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Economic Promise from the East and Skepticism to the West. How populist parties act differently when it comes to China: The Cases of Poland's Law and Justice and Hungary's Fidesz

Master's Thesis

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Abstract

The impacts of populism have become the spotlight of political research in Europe. However, in the foreign policy field, the impacts of populism still remain insufficiently explored. This study compares two iconic populism cases: Hungary and Poland and their policies vis-a-vis interaction with the PRC. Firstly, this thesis will investigate the concept of Populism foreign policy and how current literature categorizes the types of foreign policies formulated by populist governments. It will then continue with the examinations of the history of China policies in Hungary and Poland. With the empirical records of their China policies, this thesis aims to illustrate the mechanisms of the formation of China Policies in these two cases with the Process Tracing method to establish causal relations between key elements and policy formulation, thus identifying the driving forces behind the populist foreign policies.

With the employment of case study and process tracing methods, this thesis discerns various elements and their relevance to the formation of China policies in populist nations and explains the difference between ideologically similar parties. The analysis of this research affirms that the Hungarian clientelist network and the Chinese investment projects, the diversification of Hungarian economic dependence, and the departure from traditional allies all contribute to the Sinophile policies adopted by the Fidesz government. In the Polish case, the economic benefits brought by bilateral cooperation with China were the reason it sought Sino-polish cooperation in the first place. There are indeed certain degrees of clientelism in Poland. However, the limited influence of its clientelist network on China issues and the perception of China as a consequential geopolitical actor hindered the deeper cooperation with the PRC. The geopolitical perspectives and influence of clientelism resulted in the difference between the populist governments in Hungary and Poland.

Key Words: Populism, Foreign Policy Analysis, China, Hungary, Poland, CEE.

Introduction

In the past decade, the rise of populism on a global scale has emerged as the spotlight of political discourses. This phenomenon has sparked fears that the longstanding liberal international order, upon which the Western world has relied for decades, is under illiberal threats from the inside. On top of that, this trend also catalyzed a plethora of research on the roots, ideologies, and potential policy ramifications that stemmed from these populists' ascendancies. In the European Union (EU), the surge of populism is mostly associated with right-wing conservative ideas and Euroskepticism; thus it's intuitive to research and examine the interactions and attitudes between domestic populist movements and European integration.

Even with the current quantity of populism research, there are still issues unclear or unconcluded. To begin with, the definition of populism and its policies has long been in dispute among academia. While certain studies view populism primarily as a means of communication (Jagers, J. & Walgrave, S., 2005), others classify it as a form of "thin" ideology (Stanley, 2008; Mudde, 2013; Elchardus & Spruyt, 2016). Besides the terminologies, there remains a noticeable scarcity of research on populists' attitudes and policies vis-à-vis external relations. Similar to the uncertain conclusion on the populism definition, the questions of whether there is a populist foreign policy or why these populist parties formulate policies that deviate from each other remain unsolved. The diverse landscape of populist parties across Europe sometimes witnesses one populist party contradict another populist party regardless of their positions on the political spectrum. For instance, Brothers of Italy and Alternative für Deutschland are generally considered right-wing populist parties, yet, there is divergence among their agendas towards a cohesive EU migration policy.

In light of this uncertain nature and insufficient attention paid to the study of populist foreign policies, this thesis intends to delve into the policy-making process in populist-governed nations and identify what triggers the different foreign policy orientations among populist countries. The findings to the question could answer why some right-wing populist countries, despite their similarities, are sometimes different when it comes to external affairs. The following study will concentrate on two CEE countries: Hungary and

Poland since these populist-governed nations have presented their own distinct foreign policies and both kept fraught relations with the EU in the past decade. Hungary has constantly blocked key EU legislations and even obstructed the inauguration process of the latest NATO members due to ideological and geopolitical reasons, the most prominent one among them being its ever-closing alignment with Vladimir Putin, which has troubled many EU member states under the current security environment. Poland, at the same time, adopted several domestic policies that violated EU values and regulations and have been harshly responded to by the commission on the issues of media rights and judicial reforms. Although the two Visegrád members are leaning towards the extreme right and illiberal system, the two populist countries apparently have some intriguing differences, such as transatlantic relations and eastern policies. Differing from Hungary's siding with the belligerent Russia, Poland, despite being a right-wing populist too, has adopted a tougher stance on Russia long before its aggression on other sovereign states. All these incidents render it intriguing to research their separate foreign policy considerations.

In the international relations study at the current moment, one of the guiding paradigms is the US-China rivalry; the EU and its member states are clearly not equidistant bystanders of this ever-intensified confrontation. Even though the EU and its member states have developed their own policy instruments to cope with the challenges posed by Sino-US conflicts, these efforts come only with scarce policy coordination and hence not particularly satisfying results. For the populist countries in this research, Hungary and Poland have opted for different choices when approaching the People's Republic of China (PRC), a country that was deemed as the sponsor of Russia's invasion of Ukraine. Drawing upon the aforementioned phenomenon, this research is going to answer why populist nations such as Hungary and Poland somehow adopt different policies when it comes to one of the most prominent players in the international field, the People's Republic of China.

The rationale for this selection of China policies is twofold: the first reason is distinctive features among CEE countries' policy orientations regarding the People's Republic of China. Since the EU identified China as a systematic rival¹(and many other labels), most European countries, whether Europhilia or not, have adjusted their China

¹ European Commission. (2019). *EU-China – A strategic outlook*. European Commission.

policy accordingly, even for the Law and Justice party in Poland. However, Hungary's alignment with China, especially when compared to its neighboring CEE countries, presents an intriguing departure from prevailing regional trends. Second, China's relatively recent emergence in the power play of the Central and Eastern European region provides a clear timeframe for study. Since the global financial crisis in 2008, the PRC perceived its economy to remain largely intact and thus began to double down on its "going global" policies and launched premier investment projects thereafter. Thus, the timeline of China's increasing influence on CEE countries coincided with the rise of the populist parties in the region in the early 2010s, which even raises an interesting counterfactual question: would the predecessors of these populist parties choose different directions? When the PRC started to present itself in the CEE region, many recipient countries were not led by populists. For instance, in 2012 as the Cooperation between China and Central and Eastern European Countries (16+1) began, Poland's prime minister was still a moderate politician Donald Tusk. The cooperations with the PRC between the governance of different ideological parties render the development since the 2010s more fascinating when comparing the two countries. In Poland's case, the populist party after the moderate leader, the Law and Justice party, began to distance the PRC in the later stage of its governance for various reasons, while another populist party in this study, the Fidesz in Hungary, clung to the PRC's economic offering. The diverse populist landscape in Europe generates a wealth of questions, especially from the comparative point of view, thus this thesis will undertake a comparative examination of Hungary and Poland's foreign policies, particularly vis-à-vis China.

These differences in question are essential to comprehend Europe's external political dynamic, particularly in the CEE region, and this thesis aims to contribute answers to these questions through comparative research on China policies between Hungary and Poland and hopes to fill the blanks left by current scholarship. To conduct foreign policy analysis on populist nations, this research will first seek to conceptualize the underpinning notion of "populist foreign policy", starting with the prerequisite question: is there a distinct category of foreign policy that can be categorized as populist foreign policy? Should this be the case, what's the essence of such policy, and what have the populists contributed to the extensively researched foreign policy field? Drawing upon the evidence

presented in previous literature, the current findings of Hungary's and Poland's foreign policy allow us to operationalize, apply foreign policy analysis (FAP) and separate case study methods from a comparative perspective then answer the question of how and why populist parties formulate different foreign policies. By discovering the underpinning elements of populist policymaking in Hungary and Poland, this thesis can unveil the underlying rationales driving the divergence of foreign policy orientations among populist countries and understand how populist governments present entirely different policies when it comes to external actions.

Literature Review

The Categorizations and Characteristics of Populist Foreign Policy

It's hard to overlook the omnipresent impacts of the populist parties on power since the 2010s, which left their marks on both domestic politics and international affairs. Political science scholars have meticulously delved into almost all relevant facets of the phenomenon. In the international relations field, however, the populists' repercussions in the European continent have not been adequately examined. Scholars are still debating whether there are so-called populists' foreign policies, particularly in the Central and Eastern Europe region. Another disputed issue that has been heavily debated is the definition of populism. Although there is no universally accepted conclusion, some minimal consensus allows researchers to conceptualize populism for the following study. Following previous scholarly works, populism can be conceptualized as a logic of political articulation (or discourse) that promotes certain arrangements of meaning and representations of identity, mainly the "self-other" cleavage of the people and the elite (Laclau, 2005; Mudde & Kaltwasser, 2013; Cadier, 2021).

