

Comparative Democratic Health Check

Hungary, Slovakia, Poland — Trustee-Defensibility Framework for Nordic Pension Capital

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Executive Summary

This brief addresses the analytical question that activist Nordic pension capital is increasingly asked to defend in trustee-board settings: *why is the fund still positioned in country X*, where X is a member-state of the European Union whose democratic institutional trajectory has visibly diverged from the EU baseline. The cases of Hungary, Slovakia, and Poland are useful precisely because they sit inside the EU’s own institutional perimeter — the trustee-defensibility question cannot be answered with the standard emerging-markets political-risk framing, because the EU membership formally guarantees institutional baseline. The substantive question is whether the formal guarantee operates.

The DAEPOLIS finding across the three cases is structurally differentiated. Hungary has converted from democratic backsliding to stable competitive authoritarianism; the institutional configuration is now reproductive rather than transitional, and the analytical question is no longer “is it backsliding” but “is the EU’s institutional position-of-membership maintained.” Slovakia has entered an active backsliding phase under the Fico-led coalition since October 2023; the configuration is reminiscent of Hungary 2010–2014 in velocity and trajectory but is constrained by smaller institutional scale. Poland has entered an active reform phase under the Tusk-led coalition since December 2023; the institutional configuration is contested, with the post-PiS judicial architecture as the primary battleground.

The trustee-defensibility framework distinguishes three institutional postures: continued investment under explicit reasoning that the EU institutional architecture maintains baseline guarantee (the “EU membership is the floor” position); reduced or constrained investment with explicit reasoning that EU institutional architecture is being tested and the floor is not as firm as presumed (the “engagement-and-monitor” position); and active divestment with explicit reasoning that the case satisfies the fund’s exclusion-criteria framework (the “exclusion-decision” position). The brief does not recommend a posture; it provides the analytical material against which each posture can be defended in trustee-board terms.

Methodology Note

This brief operates DAEPOLIS Multi-Framework Mode 3 (Democratic Health Check), which integrates three frameworks for country-level institutional-trajectory assessment.

F10 — Contributive Justice Index. Ordinal scoring on three dimensions (Contributive Justice, Democratic Agency, Common Life), each on a five-band scale (ROBUST / STABLE / DETERIORATING / CRITICAL / COLLAPSED). The framework is method-versioned (CJI v1.0, April 2026) with a falsifiability test resolving 2027–2030.

F6 — Legal & Institutional. Assessment of judicial independence, prosecutorial autonomy, regulatory capture, and the structural conditions for rule-of-law operation. Operates the *Legal Theatre* concept: institutional architecture that performs accountability while operationally serving other ends.

F1 — Political Risk. Three-scenario distribution over a 24-month horizon with PHIA probability bands. For EU-internal cases, scenarios are scaled to institutional-trajectory questions rather than regime-change questions.

The integration of the three produces a finding that no single framework can: institutional trajectory as cross-sectional assessment.

The trustee-defensibility layer adds a fourth element specific to this brief: explicit articulation of the analytical material that supports each of the three trustee postures (continued, engagement-and-monitor, exclusion) in terms a pension-fund board can use defensibly.

Comparative Summary Table

DIMENSION	HUNGARY	SLOVAKIA	POLAND
F10 Democratic Agency	CRITICAL (stable)	DETERIORATING (rapid)	RECOVERING (contested)
F10 Common Life	DETERIORATING	DETERIORATING	DETERIORATING-RECOVERING
F10 Contributive Justice	DETERIORATING	STABLE	STABLE
F6 Judicial Independence	Captured (substantive)	Active capture	Contested reversal
F6 Prosecutorial Autonomy	Captured	Active capture	Active reform
F6 Press Freedom	Captured (substantive)	Active capture	Recovering
F1 24-month base case	Regime continuation	Continued backsliding	Reform delivery uncertain

The institutional configurations in the three countries are categorically different despite the surface similarity of “post-2015 EU democratic challenge.”

Hungary

The Hungarian institutional configuration under Viktor Orbán and Fidesz is now reproductive rather than transitional. The institutional architecture that was actively constructed 2010–2018 (judicial restructuring, media-ownership consolidation, electoral-system redesign, civil-society constraint, university restrictions) is now stabilised at a configuration that produces consistent electoral outcomes for Fidesz, structural advantages for Fidesz-aligned economic actors, and ongoing tension with EU institutional bodies that has been formalised through the Article 7 procedure and the Rule of Law Conditionality framework.

