

DURESS PROBLEMS IN THE FIGHT AGAINST CORRUPTION: A CASE STUDY FROM KOZENY-SOCAR AND ITS CONTEXTUALIZATION IN HUNGARIAN GOVERNANCE

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Abstract

This paper examines the complex relationship between duress and anti-corruption efforts through an analysis of the Kozeny-Socar case and its parallels within Hungary's governance framework. By investigating how pressure mechanisms affect institutional responses to corruption, this research identifies systemic vulnerabilities that can compromise anti-corruption initiatives. The Kozeny-Socar case serves as a foundation for understanding how economic and political duress creates environments where corruption can flourish despite formal anti-corruption frameworks. The Hungarian context provides a contemporary European example where similar dynamics manifest in governance structures. This paper contributes to the literature by conceptualizing duress as both an enabler of corruption and an impediment to anti-corruption efforts, offering policy recommendations for strengthening institutional resilience against corruption under conditions of duress.

Keywords: *corruption, duress, governance, institutional resilience, Hungary, Kozeny-Socar case.*

1. Introduction

Corruption remains one of the most persistent challenges to good governance, economic development, and social equity worldwide. While much scholarly attention has focused on the technical aspects of anti-corruption measures, including legislative frameworks, enforcement mechanisms, and institutional design, less attention has been paid to the psychological and structural dynamics that can undermine these efforts.¹ Among these dynamics, duress—defined here as pressure exerted on individuals or institutions that compels actions contrary to established norms, laws, or ethical principles—represents a significant yet understudied factor.

The concept of duress in anti-corruption efforts encompasses multiple dimensions: political pressure on judicial bodies, economic coercion of regulatory authorities, threats to personal or professional security of anti-corruption officials, and systemic intimidation of whistleblowers and witnesses.² These pressures can effectively neutralize even well-designed anti-corruption frameworks, creating what this paper terms ‘implementation gaps’ between formal anti-corruption structures and their practical effectiveness.

This paper examines these dynamics through a detailed analysis of the Kozeny-Socar case, which involved allegations of corruption in Azerbaijan's oil privatization

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¹ Rose-Ackerman and Palifka, *Corruption and Government*, 2016.

² Mungiu-Pippidi, *The Quest for Good Governance*, 2015.

process. Victor Kozeny, known as the ‘Pirate of Prague,’ orchestrated investments in Azerbaijan’s state oil company SOCAR, allegedly through bribery and fraudulent means.³ The case provides a rich illustration of how duress operates at multiple levels to facilitate corruption and impede accountability efforts.

The research then contextualizes these findings within Hungary’s governance framework, examining how similar dynamics of duress may manifest in a European Union member state. Hungary presents a particularly relevant case study due to its significant shifts in governance approaches to corruption over the past decade, including controversial reforms to judicial independence and public procurement systems.⁴

By bridging these two contexts—an international corruption case and a national governance system—this paper aims to develop a more nuanced understanding of how duress operates across different settings to undermine anti-corruption efforts. The paper concludes with recommendations for strengthening institutional resilience against corruption under conditions of duress, contributing to both scholarly understanding and practical anti-corruption strategies.

2. THEORETICAL FRAMEWORK: DURESS IN ANTI-CORRUPTION CONTEXTS

2.1 Conceptualizing Duress in Governance

In governance contexts, duress extends beyond its conventional legal definition to

encompass various forms of pressure that compromise institutional integrity and individual agency. Theoretical perspectives from institutional economics, political science, and legal studies offer complementary frameworks for understanding how duress operates within governance systems.

North’s institutional theory provides a foundation for understanding how formal and informal constraints shape human interaction.⁵ Within this framework, duress can be conceptualized as an informal constraint that alters the incentive structures governing institutional performance. When officials face duress, the expected utility of adhering to formal rules diminishes compared to the perceived benefits of compliance with external pressure. This creates what Hellman, Jones, and Kaufmann describe as ‘administrative corruption,’ where public officials distort the implementation of laws and policies.⁶

Political science perspectives, particularly those related to democratic backsliding and state capture, offer additional insights. Levitsky and Ziblatt’s work on democratic erosion highlights how pressure on key democratic institutions can undermine accountability mechanisms incrementally, often while maintaining façades of democratic procedure.⁷ Similarly, Wedel’s concept of ‘flex organizations’ describes how informal networks can exert pressure on formal institutions, creating parallel systems of governance that facilitate corruption.⁸

Legal scholarship on judicial independence and prosecutorial discretion further illuminates how duress affects anti-

³ Hilzenrath, Bourke Convicted of Bribery-Related Charges in Azerbaijan Case, 2009.

⁴ Bozoki – Hegedus, 2018, 1176 --1178.

⁵ North 1990, 36-45.

⁶ Hellman – Jones -Kaufmann, 2003, 753-756.

⁷ Levitsky – Ziblatt 2018, 75 - 92.

⁸ Wedel 2009, 45 - 72.

corruption efforts. As Gloppen argues, judicial autonomy exists along a continuum and can be compromised through various mechanisms, including threats to tenure, resource manipulation, and case reassignment.⁹ These pressures diminish the judiciary's capacity to serve as an effective check on corruption.

2.2 Typology of Duress in Anti-Corruption Efforts

Building on these theoretical foundations, this paper proposes a typology of duress in anti-corruption contexts that is particularly relevant to understanding the Hungarian governance situation. Political duress emerges as a central concern in the Hungarian context, manifesting through concentrated authority that can threaten institutional autonomy. The gradual centralization of power within Hungary's governance structure has created conditions where political pressure can be exerted through budget manipulation, strategic personnel appointments, and institutional reorganizations that affect anti-corruption bodies.¹⁰ As Agh argues, the 2012 constitutional reforms and subsequent legislative changes transformed Hungary's institutional landscape in ways that concentrated decision-making authority, creating enhanced potential for political duress on accountability mechanisms.¹¹ Scholars have documented how the increasing centralization of authority has enabled direct and indirect political pressure on formerly independent bodies, creating

what Sedelmeier terms 'backsliding' in governance standards.¹²

Economic duress operates in parallel to political pressure within Hungarian governance, functioning through financial dependencies that can compromise institutional independence. The management of European Union funds represents a key vector for economic duress in Hungary, where allocation decisions carry significant financial implications for municipalities, institutions, and private sector entities.¹³ The preferential treatment in procurement decisions, differential access to state subsidies, and targeted tax enforcement create economic incentives that can undermine anti-corruption efforts. Szente notes that the interconnection between political loyalty and economic opportunity establishes conditions where economic pressure can effectively neutralize formal anti-corruption protections.¹⁴ The concentration of economic decision-making creates what Kovacs terms a 'patronal' system where economic dependencies facilitate political control.¹⁵

Legal duress within Hungary's governance framework operates through manipulation of legal processes and strategic legislative modifications. The reform of judicial governance structures, procedural changes in administrative courts, and amendments to information access laws collectively create a legal environment where anti-corruption mechanisms can be formally maintained while their effective operation is compromised.¹⁶ Research by the Helsinki Committee documents how selective enforcement patterns and

⁹ Gloppen 2014, 70 - 73.