In terms of foreign policy, Mihai Varga and Aron Buzogány (2021) assert the existence of a distinct populist trend in the foreign policy field in the CEE region. They identified four discernable features behind the populist surge: first is the accusation of the then-ruling party being the continuation of communist parties, it's an unique trait and tactic adopted by the CEE populists due to their unique history. The second one is the claim of their nations being weakened due to liberal ideologies, which should be restored

to traditional (sometimes religious) values by the parties; the first two features are the foundations of their electoral strategies which have some chance to impact its external policies. The latter two are well-played memory politics and resorting to economical central-peripheral (exploitative) relations with other European countries, and these features could leave some repercussions on the relations with its historical traditional allies (Varga & Buzogány, 2021). Their literature lays the overarching theoretical framework for the studies of foreign policies with populist characteristics. With these four tactics, populists, especially right-wing conservatives, can garner attention and electoral support, providing them the necessary base for employing policies that align with their own ideologies. Visnovitz and Jenne's literature concentrated on the mechanisms orchestrating populists' foreign policies. They believed for the purpose of elevating their international status and benefits, those populist parties would adopt methods like pursuing more flexible partnerships such as Russia or China, confrontation with traditional allies and politicization of diplomatic machinery, for instance replacing current diplomats with nepotist acquaintances (Visnovitz & Jenne, 2021). The empirical evidence demonstrated by the CEE populist nations suggests the distinct populist foreign policy concluded by them.

However, not every scholar agrees with the existence of populists' foreign policies. Angelos Chrysogelos (2021) contends that there is no specific populist foreign policy from the European countries. He points out that even as the ruling party, these populists' policy orientations are still aligned with previous policies of their predecessors, especially regarding NATO and EU membership. From this point of view, no radical changes have been brought up with the inauguration of populist parties. However, in the later part of his article, he mentioned these countries' foreign policies could be categorized by how they seek extra-European connections. It seems that he treats extra-European relations and NATO or EU membership differently. But it's worth noting that traditional foreign policy per se would include transatlantic relations or sanctions that are related to NATO and EU cooperations separately, thus it suggests that the core question is definition and categorization for Chrysogelos, rather than the existence of such populist foreign policy; especially the nationalist and opportunist characteristics of these foreign policies he pinpointed match the afore-described conclusion from other scholars. Since both populist

parties in these countries adopt nationalist rhetoric, the existing literature theorizes the foreign policy effects of nationalism are worth delving into. Highly nationalistic leaders are believed to be more aggressive and hence war-prone because nationalism promotes hegemonic groupism (Jenne, 2021;) they prioritise ethnic ties across state boundaries which leads to the overestimation of one's own military capabilities—increasing the likelihood that interstate crises will lead to war (in their words, but can be understood as conflicts) (Mylonas & Kuo, 2018). Even though in the European security environment, nationalist countries cannot wage war on another country, the indicated characteristics like prioritizing ethnic ties across state boundaries are indeed policies adopted by CEE populists. Basically, looking at the current literature and other empirical evidence, most scholars are aware of the burgeoning influence of populists in the foreign policy field which requires further investigation to delve into the details of these populist parties that this thesis intends to solve.

Poland's China Policies under Law and Justice (PiS)

How has Poland interacted with China? Historically, CEE countries have had few opportunities to interact with China; some scholars even pointed out the fact that CEE countries were not part of the colonial incursion into China in the nineteenth and twentieth centuries means that the bilateral political relations are free of historical and political tensions (Matura, 2019). During the earlier period of the Cold War, the Soviet Union satellite regimes in the CEE region actively developed relations with communist China. The Sino-CEE relationship grinds to a halt since the Sino-Soviet split after several military conflicts across their borders in the 1960s, except Albania, Romania and Yugoslavia, who enjoyed leeway from Moscow (Garver, 2016; Turcsányi, 2022).

Nowadays, CEE countries may cite the historic ties between the PRC during bilateral meetings like Viktor Orbán at the BRI summit in 2023², in which he emphasized that Hungary was the first Soviet Bloc country to recognize the People's Republic in 1949 and has been committed to the "One China Principle" ever since (Humpot, 2023). Even so, it has been acknowledged by many experts that the objective of the CEE engagements with

² Euronews Business. (2023). Here are the key leaders joining the Belt and Road forum and their Beijing wish lists. *Euronews Business*. <https://www.euronews.com/business/2023/10/17/here-are-the-key-leaders-joining-the-belt-and-road-forum-and-their-beijing-wish-lists> Accessed 06 May 2024.

China is not based on historical ties, but predominantly of an economic nature—to increase their exports to China and attract Chinese investments in their economies (Turcsányi, 2022). The 2008 Global Financial Crisis not only exposed the inherited flaws within the EU integration structures but also prompted numerous policy adjustments. For China, the financial crisis was interpreted as the failure of the Western liberal market model and the steady economic success the PRC enjoyed at the time boosted the Chinese Communist Party (CCP) leaders’ confidence to accelerate their economic policy, including “Going Global strategy”³ or BRI. BRI programs have redefined China’s global roles with a strong practical and normative link between its domestic development and its global orientation (Huang, 2016), expanding cooperation with governments in a broad and diverse array of geographical spaces (Wang, 2016); this marked a different Chinese diplomatic philosophy on international order: the “Chinese Model” or “China’s uniqueness”, which in theory provide other states alternatives to their traditional “Western” allies⁴.

At the same time, some experts claim that the perceived lack of assistance from the EU in the aftermath of the economic crisis made the CEE region the leading force of Euroskepticism and inspired new seeking of “strategic alternatives” (Golonka, 2012). In the case of Poland, however, the economy was fairly steady growth during the Euro debt crisis on the contrary; it has enjoyed annual GDP growth rates of more than 1.5% between 2006-2016 (it went below 1 percent only once, 0.9% in 2013)⁵ and some reports attributed part of its success to the growing inflows of EU funds (Piatkowski, 2015). Thus, the motivations behind every CEEC’s decision to receive policy offerings from the PRC appear to vary, not just solely driven by economic interests.

Many experts agree that the Belt and Road Initiative (BRI) is an ambitious project, not only for the launching regime but also for the recipient countries (Boruczkowska & Di, 2020; Jakubowski et al., 2020). Some scholars have pointed out that Poland’s calculations behind its approaches to engage with the PRC also aim to increase its

³ García-Herrero, H. (2018). *Ten years after the crisis: The West’s failure pushing China towards state capitalism*. Brugel. <https://www.bruegel.org/comment/ten-years-after-crisis-wests-failure-pushing-china-towards-state-capitalism> Access 06 May 2024.

⁴ About Hungary. (2023). BRI offers an alternative to the world order. *About Hungary*. <https://abouthungary.hu/blog/bri-offers-an-alternative-to-the-world-order> Accessed 06 May 2024.

⁵ World Bank. *GDP growth (annual %) - Poland*. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=PL> Accessed 30 April 2024.

geopolitical relevance. When the PRC announced the Belt and Road Initiative, Poland wished to be the center of the BRI map for its crucial geographical location at the midpoint of the Eurasian region. Policymakers in Warsaw saw Poland as one of the potentially strategic parts of the BRI, as in their opinion, the railway routes from China to Western Europe are the most important, and Poland is at the heart of the plans (Pendrakowska, 2018). From a logistical point of view, Poland's location at the boundary of the European Union and the Eurasian Economic Union is important, and the three planned railway transportation routes would all pass Poland. Poland's confluence of two railway system infrastructures matches the flagship railway projects that BRI advertised (Jakubowski et al., 2020). With this concept in the Polish officials' mind, Poland was quite active during the inception of Sino-CEE cooperation. In fact, Poland was a founding member of the China-led Asian Infrastructure Investment Bank (AIIB), the only member in the region at its commencement⁶. Besides multilateral cooperations, Poland also increased its efforts to facilitate bilateral relations with China, for instance, it established the new post of Representative of Agriculture and Rural Development in its Beijing Embassy and founded a new Consulate General in Chengdu in 2015 (Pendrakowska, 2018), demonstrated its commitment to direct Chinese resources to benefit its strong industry. Another prime project launched by the PRC, Cooperation between China and Central and Eastern European countries, 14+1 (what it is called now, which used to be 17+1 or 16+1, subject to the member's quantity), was simultaneously interpreted by Polish officials and experts as an opportunity to elevate its regional influence since they believed that Poland has sufficient size and importance to shape relations with China bilaterally (Pendrakowska, 2018). Naturally, Xi Jinping's visit to Warsaw in 2016 (his only one to date though) also brought a number of economic agreements that constituted the underlying framework for Polish-China bilateral economic cooperation, including the implementation of infrastructure projects, development of trade and support for investment activities (Ministry of Development of Poland, 2018).