The analytical posture this requires is qualitatively different from “Hungary is backsliding.” Hungary has backslid; the institutional configuration is now operating as a stable competitive-authoritarian regime within EU formal architecture. The trustee-defensibility question is therefore about institutional reproduction rather than institutional transition.

F10 — CJI Scoring

CRITICAL on Democratic Agency, stable at CRITICAL. The democratic-process architecture exists formally — elections occur, parliamentary procedure operates, judicial review is available in form — but the institutional channels through which the electoral architecture could produce alternation, through which the parliamentary procedure could produce constraint, and through which judicial review could produce institutional protection, have been structurally reduced. The 2022 parliamentary election produced a Fidesz two-thirds majority on approximately 54% of the vote share through a combination of constituency redesign and media-environment asymmetry that compound across election cycles.

DETERIORATING on Common Life. The institutional infrastructure of shared public life — the press environment in which a shared factual basis for political discussion could form, the university system in which deliberative discourse could be cultivated, the civil-society sector in which alternative institutional articulations could develop — has been systematically reduced over the assessment decade. The CEU departure (2018), the privatisation of the previously-public university foundations under Fidesz-aligned trustees (2021–2023), the consolidation of regional media under KESMA (2018), and the foreign-funded civil-society legislation are individual elements of the same trajectory.

DETERIORATING on Contributive Justice. The Hungarian economic model since 2010 has emphasised dual-track development: dependence on Western European manufacturing investment for export-sector employment combined with redistribution patterns favouring Fidesz-aligned regional capital. The contributive-justice dimension — the meaningful participation of ordinary citizens in shaping the economic conditions of their lives — has narrowed.

F6 — Legal & Institutional

The Constitutional Court has been restructured through appointment-pattern over the 2010–2024 period such that the court’s institutional position is now Fidesz-aligned at composition level. The court continues to operate procedurally but the procedural operation produces outcomes within a narrow ideological band.

Judicial independence at lower-court level has been retained more substantively but the appointment, promotion, and assignment patterns under the Office of the National Judiciary have produced visible institutional constraint.

Prosecutorial autonomy is structurally absent. The Chief Prosecutor (Péter Polt, in office 2010–present) operates without meaningful institutional check; prosecution patterns track political-opposition activity and Fidesz-aligned actors asymmetrically.

Press freedom is substantively captured. The KESMA media consolidation, the public-broadcasting integration into Fidesz-aligned editorial direction, and the regional-press acquisition pattern have produced a press environment in which approximately 80% of the regional-media market by reach operates under Fidesz-aligned ownership.

F1 — Political Risk (24-month)

SCENARIO A — CONTINUED FIDESZ REPRODUCTION (PHIA: 70%)

Orbán continues; the 2026 parliamentary election cycle reproduces the post-2010 configuration; institutional architecture continues to operate at its current calibration; EU-level friction continues at current intensity without structural change. *Delta indicators: opposition coalition does not consolidate ahead of next electoral cycle; Article 7 procedure status unchanged; EU funds conditionality continues at current calibration.*

SCENARIO B — MAGYAR PÉTER INSURGENT TRAJECTORY (PHIA: 20%)

The Tisza party under Péter Magyar maintains or grows its current polling position (mid-2025 polling showed Tisza ahead of Fidesz in some surveys); the 2026 election cycle produces a meaningful opposition outcome below government but above the previous opposition baseline. The institutional architecture is tested at electoral level for the first time since 2010. *Delta indicators: Tisza polling stability above 35% sustained; opposition unification on candidate lists; Fidesz electoral-system adjustment announcements.*

SCENARIO C — ACUTE EU-HUNGARY STRESS (PHIA: 10%)

EU-Hungary institutional tension produces acute moment — full Article 7(2) determination, sustained EU funds withholding, or comparable institutional confrontation. *Delta indicators: ECJ rulings against Hungary on specific institutional matters; Council action under Article 7(2); accelerated EU-funds-conditionality intensification.*

Trustee-Defensibility Implications

Continued investment posture. Defensible on the reasoning that Hungary remains an EU member-state with formal institutional architecture intact, that the Hungarian-domiciled corporate exposure in pension portfolios is largely Western-European-headquartered manufacturing operations whose exposure to the F10 trajectory is operationally limited, and that EU-level institutional confrontation is the appropriate locus of correction rather than capital-allocation decisions. This posture is defensible but requires acknowledgement of CJI CRITICAL on Democratic Agency in the trustee documentation.