¹⁰ Kornai 2015, 36 - 40.

¹¹ Agh 2016, 279 - 282.

¹² Sedelmeier 2014, 109 - 114.

¹³ Fazekas - Toth - King 2016, 370 - 378.

¹⁴ Szente 2017, 416 - 465.

¹⁵ Kovacs 2019, 87 - 102.

¹⁶ Helsinki Committee 2019, 14 - 23.

jurisdictional complications add further dimensions to legal duress, creating uncertainty that discourages robust anti-corruption initiatives.¹⁷ Sonnevend observes that the Hungarian legal framework has evolved in ways that maintain formal compliance with European standards while creating procedural obstacles to substantive accountability.¹⁸ This creates what Sajo characterizes as ‘rule by law’ rather than ‘rule of law,’ where legal procedures become instruments of power rather than constraints upon it.¹⁹

Social duress represents a more subtle but equally significant pressure dimension in Hungarian anti-corruption contexts. The professional networks that govern career advancement, the social costs of challenging established authority, and the reputational risks associated with corruption allegations create informal pressure mechanisms that operate alongside formal institutions.²⁰ In Hungary’s relatively small professional communities, social isolation and reputational damage represent significant threats that can deter anti-corruption efforts independently of formal sanctions. Research by Jancsics documents how the interconnection between professional advancement and political alignment creates conditions where social pressure effectively reinforces other duress forms.²¹ This creates what Scheiring terms ‘loyalty cascades’ where professional success becomes contingent on political compliance.²²

Physical duress, while less prevalent than other forms, nonetheless represents a concerning dimension in anti-corruption contexts. While Hungary has not

experienced systematic violence against anti-corruption officials, more subtle forms of intimidation—including surveillance, implicit threats, and harassment—create personal security concerns that can compromise anti-corruption efforts.²³ These multiple duress forms operate simultaneously within Hungarian governance, creating synergistic pressure systems that can effectively neutralize anti-corruption initiatives while maintaining the appearance of functional accountability mechanisms. As Innes argues, the combination of these pressure dimensions creates a comprehensive control system that maintains democratic appearances while compromising democratic substance.²⁴ The following sections examine how these dynamics manifested in the Kozeny-Socar case and their parallels in Hungarian governance.

3. THE KOZENY-SOCAR CASE: CORRUPTION AND DURESS IN AZERBAIJANI PRIVATIZATION

3.1 Historical Context and Case Overview

The collapse of the Soviet Union in 1991 precipitated rapid privatization processes across former Soviet republics,

¹⁷ *Ibid.*, 24 -36.

¹⁸ Sonnevend 2017, 28 -34.

¹⁹ Sajo 2021, 118 - 125.

²⁰ Magyar 2016, 132 - 145.

²¹ Jancsics 2017, 8 -15.

²² Scheiring 2020, 201 - 212.

²³ HCLU 2022, 45 - 49.

²⁴ Innes 2014, 93 - 98.

creating conditions ripe for corruption.²⁵ Azerbaijan's oil wealth made its privatization particularly lucrative, attracting international investors seeking to capitalize on the country's transition to a market economy.

Victor Kozeny, a Czech-born financier who had previously orchestrated controversial privatization schemes in the Czech Republic, turned his attention to Azerbaijan in the mid-1990s. Through his company, Oily Rock Group Ltd., Kozeny organized a consortium of investors to participate in the privatization of SOCAR, Azerbaijan's state oil company.²⁶ Kozeny allegedly promised investors, including major American financial institutions, returns of up to 1000% on their investments.

The investment scheme involved purchasing privatization vouchers and options that would allegedly convert to SOCAR shares. However, the privatization structure changed, and the anticipated conversion never occurred. American investors lost approximately \$180 million, leading to multiple legal proceedings in various jurisdictions, including criminal charges under the Foreign Corrupt Practices Act (FCPA) in the United States.²⁷

Prosecutors alleged that Kozeny orchestrated bribes totaling \$11 million to Azerbaijani officials, including gifts, cash payments, and promises of future profits. The case became one of the most significant FCPA prosecutions of its time, highlighting the challenges of combating transnational corruption.

3.2 Manifestations of Duress in the Case

The Kozeny-Socar case exemplifies multiple forms of duress that facilitated corruption and impeded accountability:

3.2.1 Economic Duress

Azerbaijan's post-Soviet economic vulnerability created conditions where foreign investment carried significant leverage. The country's dependence on oil revenues made SOCAR's privatization politically sensitive, creating pressure on officials to accommodate investor interests. Economic advisors from international financial institutions reportedly emphasized the importance of attracting foreign capital, potentially creating pressure to overlook irregularities in the privatization process.²⁸

For individual officials, economic duress operated through both inducements and threats. Kozeny allegedly offered officials equity stakes in the investment consortium, creating financial dependencies that compromised their judgment. Simultaneously, the economic disparities between western investors and local officials created implicit pressure, as rejection of 'facilitation payments' could mean forgoing amounts that significantly exceeded official salaries.²⁹

3.2.2 Political Duress

The case unfolded against a backdrop of political transition in Azerbaijan, where power consolidation remained incomplete. Officials faced pressure from competing

²⁵ BENEDEK, Wolfgang – DIEHL, Sarah (2020): Shrinking Spaces for Civil Society in Hungary. Challenging the EU's Claim to Promote Democracy. *Human Rights and International Legal Discourse*, Vol. 14, No. 1. 54–70. DOI: <https://doi.org/10.1080/13642987.2020.1773442>

²⁶ Matthews 2009.

