2.4. Summary

As the research results showed, the political leverage of the EU towards Hungary remained high and importantly outscored China. China does not pose any important political leverage towards Hungary and it remained low for all the criteria. It does not provide any significant assistance to Hungary, nor it can influence the incumbent through the organizations that is led by this external actor. At the same time, it does not have significant civil and military presence in Hungary. Therefore, the scores for political leverage can be assigned to China and the EU accordingly: China acquires low political leverage degree that equals to 1 and the EU acquires high political leverage degree that equals to 3.

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<sup>93</sup> Levitsky and Way, P43 as cited in Soso Dzamukashvili, 2020, P41

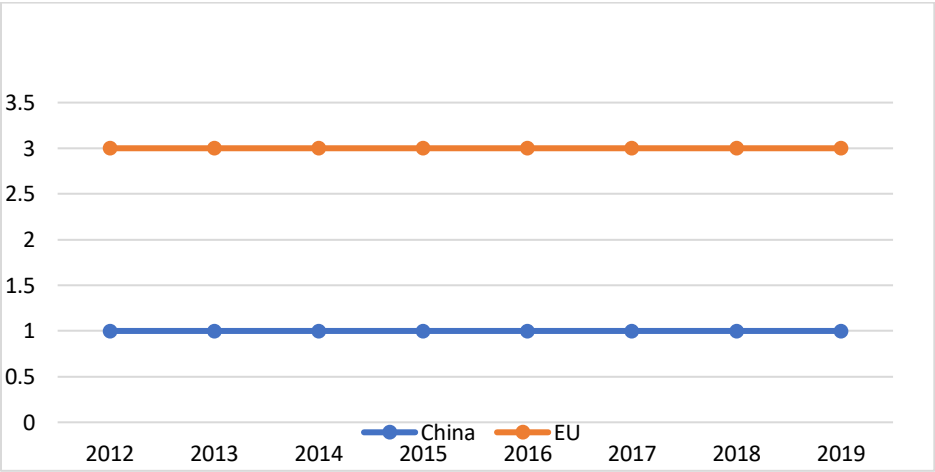
<sup>94</sup> ABOUT Hungary, <http://abouthungary.hu/>

<sup>95</sup> Same

Factor	Score - China	Score – the EU
The need of political and diplomatic assistance	1	3
Membership in organizations	1	3
Civil and political ties	1	3
Political Leverage	1	3

**Table 5.** Political leverage of China and the EU towards Hungary (measurements: 0-1 low, 1-2 medium, 2-3 high)

The following figure shows the dynamics of political leverage of China and the EU towards Hungary:



**Table 6.** Dynamics of political leverage of China and the EU towards Hungary in 2012-2019

### 5.3. Economic Leverage

This section measures the degree of economic leverage that China and the EU have towards Hungary. The section also discusses and explains how vulnerable is Hungary’s economy towards the one of Chinese and the EU’s. The section will discuss following factors: export and import.

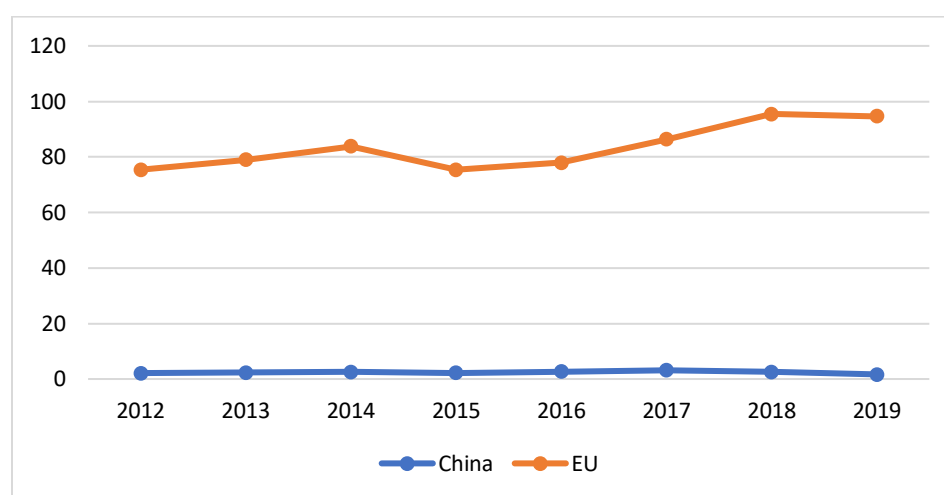
#### 5.3.1. Export

As seen from the literature review many scholars and officials suggested that China and Hungary mainly have economic interests while cooperating. China is the second largest trade partner of Hungary after the EU countries. However, the export of Hungary to China is not that high. In 2012 the export rate from Hungary to China was \$2.1 billion. Since 2012 it witnessed the upward trend. In 2015 it slightly dropped to \$2.19 billion, but then continued increasing again. In

2017 the export rate reached \$3.14 billion and started decreasing.<sup>96</sup> According to the latest data of 2019, it dropped till \$1.67 billion.<sup>97</sup>

As for the EU, which is the larger partner of Hungary, the trends in export rate were not very different from the one of Chinese. In 2012 the export from Hungary to other EU countries was worth \$75.4 billion. It was increasing till 2014, when it reached more than \$83 billion and dropped to \$75.4 billion in 2015. From this year, it started increasing and reached \$94.6 billion which is the highest amount of money generated from export to EU countries.<sup>98</sup>

The following figure shows the export from Hungary to China and the EU.



