



Faculty of World Economy and International Affairs
School of World Economy

Sectoral and Country-specific
approaches to Sustainable
Development

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Factors of Success of Economic Reforms in Hungary in 2010-2022

Prepared by Vasily Arzumanyan



Introduction

- Reforms have always served as a way for society to adapt to new challenges, conditions and opportunities.
- In the modern economy, an important place is occupied by the analysis of the consequences of economic reforms, especially in countries with economies in transition.
- The analysis of the success factors of the reforms allows us to better understand the economic development of Hungary and determine the general mechanisms and conditions for the success of economic transformations in post-communist countries.

The fiscal policy of Orbanomics

- "unorthodox" economic policy
- reduction of public debt
- reduction of budget deficit

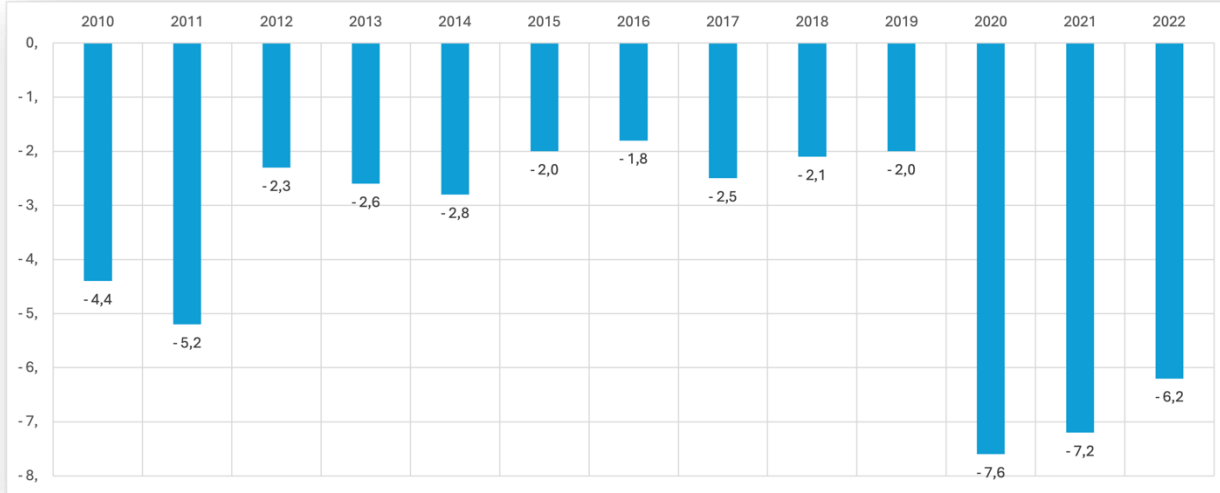


Figure 7. Hungary's budget deficit (as a percentage of GDP) from 2010 to 2022
Source: compiled by the author according to Eurostat data

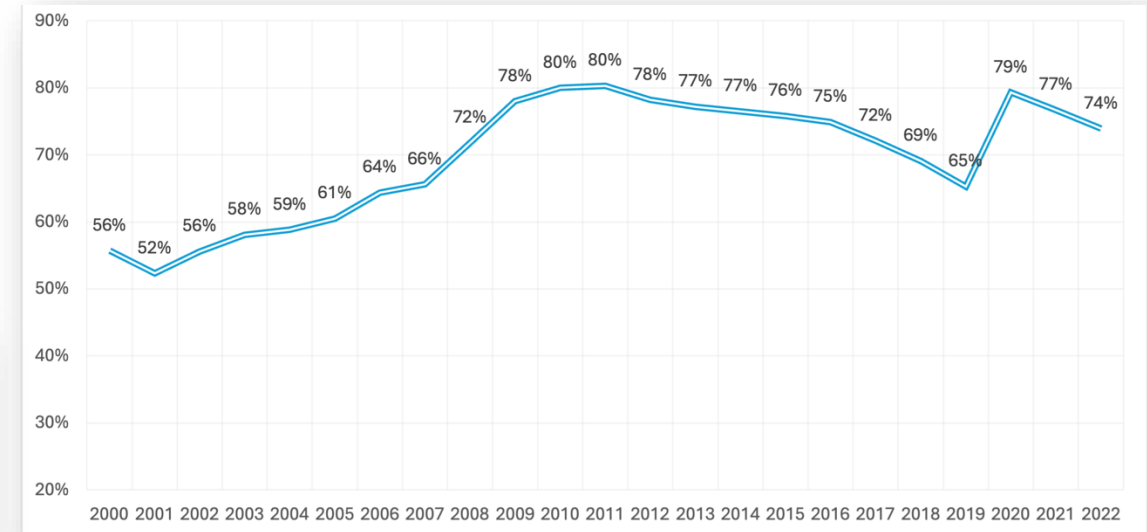


Figure 6. Hungarian public debt (as % of GDP) from 2000 to 2022
Source: compiled by the author according to Eurostat data