The Polish government was highly enthusiastic about the prospect of flagship cooperation projects with China in 2015 and 2016, a sentiment reciprocated by the

⁶ South China Morning Post. (2015). 57 nations approved as founder members of China-led AIIB. *South China Morning Post*. https://www.scmp.com/news/china/diplomacy-defence/article/1766970/57-nations-approved-founder-members-china-led-aiib?campaign=1766970&module=perpetual_scroll_0&pgtype=article Access 05 May 2024.

Chinese government. In Chinese governmental documents, Poland was specified as the Silk Road Economic Hub (National Development and Reform Commission, 2015) and is projected to be a successful example and lead future cooperation in the CEE region. However, in the past five years, the bilateral relations didn't meet the expectations. Despite the early participation of China-led economic cooperations, Poland's influx of Chinese capital remains insufficient, with cumulative FDI value between 2000-2019 reaching only 1.4 billion Euros; for comparison, Germany has accumulated more than 20 billion Euros of FDI to Poland in the same timespan (Poggetti, 2021). In the later stage of the PiS administration, Polish-China cooperation was largely limited to regional agreements and the representatives of local self-governments shared the opinion that cooperation with partners from China rarely leads to measurable results (Jakubowski et al., 2020). The gradually diminished endorsement of Chinese economic projects, due to undelivered benefits and growing trade deficits, left some space for the Polish government to adopt a more hawkish stance on issues related to China. In 2021, Poland began to sign UN documents Condemning China's human rights violations which it had not done before (Poggetti, 2021). Since the outbreak of the Russian invasion of Ukraine, the Polish government decided to double down the harsher diplomatic stance against the PRC. The Chinese special envoy and delegation of 14+1 format were not even received by the Polish Ministry of Foreign Affairs during their visit in May 2022⁷. The Chinese indirect support for Russia, which Polish Prime Minister Mateusz Morawiecki has discouraged in many public speeches upon the outbreak of war⁸, heightened the Polish government's perception of China being a security threat. A month after the unreceived envoy's visit in 2022, Polish Foreign Minister Zbigniew Rau spoke with then-Chinese Foreign Minister Wang Yi at the United Nations (UN), indirectly drawing attention to Chinese support for Russia and appealing for China to condemn Russia's aggression against Ukraine (Kowalski, 2023). Furthermore, Poland expressed its firm support for Ukraine's peace proposals and publically called on China to restrain Moscow's aggression

⁷ The Polish Institute of International Affairs. (2023). *End of Illusions in Relations between China and Central Europe*. The Polish Institute of International Affairs. <https://pism.pl/publications/end-of-illusions-in-relations-between-china-and-central-europe> Accessed 06 May 2024.

⁸ Atlantic Council. (2023). *A conversation with Prime Minister of Poland Mateusz Morawiecki*. Atlantic Council. <https://www.atlanticcouncil.org/event/a-conversation-with-prime-minister-of-poland-mateusz-morawiecki/> Accessed 06 May 2024.

(Nawrotkiewicz, 2024), which potentially risked its economic cooperation with Beijing. It must be noted that, despite the changing political rhetorics, the Polish government has not entirely abandoned economic cooperation with Beijing. Until 2023, the PiS government still stalled the long-debated legislation that would exclude Chinese tech companies from 5G network construction⁹¹⁰. Overall, many scholars and experts would portray the PiS government's policy related to China as “pragmatic” or “dual-track”, balancing economic interests with concerns over ideological disparities and Beijing's increasing political assertiveness, while at the same time, avoiding any definitive decision to disengage with China (Kowalski, 2023; Przychodniak, 2024; Nawrotkiewicz, 2024).

Hungary's China Policies under Fidesz

Unlike its Polish counterpart who envisioned a geopolitical uplift in the CEE region through the economic ties with the oriental giant at the beginning, the Hungarian government has more complicated objectives when engaging with the newly emerged PRC. Since his second inauguration, Viktor Orbán has attempted to diversify Hungary's foreign policy and underscored the potential benefits offered by its Eastern neighbors. By the time Xi Jinping's government announced various outreaching policies in the early 2010s, Hungary had already employed its counterpart policy, the Eastern Opening policy, which intends to strengthen its cross-national cooperations, just from a non-traditional direction—Eastwards. Consequently, through the new oriental initiatives, Viktor Orbán found his new friends in Istanbul, Moscow and now Beijing who could assist him economically and increase his political leverage inside the European Union.

As a matter of fact, Hungary was among the first European countries to sign BRI¹¹; moreover, China chose Budapest as the venue to announce the (then) 16+1 summit and regularly hosts multilateral summits there as friendly diplomatic gestures¹². Nonetheless,

⁹ Reuters. (2019). Poland to hold off blanket ban on Huawei 5G gear due to cost concerns. *Reuters*. <https://www.reuters.com/article/idUSKCNIRS0RI/> Accessed 05 May 2024.

¹⁰ Bachulska, A. (2023). *Beyond business as usual: A China strategy for Poland*. ECFR. <https://ecfr.eu/article/beyond-business-as-usual-a-china-strategy-for-poland/> Accessed 05 May 2024.

¹¹ China Daily. (2017). Trade opportunities grow under BRI. *China Daily*. https://english.www.gov.cn/news/202405/09/content_WS663c3fb3c6d0868f4e8e6e53.html Accessed 06 May 2024.

¹² China-CEE Institute. (2018). *16+1 Cooperation And China-Eu Relationship*. China-Cee Institute. <https://china-cee.eu/wp-content/uploads/2018/11/161-cooperation.pdf> Accessed 05 May 2024.

China's friendly gesture came with costly and somewhat controversial projects to invest such as a flurry of investment promises and the high-speed railway that connects Belgrade and Budapest which Orbán responded with being a firm and willing partner for the PRC in Europe (Rogers, 2019). The railway project has not been realized in Hungary (its Serbian part has been finished)¹³, and there are few domestic objections to the project, citing the potential indebtedness; however, the Hungarian government still applied for loans which would cover 85 percent of the 2 billion project cost from the Chinese government in 2020.¹⁴ The realization of the railway project has clear links to the construction firms of Lőrinc Mészáros, Orbán's childhood friend and close ally (Hompot, 2023), exemplifying the dynamic of clientelism in Hungary. Thus, many experts tend to agree that Hungary's China policies are primarily based on Viktor Orbán's personal calculations (Matura, 2021; Venne, 2022).

In contrast to the Polish government's investment policies, Hungary allowed a greater number of Chinese enterprises to invest in their own fashions with fewer regulatory restrictions. The string of Chinese investments in Hungary that arrived after Orbán's return to the office was primarily in the form of brownfield investments or mergers and acquisitions (M&As). Wanhua Group, a Chinese chemical company, acquired a Hungarian chemical plant (which was authorized by Orbán's government) and became one of the world's prominent chemical producers¹⁵. Bank of China established its CEE regional headquarters and standalone affiliate in Budapest¹⁶ which became the stepping stone for them to enter other EU markets such as Austria and Czechia. Besides this, the Hungarian National Bank also allows the Bank of China's Hungarian branch to become a regional renminbi clearing and settlement house¹⁷. In 2016, Hungary became the first

¹³ Hungary Today. (2024). Budapest-Belgrade Railway Will Be Completed Earlier than Expected. *Hungary Today*. <https://hungarytoday.hu/budapest-belgrade-railway-will-be-completed-earlier-than-expected/> Accessed 06 May 2024.

¹⁴ Politico. (2020). Hungary seals Chinese loan for Budapest-Belgrade railway. *Politico*. <https://www.politico.eu/article/hungary-seals-chinese-loan-for-budapest-belgrade-railway/> Accessed 30 April 2024.

¹⁵ Financial Times. (2011). Wanhua takes full control of Borsodchem. *Financial Times*. <https://www.ft.com/content/1aadca66-2e2e-11e0-8733-00144feabdc0> Accessed 30 April 2024.

¹⁶ Diplomacy & Trade. (2014). Bank Of China Opens Regional Center In Budapest. *Diplomacy & Trade*. <https://dteurope.com/business/bank-of-china-opens-regional-center-in-budapest/> Accessed 05 May 2024.

¹⁷ Global Times. (2023). Chinese yuan exceeds the dollar in China-Hungary trade amid stronger connectivity. *Global Times*. <https://www.globaltimes.cn/page/202309/1298550.shtml> Accessed 06 May 2024.