**Table 7.** The rate of export from Hungary to China and the EU (billion USD) (2012-2019). Elaborated based on World Integrated Trade Solutions, OEC world, Trading Economics.

### 5.3.2. Import

In comparison to export rate, the share of Chinese import ratio in the total import of Hungary is much higher. However, in comparison to the European Union it still remains very low. From 2012 the import from China was gradually decreasing. In 2015 import rate was \$6.08 billion

<sup>96</sup> OEC, 'Hungary', 2020

<<https://oec.world/en/profile/country/hun?depthSelector1=HS2Depth&yearSelector1=exportGrowthYear23> > [2021.01.02]

<sup>97</sup>Trading Economics, 'Hungary exports to China', 2020

<<https://tradingeconomics.com/hungary/exports/china#:~:text=Hungary%20exports%20to%20China%20was.COM%20TRADE%20database%20on%20international%20trade> > [2021.01.02]

<sup>98</sup> WITS World Integrated Trade Solutions 'Hungary Exports', 2020.

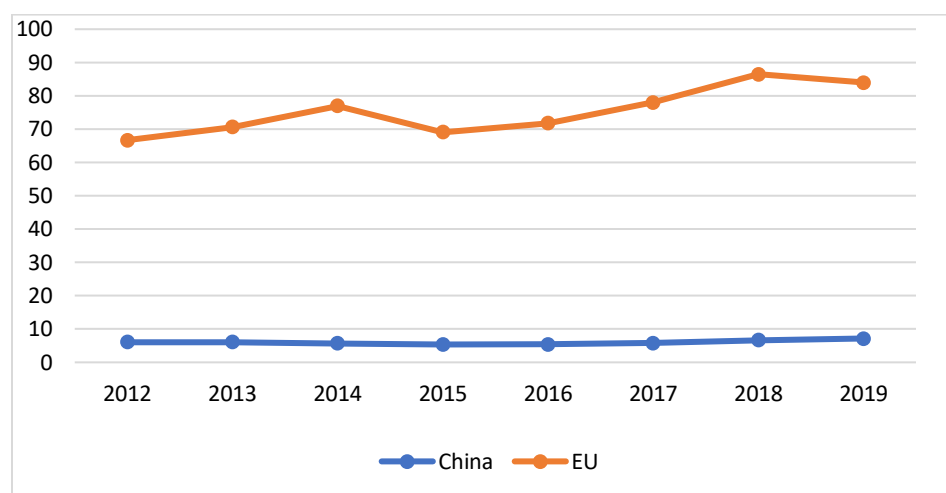
<<https://wits.worldbank.org/CountryProfile/en/Country/HUN/Year/2018/TradeFlow/Export> > [2021.01.02]



and for 2015 it dropped till \$5.36 billion. Since 2016 the import rate started increasing<sup>99</sup> and in 2019 it reached the maximum of \$7.16 billion.<sup>100</sup>

Similar to export rate, the EU importantly outscored China in terms of import rate as well. In particular, in 2012 the Hungary's import rate from the EU was worth \$66.7 billion. Till 2015 the number was rapidly increasing, but as it happened with other indicators, in 2015 it dropped till \$69.1 billion. The import rate from the countries of the European Union to Hungary started to increase since 2016 and reached the maximum amount of \$84 billion in 2019.<sup>101</sup>

The following figure shows the import from China and the EU to Hungary.



**Table 8.** The rate of import from China and the EU to Hungary (billion USD) (2012-2019). Elaborated based on World Integrated Trade Solutions, OEC world, Trading Economics.

### 5.3.3. Foreign Direct Investments (FDIs)

In comparison to export and import, FDI indicators have witnessed rather different tendencies. The differences of FDI flow was significant between the EU and China. For this

<sup>99</sup> OEC, 'Hungary', 2020

<<https://oec.world/en/profile/country/hun?depthSelector1=HS2Depth&yearSelector1=exportGrowthYear23> > [2021.01.02]

<sup>100</sup>Trading Economics, 'Hungary imports from China', 2020

<<https://tradingeconomics.com/hungary/imports/china#:~:text=Hungary%20imports%20from%20China%20was,up,dated%20on%20December%20of%202020>> [2020.01.02]

<sup>101</sup> WITS World Integrated Trade Solutions 'Hungary Imports, Tariffs', 2020. <

<https://wits.worldbank.org/CountryProfile/en/Country/HUN/Year/2018/TradeFlow/Import> > [2021.01.02]

indicator China has importantly outscored the EU in most of the years. It is interesting that despite having some FDIs from the side of the EU, the inward flow remained negative for most of the years. As for the year of 2012 the data about FDI flows from the EU to Hungary is not accessible, instead the data about of FDI stocks from China and the EU to Hungary will be compared following to the similar logic of assessing other indicators of economic leverage. At the same time, the data for 2019 is not still calculated for both of the countries, therefore for 2019 only import and export rate will be compared and the leverage will be calculated while taking into account only the trade rate between Hungary and China and between Hungary and the EU. Also, in case of China the data was given in US dollars, while the FDI flow data for the EU was illustrated in euros. FDIs from the side of the EU was converted into dollar by the author.<sup>102</sup>