²⁷ *United States v. Bourke*, 667 F.3d 122 (2nd Cir. 2011).

²⁸ Adams 2005: 130-132.

²⁹ Testimony of Thomas Farrel, *United States v. Bourke*, 667 F.3d 122 (2nd Cir. 2011).

political factions, with privatization decisions becoming proxies for broader political contests. Witnesses in subsequent legal proceedings described an atmosphere where privatization decisions were understood to require political protection, creating networks of obligation that compromised regulatory independence.³⁰

International political considerations also generated duress. Azerbaijan's strategic importance to Western governments, particularly regarding energy security and regional stability, allegedly moderated diplomatic pressure regarding corruption allegations. This created what anti-corruption scholars term 'isomorphic mimicry,' where countries adopt formal anti-corruption measures while practical enforcement remains selective.³¹

3.2.3 Legal Duress

The legal dimensions of duress appeared most prominently in the aftermath of the scheme's collapse. Witnesses in subsequent proceedings reported intimidation, including threats to business interests and visa complications for those who cooperated with international investigations. The Azerbaijani legal system's handling of corruption allegations reflected selective enforcement patterns, with cases advancing or stalling based on political considerations rather than evidence.³²

The transnational nature of the case created jurisdictional complexities that facilitated legal forms of duress. Kozeny himself eventually took residence in the Bahamas, successfully fighting extradition

for years by exploiting differences in legal definitions of corruption across jurisdictions.³³ This jurisdictional arbitrage represents a form of structural duress within the international anti-corruption framework, where enforcement gaps create safe havens for alleged perpetrators.

3.3 Outcomes and Implications

The legal outcomes of the Kozeny-Socar case illustrate how duress undermines anti-corruption efforts. While U.S. prosecutors secured convictions against some participants, including investment executive Frederic Bourke, Kozeny himself never stood trial in the United States. Azerbaijan's own accountability mechanisms produced few tangible results, with implicated officials largely maintaining their positions.³⁴

The case generated significant legal precedent regarding the 'knowing' standard in FCPA cases, with courts establishing that 'conscious avoidance' of knowledge regarding corruption could constitute a violation.³⁵ However, the practical impact on Azerbaijani governance practices appears limited, illustrating how international legal proceedings, while symbolically important, may have limited reformative impact on governance systems where duress pervades institutional functions.

³⁰ Henriques 2009.

³¹ Andrews – Pritchett – Wollcock 2017:98 - 100.

³² *In re Extradition of Kozeny*, 299 F. Supp 2d 255 (S.D.N.Y. 2004).

³³ *United States v. Kozeny*, 582 F. Supp. 2d 535 (S.D.N.Y 2008).

³⁴ Hilzenrath 2009.

³⁵ *United States v. Bourke*, 667 F.3d 122 (2d Cir. 2011).

4. CONTEXTUALIZING DURESS: CORRUPTION CHALLENGES IN HUNGARIAN GOVERNANCE

4.1 Historical Evolution of Anti-Corruption Frameworks in Hungary

Hungary's anti-corruption framework has evolved through distinct phases since its democratic transition in 1989. The initial post-communist period (1989-2004) focused on establishing basic democratic institutions and market economy structures, with anti-corruption efforts primarily driven by EU accession requirements.³⁶ This period saw the establishment of formal anti-corruption mechanisms, including conflict of interest laws, financial disclosure requirements, and specialized anti-corruption units within law enforcement.

The EU membership period (2004-2010) brought increased emphasis on harmonization with European governance standards. Hungary implemented additional anti-corruption measures, including whistleblower protection legislation, procurement transparency requirements, and strengthened auditing mechanisms.³⁷ These reforms established a relatively comprehensive formal anti-corruption framework aligned with European standards.

Since 2010, Hungary has undergone significant governance changes under the Fidesz government led by Viktor Orban. This period has seen controversial constitutional and institutional reforms that critics argue have weakened checks and balances while centralizing authority.³⁸ Anti-corruption policies during this period have

emphasized administrative efficiency and technological solutions while reducing institutional autonomy in key oversight areas, including the judiciary and media.³⁹

4.2 Manifestations of Duress in Hungarian Anti-Corruption Efforts

4.2.1 Political Duress: Institutional Autonomy and Independence

Political pressure on anti-corruption institutions in Hungary operates through multiple mechanisms that parallel dynamics observed in the Kozeny-Socar case. The European Commission's Rule of Law reports have highlighted concerns regarding the independence of Hungary's judiciary, noting that the National Judicial Council has 'limited powers to counterbalance the powers of the President of the National Office for the Judiciary.'⁴⁰ This institutional arrangement creates potential for political pressure on corruption-related cases.

The prosecution service has faced similar concerns regarding its institutional independence. Unlike many EU member states, Hungary's Prosecutor General is not subject to effective political oversight, creating what critics describe as accountability gaps.⁴¹ Reports from legal practitioners indicate informal pressure on case selection and prioritization, with politically sensitive corruption investigations allegedly receiving differential treatment.⁴²

Media independence, crucial for exposing corruption, has declined according to international assessments. The Media

³⁶ Meyer – Sahling 2011:235 - 240.

³⁷ Meyer – Sahling – Varga 2018:130 - 134.

³⁸ Kornai 2015: 35 - 42.

³⁹ Bajomi – Lazar 2019: 622 - 625.

⁴⁰ European Commission 2023: 5 -7.

⁴¹ Venice Commission 2012: 14 - 18.

⁴² Ligeti 2019: 12 - 15.

Freedom Rapid Response mechanism has documented patterns of regulatory pressure, economic coercion through advertising allocation, and ownership concentration that compromise investigative reporting on corruption issues.⁴³ These pressures represent a form of structural duress that limits public accountability for corruption.

4.2.2 Economic Duress: Public Procurement and EU Funds

Economic forms of duress in Hungary emerge most visibly in public procurement practices, particularly those involving European Union funds. The European Anti-Fraud Office (OLAF) has consistently identified Hungary as having among the highest irregularity rates in EU fund utilization.⁴⁴ Analysis of procurement patterns reveals systematic biases, with companies connected to government figures receiving disproportionate shares of contracts, often with limited competition.⁴⁵

The economic dependency created by EU funds (approximately 4% of GDP annually) creates a complex duress dynamic.⁴⁶ On one hand, fund administration creates opportunities for preferential allocation that can be used to reward political loyalty and punish dissent. On the other hand, potential suspension of funds represents external pressure that has occasionally moderated governance practices.