CEE country to issue RMB-dominated sovereign bonds¹⁸. As the competition between the West and China intensified, Huawei became the spotlight of the confrontation. Still, almost unnoticed, Chinese telecommunication giant Huawei has already set foot in Hungary. It enjoyed 30% of market shares in mobile phones in 2020 and owns several assembly plants in the country¹⁹. In addition to economic investment, both governments reached an agreement to further develop infrastructure links too, including the railway project and direct air transportation²⁰. As Hungary transitioned towards 5G, the Orbán government announced the establishment of Huawei's new development center in 2020; to date, Huawei has cooperated with all major mobile network operators in Hungary despite the US's extensive efforts to curb Huawei's influence. During the Belt and Road Forum held in China last year, Hungary's telecommunication giant 4iG, run by another Orbán's close ally Gellért Jászai, signed a memorandum of understanding with Huawei²¹, further deepening the Chinese tech giant's influence in the country.

Amidst escalating tensions with China and the US in the 2010s, the US politicians from both major parties consistently criticized the People's Republic of China (PRC). Nonetheless, in Hungarian politics, despite the deep division across many issues, the opposition parties barely criticized the PRC in the face of ever-closing relations between Xi and Orbán's governments. Over the past decade, CCP's increased presence rarely raised concerns within the Hungarian political sphere or the wider public (Matura, 2018). The only exception was the protest against the establishment of Fudan University's new Budapest campus in 2021²². Initially, the decision was set to be determined by a subsequent referendum but then was permitted to proceed without major objections after

¹⁸ Financial Times. (2017). Hungary sells renminbi debt in China. *Financial Times*. <https://www.ft.com/content/0201afb8-7202-11e7-93ff-99f383b09ff9> Accessed 06 May 2024.

¹⁹ Budapest Business Journal. (2022). Free to do Business in Hungary, Huawei Looks for More Speed, Less Energy. *Budapest Business Journal*. <https://bbj.hu/business/tech/telco/free-to-do-business-in-hungary-huawei-looks-for-more-speed-less-energy> Accessed 06 May 2024.

²⁰ Hungary Today. (2024). Air China to Increase the Number of Flights between Budapest and Beijing. *Hungary Today*. <https://hungarytoday.hu/air-china-to-increase-the-number-of-flights-between-budapest-and-beijing/> Accessed 08 May 2024.

²¹ About Hungary. (2023). Hungary signs new MoU with Huawei. *About Hungary*. <https://abouthungary.hu/news-in-brief/hungary-signs-new-mou-with-huawei> Accessed 07 May 2024.

²² BBC. (2021). Budapest protest against China's Fudan University campus. *BBC*. <https://www.bbc.com/news/world-europe-57372653> Accessed 14 May 2024.

Fidesz's landslide election victory in the year after (It has to be noted, that Budapest is the region where the Fidesz party has fewer support).

In certain scenarios, a country's economic considerations in the policymaking process may be overshadowed by geopolitical or ideological factors. For example, some CEE countries have recalibrated their economic relations with Russia since the invasion of Ukraine or adopted hardline economic policies towards China influenced by consecutive US governments. For CEECs like the Czech Republic or Lithuania, the once-welcomed Chinese capitals have been relegated due to diplomatic and geopolitical clashes. Compared to the mid-2010s when pro-China attitudes gradually became mainstream across the political, business and even media landscape (Karásková et al., 2018), the current portraits of the PRC in these two nations have deteriorated dramatically. Both Lithuania and the Czech Republic have shown positive gestures to form governmental relations with Taiwan in the past couple of years²³ ²⁴ and the undelivered investment promises from Beijing, coupled with China's deteriorating human rights records and more assertive geopolitical stance, seem to fuel the policy recalibrations. This phenomenon underscores the significance of studying European countries' recent policy changes or adherence concerning China in the past few years. Poland, for instance, has adjusted its China policy according to the rising consensus that China's actions could incur security threats to the European countries.

On the contrary to their CEE counterparts, most experts have agreed that Hungary remains the most prominent supporter of Xi Jinping in the region (Matura, 2021; Venne, 2022; Hompot, 2023). In 2023, Hungarian Prime Minister Viktor Orbán and his delegation visited China as the sole EU member to attend the BRI summit²⁵, a move noted by experts as a significant intensification of cooperation that could potentially lead to another state visit by Xi Jinping in 2024, the 75th anniversary of Hungarian-Chinese

²³ The Guardian. (2021). China condemns opening of Taiwan office in Lithuania as 'egregious act'. *The Guardian*. <https://www.theguardian.com/world/2021/nov/19/china-condemns-opening-of-taiwan-office-in-lithuania-as-egregious-act> Accessed 05 May 2024.

²⁴ Office of the President of the Republic of China, Taiwan (2023). *President Tsai meets Czech Parliament Chamber of Deputies Speaker Markéta Pekarová Adamová*. <https://english.president.gov.tw/NEWS/6465> Accessed 06 May 2024.

²⁵ Hungary Today. (2023). Viktor Orbán Stresses Cooperation Instead of Isolation during Official Visit to China. *Hungary Today*. <https://hungarytoday.hu/viktor-orban-stresses-cooperation-instead-of-isolation-during-official-visit-to-china/> Accessed 05 May 2024.

diplomatic relations.²⁶ To this date, Hungary still maintains a stable and close partnership with the PRC, as both leaders stay in power without effective objections as well. In terms of diplomatic rhetorics, the Hungarian officials, be it the prime Minister or Foreign Minister, continue to utilize positive terms towards the PRC; its Foreign Minister Peter Szijjarto expressed Hungary's appreciation for China's efforts to achieve peace in Europe and avoid further escalation of the situation in Ukraine in a meeting with his Chinese counterparts²⁷ and during the reception ceremony of Xi Jinping's visit in Hungary, Orbán described China as "One Of The Pillars Of New World Order"²⁸. Fidesz party has depicted China as an alternative ally since the inception of the Eastern Opening policy for the reason that the PRC is able to offer it economic profits and counterbalance its diplomatic isolation stemming from its strained relations with the EU. According to Fidesz, the Sino-Hungarian cooperation renders Hungary an "independent country with solid sovereignty" (Hompot, 2023; Zgut, 2022b). One "independent" example is Hungary's voting choices on the UN statements to condemn Beijing's human rights violations in Hong Kong and Xinjiang, which it did not support in all three votings (Poggetti, 2021). Many observers and experts attempted to discover the rationales behind Hungary's self-claimed voting independence, some of them attributed it to the private interest networks behind the China-Hungary cooperation, such as telecommunications providers and railway contractors mentioned above.

At the end of the day, even with the Orbán administration's efforts to embrace Chinese capital, Hungary's negative trade balance trends have been exacerbated, from a 6.3 billion Euro deficit in 2020 to 7.7 billion in 2023²⁹. Added to the unfulfilled investment promises and potential security threats, it seems like it's because of personal calculations and the close ties with stakeholders for the Orbán government to continue its

²⁶ Index. (2023). This is just the beginning, 2024 will be an important year in Hungarian-Chinese relations. *Index*. <https://index.hu/belfold/2023/12/27/ez-meg-csak-a-kezdet-2024-fontos-ev-lesz-a-magyar-kinai-kapcsolatokban/> Accessed 05 May 2024.

²⁷ Mission of the People's Republic of China to the European Union. (2022). *Wang Yi Speaks with Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto on the Phone*. http://eu.china-mission.gov.cn/eng/mhs/202203/t20220308_10649653.htm Accessed 08 May 2024.

²⁸ Radio Free Europe. (2024). Orban Meets With Xi, Calls China 'One Of The Pillars Of New World Order'. *Radio Free Europe*. <https://www.rferl.org/a/xi-hungary-orban-european-tour-pillar-new-world-order/32939244.html> Accessed 14 May 2024.

²⁹ World Bank. *Hungary Product exports and imports to China*. World Bank. <https://wits.worldbank.org/CountryProfile/en/Country/HUN/Year/2020/TradeFlow/EXPIMP/Partner/CHN/Product/all-groups> Accessed 07 May 2024.

China policy (Venne, 2022; Matura, 2021). The existing literature has discussed the reasons behind such warming relations between two illiberal states: the presence of informally enforced corrupt networks in Hungary (Zgut, 2022b; Visnovitz & Jenne, 2021; Varga & Buzogány, 2021). In hindsight, the China-friendly settlement bond scheme, COVID-19 vaccine contracts³⁰ and the aforementioned economic measures from the Hungarian government could epitomize the influence of non-transparency and clientelist network as Orbán's administration reconstructed state apparatus and adopted new external relations directions (Zgut, 2022b). Much previous literature has suggested similar trends and reasons behind Hungary's policies, this thesis will analyze these potential policy rationales in the following chapters.