In 2012, when the CEE initiative started and the cooperation between the PRC and the CEE region went to the active phase, Hungary got significant amount of FDIs from the side of China. In 2012 FDI stock from China to Hungary reached \$510 million<sup>103</sup> (\$134 million flow), which was the highest number among the years that the study researches. From 2013 it started to dramatically drop till 2014, when the FDI flows decreased till \$18 million and one million in 2013 and 2014 respectively. After 2014, the FDI flows from China has started to increase again. In 2015 the rate reached \$23 million and continued to increase till 2016, when It reached \$81 million. The sudden drop occurred in 2017 till \$9 million, but it rapidly increased in 2018 again and reached \$59 million. In general, the FDI flows from China to Hungary was fluctuating from 2012 till 2018 with significant drops and upward trends. However, the amount of money of FDI flows remained important during the most of the time.<sup>104</sup>

The situation in terms of the EU was a bit different. FDI flows were mainly remaining negative, while reached the positive rate only in 2018. In 2012 FDI stock from the EU to Hungary was \$73,35 million.<sup>105</sup> In 2013 the FDI flow witnessed the negative trend of \$147,4 million and

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<sup>102</sup> Eurostat, 'FDI Flows' <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> [2021.01.02]

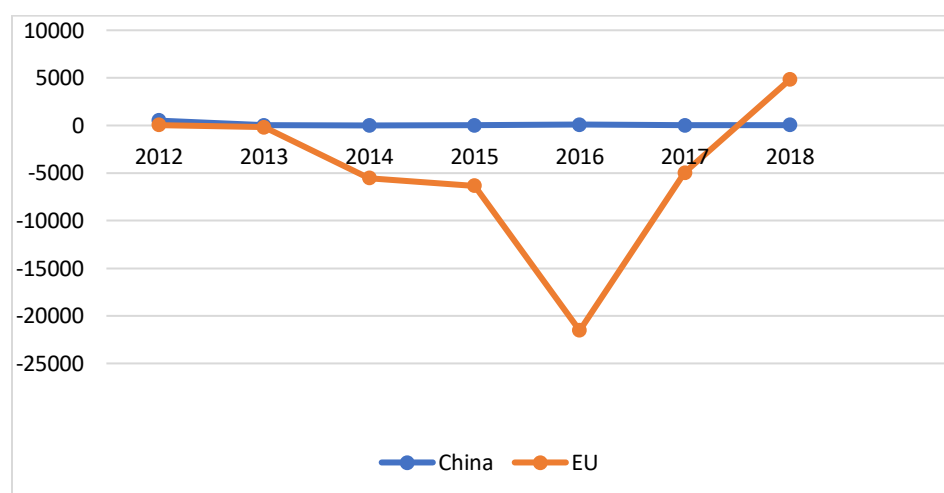
<sup>103</sup> Agnieszka McCaleb and Ágnes Szunomár, 'Chinese foreign direct investment in central and eastern Europe: an institutional perspective' Chinese investment in Europe: corporate strategies and labour relations, 2017. P124. <https://core.ac.uk/download/pdf/159127056.pdf> > [2021.01.02]

<sup>104</sup> OECD 'Inward FDI flows by partner country', 2020. <https://data.oecd.org/fdi/inward-fdi-flows-by-partner-country.htm#indicator-chart> > [2021.01.02]

<sup>105</sup> Krzysztof Wach and Liwiusz Wojciechowski 'Determinants of inward FDI into Visegrad countries: empirical evidence based on panel data for the years 2000–2012' Economic and business review, Poznan 2016. P45. [file:///C:/Users/User/Downloads/Review%2038-Wach%20\(1\).pdf](file:///C:/Users/User/Downloads/Review%2038-Wach%20(1).pdf) > [2021.01.02]

2014 \$5536,70 million. The trend did not witness any changes regarding becoming positive. In 2015, it still remained negative with \$6342,69 million and in 2016 reached \$21548,95 million. In 2017 the FDI flow negative indicator dropped till \$4952,95 million and in 2018 it became positive. In this year it increased till \$4823,61 million.<sup>106</sup>

The following figure shows the FDI flows from China and the EU to Hungary.