For businesses, economic duress operates through both inducements and threats. Companies report informal expectations of political contributions or

subcontracting to specific firms to secure government contracts.⁴⁷ Those who resist such expectations describe patterns of administrative obstacles, tax audits, and regulatory scrutiny that parallel the pressure mechanisms observed in the Kozeny-Socar case.

4.2.3 Legal Duress: Selective Enforcement and Procedural Obstacles

Legal forms of duress in Hungarian anti-corruption efforts manifest through selective enforcement patterns and procedural complexities. Transparency International's analysis of corruption prosecutions in Hungary identifies significant disparities in case progression based on political sensitivity.⁴⁸ High-level corruption allegations involving government-connected individuals typically face procedural delays, jurisdictional complications, or narrow investigative scopes that limit accountability.

The legal framework itself has evolved in ways that create structural duress. Legislative changes have narrowed the definition of corruption offenses, restricted standing for public interest litigation, and limited access to information, creating what legal scholars term 'legalized corruption'—practices that while technically legal, violate governance norms.⁴⁹ These reforms create legal obstacles to accountability while maintaining formal compliance with anti-corruption requirements.

Whistleblower protection, crucial for corruption detection, remains weak in practice despite formal legislative

⁴³ Media Freedom Rapid Response 2022: 8 - 12.

⁴⁴ European Anti-Fraud Office 2023: 24 - 26.

⁴⁵ Fazekas – Toth 2016: 325 - 330.

⁴⁶ European Commission 2022b:126 - 128.

⁴⁷ Transparency International Hungary 2021: 18 - 22.

⁴⁸ K-Monitor 2021: 33 - 38.

⁴⁹ Kaufmann – Vicente 2011: 199 - 205.

provisions. Those who report corruption face professional retaliation, social ostracism, and in some cases, legal counteractions.⁵⁰ This creates a chilling effect that parallels the witness intimidation observed in the Kozeny-Socar case.

4.3 Comparative Analysis: Parallels with the Kozeny-Socar Case

The Hungarian context reveals striking parallels with the pressure dynamics identified in the Kozeny-Socar case, despite the different political systems and historical contexts. Both cases illustrate how duress operates through networked relationships rather than isolated incidents, creating systems where formal rules and informal practices diverge significantly.

In both contexts, economic dependencies create leverage that compromises institutional independence. In the Kozeny case, this operated through Azerbaijan's oil-dependent economy and individual financial inducements. In Hungary, EU funds and public procurement create similar dependency structures that generate compliance pressure.

Political duress manifests in both cases through centralized authority with limited accountability mechanisms. The manipulation of institutional appointments, resource allocations, and regulatory frameworks serves similar functions across these different contexts, illustrating how pressure on anti-corruption efforts transcends specific political systems.

Legal duress operates in both contexts through procedural complexity and selective enforcement. The exploitation of jurisdictional boundaries in the Kozeny case parallels Hungary's legal reforms that create procedural obstacles to corruption

investigations. Both illustrate how legal systems can be manipulated to provide a façade of accountability while undermining substantive anti-corruption efforts.

The comparative analysis suggests that duress in anti-corruption efforts follows similar patterns across diverse contexts, operating through networks that blur public and private interests. This networked nature makes duress particularly resistant to traditional accountability mechanisms, which typically presume clearer boundaries between public and private spheres.

5. THEORETICAL IMPLICATIONS: UNDERSTANDING DURESS IN ANTI-CORRUPTION FRAMEWORKS

5.1 The Network Theory of Duress in Hungarian Governance

The analysis of the Kozeny-Socar case and Hungarian governance reveals patterns that suggest a network theory of duress in anti-corruption contexts, with particular relevance to Hungary's institutional evolution. This theoretical framework conceptualizes duress not as isolated incidents of pressure but as interconnected systems that operate across institutional boundaries and hierarchies, a pattern clearly evident in Hungary's governance structure since 2010.⁵¹ Scholars like Szelenyi and Csillag have documented how duress functions as a networked phenomenon that integrates formal and informal governance mechanisms in ways that compromise anti-corruption effectiveness while maintaining institutional facades.⁵² This networked nature of duress helps explain why formal compliance with international standards has

⁵⁰ Kallay 2021: 240 - 245.

⁵¹ Varnagy 2020:372 - 378.

⁵² Csillag -Szelenyi 2015:25 - 30.

not prevented substantial corruption vulnerabilities in the Hungarian context.⁵³

Resource dependencies constitute a primary mechanism through which duress operates within Hungary's governance networks. The centralized control over critical resources—ranging from European Union funds to domestic budget allocations and media advertising revenues—creates leverage points that can be deployed to compromise anti-corruption efforts throughout Hungary's institutional landscape.⁵⁴ These dependencies operate both formally, through official budget allocations to ostensibly independent institutions such as the judiciary and regulatory agencies, and informally, through preferential access to state contracts and subsidies. As Scheiring documents, the management of EU funds, which constitute approximately 4% of Hungary's GDP annually, represents a particularly significant resource dependency that creates duress potential throughout the governance system.⁵⁵ Research by Fazekas and colleagues identifies how local governments, educational institutions, and civil society organizations dependent on centrally allocated resources face implicit pressure that compromises their capacity to support anti-corruption initiatives.⁵⁶ This resource-based duress has gradually transformed Hungary's institutional landscape, creating compliance incentives that affect both public and private sector behavior. Innes and Kovács note that these resource dependencies create what they term 'vertical networks of dependence' that facilitate

systemic control while maintaining formal institutional autonomy.⁵⁷

Reciprocity obligations emerge as a second critical mechanism through which duress operates within Hungary's governance networks. The integrated systems of favors and obligations that characterize Hungary's public-private relationships create pressure for compliance with established practices that may facilitate corruption.⁵⁸ These reciprocity networks blur the boundaries between public and private interests, making traditional conflict of interest frameworks insufficient for addressing the resulting governance challenges. Within Hungary's procurement system, for example, Toth and Hajdu document how the informal expectations of political loyalty in exchange for contract opportunities create reciprocity obligations that compromise procedural integrity.⁵⁹ Similarly, Jancsics observes that appointment patterns within regulatory agencies establish personal obligations that influence subsequent oversight decisions.⁶⁰ These reciprocity networks have expanded significantly within Hungary's governance system, creating duress through expectations of mutual support that transcend formal accountability mechanisms. As Magyar argues, these networks create what he terms a 'relational economy' where transaction decisions depend on loyalty and connections rather than impartial criteria.⁶¹

Information asymmetries constitute a third mechanism through which duress operates within Hungary's governance networks. Differential access to

⁵³ Bozoki – Hegedus 2018: 1180 - 1185.