Engagement-and-monitor posture. Defensible on the reasoning that the institutional trajectory is now reproductive rather than transitional, that meaningful change requires either Scenario B or Scenario C resolution, and that explicit monitoring of named delta indicators is appropriate for the assessment cycle. This is the posture most consistent with the Bessing/AkademikerPension public framing on related cases.

Exclusion-decision posture. Defensible on the reasoning that the CJI CRITICAL Democratic Agency scoring, combined with the F6 captured-judicial-prosecutorial-press finding, satisfies the fund's structural-governance exclusion criteria for sovereign or sovereign-adjacent positions. The posture requires explicit articulation of which specific exposures qualify; portfolio-wide exclusion is rarely defensible but specific-instrument exclusion (sovereign bonds, state-owned enterprise exposure) is.

Slovakia

The Slovak institutional configuration under the Robert Fico-led coalition (Smer-SD, Hlas-SD, SNS) since October 2023 is the active-backsliding case in the cohort. The velocity of institutional change in the period October 2023–May 2026 has been comparable to Hungarian patterns 2010–2014, with the difference that Slovakia’s smaller institutional scale and EU positioning produce different constraint dynamics.

F10 — CJI Scoring

DETERIORATING on Democratic Agency, with the trajectory accelerating since the May 2024 election cycle. The institutional architecture remains formally intact but the operating configuration of media, judicial appointment, and civil-society space has been actively reconfigured. The post-October 2023 changes to RTVS (public broadcasting), the Special Prosecutor’s Office restructuring (early 2024), and the proposed NGO-restriction legislation under consideration in 2025–2026 are individual elements of an accelerating trajectory.

DETERIORATING on Common Life. The institutional infrastructure of shared public life — the press environment, the prosecutorial integrity following corruption investigations under the previous government, the civil-society sector — has been targeted directly by the coalition’s first-year programme.

STABLE on Contributive Justice. The Slovak economic structure has not undergone the dual-track reconfiguration observed in Hungary; the dimension is relatively preserved.

F6 — Legal & Institutional

The Special Prosecutor’s Office was abolished in early 2024 and its case files redistributed. The active corruption investigations into Smer-SD-aligned actors were materially affected. Judicial independence at appointment and case-allocation level has come under direct ministerial pressure. The judicial reform package proposed in 2024–2025 included structural changes to the Constitutional Court composition that were partly modified under domestic and EU pressure but not fully reversed.

Press freedom has deteriorated through changes to the public broadcaster (RTVS) governance, hostile rhetoric toward independent journalism from the Prime Minister, and changes to public-information access laws. The May 2024 assassination attempt against Fico altered the political environment in ways that have been used to justify further institutional adjustments.

F1 — Political Risk (24-month)

SCENARIO A — COALITION CONTINUES, BACKSLIDING ACCELERATES (PHIA: 55%)

The Fico coalition holds; the institutional changes accelerate through 2026–2027 election preparation; the trajectory continues toward Hungary-2014-equivalent configuration. *Delta indicators: NGO-restriction legislation passed; further Constitutional Court appointment changes; further RTVS governance changes; further opposition-figure prosecution.*

SCENARIO B — COALITION FRICTION SLOWS TRAJECTORY (PHIA: 30%)

Internal coalition friction between Smer-SD, Hlas-SD, and SNS produces slower velocity. Hlas-SD's centrist positioning produces friction with SNS's more aggressive trajectory. *Delta indicators: visible coalition-internal disputes on named legislation; Hlas-SD ministerial reshuffles; Pellegrini presidency-Fico governmental friction.*

SCENARIO C — EU INSTITUTIONAL CONFRONTATION (PHIA: 15%)

Direct EU institutional response — Article 7 procedure initiation, accelerated Rule of Law Conditionality, ECJ rulings on named institutional matters. *Delta indicators: European Commission infringement procedures on judicial independence; Article 7 initiation discussions; coordinated EU-member-state diplomatic pressure.*

Trustee-Defensibility Implications

Continued investment posture. Defensible with material qualification. The Slovak institutional trajectory is active-backsliding rather than reproductive; the trustee-defensibility argument requires explicit articulation of the position that EU institutional architecture is the appropriate locus of correction. The Slovak case is structurally weaker for continued-investment defensibility than the Hungarian case because the trajectory is current rather than past.