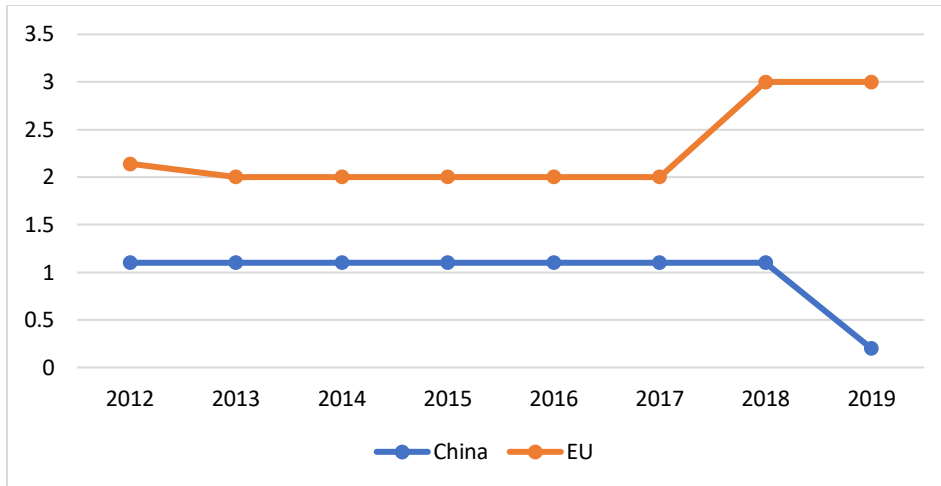


**Table 9.** The rate of FDI flows from China and the EU to Hungary (billion USD) (2012-2018). Elaborated based on OECD, Eurostat.

#### 5.3.4. Summary

As it is clear from the research of economic factors, various economic factors such as import, export and FDI indicators have been fluctuating throughout 2012-2019(2018) years in case of both external actors – China and the EU. Trade between China and Hungary has remained importantly low even after eastern opening, in comparison to the trade between Hungary and the EU, which actually increased. Accordingly, the export and import leverages of China remains significantly low during the whole period from 2012 to 2019. However, in terms of FDI net flows, China has outscored the EU in most of the years. Therefore, the economic leverage of China was mostly medium (1-2) while the one of the EU was high (2-3). The economic leverage of China still does not give this external actor a possibility to outscore the economic leverage of the EU in total and have dramatic impact on domestic affairs of Hungary.

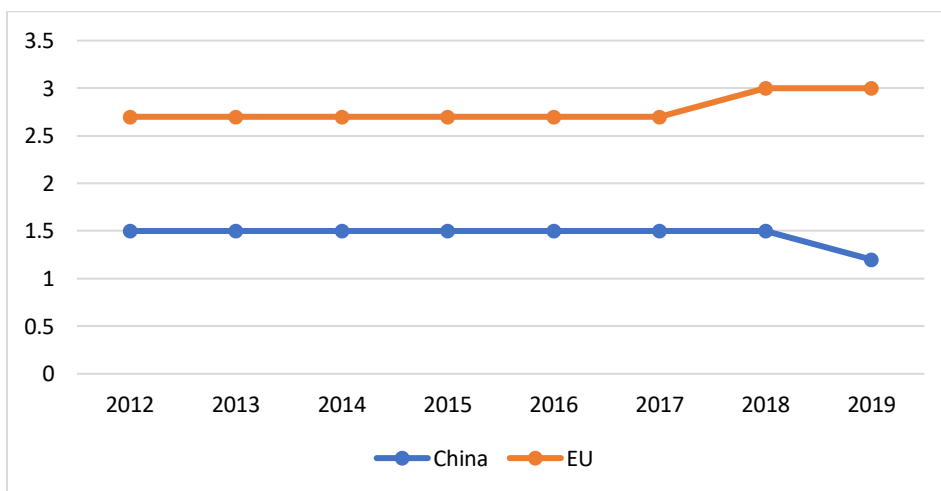
<sup>106</sup> Eurostat, 'FDI Flows' <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> [2021.01.02]



**Table 10.** Dynamics of economic leverage of China and the EU towards Hungary in 2012-2019

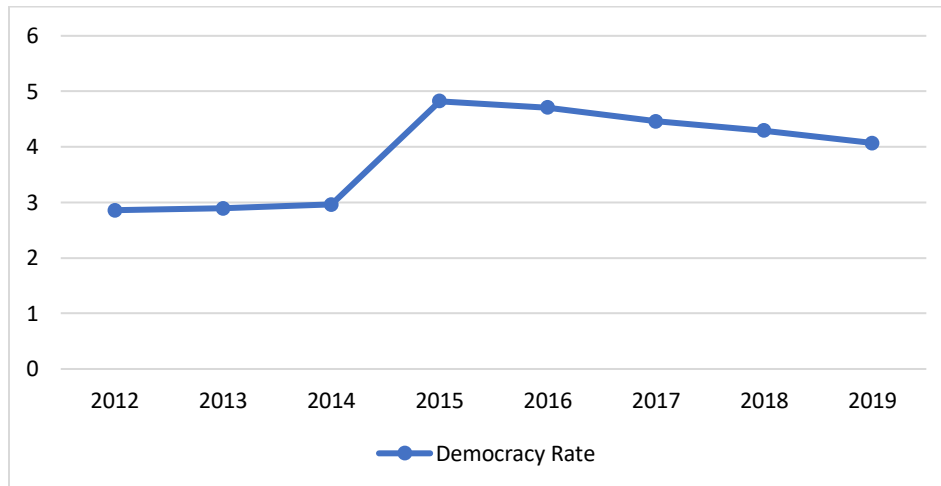
#### 5.4. The Leverage of China and the EU towards Hungary – Conclusion

This chapter evaluated normative, political and economic leverages of the EU and China towards Hungary. Results showed that the leverages of the EU mainly remained high (2-3) and importantly outscored leverages of China. Most of the time Chinese leverage has remained medium (1-2) meaning that Hungary was at some level vulnerable towards Chinese pressure. The following table illustrates the dynamics of leverages of China and the EU towards Hungary:



**Table 11.** Dynamics of leverage of China and the EU towards Hungary in 2012-2019

It is interesting that despite China having the medium leverage towards Hungary, the results did not show direct causality with the results of democracy changes in Hungary. According to Freedom House, from 2012 to 2014 the democracy degree in Hungary was more stable<sup>107</sup> and suddenly reached the score of 4.8 in 2015. After this year it started declining again and dropped till 4.07 in 2019.<sup>108</sup> The table below shows the dynamics of democracy rate of Hungary from 2012 to 2019.