"Urbanomics" and the labor market with the social sphere

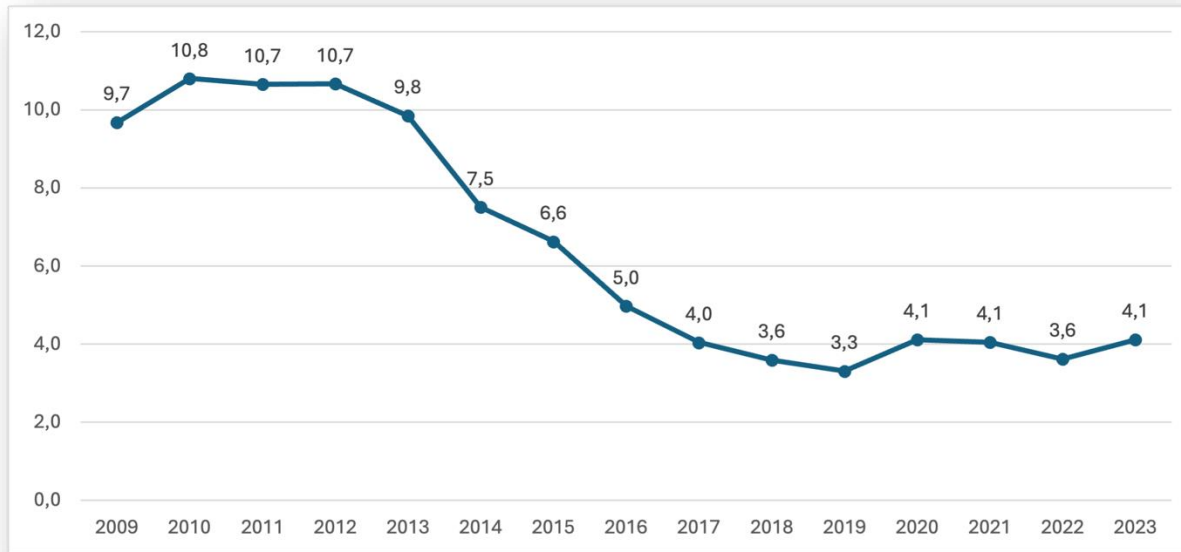


Figure 9. Unemployment rate in Hungary from 2009 to 2023

Source: compiled by the author according to the Hungarian Statistical Center

Год/Показатель	Уровень занятости (в %)	Уровень безработицы (в %)	Количество соискателей, человек	Чистый средний доход в месяц на человека (в евро)
2010	50,6	10,8	591 278	482
2011	51,0	10,7	552 308	506
2012	51,8	10,7	569 261	499
2013	52,9	9,8	414 273	511
2014	55,8	7,5	391 040	505
2015	57,5	6,6	337 478	526
2016	59,7	5,0	273 498	563
2017	61,0	4,0	254 749	639
2018	62,0	3,6	241 898	690
2019	62,6	3,3	234 903	729
2020	62,1	4,1	290 694	741
2021	63,0	4,1	238 712	791
2022	64,1	3,6	230 345	850

Table 4. The main indicators of the Hungarian labor market in 2010-2022.

Source: compiled by the author according to the Hungarian Statistical Center



Orbanomics and FDI

Страна, регион/ Год	2010	2022 г
Европа	86	83
Азия	2,8	11
Америка	7,3	3
Африка	0,1	2
Нидерланды	17,4	17,8
Германия	23,5	17,1
Австрия	12,9	11,6
Люксембург	8,1	9,1
Южная Корея	1,1	6,7
Франция	5,1	4,5
Швейцария	3,9	4,2
Великобритания	2,8	3,5
США	4,6	2,8
Бельгия	3,4	2,4
Маврикий	0,02	1,7
Япония	1,2	1,6

Table 2. Geographical distribution of accumulated FDI in Hungary in 2010 and 2022 (in %)