⁵⁴ Czibik – Fazekas – Toth 2020: 610 - 615.

⁵⁵ Scheiring 2020: 215 - 220.

⁵⁶ Fazekas 2022: 350 - 335.

⁵⁷ Innes – Kovacs 2018: 95 - 102.

⁵⁸ Martin – Ligeti – Bardos 2022: 138 - 142.

⁵⁹ Hadju – Papay – Toth 2018:45 - 50.

⁶⁰ Jancsics 2017:15 - 18.

⁶¹ Magyar 2019: 110 - 115.

information—particularly regarding regulatory decisions, procurement opportunities, and investigation priorities—creates vulnerability to pressure throughout the governance system. Those with privileged information can selectively disclose or withhold it to influence anti-corruption proceedings, creating informational duress that compromises accountability. Research by the K-Monitor documents how the decline in transparency regarding state asset management, public procurement decisions, and regulatory proceedings has enhanced information asymmetries within Hungary's governance system that create duress by enabling strategic information management that protects connected interests while maintaining formal compliance with disclosure requirements.⁶² The reduced independence of Hungary's media has further exacerbated these informational asymmetries, limiting the public dissemination of corruption-related information and enhancing the effectiveness of informational duress. As Bajomi-Lazar details, the concentration of media ownership has created information monopolies that facilitate selective disclosure patterns.⁶³

These mechanisms operate synergistically across the typology of duress forms identified earlier (political, economic, legal, social, and physical), creating integrated pressure systems within Hungary's governance networks. Research by the Hungarian Civil Liberties Union documents how these pressure dimensions reinforce each other, creating comprehensive control systems that preserve formal institutional facades while compromising

substantive independence.⁶⁴ The networked nature of duress in Hungary explains why formal anti-corruption reforms have often yielded disappointing results—they target individual pressure points rather than addressing the interconnected networks that integrate these pressure mechanisms. Hungary's experience illustrates how anti-corruption initiatives focused on technical compliance with international standards may prove insufficient when duress operates through networked relationships that transcend formal institutional boundaries. As Bozoki and Hegedus argue, this network theory of duress offers a framework for understanding the persistence of corruption vulnerabilities despite Hungary's relatively comprehensive formal anti-corruption framework.⁶⁵

5.2 Duress and Institutional Resilience in the Hungarian Context

The case studies of Hungary's governance evolution suggest that institutional resilience against corruption depends significantly on resistance to duress. Traditional anti-corruption approaches emphasize transparency, accountability, and enforcement but may underestimate the importance of institutional autonomy and capacity to withstand pressure—a particularly relevant consideration in Hungary's current institutional landscape.⁶⁶

Within Hungary, institutions that have demonstrated greater resistance to corruption-enabling duress share important characteristics that offer insights for institutional design. The Constitutional Court during its earlier period of independence exemplified the importance of

⁶² K-Monitor 2021: 40 -43.

⁶³ Bajomi-Lazar – Horvath 2021: 10-15.

⁶⁴ HCLU 2022: 50 - 55.

⁶⁵ Bozoki – Hegedus 2018: 1185-1190.

⁶⁶ Voros 2015: 180 - 185.

multiple accountability vectors in resisting political pressure.⁶⁷ By maintaining diverse accountability relationships—including independent appointment mechanisms, international judicial networks, and public legitimacy—the Court initially demonstrated enhanced capacity to withstand centralized pressure. Uitz documents how, as institutional reforms gradually reduced these multiple accountability connections, the Court's vulnerability to duress increased correspondingly.⁶⁸ This pattern suggests that Hungary's anti-corruption institutions would benefit from diversified accountability relationships that prevent pressure from being channeled through single control points. Pech and Scheppele argue that this institutional resilience factor has been systematically weakened through governance reforms that concentrate accountability vectors.⁶⁹

Professional insulation represents another critical dimension of institutional resilience that has proven particularly relevant in Hungary's judicial and civil service contexts. The career protection mechanisms that once insulated professional civil servants from arbitrary removal have been systematically weakened through administrative reforms, creating heightened vulnerability to duress.⁷⁰ Hajnal observes that where professional standards and career protection remain stronger, as in certain technical agencies with European institutional connections, resistance to corruption-enabling pressure appears more robust.⁷¹ The gradual erosion of professional autonomy across Hungary's governance

institutions illustrates how career insecurity can function as a duress mechanism that compromises anti-corruption effectiveness. Research by Varnagy documents how the restructuring of public administration has created increased dependency on political patrons for career advancement, reinforcing compliance with informal governance norms that may facilitate corruption.⁷²

Resource independence emerges as a third critical resilience factor with particular relevance to Hungary's governance structure. Institutions with dedicated funding streams and operational autonomy have demonstrated enhanced capacity to resist economic forms of duress.⁷³ The Hungarian State Audit Office's relative operational independence during certain periods illustrates how financial autonomy can strengthen institutional resistance to pressure. However, as Ligeti documents, increasing budgetary centralization across Hungary's governance system has created expanded opportunities for resource-based duress, highlighting the importance of financial independence for effective anti-corruption functions.⁷⁴ Voros notes that financial pressures operate as subtle control mechanisms that preserve formal institutional independence while compromising operational autonomy through budgetary constraints and resource dependencies.⁷⁵

Normative cohesion within institutions provides a final critical resilience dimension evident in Hungary's institutional landscape. Organizations with strong internal ethical frameworks and professional cultures

⁶⁷ Fleck 2017: 800 - 810.

⁶⁸ Uitz 2019: 8-12.