**Table 12.** Dynamics of the degree of democracy in Hungary in 2012-2019. *Elaborated by the author (based on Freedom House data)*

## 6. Conclusion

The aim of this study was to analyze if China has affected the degree of democracy in Hungary from 2012 to 2019. The study has identified the problem, the democracy changes in Hungary and Chinese role in it. The objective of the research was to answer question ‘Does China affect the quality of democracy in Hungary and if yes, how?’. At the same time study tried to find out what was the normative, political and economic leverage of the China towards Hungary.

<sup>107</sup> Balázs Áron Kovács ‘Hungary’ 2014. <[https://freedomhouse.org/sites/default/files/NIT14\\_Hungary\\_final.pdf](https://freedomhouse.org/sites/default/files/NIT14_Hungary_final.pdf)> [2020.12.10]

<sup>108</sup> Freedom House, ‘Freedom in the World, Hungary’ <<https://freedomhouse.org/country/hungary/freedom-world/2017>> [2020.12.10]

The research presented the theory of neo-institutionalism (including rational choice institutionalism and sociological institutionalism) and the analytical framework of Linkage and Leverage model developed by Levitsky and Way, altered by Lebanidze. Therefore, this thesis provided theoretical and empirical analysis about whether and how China affects the degree of democracy in Hungary.

Afterwards, the research analyzed and discussed the normative, political and economic leverages of China in order to assess its influence on authoritarian promotion in Hungary. It also measured the leverage of the EU towards Hungary as a democratizing power in order to see full picture and relationship between leverages and dependent variable, which was the degree of democracy in Hungary. Research used single case-study method, secondary data analysis and qualitative content analysis.

As it was revealed from the study results, the leverage of China towards Hungary has mainly remained medium from 2012 to 2019 (1.5 from 2012 to 2018 and 1.2 in 2019), but lower in comparison to the leverage of the EU (which remained from 2.7 to 3), which was high throughout the entire time. We can conclude that China did not directly influence the democracy rate in Hungary.

The study results showed that China had important normative leverage towards Hungary as the attitudes of the civil society were mainly positive towards the image of China. However, the country was formally committed to democratic and liberal values according to the analysis of Hungary's national security strategy, giving the higher normative leverage to the EU. As it appeared, Hungary demonstrated the interest in maintaining basic values and principles of democracy and staying closer to the EU and NATO. However, the analysis of speeches showed that Hungary considers China as something different from itself and the EU, but acceptable. This means that the way Chinese political system and authoritarianism do not bother Hungary and the country respects the choice of PRC. Statements of the prime minister Viktor Orban also illustrate that China within the framework of its governance could be more successful than countries similar to Hungary. However, he does not necessarily follow the model of China. Rather, emphasizes on the possibility of having different type of systems, that the countries can decide themselves how it will look like. It gives the room for Hungary to also choose the system it likes, or create a new model that will be Hungarian one. Therefore, even if China did not affect the democracy rate

directly through normative leverage, during the analysis it became clear that it has provided Hungary with ideas about ‘freedom of choice’ for the countries to decide their own path. This does not necessarily mean that Hungary has all the capabilities to do so, as it is vulnerable towards the EU as the democratizing pressure – despite the success of China in having medium leverage degree towards Hungary, it can not outscore the EU with high normative leverage degree.

As for political leverage, appears that China has low political leverage towards Hungary, meaning that it can not instrumentalize its authoritarian strategies through it. Hungary is member of 17+1 initiative, however it is way different from organizations that have more political framework and can influence decisions of incumbents. Hungary is not a member of other China-led organizations as well as does not count on any significant or diplomatic assistance from the side of PRC. The country firmly states in its document on national security strategy that the EU and NATO are the basis for and cores for the country’s security and Hungary counts on the support from those actors in case it is necessary. Article 5 is fundamental for its security. One interesting fact though that was clear during the analysis was the financial insecurities that Hungary has clearly demonstrated in its national security strategy. After 2008 financial crisis country feels threatened and challenged by the economy of the country, especially because of the debts, therefore it is logical that Hungary is looking for new ways to gain economic stability and deepen economic cooperation with China. Nevertheless, economic leverage of China showed that this external actor does not possess much influence on the domestic changes of the country.