To date, as many countries have begun to reevaluate BRI policy (even including China itself) and cease some cooperations, Hungarian-China cooperation remains prominent, accounting for most of the CEE sections on the official Chinese BRI website³¹. Among European countries, Hungary still intends to prioritize economic relations with the PRC; the five Memorandums of Understanding signed in late 2023 at the BRI summit³² are examples of its friendly positions, indicating no scaleback for their warm relations. To sum up, Hungary's China policy has transformed into a firmly pro-China position since Viktor Orbán's second inauguration and persisted until this moment without even minor rhetorical changes.

Methodologies

This thesis adopts a foreign policy analysis (FPA) research design, rooted in the methodology framework of comparative foreign policy (CFP). Unlike the traditional CFP that was prevalent in FPA and even IR academia in the 1960s and 1970s which aimed to develop cross-national, generalizable grand theories to explain states' foreign policy behaviours through the application of statistical methodologies (Feng & He, 2023), this

³⁰ Politico. (2021). Hungary becomes first EU country to authorize Chinese coronavirus vaccine. *Politico*. <https://www.politico.eu/article/hungary-becomes-first-eu-country-to-authorize-chinese-coronavirus-vaccine/> Accessed 05 May 2024.

³¹ 一带一路网/Belt and Road Portal. <https://www.yidaiyilu.gov.cn/project> Accessed 08 May 2024.

³² National Development and Reform Commission. (2023). 国家发展改革委与匈牙利有关部门签署共建“一带一路”等五份合作文件. https://www.gov.cn/lianbo/bumen/202310/content_6910205.htm Accessed 08 May 2024.

comparative methodology aims at studying foreign policy from a comparative perspective. The traditional comparative foreign policy methods declined after unsuccessful attempts to emulate natural science in social science inquiry. Nonetheless, some scholars argued that many contemporary analytical approaches such as geographical-area studies or middle-range theory have connected with CFP and should receive more attention as comparative foreign policy approaches (Feng & He, 2023). As Gabriel Almond once wrote: “If it is a science, it goes without saying that it is comparative in its approach.” (Almond, 1966). Whether in natural science or social science, comparative studies are a significant part of scientific research. The common goal of the modern CFP approach is to develop explanations of certain patterns of foreign policy behaviour or policy decision-making under some specific conditions (Feng & He, 2023). This objective aligns with the research aim of this thesis, which intends to discover the difference in the foreign policies generated by two Central Eastern European right-wing populist governments with a cross-case comparison research design.

There are two types of comparative methods, according to J. S. Mill and his 1843 book “A System of Logic”. One is “the least similar” case comparison, looking at the same causal antecedent between two cases that have the same outcomes; the other method is “the most similar” case comparison which selects at least two cases that have different outcomes and the antecedent should be almost identical with one condition as an exception (Bennett, 2004; George and Bennett, 2005). In this thesis, the differences in the populists' foreign policy toward China are treated as the dependent variables, while the various factors potentially influencing China policy formulations are the independent variables. These independent variables will be examined to provide causal inferences on the mechanisms that produce the observable policy difference between Hungary and Poland. By comparing different cases with one significant distinction, researchers can identify the exceptional value for an independent variable (in this research, the various elements that contribute to the policy difference) across the cases, thereby drawing a causal inference from the independent variable to the dependent variable of interest. This exceptional variable, therefore, can be inferred as the causal variable leading to the different outcomes for the two cases. (Feng & He, 2023).

This thesis seeks to derive meaningful outcomes from the comparison of the mechanisms that lead to populist nations' foreign policies vis-à-vis the PRC. The objective of this comparative examination is to investigate the impacts of populists on the decision-making bodies and the political systems and to identify the transformative effects instigated by populist parties which in turn have led to distinct foreign policy orientations of the two Central and Eastern European governments. While the examinations of populist policy formulations may initially appear to adopt an actor-centric approach, the comparative research could extend beyond the populist leaders to the decision-making organs and other elements in the political system including non-state actors, in other words, to examine the populists' impacts on the decision making organs and the political system.

In terms of the comparison timeline, as mentioned before, China's increasing activities (with clear policy outlines) in the CEE regions coincided with the commencement of Viktor Orbán's populist second governance in the early 2010s, while in Poland, the populist PiS party only received an outright majority after 2015 election. Even though their timeline difference seems to render this comparative research unviable, in essence, conducting comparative research remains feasible since both populist parties were keen on the prospects of booming relations with Beijing at the beginning of their governance. Therefore, this thesis will begin the comparison study in Hungary from 2010 to the time of writing this thesis (basically mid-2024) given the fact the ruling party has not fundamentally changed. For Poland, the analysis will cover the period from 2015 to late 2023, reflecting the PiS government's tenure until it lost power.

Another key challenge for comparative case studies besides timeline is the appropriate case selection in order to mitigate selection bias that leads to misleading inferences. The rationale behind this thesis's selection resides in the observable manifestations of populist governance in the respective nations. Hungary and Poland share similarities across various dimensions: geographical proximities, historical factors, institutional frameworks, and most crucially, the electoral strategies and governing methods employed by Fidesz and Law & Justice. These shared political parallels render policy comparison studies on these populist nations possible and allow this study to

uncover the differences in foreign policy generated by these two right-wing populist governments in the CEE region during the last decade.

For the individual case in this research, this thesis will employ case study and process-tracing (PT) research approaches to discern the causal mechanisms that link political changes (i.e. inaugurations of populists) and policy outcomes in each country. This methodological design serves the research goal of understanding the logic of policy transformation instigated by the rising populism. This analysis will trace the “processes” that connect the governance of populist parties and the changes/adherences in China policy directions. By looking into the results triggered by the new ruling parties and uncovering the causal mechanisms, this research can establish the causal connections behind the populists’ policy formulations regarding the PRC and present how those effects were produced by populists and lead to the subsequent comparative analysis on these elements.

Process Tracing, defined by Beach and Pedersen (2013, p. 29) as a “system of interlocking parts that transmits causal forces from X to Y”, is centrally revolved around testing, building, and explaining the causal mechanisms, which would inevitably based on positivist epistemology (Smith, N., 2019). That is, to conduct process tracing analysis on each populist case, this thesis would draw from the empirical evidence provided by various textual contents and statistical economic data including, but not limited to, the official documents released by all the relevant governments, the reports generated by think tanks in these countries (think tank seems to play a substantial role in the policy-making in Hungary and Poland (Cadier & Sus, 2017)) and other policy indicators. The available data could exhibit the trends of bilateral or multilateral relations and different types of statistics would ground the analysis of ongoing deviation of political or economic intrastate relations. By tracing the development of the official stances from the PRC and CEECs before and after the inauguration of far-right populists, this thesis hopes to identify the mechanisms underlying each actor’s motivations, decision-making processes, and actual policy outcomes. This PT method will ultimately enable a comparative study of China policies across these cases.

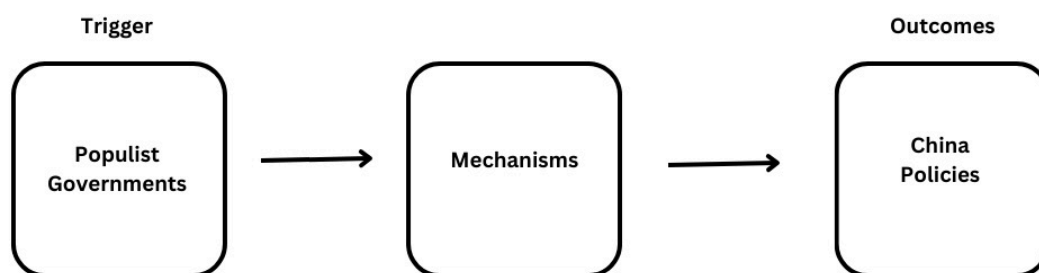


Figure 1. Schematic causal mechanism when applying the PT method in this research

The process tracing (PT) methods employed in this research involve studying the individual elements that contribute to the formation of each country's China policies and understanding how these mechanisms combine to produce different outcome trajectories. Moreover, Process Tracing, which does not adhere to any specific philosophical ontology or prescribed assumptions (and theoretic frameworks) about the empirical world (van Meegdenburg, 2023), is particularly suitable for providing subjects for this comparative analysis. The three main purposes of Process Tracing are theory testing, theory building, and outcome explanation (Van Evera, 1999; Smith, 2019). This research aims for outcome explanation by adopting both deductive and inductive logic, which can be followed by the juxtaposition of hypotheses and observations until satisfactory explanations of the phenomena are reached. Specifically in this research, previous literature on Hungarian and Polish governments allows this thesis to propose various hypotheses on how CEE populist parties govern and formulate foreign policies. These hypotheses can be tested through four particular process tracing tests, which will be based on observable implications of both nations' decision-making processes and empirical policy records. This approach will produce meaningful causal inferences, facilitating a comparative examination of the two cases.

