Economic and Institutional Implications of Hungary's 2026 Elections

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Hungary under Viktor Orbán's government was early to the global trend of "democratic backsliding." Sometimes described as a "rogue state," and seen as an economic liability for Europe, Orbán's tenure as prime minister was characterized by corruption, the formation of oligarchic ownership over vital industries, and a perversion of classical economic principles. After winning a parliamentary supermajority in April, Péter Magyar's Tisza Party is seeking major reforms. "We will free our country from the economic and political mafia," Magyar said in a June speech. "I consider this my main task."

Orbán's Fidesz Party came to power after the 2009 financial crisis. Despite campaigning against privatization, the administration has in fact used the levers of state power to privatize public property—for its politically connected allies. This made Hungary's investment landscape nuanced: corporations *did succeed* in Hungary, but those tended to be politically connected. This did not make Hungary's economy impossible to predict or invest in. Rather, Hungary's politicized, personalized capitalism meant corruption and favoritism had to be strong factors of consideration, not simply the strongest firms in the market.

Magyar, formerly a member of Fidesz who broke away to form Tisza, campaigned on rule of law and anti-corruption, and to distance the country from Russia and towards the European Union. Investment opportunities in the coming months might include firms which will experience price fluctuations in Hungary's transition from Orbán's politicized economic system to a rules-based system Magyar promises to implement. The new government is also eager to unlock funds which have been withheld by the EU on charges of corruption.

Magyar's first foreign trip was to Poland—another European state which experienced democratic backsliding under its Law and Justice Party. But Poland has since changed tack, and the government under Donald Tusk has unlocked EU funds, increased private sector spending, and made Poland one of the fastest growing economies in the EU. Magyar's message in visiting Poland, in addition to signaling fraternity between the Visegrád states, is that his Hungary seeks a similar path.

To understand these opportunities we will examine Orbán's system, Tisza's vision for change, and search for potential winners and losers through the transition.

Orbán's Politicized Capitalism

Hungary's economy under Fidesz was difficult to classify: on one hand, Orbán led an oligarchic, illiberal restructuring which was harmful to free-market economics. On the other hand, his government lowered the corporate tax rate to 9%, incentivized foreign investment, and wrangled low deficit spending. This created a complex and relatively stable economic system, where certain sectors were captured by the oligarchy and uncompetitive, while other sectors incentivized competition and investment. A divide can be drawn through Hungarian industry between the oligarchic "political capitalism,"[1] and the standard European market.

On the oligarchic side of the economy: Orbán's government gained notoriety with a governing philosophy often described as "illiberal democracy." When Fidesz came to power in 2010, their supermajority in parliament enabled them to modify the Hungarian constitution. The new basic law diminished checks and balances, increased politicization of Hungary's central bank, and solidified the forint as Hungary's currency.[2]

The government used targeted taxes and regulations intended to force the sale of corporations[3] in key industries: banking, energy, utilities, telecommunications, forestry, postal service, airports, and farming. Firms were sold to the government, state-owned enterprises, or politically aligned companies.[4,5] As of 2023, Hungary was home to more than 1600 publicly-owned companies with city or state governments as majority stakeholders.[6]

As a member of the European Union, Hungary's state and politically-aligned ownership has drawn scrutiny and punishment. The U.S. State Department warns of corruption and overpricing in up to 90% of EU-funded projects.[7] The EU did not have a mechanism to suspend funds to countries suspected of corruption until 2020,[8] a decade into Orbán's tenure, so EU funds tended to end up in the hands of politically connected firms. A report from the Corruption Research Center Budapest found that firms connected to Fidesz are far more likely to win contracts than those without.

Where Fidesz Captured the Market

Throughout the party's decade and a half in office, Fidesz and its allies captured a variety of key economic sectors. A 2026 analysis finds that three sectors in particular—construction, agriculture, and financial and insurance activities—derive significant profit from politically

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[1] Bartha, Zoltan. "Political Influence and Corporate Profits: A Study of Hungarian Firms." 2026.
[2] https://www.dw.com/en/foreign-firms-criticize-hungarys-new-constitution/a-15002646
[3]https://www.cato.org/policy-analysis/how-viktor-Orbáns-hungary-eroded-rule-law-free-markets#our-eight-ten-capitalists
[4] https://www.crcb.eu/wp-content/uploads/2022/03/2022_research_notes_03_220307_02.pdf
[5] https://www.state.gov/reports/2024-investment-climate-statements/hungary
[6] Ibid.
[7] Ibid.
[8]https://www.cato.org/policy-analysis/how-viktor-Orbáns-hungary-eroded-rule-law-free-markets

engineered reductions in competition, charge artificially high rates, and reap profits from a rigged market.[9]

Before Orbán came to power in 2008, the top three construction firms (ranked by profit) were all foreign-owned, and there were only four Hungarian-owned firms in the top ten. By 2023, eight of the top ten were Hungarian-owned. Three of these, including the two most profitable, were owned by the same individual. The only foreign-owned companies remaining in the top ten belong to players involved in projects influenced by foreign sponsors (such as the Samsung battery plant and the Budapest–Belgrade railway developed by Chinese contractors).[10]

Land ownership is concentrated in the hands of the politically connected. Throughout the last decade, up to 70% of state-owned land sold by the government was purchased by politically connected individuals or groups.[11] Hungary's agriculture industry makes up a relatively high percentage of GDP between 4 and 5%. The European Union's Common Agricultural Policy (CAP) is economically significant—agricultural subsidies make up one-third of the EU's full budget for 2023-2027. Tisza's election manifesto takes an aggressive stance toward oligarchic capture of the agriculture industry, promising to use EU funds to support efficiency and quality.