Hungary’s economic vulnerability towards China is medium, as FDIs from the PRC are significant. However, the trade, import and export rates still remain low. Economic leverage of China to Hungary was 1.1 from 2012 to 2018. In 2019 it dropped till 0.2 and became low. In comparison, the EU still manages to stay the largest trade partner for Hungary and acquire important economic leverage over the country. Throughout the time it was changing from 2 to 3. Hungary in this case still stays importantly vulnerable towards the democratizing pressure, the EU, while China does not acquire ability to promote the authoritarian regime by using the economic leverage.

There are several important limitations of the study. First of all, the timeframe of the research from 2012 to 2019 might be longer and one can have a look at the data from previous years in order to keep into account the important differences inside the country before and after

this time period. Also, this study did not analyse in details the domestic processes oh Hungary in terms democracy changes and policies that have been implemented by the incumbent in this regard. Also, this research followed the altered linkage and leverage model of Lebanidze, while it could follow the one of Levitsky and Way and take organizational power of the country into account while analysing the role of black knights on the incumbent.<sup>109</sup> Also, as the data was limited, it might lead us to missing some points while looking at a big picture. At the same time, this study analysed the speeches of Viktor Orban only, while analysing speeches of some other officials of Hungary, as well as Chinese and the EU ones can contribute to the further conclusions of the research.

For future recommendations, the similar study can be conducted after several years while taking into consideration other CEE countries and providing the comparative study in order to better understand how the normative, political and economic leverages of China in different countries affected democracy regimes. At the same time, it would be interesting to bring the factor of Russia in the research and find if and how the country, together with China contributes to autocracy promotion in Hungary, while taking the US as a counter-power and another democratizing pressure with the EU inside Hungary. This would also enable to evaluate if China had any effects or Russian foreign policy in CEE countries.

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<sup>109</sup> Levitsky and Way 2010



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## Appendices

### Appendix 1

TABLE I.1. *Comparing Democratic, Competitive Authoritarian, and Closed Regimes*

	<b>Democracy</b>	<b>Competitive Authoritarianism</b>	<b>Full Authoritarianism</b>
<b>Status of Core Democratic Institutions (Elections, Civil Liberties)</b>	Systematically respected. Widely viewed as only route to power.	Exist and are meaningful, but systematically violated in favor of incumbent. Widely viewed as primary route to power.	Nonexistent or reduced to façade status. Not viewed as a viable route to power.
<b>Status of Opposition</b>	Competes on more or less equal footing with incumbent.	Major opposition is legal and can compete openly, but is significantly disadvantaged by incumbent abuse.	Major opposition banned, or largely underground or in exile.
<b>Level of Uncertainty</b>	High	Lower than democracy but higher than full authoritarianism.	Low

### Appendix 2

Export leverage of China and the EU towards Hungary

	2012	2013	2014	2015	2016	2017	2018	2019
China	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EU	3	3	3	3	3	3	3	3

### Appendix 3

Import leverage from China and the EU towards Hungary

	2012	2013	2014	2015	2016	2017	2018	2019
China	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
EU	3	3	3	3	3	3	3	3

### Appendix 4

## FDIs leverage of China and the EU towards Hungary

	2012	2013	2014	2015	2016	2017	2018
China	3	3	3	3	3	3	0.04
EU	0.43	0	0	0	0	0	3

## Appendix 5

### Economic Leverage of China and the EU towards Hungary

	2012	2013	2014	2015	2016	2017	2018	2019
China	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.2
EU	2.14	2	2	2	2	2	3	3

## Appendix 6

<b>Thematic Category</b>	<b>Code</b>	<b>Quote</b>
<b>Pro-Chinese attitudes</b>	Positive Image of China	‘The ‘16+1 formula’ not only serves CEE interests but those of the whole of Europe... It’s a real win-win situation.’
	China, 16+1	‘The ‘old model’ of globalisation has reached its end, and the East has caught up with the West’.
	China, 16+1	‘It must be accepted that political systems different from ours can sometimes be more successful in economic terms, fight more effectively against poverty and be more competitive than ours.’
	China, 16+1	‘It should be accepted that we are different and manage our countries differently’
	China, 16+1	‘Luckily, Central European countries and China do not just have one shared premise, but several.

		<p>Our first shared premise is that we have realised that it serves our best interests if we open up towards each other. China is open towards Europe – this policy is called ‘One Belt, One Road’; meanwhile Hungary – like other Central European countries – announced the policy of ‘Eastward Opening’ at around the same time. This policy has led us to the aim of rebuilding the Silk Road, which in the past benefited both Europe and China. We are working towards linking what is now the world’s strongest economic power center and Europe’s prospective – or perhaps current – growth hub...</p> <p>The second premise upon which our dialogue rests is that we have a vested interest in each other’s success. This sounds like a stock platitude, but in politics it is not at all obvious. This means that we sixteen countries believe that we have a vested interest in China’s success, and we believe that China also has a vested interest in the success of the Central European countries... As we are living in the era of a major shift in the world economy, the fact that European countries have an interest in China’s success is not at all self-evident. In order for us to have an interest in China’s success, we must change our global way of thinking: we must recognise, we must accept, we must understand that the world’s entire population, humanity, cannot be successful without the success of its largest country. And if we stand on truly Christian foundations – as do quite a few countries in attendance here – then in any event we should welcome the strength possessed by China to raise</p>
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		<p>people from poverty, to modernise, and to contribute to raising the world’s level of prosperity as a whole. This is something which we have an interest in... Therefore we, for our part, also look upon the Chinese political system in this spirit. The Chinese political system is a matter for the Chinese people, just as the Hungarian political system is a matter for the Hungarian people. No one has the right to interfere with this by adopting the role of a kind of self-appointed judge.’</p>
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1. <https://hungarytoday.hu/pm-orban-china-cee-cooperation-serves-interests-whole-europe-97500/>
2. <https://hungarytoday.hu/hungarian-prime-minister-laments-old-model-globalisation-china-interview-87357/>
3. <https://hungarytoday.hu/orban-in-china-accept-that-different-political-systems-can-be-more-successful/>
4. <http://www.miniszterelnok.hu/viktor-orbans-speech-at-the-conference-china-cee-political-parties-dialogue/>