Engagement-and-monitor posture. Defensible as the analytical default; the institutional trajectory is precisely the variable that monitor-and-engage frameworks are designed to track. The named delta indicators provide observable resolution markers.

Exclusion-decision posture. Defensible on the reasoning that the active-backsliding trajectory, combined with the F6 active-capture finding on judicial and prosecutorial autonomy, exceeds the structural-governance threshold for fund-relevant exposure. The case is structurally stronger for exclusion-decision posture than Hungary because the trajectory is identifiable rather than stabilised.

Poland

The Polish institutional configuration under the Donald Tusk-led coalition (KO, Polska 2050, PSL, Lewica) since December 2023 is the active-reform case in the cohort. The institutional architecture inherited from the 2015–2023 PiS government is structurally contested; the post-PiS judicial architecture is the primary battleground, with the President Andrzej Duda (in office until August 2025) and the constitutional court composition functioning as PiS-aligned constraint on Tusk-government reform measures.

F10 — CJI Scoring

RECOVERING on Democratic Agency, with the recovery contested at institutional level. The electoral architecture has produced alternation; the press environment has been substantively reconfigured at the public-broadcasting level; the civil-society space has been operationally reopened. The institutional channels through which Democratic Agency operates are being reconstituted, with reversal of the PiS-era constraints proceeding faster on some dimensions than others.

DETERIORATING-RECOVERING on Common Life. The public-broadcasting situation has been actively reconfigured under the Tusk government's first-year programme; the press environment is recovering institutional diversity; the civil-society and academic sectors are recovering operational capacity. The institutional reconstitution is incomplete but the trajectory is reversed.

STABLE on Contributive Justice. The Polish economic structure has not been the primary site of post-2023 institutional reconfiguration; the dimension is relatively preserved across the institutional transition.

F6 — Legal & Institutional

The post-PiS judicial architecture is the primary contested institutional terrain. The Constitutional Court composition (with PiS-era appointments) remains structurally PiS-aligned and has produced repeated decisions constraining Tusk-government reform measures. The Supreme Court Chamber of Extraordinary Control and Public Affairs (created under PiS) has had its institutional position contested in ECJ proceedings. The National Council of the Judiciary (re-composed under PiS) has been the subject of reform proposals.

The institutional dynamic since December 2023 has produced an active institutional contest: government reform measures, presidential constraint (until August 2025), constitutional court intervention, and judicial-disciplinary friction. The August 2025 presidential election outcome (Karol Nawrocki, PiS-aligned, narrowly defeated Rafał Trzaskowski of KO) means that the institutional contest continues with the presidency continuing as PiS-aligned constraint.

F1 — Political Risk (24-month)

SCENARIO A — CONTINUED REFORM-CONSTRAINT DYNAMIC (PHIA: 60%)

The Tusk government continues; reform measures proceed where presidential-constraint and constitutional-court-constraint permit; the institutional contest continues at high intensity through the 2027 parliamentary election cycle. *Delta indicators: Constitutional Court rulings on named reform packages; presidential vetoes on government legislation; coalition-internal friction on reform velocity.*

SCENARIO B — PiS GOVERNMENT RETURN (PHIA: 25%)

The 2027 parliamentary election produces PiS-led government formation; the institutional reform trajectory reverses; the post-2023 reconfiguration is partially or wholly undone. *Delta indicators: PiS polling sustained recovery above current baseline; coalition-internal coordination friction on policy delivery; economic-condition deterioration affecting government performance.*

SCENARIO C — COALITION FRACTURE (PHIA: 15%)

The coalition (KO, Polska 2050, PSL, Lewica) experiences internal fracture; early elections; institutional trajectory uncertain. *Delta indicators: visible coalition-partner disputes on named policy areas; specific ministerial resignations; mid-term political-realignment activity.*

Trustee-Defensibility Implications

Continued investment posture. Defensible without material qualification on F10 trajectory grounds. The institutional trajectory is recovering rather than deteriorating; the trustee-defensibility argument is straightforward. The case is the strongest for continued-investment defensibility in the cohort.