⁶⁹ Pech – Scheppele 2017: 15-20.

⁷⁰ Meyer-Sahling 2011: 245-250.

⁷¹ Hajnal 2020: 190-195.

⁷² Varnagy 2020: 380 - 385.

⁷³ Ligeti 2019: 18-22.

⁷⁴ Voros 2015:190 - 195.

⁷⁵ Makai – Peto 2021: 25 -30.

demonstrate enhanced resistance to informal pressure.⁷⁶ Within Hungary's judicial system, Fleck observes that courts with stronger collegial governance and established ethical traditions have shown greater resistance to duress than more isolated or recently established units.⁷⁷ This pattern suggests that anti-corruption reforms should prioritize ethical cohesion alongside formal rules, recognizing that normative frameworks often determine institutional responses to pressure. Research by the Hungarian judges' association documents how professional identity and collective ethical commitment provide important protection against individualized pressure that might otherwise compromise judicial independence in corruption-related proceedings.⁷⁸

These characteristics of institutional resilience suggest that Hungary's anti-corruption reforms should prioritize resistance to duress alongside traditional transparency and accountability mechanisms. By focusing on institutional capacity to withstand pressure rather than merely formal compliance with anti-corruption standards, reforms could address the underlying vulnerabilities that have compromised previous anti-corruption initiatives in the Hungarian context.⁷⁹ As Meyer-Sahling argues, superficial institutional modifications without corresponding resilience-building measures have consistently failed to deliver substantive anti-corruption results in the Hungarian context.⁸⁰ The following section explores practical applications of these

theoretical insights to Hungary's governance challenges.

6. POLICY IMPLICATIONS: STRENGTHENING ANTI- CORRUPTION EFFORTS AGAINST DURESS

6.1 Institutional Design Principles for Hungarian Governance

The analysis of duress in the Kozeny-Socar case and Hungarian governance suggests several institutional design principles particularly relevant to strengthening anti-corruption efforts within Hungary's specific governance context. The principle of distributed authority structures emerges as especially critical in Hungary's increasingly centralized institutional landscape. Scholars like Muller have documented how Hungary's post-2010 governance model has concentrated authority within unified command structures, creating singular pressure points that facilitate duress.⁸¹ Re-establishing distributed authority, particularly within anti-corruption functions, would create institutional redundancy that complicates pressure efforts. Within Hungary's investigative and prosecutorial systems, Meyer-Sahling and Varga argue that overlapping jurisdictional competencies among multiple bodies—potentially including specialized anti-corruption units with independent leadership—would reduce vulnerability to centralized duress while maintaining operational coordination.⁸² Research by the Hungarian Helsinki

⁷⁶ Fleck 2017: 820 -825.

⁷⁷ Makai – Peto 2021: 35 - 40.

⁷⁸ Muller 2013: 140 - 145.

⁷⁹ Kelemen 2020: 485 - 490.

⁸⁰ Meyer-Sahling – Varga 2018: 135-140.

⁸¹ Muller 2013: 140 - 145.

⁸² Meyer-Sahling – Varga 2018: 135-140.

Committee demonstrates how centralized authority structures have facilitated targeted pressure on corruption investigations involving politically connected figures.⁸³

The insulation of career pathways represents a second critical design principle for Hungary's anti-corruption institutions. Hajnal documents how the professional advancement systems within Hungary's civil service and judiciary have become increasingly vulnerable to political influence, creating career-dependent pressure points that facilitate duress.⁸⁴ Establishing merit-based advancement mechanisms with transparent criteria and multi-stakeholder oversight would strengthen professional autonomy among anti-corruption officials. For Hungary's prosecutors and investigators in particular, Meyer-Sahling argues that security of tenure provisions that prevent arbitrary reassignment of sensitive cases would provide essential protection against career-based pressure that has compromised previous anti-corruption initiatives.⁸⁵ These career protections would address what Bozoki terms the 'loyalty premium' that has emerged within Hungary's governance institutions, where advancement increasingly depends on political alignment rather than professional merit.⁸⁶

Resource diversification constitutes a third essential design principle for addressing Hungary's specific duress vulnerabilities.⁸⁷ Ligeti demonstrates how the centralization of budgetary authority has created economic leverage points that enable pressure on previously independent

institutions.⁸⁸ Anti-corruption bodies within Hungary would benefit from diversified funding models that reduce dependency on single decision points. Potential approaches include dedicated funding streams established through constitutional provisions, multi-year appropriations that transcend electoral cycles, and public-private partnerships that create resource redundancy while maintaining operational independence.⁸⁹ The economic leverage created by Hungary's management of European Union funds further underscores the importance of resource independence for anti-corruption functions, as documented by Fazekas and Toth in their analysis of corruption risk in public procurement.⁹⁰

Transnational accountability mechanisms offer a fourth critical dimension for addressing duress within Hungary's governance context. Given the limitations of purely domestic accountability in settings where duress pervades national institutions, Sedelmeier argues that Hungary's European Union membership provides important opportunities for transnational oversight.⁹¹ The strengthening of European judicial review mechanisms, peer evaluation systems within EU frameworks, and funding conditionality tied to governance standards would create accountability vectors that transcend domestic pressure systems. These transnational accountability relationships are particularly important given Hungary's ongoing negotiations regarding rule of law standards and European funding access, as documented by Kelemen in his analysis of

⁸³ Helsinki Committee 2019: 40-45.

⁸⁴ Hajnal 2020: 195-200.

⁸⁵ Meyer-Sahling – Varga 2018: 135-140.

⁸⁶ Bozoki 2015: 20-25.

⁸⁷ Sedelmeier 2014: 115-118.

⁸⁸ Ligeti 2019: 22-26.

⁸⁹ Scheppele 2018: 555-560.

⁹⁰ Fazekas – Toth – King 2016: 380-385.

⁹¹ Sedelmeier 2014: 115-118.