## Appendix 7

### Pro-EU (pro-western) foreign policy orientation

Thematic Category	Code	Quote
Foreign policy orientation	Deepening Cooperation	‘The maintenance of international peace, security and cooperation, the spreading of democracy, the stability of the Euro-Atlantic region, in particular the stability of regions in close geographical proximity to Hungary

		<p>and of neighbouring countries, as well as the further deepening of Euro-Atlantic integration also constitute a national interest of Hungary.’</p>
		<p>‘Hungary is interested in a Europe remaining on a firm, unified and successful course of integration, where strong cohesion is maintained even in times of economic hardships, and mutual solidarity prevails. The comprehensive security challenges of the 21st century can be tackled only jointly and if these conditions are met. The primary security policy goal of Hungary’s EU-membership is to promote and enhance the European Union’s Common Foreign and Security Policy, as well as the Common Security and Defence Policy, which constitutes an integral part of the former. The Treaty of Lisbon of the European Union strengthens the European identity, further deepens integration and gives an impetus to the EU’s Common Security and Defence Policy, providing a framework for joint external action and for the internal coordination required to this end.’</p>

		<p>‘Hungary wishes to continue to take an active part in NATO and EU-led crisis management activities, operations and missions, and in the development of the required capabilities in both national and collective frameworks. The country supports the development of the EU’s Common Security and Defence Policy to continue in a manner that takes into consideration the obligations of member states stemming from the North Atlantic Treaty. Hungary also supports the development of a genuine strategic partnership between the two organisations, as well as the strengthening of their military and civilian capabilities in a coordinated manner.’</p>
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**Appendix 8**

**Pro-Chinese foreign policy orientation**

<b>Thematic Category</b>	<b>Code</b>	<b>Quote</b>
Foreign policy orientation	Deepening cooperation/Membership aspiration	N/A

## Appendix 9

Thematic Category	Code	Quote
Security Challenge	Threats	‘In a historical context, today’s Hungary enjoys an unprecedented level of security. This has come about as a result of the successful process of Euro-Atlantic integration, solidarity and cooperation between Hungary and its Allies and their joint action against foreign and global threats.’
		‘the security of the Hungarian nation is linked to the intricate and often unpredictable processes unfolding in a globalised world by a multitude of threads. For Hungary, globalisation is the source of new opportunities, but also new threats.’
		‘In the globalised world of today, the security of Hungary begins way beyond its borders: distant security threats and challenges may reach us with dramatic speed; preventing and managing them often requires action to be taken far away from our borders.’
		‘The concept of security is interpreted in an increasingly comprehensive manner. In today’s continuously changing security environment challenges, risk factors and threats appear on several levels – at individual, community, state, regional and also global level – and have an impact on a wide range of individuals, governmental and non-governmental organisations and trans-national actors. The overarching management of the political,

		<p>military, economic, financial and social dimensions of security – and within the latter, human and minority rights aspects – along with its environmental dimension has become indispensable in today’s world’</p>
		<p>‘Globalisation and unequal development have brought about significant changes in Hungary’s security environment as well. Globalisation and the process of international integration not only strengthen openness and allow better access to the achievements of development, but also result in greater vulnerability to the effects of threats and dangers. New power centres have appeared or are emerging and weak and dysfunctional states will also continue to have to be reckoned with. The possibility of certain actors using scientific and technological achievements for non-peaceful purposes poses a strategic threat’</p>
		<p>‘The current level of the threat of a conventional attack against Hungary and its Allies is marginal. However, this must still not lead to neglecting certain traditional risks and threats that have decreased in importance but not altogether disappeared: even in the Euro-Atlantic region, the conflicts of the past decades have not yet been resolved everywhere. Consequently, security in certain neighbouring regions also remains fragile’</p>

		<p>‘In our globalised world of today, security does not start at our borders. Distant security risks and challenges and sources of danger can cross our borders with dramatic speed. Unpredicted events can take place at any time, at short notice and without warning, requiring prompt response and possibly spanning large geographical distances. Terrorism, the global proliferation of weapons of mass destruction and their means of delivery, as well as the intensive build-up of modern military capabilities in certain regions increase insecurity and unpredictability, and pose a growing threat to the security of Hungary and the Euro-Atlantic structures’</p>
		<p>‘The global financial-economic crisis is confronting the entire Euro-Atlantic community with an unprecedented challenge. The ongoing deep crisis weakens the security institutions of the developed countries, among them those of Hungary, the cohesion of the international organisations as well as the frameworks for cooperation, and decreases the amount of resources that can be devoted to strengthening security. Consequently, available resources need to be concentrated in a more innovative and effective manner in order to strengthen our security capabilities, putting a further premium on cooperation among Allies as well as a more conscious exploitation of opportunities offered by multinational cooperation.’</p>