Engagement-and-monitor posture. Defensible as standard governance discipline. The monitor element captures the contested reform trajectory; the engagement element is appropriately framed as active-positive engagement rather than concerned-monitoring.

Exclusion-decision posture. Not generally defensible at this point in the institutional trajectory. The exception is specific instruments tied to the residual PiS-era institutional architecture (specific state-owned enterprise positions where the management structure has not been reconfigured; specific bonds issued under previous-government conditions); these may warrant structural-governance treatment distinct from the general country position.

Cross-Country Implications

The three cases together produce an analytical finding that single-country assessment cannot: EU institutional architecture operates as constraint on backsliding but not as preventive against it. Hungary has reached competitive-authoritarian configuration within EU formal architecture. Slovakia has begun the comparable trajectory within EU formal architecture. Poland has reversed direction within EU formal architecture. The EU formal architecture is the constant; the institutional outcomes diverge.

The trustee-defensibility implication is structural: EU member-state membership is not in itself a sufficient basis for institutional-governance assessment of pension exposure. The cases demonstrate that the formal-architecture floor is firmer in some configurations than others, and that the floor's firmness is the variable that institutional-investor analysis must address directly.

For Nordic activist pension funds, the cohort provides an analytical baseline for European institutional-governance positioning that does not exist in the standard governance-indicator framework. AkademikerPension's public divestment-decision history on related cases is directly served by the DAEPOLIS Multi-Framework Mode 3 output produced here.

Tracked Predictions Register

ID	PREDICTION	PHIA	RESOLUTION	FALSIFIER
DHC-P1	Hungary 2026 parliamentary election produces continued Fidesz majority (with or without 2/3 supermajority)	70%	30 Apr 2026 (resolved soon after)	Tisza-led opposition forms government
DHC-P2	Slovakia institutional trajectory continues DETERIORATING through end-2027 (no observable reversal of structural changes)	75%	31 Dec 2027	F10 DA scoring upgrades or F6 structural reversal observable
DHC-P3	Poland Constitutional Court composition remains PiS-aligned through end-2027 (no successful structural reform of court composition)	80%	31 Dec 2027	Court composition reform passes and survives challenge
DHC-P4	At least one of {Hungary, Slovakia} faces EU institutional action of higher intensity than current state (Article 7(2) determination, accelerated funds withholding, or comparable) before end-2027	60%	31 Dec 2027	No such action initiated in window
DHC-P5	Nordic activist pension fund publishes structured exclusion-decision documentation citing F10-equivalent governance	55%	31 Dec 2027	No such documentation published in window

ID	PREDICTION	PHIA	RESOLUTION	FALSIFIER
	framework on at least one CEE case before end-2027			

Sources

Country-level sources are tracked at claim level in the DAEPOLIS canonical-claim ledger and available under Institution-tier client engagement. Primary categories used for this brief include: V-Dem Democracy Report 2026 and Liberal Democracy Index series; Bertelsmann Transformation Index 2026; European Commission Rule of Law Reports 2024–2026; European Parliament resolutions on Article 7 procedure; ECJ proceedings on judicial-independence and rule-of-law cases (relevant cycle); Helsinki Bizottság (Hungary), Stefan Batory Foundation and Helsińska Fundacja Praw Człowieka (Poland), Via Iuris and Memo 98 (Slovakia) civil-society monitoring reports; press coverage from FT, Politico Europe, Le Monde, Süddeutsche Zeitung, Hospodárske Noviny, HVG and Telex (Hungary), Gazeta Wyborcza and Onet (Poland), Denník N and Sme (Slovakia); academic and think-tank analysis from Bruegel, ECFR, Carnegie Europe, the Centre for European Reform, and the LSE European Institute. All claims sourced at the level required for trustee-defensibility documentation.

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