The four Process Tracing tests categorized by Van Evera (1999) have been widely accepted and employed. These tests are based on the principles of certainty and uniqueness: whether the tests are *necessary* and/or *sufficient* for inferring the evidence

(Punton, 2015). Therefore each of the tests has a certain degree of capacity and validity to ensure, prove, or eliminate the hypothesis thus providing casual inference for its users:

- *The Straw-in-the-wind test* (low uniqueness, low certainty) is the most basic of all four tests since it simply aims to increase the plausibility or cast doubts against (just slightly weaken, not eliminate it) a given hypothesis as the researcher employs a basic and non-exhaustive assessment of the evidence. For the Straw-in-the-wind test, the logic requirements are neither necessary nor sufficient to prove the causal effects of the hypothesis.

- *The hoop test* (high certainty: necessary to confirm hypothesis) is more exhaustive and requires the hypothesis to “jump through the hoop” (for those who don’t pass the test, it can be certain that they are not the justified hypothesis, but it cannot guarantee anything pass through the hoop are “basketball”). In other words, while it cannot prove a hypothesis, it can certainly eliminate the hypothesis that doesn’t meet the necessary requirements.

- *The Smoking-gun test* (high uniqueness: sufficient to confirm hypothesis) goes further with the analysis of the evidence and is the minimum test for accepting causal inference. If the hypothesis fails this test, it is not necessarily eliminated, but is somewhat weakened; on the other hand, if the hypothesis passes the smoking gun test, given the test’s uniqueness, it tends to lend strong support (or nearly affirm) to the hypothesis. In the end, the requirements for the smoking gun test are sufficient but not necessary, which means it is useful to establish causal relations of a set of given variables.

- *The doubly decisive test* (high certainty, high uniqueness) is the most strenuous of the four and requires the researcher to undertake multiple tests; with the combined weights of the empirical evidence, the passing of the doubly decisive test tends to strongly support a hypothesis and poses strong rejection to the alternative hypothesis; on the other hand, the failing to pass presents the entire opposite conclusion. In other words, the researcher has to undertake multiple “Straw-in-the-wind”, “hoop test” or “smoking-gun” level tests to secure strong inferential leverage to confirm his/her

hypothesis (Van Evera, 1999; Collier, 2011; Beach and Pedersen, 2013; Smith, 2019).

Inevitably, there are limitations when adopting Process Tracing methods. Its purpose of discovering and proving the mechanism between triggers (independent variables) and the outcomes (dependent variables) will naturally incur the problem of infinite regress (Bennett, 2010). This issue of infinite regress arises when a belief is justified by another belief which needs to be justified by yet another belief, which potentially requires an infinitum justifications to prove. In Process Tracing, proving the linkage between intervening variables and dependent variables may rely on sets of beliefs that demand recursive justifications and result in such a problem. The second limitation of applying Process Tracing to discover the mechanisms triggered by the independent variables (for example: switching to a populist government) is the subjectivity in data interpretation and test selection. The establishment of the hypothesis and the selection of methods are subjective and the line between each Process Tracing test is blurry and nuanced (An assumption could even be tested by multiple tests). Thus, the subjectivity of test selection can lead to doubts about the legitimacy of test selection, which can only be mitigated by establishing more convincing criteria for selection. The following analytical chapters will investigate the hypotheses based on the discussion of previous literature to mitigate the subjectivity since the identified elements have been indicated to be consequential by many discussions.

The other inherent shortcoming of Process Tracing is its low external validity (Collier, 2011) since the method concentrates on specific cases and their in-case mechanisms. For example, uncovering the mechanism of one populist party's policy formulating process can yield specific results that can not easily explain the process in another populist country. In this research, since Process Tracing is the approach to prove the linkage between each populist government and their separate China policies, it doesn't resort to external validity but focuses on internal validity to provide convincing explanations within each country's case. Last but not least, Process Tracing poses another challenge of missing variables because proving the assumption requires holistically considering all the details about the cases. Such difficulty is particularly pronounced in decision-making and policy formulation examinations, which involve a plethora of

stakeholders. Process tracing demands comprehensive evidence for nearly every element of the causal mechanism within the cases. To achieve meaningful and reliable results using PT, it is essential to gather sufficient evidence for each part of the mechanism to conduct the causal tests effectively (Collier, 2011).

In the following chapters, this research is going to generate some hypotheses that potentially link the populist governments and their separate China policies together. Then these hypotheses will undergo a series of Process Tracing tests to justify each mechanism's validity. Meanwhile, performing PT analyses would allow for a detailed examination of each element, thereby offering clearer insights for future research, especially given the current lack of integrated studies on these topics. With the proven mechanisms, comparative research on the two countries' rationales behind diverging China policies can later be conducted to derive the information intended. The first set of hypotheses, based on the previous literature and empirical records, will be: the Hungarian Policies in the scope of Hungary-China relations (dependent variable) may be due to (1) Hungary's clientelist networks, (2) Chinese specific investment in this network (3) typical populist strategy, memory politics, (4) Fidesz's Euroskepticism, (5) Budapest's geopolitical perception of the PRC government or its relation with Russia. As for the Polish Law & Justice party and its China policies, the hypotheses are: the Polish Policies in the scope of Poland-China relations may be due to (1) Poland's clientelist networks, (2) Chinese economic investment in Poland (3) typical populist strategy, memory politics, (4) PiS's Euroskepticism, (5) Warsaw's geopolitical perception of the PRC government or its relation with Russia.

These hypotheses primarily stemmed from the previous literature, including the categorization of populist foreign policy by scholars like Varga and Buzogány (2021) or Visnovitz and Jenne (2021). These scholars concluded that many populist parties in Europe tend to adopt foreign policy practices characterized by replacing current diplomats with their own personnel, pursuing flexible diplomatic relations with non-traditional allies, employing memory politics, and emphasizing the decline of unique national cultures due to European integration, thereby alienating traditional allies. Moreover, drawing on prior accounts of both countries' foreign policies regarding China, this thesis establishes several assumptions for individual cases such as "Hungary's unique clientelist

networks might contribute to the formulations of its China policy”. The next two chapters will examine the validity of each hypothesis and provide clear pictures of the dynamics of populist governments and their China policies. Despite the similarities shared by Poland’s PiS and Hungary’s Fidesz, there are notable divergences in their approaches to forming China policies. Using the causal mechanisms identified through the process tracing method, this thesis intends to examine these intricate dynamics and mechanisms from a comparative perspective, thereby deriving useful conclusions from the comparison of these two nations.

Analyse China Policies of Hungary’s Fidesz

In May 2024, long-serving Hungarian Prime Minister Viktor Orbán welcomed Chinese President Xi Jinping in Budapest. During the state banquet and formal meetings, Orbán remarked that “China is one of the pillars of the new world order” or “Hungary is glad to elevate Hungary-China relations to an all-weather comprehensive strategic partnership” to the bilateral relations with the PRC.³³ Unlike the growing wariness among Central and Eastern European (CEE) countries towards the increasingly assertive People's Republic of China, Hungary continues to demonstrate its commitment to sustaining the “Golden Voyage” with China in the future³⁴. From his second term as prime minister, Orbán deliberately redirected his country’s foreign policy and strengthened the bilateral cooperation with Beijing. Several rationales and considerations can underpin the decisions of Orbán’s populist administration.

Many scholars have discussed the prevalent clientelism issues in Hungary (Zgut, 2022a; Gherghina & Volintiru, 2023). In the context of clientelism, Clientelistic exchanges, such as public contracts, public sector employment or financial transfer, can ensure electoral mobilization and bring up favorable results to those who establish and employ the network (Hopkin, 2006; Gherghina & Volintiru, 2023). Since Fidesz came to power in 2010, Hungary’s performance in various democracy indexes has significantly

³³ Politico. (2024). Xi Jinping uses cold hard cash to keep Viktor Orbán close. *Politico*. <https://www.politico.eu/article/viktor-orban-xi-jinping-hungary-china-partnership-electric-vehicles-investments-cooperation/> Accessed 15 May 2024.