## Appendix 10

### Counting on support of the EU (and NATO)

Thematic Category	Code	Quote
Counting on support of the EU (and NATO)	Core for security	<p><b>‘Membership in NATO and the EU provides the basic framework of Hungary’s security policy.</b></p> <p>Euro-Atlantic integration constitutes a value-based community whose member states form a political-military alliance based on solidarity. They represent a global economic and political power not only capable of protecting the population of its member states, but also of actively shaping its security environment and contributing to the expansion of international stability and security. ‘</p>
		<p>‘Collective defence as enshrined in Article 5 of the North Atlantic Treaty provides the cornerstone of Hungary’s security. Active contribution to collective defence and security is Hungary’s most important security policy obligation.’</p>
		<p>‘Membership in NATO and the EU plays a principal role in deterring conventional threats. Hungary’s sovereignty, territorial integrity and security can be guaranteed with its national defence forces as well as through collective defence cooperation within NATO. The country’s security is further enhanced by cooperation in the European Union based on common commitment and mutual solidarity.’</p>

## Appendix 11

### Counting on support of the PRC

Thematic Category	Code	Quote
Counting on support of the PRC	Core for security	N/A

## Appendix 12

Thematic Category	Code	Quote
Commitment to values	Commitments to liberal and democratic values	‘Hungary considers such universal and strongly interlinked values as peace, security, the sovereignty and territorial integrity of states, democracy and the rule of law, human rights – including minority rights – as well as respect for fundamental freedoms as its basic values. Following a comprehensive approach to security, our values and their protection define our security policy interests and objectives.’
		‘The fundamental security interests of Hungary include the protection of its sovereignty, territorial integrity and constitutional order, the stability of the country, its economic, social and cultural development and the upholding of human rights and fundamental freedoms’
		‘Hungary fully subscribes to the values of NATO and the EU laid down in respective treaties ‘



		<p>‘The stability of Hungary’s Eastern and Southern neighbourhood and the spreading of democratic values are of paramount importance for the country’s security.’</p>
		<p>‘Prevention focuses on addressing the causes conducive to terrorism, countering extremism and radicalisation, the fight against poverty, support for good governance and the promotion of human rights, rule of law and democratic core values.’</p>
		<p>‘The enhancement of civil-military cooperation is playing a significant role in crisis management undertaken in the framework of international operations. In this regard, particular emphasis is laid on establishing the conditions of lasting stability through the development of democratic institutions as well as of the capabilities of military and law enforcement agencies, through economic recovery and the strengthening of civil society’</p>

Ministry of Foreign Affairs of Hungary, ‘*Hungary’s National Security Strategy*’ 2012. P4  
 <<https://www.eda.europa.eu/docs/default-source/documents/hungary-national-security-strategy-2012.pdf>> [2021.01.01]

## Summary

The purpose of this study was to analyze whether China has affected the degree of democracy in Hungary in 2012-2019 and if yes, how. For doing so, the study has evaluated the normative, political and economic leverages of China towards Hungary, as well as the degree of the democracy in the country and tried to answer the research question: ‘Does China affect the quality of democracy in Hungary and if yes, how?’ The study aimed to see (non)causality between the dependent and independent variables – the degree of leverage of China towards Hungary and the quality of democracy of Hungary.

The thesis has explored the existing literature about Chinese role in CEE countries and Hungary, as well as its role in autocratic promotion globally. The literature review led us to find that some scholars considered China as an ‘alternative model’ for CEE region countries with economic prosperity and authoritarian regime, while others assigned only economic importance to the PRC. As pieces of literature did not theoretically and empirically assess how China was affecting the democracy rate in Hungary, the existing gap in literature was identified and addressed.

The thesis has presented the theoretical framework of neo-institutionalist theories, namely sociological institutionalism and rational choice institutionalism, in order to explain how incumbents react on the pressure of external actors and what kind of regime changes can this pressure cause. In order to assess the role of China on democratic changes in Hungary, the study followed the Linkage and Leverage model of Levitsky and Way altered by Lebanidze. All of these authors used the LL methodology in order to explain different regime outcomes in competitive authoritarian states as a result of existing pressure from democratizers or black knights. Therefore, for demonstrating the clear picture, the normative, political and economic leverages of both China and the EU towards Hungary were measured, the leverage was calculated and the (non)causality between the leverage and democracy rate was assessed. The study has used the qualitative content analysis for evaluating normative and political leverages and secondary data collection for evaluating economic and political leverages.

The aim of the research was reached and it was concluded, that China did not directly affect the democracy rate in Hungary. Rather, it provided Hungary with certain perceptions about possibility to independently decide what is the right model for the country. Therefore, China

acquired high degree of normative leverage towards Hungary. However, the economic and political vulnerability of Budapest towards Beijing was not that high and China could not affect the rate of democracy in the country.