In financial and insurance activities, Hungary restructured the banking sector through targeted taxation and regulation, nationalized key institutions, and finally *re-privatized* those institutions to politically connected firms and individuals.

Tisza's Reform Agenda

Tisza's election program or manifesto was heavily focused on anti-corruption measures, stressing investigating and prosecuting corruption as a top priority. Tisza's aim, they write, is to build an "investment-friendly, predictable, and transparent economic environment…where the fairness of competition and freedom from corruption are guaranteed by independent institutions."

A primary tool Tisza plans to use to enact these reforms is EU funding. Magyar has promised that his government would review concession contracts for key industries: highway operation, gambling, mining, parking systems, waste management, military procurement, railway stations, and tobacco distribution.[12]

His administration has begun following through: the government is reviewing a proposal submitted to the EU by the Orbán government for SAFE funding—a €150 billion pool for

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[9] Bartha, Zoltan. "Political Influence and Corporate Profits: A Study of Hungarian Firms." 2026.
[10] Ibid.
[11] Ibid.
[12]https://www.klubradio.hu/hirek/a-tisza-felulvizsgalja-a-koncesszios-szerzodeseket-ha-kormanyra-kerul-153800

European nations to remilitarize. Hungary's request was the third largest in the EU at €16.2 billion, but it is now being reviewed for corruption risks.

This action extends to projects like the Russian-built Paks II nuclear plant. Days after the election, the Russian government told the press that changing the plan was "out of the question."[13] But weeks later at a press conference, Magyar said the government would be examining "the terms and conditions for its financing, whether the loan can be restructured, and whether it can be refinanced on more favorable terms."[14]

This is only a fraction of what Tisza has promised to accomplish, but it is an early indicator that the new government intends to enact these economic reforms. Magyar is aiming to unlock around €18 billion in funds from Brussels put on hold because of corruption charges. Hungary is also continuously facing a €1 million per-day fine from the EU[15] for failing to comply with refugee asylum laws.[16]

Although Magyar's party should certainly be considered center-right, not all of his policies follow classic liberal orthodoxy. For example, Magyar promised a 1% wealth tax on assets above 1 billion forints (approximately $3.2 million), including yachts, private planes, paintings, sports cars, real estate, corporate assets, and assets located abroad.[17] In May, Hungary's finance ministry was directed to draft the legislation.[18] Because corruption is so integral to domestic fortunes, this has been touted as an anti-corruption measure.

Unlocking Billions of Euros From Locked Funds

In addition to the potential investment Hungary will receive in making its economy more predictable, fair, and stable, the Tisza government is racing to meet reform standards imposed by the EU in order to unlock billions of euros. Before the EU created systems of locking these funds to prevent them from funneling through corrupt national systems, Hungarian oligarchs capitalized on these funds. If Magyar and his party succeed in pushing these reforms through parliament by certain deadlines, different funds will pay out:

The European Union has agreed to unlock €6.4 billion in cohesion funds—money granted to help European states strengthen lagging economic areas. Hungary's agreement with the EU

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[13]https://novayagazeta.eu/en/articles/2026/04/13/hungarys-change-of-government-wont-derail-russian-built-nuclear-plant-moscow-says-en-news
[14] https://tass.com/economy/2119875
[15] https://www.politico.eu/article/peter-magyar-hungary-election-brussels-ties-reset-eu-funding/
[16]https://www.theguardian.com/world/article/2024/jun/13/hungary-fined-over-treatment-of-asylum-seekers-in-unprecedented-breach-of-eu-law
[17]https://news.bloombergtax.com/daily-tax-report/new-hungarian-government-moves-on-wealth-tax-axing-trust-breaks
[18]https://news.bloombergtax.com/daily-tax-report/new-hungarian-government-moves-on-wealth-tax-axing-trust-breaks

funds sectors like rural telecom, green energy, green transit, and water infrastructure.[19] €10 billion will be unlocked in "Next Generation EU" funding, a bloc-wide pandemic recovery fund. These funds will flow to constructing childcare centers, buildings for higher education facilities, constructing affordable housing, and modernizing and building new suburban rail systems.[20]

Conclusion: Opportunities and Risks

Because the Orbán government was generally friendly to export-focused manufacturing FDI, the greatest opportunities likely to come to Hungary's economy are domestic industries freed from oligopolistic capture and those which can profit from EU-backed projects. Magyar and his party's parliamentary supermajority have acted quickly to make major reform of government structure and review policy to unlock capital from the European Union. If their liberalization efforts metastasize, Hungary's economy will benefit from greater confidence from corporate and government partners.

That said, capital markets do not take center stage in Tisza's economic plan. For the time being, the greatest visible opportunities of Magyar's election are long-term, the result of EU funding and integration, diminished monopoly power, and more predictable regulation.

Despite the Tisza party's momentum, Magyar faces an uphill battle. Oligarchs are attempting to move their wealth, along with themselves and their families, overseas. Structures of illiberalism put in place by the old regime will be difficult to remove: packed courts, centralized media regulations, control over education, and a diminishment of local governance. Hungary's illiberal structures will not vanish overnight, but there is evidence that the country is heading in the direction of free and fair markets, institutional regularity, and a more dependable model for investors.

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[19]https://commission.europa.eu/document/download/bd12d5bf-72c1-47ef-b617-2dba2b76b090_hu?filename=Elfogadott%20Partners%C3%A9gi%20Meg%C3%A1llapod%C3%A1s%2021-27.pdf
[20]https://reforms-investments.ec.europa.eu/document/download/5e622fa3-5a2a-4530-ae85-c162fb9be676_en?filename=SWD_2026_171_1_EN_autre_document_travail_service_part1_v3.pdf