³⁴ Ministry of Foreign Affairs, the People's Republic of China. (2024). *Embarking on a Golden Voyage in China-Hungary Relations*. https://www.fmprc.gov.cn/eng/wjdt_665385/zyjh_665391/202405/t20240508_11301077.html Accessed 15 May 2024.

declined³⁵. The deterioration of democracy is evident in multiple aspects of governance. According to Zgut (2022a), the Fidesz party has violated democratic principles since 2010 by installing Fidesz loyalists in the institutions including the state audit office, court system and, most importantly, the Chief Prosecutor's Office. The overhaul in the judicial system effectively exempted the ruling elites from any accountability since it failed to investigate the corruption cases involving the close allies of Viktor Orbán. Through these instruments, Orbán and Fidesz have monopolized corruption in a top-down, informal manner, benefitting the friends and family of high-rank party officers (Zgut, 2022a). Consequently, Hungarian political decisions are often made outside the formal institutional framework, heavily influenced by stakeholders within Orbán's social circle. The personification of such clientelist network includes billionaires like Lorinc Mészáros and Gellért Jászai. Mészáros, once the mayor of Orbán's hometown, became a construction industry tycoon following his public service career. Jászai started his telecommunication business in the late 2010s; with a close tie with Orbán, his company 4iG enjoyed substantial success, expanding its operations internationally. According to the report of the Corruption Research Center Budapest, 41 percent of public contracts in 2020 were awarded without competition³⁶. This phenomenon indicates that clientelist networks, rooted in the Fidesz government, can exert substantial influence on the decision-making process.

To verify whether the populist Fidesz administration's China-friendly policies over the past decade are linked to its clientelist networks, the intervening variable - the clientelist network, can be tested with the Straw in the wind test and the Hoop test. The Straw in the wind test, though cannot provide sufficient nor necessary requirements for the inference, can lay a valuable preliminary benchmark for the whole examination. Testing the clientelist network in the context of Fidesz's Sinophile policies relies on scholarly conclusions that the existing networks within Orbán's social circle are able to influence or even produce political decisions. This clue can lend weight to the hypothesis that the network itself produces China-friendly policies. The extra considerations (from

³⁵ Economist Intelligence Unit. (2013). *Democracy Index 2012: Democracy at a standstill*. & Economist Intelligence Unit. (2024). *Democracy Index 2023: Age of conflict*.

³⁶ Corruption Research Center Budapest. (2020). *New Trends in Corruption Risk and Intensity of Competition in the Hungarian Public Procurement from January 2005 to April 2020*. Corruption Research Center Budapest.

the oligarchs who bonded close ties with Fidesz) can add up the calculation when the administration formulates its China policies. However, the Straw-in-the-wind test only slightly affirms the possibility that the networks do increase the chances of producing China-friendly policies with extra inputs during the decision-making process; this element alone cannot guarantee it will generate policies that lean toward China. It can, on the contrary, produce policies against China if the oligarchs consider such a direction to be advantageous to them. Furthermore, the mere existence of clientelist networks doesn't confirm their involvement in formulating Hungary's China policies. A number of literature points out the intriguing fact that China's FDI volume to Hungary remains scarce (Matura, 2021). Without further evidence, the Straw-in-the-wind test can only be concluded with the Straw in the wind test that the clientelist network in Hungary has slightly increased the causal link with the Fidesz and Sinophile policies since it lacks the ability to reject the rival hypothesis that it can produce policies against China.

Current literature predominantly attributes the Chinese Communist Party's (CCP) grand strategies, such as the Belt and Road Initiative (BRI) or the 14+1 framework, to the need to redirect the overcapacity of the Chinese manufacturing sector (Zhou & Esteban, 2018; Gonzalez, 2019). At the same time, many of the studies acknowledged the notion that these projects were also aimed at augmenting its geopolitical influence (Karásková et al., 2018). Regardless of the primary purpose of these investment projects (which remains a topic of scholarly debate), the implementation details by China and its partner countries significantly impact the perceptions and outcomes of bilateral cooperation. For instance, in the Czech Republic, the Chinese investment promises mostly benefit the companies that enjoy warm relations with the Zeman administration³⁷. However, stalled or even undelivered economic investments from the PRC have led to disappointments in Czechia. Coupled with the increasingly negative perception of the PRC among the Czech general public³⁸, these factors have eventually resulted in the current strained relations with China. In contrast, Hungary presented a different scenario. The scope of financial cooperation even includes both state governments and even central banks. The areas of

³⁷ Kowalski, B. (2019). *All quiet on the Eastern front: Chinese investments in Central Europe are still marginal*. Central European Institute of Asian Studies.

³⁸ Turcsányi, R. et al. (2020). *Czech public opinion on China in the age of COVID-19: A divided nation*. Central European Institute of Asian Studies.

investment cooperation between Hungary and China are expansive as well, ranging from chemical engineering, and financial services to nuclear energy and telecommunication where the energy security and cybersecurity issues tend to raise several doubts about related political decisions. Despite extensive cooperation, current economic statistics indicate that Hungary's trade with China has not significantly increased exports to China, the desired results nationalist governments often aim for. Since the overall trade volume between China and Hungary remains relatively minor, it's fair to say economic cooperation alone does not provide a compelling incentive for continued bilateral collaboration. Thus, in four of the PT tests, this phenomenon could even be treated as a rival hypothesis.

This study, however, will introduce another facet of the economic cooperation between Hungary and the CCP: there are numerous bilateral projects provided to the clientelist network of the Fidesz party. As highlighted in the literature review, many public contracts were rewarded to the clientelist networks. When the government initiated the cooperation with China, these companies obtained the opportunities to sign memorandum of understanding with Chinese counterpart companies or even government entities. For instance, Gellért Jásza, a telecommunications merchant favored by Orbán, had the opportunity to sign a MoU with Huawei at the latest Belt and Road Summit. Such rewarding practices effectively enhance China's informal power within the Hungarian political system. Therefore, instead of considering the result of economic cooperation with China as an alternative hypothesis to the formation of China-friendly policies, this research posits that the specific economic dedication from China to the Fidesz clientelist network is the intervening variable that essentially facilitates the production of Sinophile policies.

From this perspective, the hypothesis "Chinese specific investments to the clientelist network" can be tested by the Hoop test and the Smoking Gun test. This design leverages the unique characteristics of each test: the economic incentives provided by China to the clientelist networks have high uniqueness and certainty in this process. These economic benefits are able to assist Orbán and his allies in maintaining their power and advantage over their political enemies. With the executive, legislative, and judicial power secured, Fidesz and their family or friends can be exempted from misconduct, while their political

rivals are not. On the other hand, these profits are tangible to the companies and entities inside the clientelist network. China's overseas investments, such as the Belt and Road Initiative, provided the Hungarian government with new opportunities to achieve the longevity of the regime through financial instruments.

One of the BRI flagship projects, the Budapest-Belgrade railway line, is yet another example of international projects meeting with local political clientelism. The construction of the Hungarian part (between Soroksar and Kelebia) was planned to be commissioned by a Chinese-Hungarian consortium involving key companies centered around the Hungarian government. The joint venture model of the company responsible for constructing the BRI project is a common practice when the Chinese government engages with foreign countries (Reilly, 2021). Nonetheless, in the Hungarian sector of the flagship railway project, the public tender was unsurprisingly won by a company (RM International Ltd) indirectly owned by Lőrinc Mészáros, in a consortium with two other companies controlled by Mr. Mészáros's son-in-law (Zgut, 2022b). According to the reports from a Hungarian NGO Corruption Research Center Budapest³⁹, the consortium of three companies in relations with Mészáros took up nearly 40 percent of the total value of Hungarian public contracts. Regardless of Beijing's intentions, the economic profits from the PRC were at least partly funneled to the clientelist network surrounding Fidesz's high-ranking officers, thereby directly/indirectly becoming the instruments to increase China's informal power in Hungary.

Naturally, these economic profits directed to the clientelist network can be examined by the hoop test to confirm their relations with the production of China-friendly policies. This hypothesis links the formation of cinephile policies with the clientelist network and the economic benefits provided by China. The opportunity of the railway project, albeit being awarded to the Mészáros consortium by Orbán, was initiated by the PRC government in the beginning. Without the overseas investment project brought by the CCP, Orbán's government would have fewer resources to maintain its power through the clientelist network. Moreover, once the clientelist network capitalized on the Chinese provision, it had the incentives to influence and produce China policies that could attract

³⁹ Corruption Research Center Budapest. (2022). *Share of Net Contact Value of Tenders Won by Crony (MGTS+) Companies in Hungary in Total Net Contract Value with and without of Belgrad – Budapest Railway Project*. Corruption Research Center Budapest.

more investments from China. Therefore, the specific economic benefits serve as the “necessary” condition for generating China-friendly policies, passing the hoop test as it did “jump through the hoop”. At the same time, this economic relationship can even pass the Smoking Gun test. Like the suspect holding a gun with the smoke at the murder crime scene, the financial benefits to the clientelist network provide sufficient conditions for the causal consideration. The empirical study has confirmed the capacity of the Hungarian clientelist network to influence political decisions, thus the condition meets the criteria of the Smoking Gun test as well. With the two positive results combined, it’s safe to conclude that the economic profits and the clientelist network received the profits have a substantial link with the formation of China-friendly policies.