EU leverage mechanisms.⁹² The effectiveness of these accountability mechanisms depends on what Scheppele terms ‘systemic resilience’ against legal circumvention tactics designed to maintain formal compliance while evading substantive reform requirements.⁹³

Technological safeguards represent a final design principle for addressing duress vulnerabilities within Hungary's specific institutional context. Digital systems can reduce vulnerability to discretionary pressure by automating processes previously subject to individual intervention. Within Hungary's public procurement system, where corruption risks have been particularly pronounced, Fazekas demonstrates how automated evaluation mechanisms for routine contracts would reduce opportunities for preferential allocation under pressure.⁹⁴ Similarly, algorithmic case assignment within Hungary's judicial system would complicate targeted pressure on specific cases, while blockchain-based record systems for property and corporate registries would enhance transparency while resisting manipulation attempts. These technological safeguards would address what Martin and colleagues describe as the ‘discretionary privatization’ of public resources that has characterized Hungary's recent governance trajectory.⁹⁵

6.2 Comprehensive Application to the Hungarian Governance System

Applying these principles to Hungary's specific governance challenges reveals several integrated reform pathways for strengthening anti-corruption efforts against systemic duress. Hungary's judiciary requires structural reforms that address its

institutional vulnerability to centralized pressure while preserving operational effectiveness. The current power imbalance between the National Judicial Council and the National Office for the Judiciary creates a concentrated authority structure that facilitates duress through administrative decisions affecting judicial careers and case management. A rebalanced governance framework that strengthens the National Judicial Council's oversight capacity—particularly regarding judicial appointments, promotions, and case allocation—would distribute power more effectively across Hungary's judicial system. This institutional recalibration would need to incorporate transparent merit-based selection processes for judges with multi-stakeholder participation, reducing exposure to the political duress that has compromised judicial independence in corruption-related proceedings. The pattern of judicial reorganizations that has characterized Hungary's recent governance approach has created career insecurity that functions as a duress mechanism; structural protections against arbitrary reassignment would strengthen judicial resilience against such pressure.

Hungary's prosecution service presents particular challenges regarding independence from political duress that require comprehensive reform approaches. The current appointment structure for the Prosecutor General creates minimal accountability while enabling significant prosecutorial discretion—a combination that has facilitated selective enforcement patterns in corruption cases. Reformed appointment procedures incorporating parliamentary supermajority requirements, defined term limits, and performance accountability

⁹² Kelemen 2020: 490-495.

⁹³ Scheppele 2018: 555-560.

⁹⁴ Fazekas – Toth – King 2016: 380-385 Helsinki Committee 2019: 48-52.

⁹⁵ Martin – Ligeti – Bárdos 2022: 142-145 Holmberg – Rothstein 2011: 15-18.

would reduce vulnerability to political pressure while maintaining necessary prosecutorial authority. Within the operational framework, case assignment systems that limit discretionary reassignment of sensitive investigations would provide essential protection against the selective enforcement patterns documented in politically connected corruption cases. The current potential for centralized intervention in specific prosecutorial decisions creates procedural leverage points that enable duress; a more distributed authority structure within the prosecution service would reduce these vulnerabilities while preserving necessary coordination functions.

Hungary's public procurement system requires integrated safeguards that address the documented vulnerabilities to duress identified in procurement practices. The current system has demonstrated systematic biases in contract allocation, with competition limitations particularly pronounced in European Union-funded projects. Automated evaluation mechanisms for routine procurement decisions would reduce opportunities for discretionary intervention, while mandatory publication of beneficial ownership information for contracting entities would enhance transparency regarding potential conflicts of interest. Strengthened procedural protections—including modified appeals processes, extended standstill periods for review, and enhanced documentation requirements—would collectively reduce opportunities for preferential allocation under pressure. Pre-emptive European Commission review of major procurements involving EU funds could provide additional protection against the economic duress that has compromised procurement integrity, particularly in strategically important sectors where corruption risks have been most pronounced.

Whistleblower protection mechanisms require significant strengthening within Hungary's governance framework to address their current vulnerability to multiple forms of duress. Despite formal legal protections, whistleblowers in Hungary face professional retaliation, social ostracism, and in some cases legal counter-measures that collectively discourage corruption reporting. Enhanced legal frameworks—incorporating anonymous reporting channels with procedural protections, robust anti-retaliation provisions with meaningful penalties for violators, and dedicated support services for those who expose corruption—would strengthen this essential accountability mechanism. These protections would need to address both public and private sector whistleblowing, recognizing that corruption in Hungary frequently involves public-private interactions that cross institutional boundaries. The current implementation gaps in whistleblower protection create information asymmetries that facilitate corruption; stronger practical protections would reduce these vulnerabilities while enhancing detection capacity.

Media plurality initiatives represent a final critical dimension for addressing duress vulnerabilities within Hungary's anti-corruption framework. The current media landscape is characterized by ownership concentration and regulatory pressure that limit investigative capacity regarding corruption. Systemic measures to promote plurality and independence—including transparent ownership disclosure requirements, platform-neutral regulatory frameworks administered by multi-stakeholder bodies, and public interest media funding with appropriate governance safeguards—would strengthen this crucial accountability channel. The informational dimension of anti-corruption efforts depends significantly on media capacity to investigate

and publicize potential corruption; the current constraints on media independence create informational duress that compromises this function. A more pluralistic media environment would create additional accountability vectors that complicate pressure efforts within Hungary's governance system

These measures acknowledge that in contexts where duress pervades governance systems, technical anti-corruption measures alone prove insufficient. Reforms must address the underlying pressure systems that compromise institutional performance.

6.3 Addressing Transnational Dimensions in Hungarian Anti-Corruption Efforts

Hungary's position within transnational governance networks creates both vulnerabilities and opportunities for addressing corruption-enabling duress. The Kozeny-Socar case provides instructive parallels for Hungary's engagement with transnational corruption dynamics, suggesting several approaches particularly relevant to strengthening Hungary's anti-corruption capacity. Coordinated prosecutorial strategies represent an essential dimension for addressing corruption cases that transcend national boundaries.⁹⁶ Hungary's current prosecutorial cooperation with European partners remains procedurally constrained, limiting effective collaboration on complex corruption investigations.⁹⁷ Bard and Ballegooij argue that enhanced integration with Eurojust and the European Public Prosecutor's Office would strengthen

Hungary's capacity to address corruption through distributed authority structures that reduce vulnerability to domestic pressure.⁹⁸ Joint investigation teams between Hungarian authorities and European counterparts, comprehensive evidence-sharing protocols that transcend jurisdictional boundaries, and coordinated charging decisions across national systems would collectively distribute authority in ways that complicate pressure efforts within any single legal system since Hungary's selective engagement with European prosecutorial cooperation could create accountability gaps that facilitate duress; more integrated cooperation would strengthen resilience against such pressure.⁹⁹

The protection of witnesses and whistleblowers within transnational corruption investigations requires particular attention given Hungary's institutional vulnerabilities. Witnesses in high-profile corruption cases involving cross-border elements have faced intimidation that compromises testimonial integrity.¹⁰⁰ Enhanced protection mechanisms—including anonymous testimony options within Hungarian procedural law, residential relocation programs with European coordination, and economic support to mitigate financial pressure—would strengthen this critical evidentiary dimension.¹⁰¹ The duress experienced by witnesses in the Kozeny-Socar case parallels documented challenges within Hungarian corruption proceedings, highlighting the need for stronger transnational witness protection coordination.¹⁰²

⁹⁶ Batory 2016: 690-695.