Source: compiled by the author according to the Hungarian National Bank

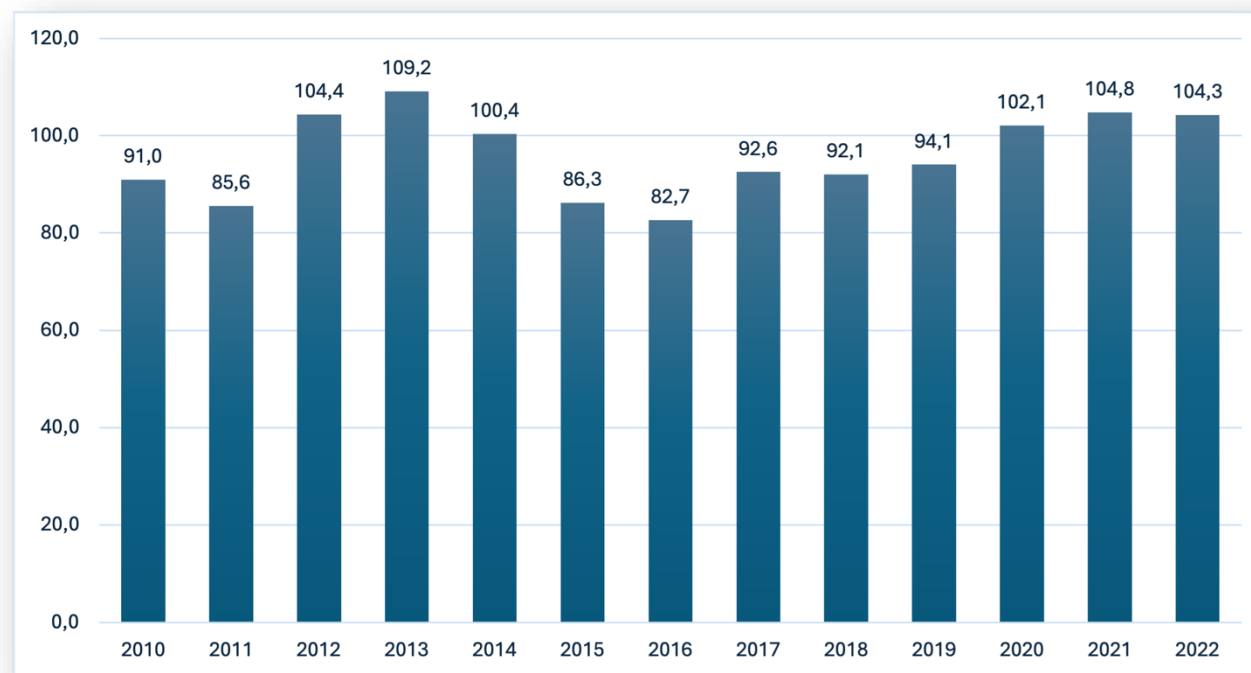


Figure 10. Hungary's FDI volume from 2010 to 2022

Source: compiled by the author according to Unctad data



Orbanomics and trade policy

Страна, Регион /Год,	2010	2022
ЕС	73,2	76,8
Азия	8,1	6,6
Африка	0,9	0,7
Германия	25,1	25,2
Италия	5,5	5,7
Румыния	5,4	5,3
Словакия	5,4	5,1
Австрия	4,9	4,5
Польша	3,7	4,3
Франция	5,0	4,2
Чехия	3,5	4,2
Нидерланды	3,2	3,6
США	2,0	3,5
Китай	1,6	1,5
Россия	3,6	0,9

Table 3. Geographical distribution of Hungarian goods exports in 2010 and 2022 (in % of total volume)

Source: compiled by the author according to Trade Map data

"We Hungarians are both part of Europe and its eastern border, so it is necessary to take advantage of both economic zones and cultures... Opening our market to the East, while maintaining the benefits of the EU"



Conclusion

- The success of the reforms in Hungary was due to a number of factors, among which effective public administration, attracting foreign investment, as well as the implementation of complex transformations in labor legislation and the social sphere can be highlighted.
- It was revealed that government intervention in the economy, which was aimed at reducing the tax burden for enterprises, led to an increase in the investment attractiveness of the country.
- The Government's ability to find a certain balance between the need to reduce the level of public debt and the needs of citizens has become crucial in achieving positive results.
- Orbanomics includes several anti-market aspects that pose risks to long-term economic stability.
- Orbanomics borrows elements from both state control and market systems, creating a hybrid model.