⁹⁷ Benedek – Diehl 2020: 60-65.

⁹⁸ Ballegooij – Bard 2018: 170-173.

⁹⁹ Holmberg – Rothstein 2011: 15-18.

¹⁰⁰ Transparency International Hungary 2021: 30-35.

¹⁰¹ European Commission 2023: 15-20.

¹⁰² Kallay 2021: 245-250.

Asset recovery mechanisms represent a critical tool for addressing corruption facilitated by transnational financial flows, including those affecting Hungary's governance system.¹⁰³ Hungary's current asset recovery framework contains procedural gaps that limit effectiveness, particularly regarding assets held through complex international ownership structures.¹⁰⁴ Improved confiscation mechanisms—including expanded non-conviction-based forfeiture options aligned with European standards, enhanced beneficial ownership transparency requirements for companies operating in Hungary, and streamlined mutual legal assistance procedures with key financial jurisdictions—would strengthen Hungary's capacity to recover corruption proceeds.¹⁰⁵

Corporate accountability frameworks require particular attention given the role of multinational corporations in Hungary's economy, including their potential involvement in corruption schemes.¹⁰⁶ Hungary's current corporate liability provisions contain enforcement gaps that limit their deterrent effect, particularly regarding foreign companies operating through local subsidiaries.¹⁰⁷ Fazekas and Toth demonstrate how strengthened accountability mechanisms—including meaningful penalties for inadequate compliance systems within corporations operating in Hungary, executive liability provisions that pierce corporate veils in corruption cases, and debarment

consequences for companies involved in corruption—would provide important pressure counterbalances.¹⁰⁸ The economic leverage exercised by major corporations creates duress vulnerability within Hungary's governance system; Gyory argues that enhanced corporate accountability would reduce this vulnerability while maintaining Hungary's investment attractiveness through integrity-based competition.¹⁰⁹

Civil society engagement provides a final critical dimension for addressing transnational corruption affecting Hungary's governance.¹¹⁰ Hungarian civil society organizations face increasing constraints on their anti-corruption monitoring capacity, limiting an important accountability vector.¹¹¹ Formalized roles for civil society in monitoring corruption cases—including observer status in court proceedings involving significant corruption allegations, independent case monitoring with procedural protections, and structured public reporting with appropriate legal safeguards—would create additional accountability mechanisms that transcend institutional boundaries.¹¹² The transnational connections maintained by Hungary's civil society organizations provide important accountability links that complicate domestic pressure efforts, underscoring their importance in addressing corruption-enabling duress.¹¹³ Moreover, these civil society functions would complement Hungary's formal anti-corruption institutions while providing redundancy that enhances

¹⁰³ Gyory 2019: 470-475.

¹⁰⁴ Fazekas – Toth 2016: 330-333.

¹⁰⁵ Fazekas 2022: 355-360.

¹⁰⁶ European Commission 2022b: 130-132.

¹⁰⁷ Gyory 2019: 475-478.

¹⁰⁸ Fazekas – Toth 2017: 45-48.

¹⁰⁹ Gyory 2019: 472-474.

¹¹⁰ Benedek – Diehl 2020: 65-68.

¹¹¹ HCLU 2022: 55-58.

¹¹² K-Monitor 2021: 45-48.

¹¹³ Bajomi-Lazar – Horvath 2021: 15-18.

system resilience against pressure.¹¹⁴ These measures acknowledge that duress in transnational corruption cases operates through jurisdictional gaps and enforcement disparities, requiring coordinated responses that transcend national boundaries.

7. Conclusion

This analysis of duress in anti-corruption efforts, through the lens of the Kozeny-Socar case and Hungarian governance, reveals how pressure dynamics can neutralize even well-designed accountability systems. The findings suggest that effective anti-corruption strategies must address not only the technical aspects of corruption prevention and detection but also the pressure systems that compromise institutional performance. The network theory of duress proposed in this paper offers a framework for understanding how pressure operates through interconnected systems rather than isolated incidents. This networked perspective explains why traditional anti-corruption reforms often yield disappointing results—they target individual components of corruption systems without addressing the pressure dynamics that integrate these components.

The comparative analysis of Azerbaijan and Hungary, despite their different political systems and historical trajectories, reveals striking similarities in how duress manifests in governance contexts. This suggests that duress follows similar patterns across diverse settings,

operating through resource dependencies, reciprocity obligations, and information asymmetries that transcend specific political arrangements. Future research should explore additional dimensions of duress in anti-corruption efforts, including psychological factors that influence individual resistance to pressure, technological approaches to reducing vulnerability to duress, and the role of international organizations in providing accountability alternatives when domestic institutions succumb to pressure.

Practical anti-corruption efforts should incorporate duress resistance as a central design principle, focusing on institutional resilience alongside traditional transparency and accountability mechanisms. This includes distributed authority structures, insulated career pathways, diversified resource dependencies, transnational accountability mechanisms, and technological safeguards that collectively reduce vulnerability to the pressure dynamics that facilitate corruption. By conceptualizing corruption not merely as rule violation but as the product of complex pressure systems, this analysis contributes to a more nuanced understanding of why corruption persists despite expanded formal anti-corruption frameworks. This perspective shifts focus from technical compliance to institutional resilience, offering new approaches to strengthening governance against corruption in contexts where duress pervades institutional functions.

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¹¹⁴ Benedek – Diehl 2020: 68-70.

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