For the populist parties, politics of memory serves as an effective and popular method to mobilize the population. By utilizing the mythologized understanding of the past, politicians can exert and increase their influence among voters, and affect voters’ identities or understandings of the political elites (Verovšek, 2016). The sentiment surrounding the Trianon Treaty among many Hungarians and the objections to regulations affecting the Hungarian diaspora in Romania and Slovakia are the instruments that the Fidesz party continuously exploited during its tenure. The relationship between memory politics and China-friendly policies can be examined by the Straw-in-the-wind test. The hypothetical mechanism for this element of policy formation is that “the politics of memory facilitate the China-friendly policies”. However, this causal inference cannot easily pass the straw-in-the-wind test since it hardly provides the Hungarian government a clear incentive to form a warm relationship with the PRC. Although the result of this Straw-in-the-wind test doesn’t affirm the relevance of the hypothesis, it only slightly weakens it. Memory politics and its impacts on foreign relations with other countries or international institutions could indirectly impact Sino-Hungarian relations. Yet, the relevance of these factors remains insufficient to conclude their causal relations.

The most prominent characteristic of some CEE populist parties should be their Euroskeptical rhetorics and policies. When the Fidesz party began its rule in 2010, it initiated the Eastern Opening Policy. The ostensible intention of this policy is the diversification of Hungary’s trade and investment sources. Nonetheless, the Eastern Opening policy can also facilitate Fidesz’s departure from the West; in hindsight, it has

signaled such a shift from the beginning. Many populist politicians employ nationalist rhetoric, which in the European context, is usually followed by skepticism about European integration in their agendas. In Hungary, Orbán and his colleagues have constantly accused the EU and other Western countries of undermining the country's independence. On Hungary's national day in 2012, he adopted rhetorics like "The European Union is trying to exert its colonial influence on us.", and "The Hungarians will not live as foreigners dictate it, will not give up their independence or their freedom"⁴⁰. In response to the criticisms from the EU, the Orbán reacted with negligence and even harsher violations of democratic values. In December 2023, the Hungarian government enforced the "Sovereignty Protection Law", which allows authorities to investigate and prosecute those accused of undermining Hungary's sovereignty. Earlier in 2024, the EU initiated legal action against the Hungarian government for this legislation⁴¹, further strengthening Fidesz's rhetoric of the EU undermining its independence.

To confirm the relations between Euroskepticism and China-friendly policies, this study will employ the Hoop test within the process tracing methodology. The hoop test for the hypothesis "Euroskepticism contributes to the formation of Sinophile policies" is capable of providing an answer that confirms whether the existing evidence is necessary for a hypothesis to be true. On most occasions, the clashes between Hungary and the EU are infighting within the scope of European politics and integration. From the aforementioned Sovereignty Protection Law to the frozen EU funds or expulsion of MEP from the Parliamentary group of the European People's Party (EPP), these incidents are mostly concerned with the values and regulations of the European Union. It seems that Euroskeptic ideology has little to do with China-friendly policies. Still, Hungary expresses some defiant opinions against Brussels regarding the joint decision of the EU on China-related topics. For the blockages of the EU statement concerning Human rights violations in Hong Kong, Hungarian officials in Brussels did not deliver any comments⁴²; as for the sanctions package targeted Chinese individuals and entities in 2021, the Hungarian

⁴⁰ Politico EU. (2012). Orbán accuses EU of colonialism. *Politico EU*. <https://www.politico.eu/article/orban-accuses-eu-of-colonialism/> Accessed 19 May 2024.

⁴¹ The Associated Press. (2024). The EU launches legal action against Hungary over new law accused of targeting critics. *The Associated Press*. <https://apnews.com/article/european-union-hungary-sovereignty-law-democracy-funds-f0024283a6bf6f4bc78b567f59d8e3ee>

⁴² Chalmers, J., & Emmott, R. (2021). Hungary blocks EU statement criticising China over Hong Kong, diplomats say. *Reuters*.

Foreign Minister described it as “meaningless, pretentious and harmful”⁴³. Despite the verbal objections, his comments weren’t associated with the Euroskeptical rhetorics or Hungary’s independent stance. Recently, Hungary blocked another EU sanction package related to China, the 13th package of sanctions against Russia (which includes some Chinese entities and individuals). Nonetheless, this blocking was primarily about Russia, and there were no official documents (or statements for the officials) linking the blockage of sanctions containing Chinese targets to Euroskeptical reasons. Therefore, the Hungarian government did not base its China policies on Euroskepticism, which is not a sufficient nor necessary condition for generating Hungary’s China policies.

The next element examined is the crucial consideration for the foreign policy regarding a specific country: the Hungarian government’s geopolitical perception of China. Under Orbán’s rule, Hungary’s perspective on China has experienced seismic changes. Firstly, the populist party does tend to forsake historical allies and reorient to non-traditional allies (Varga & Buzogány, 2021). With the Eastern Opening policy and the alienation of traditional partners, the Fidesz government has reoriented its geopolitical outlook Eastwards. Orbán’s administration thus views the PRC not only as an economic resources provider but as a pillar to politically support its nationalist and independent policies (Especially when it built up tensions with the EU and NATO). To examine the Hungarian government’s geopolitical perception of China and its closer tie to China, this study will apply the Smoking Gun test within Process Tracing methods which is able to confirm that a particular factor or element is sufficient to explain the observed outcome.

Several factors can lead to Hungary’s geopolitical perception of the PRC. The context of Sino-US hegemonic competition has shifted many countries’ perceptions and attitudes toward both nations. For Hungary, China's influence has been steadily increasing following the Eastern Opening policy. In the long run, Budapest’s Economic reliance on the PRC will increase due to these crucial investments in the past decade. After several conflicts with its Western allies, the importance of China's economic resources has further expanded. Remaining a member of the European Union also gives Hungary more leverage in its relations with China, which is evident in Hungary's repeated

⁴³ CGTN. (2021). Hungary finds EU sanctions on China 'meaningless, pretentious and harmful'. *CGTN*. & Xinhua.Net. (2021). EU sanctions against Chinese individuals, entity pointless. *Xinhua.Net*. & Politico. (2021). Germany slams Hungary for blocking EU criticism of China on Hong Kong. *Politico*.

blocking of EU sanctions and criticism against China. Previous economic offerings have resulted in Budapest's current choices, and the European political dynamics could continue to solidify this relationship in the near future. Although there are currently no such cases, if the EU were to impose sanctions on China in the future due to human rights or rule of law concerns, it would need to offer Hungary greater incentives to act according to Brussels's intention, similar to EU's approach with sanctions on Russia. Therefore its increasing alignment with the PRC has increased its geopolitical status. Securing investment from one of the great powers is always a common geopolitical strategy. The COVID-19 vaccine purchasing and other investments involving energy security demonstrate the Fidesz government's opinion on the PRC, serving as an alternative to the great power. In this context, the Smoking Gun test can determine whether the Hungarian government's geopolitical perception of China is a sufficient condition for its China-friendly policies. In most international relations research, geopolitical consideration is often the more important consideration in the decision-making process; thus to maintain the same policy direction, the geopolitical perception of a given country should not undergo significant changes. Given this logical inference derived from its policy orientation supports the hypothesis, it can be concluded that the Hungarian government's geopolitical perception of China is indeed a sufficient condition for its China-friendly policies.

After reviewing the key elements that potentially influence foreign policy decisions in Hungary, this study identifies several factors contributing to the Orbán administration's current China-friendly policies. The clientelist network and the economic benefits invested in it, along with the geopolitical perception of China, constitute highly sufficient conditions for the formulation of China-friendly policies. Memory politics, a ubiquitous populist tactic, has lower relevance in the China policy field since it does not inherently motivate Hungary to approach China in such a manner. Euroskepticism, the trademark of several Brussels-antagonizing parties, including Fidesz, has little to do with the Sinophile policies based on empirical examination and causal inference. After identifying the consequential components in Hungary's decision-making process, this study will examine the key elements in another populist nation that shares similar populist traits but adopts a different policy toward China.

Analyse China Policies of Poland's PiS

The Polish right-wing populist party has demonstrated its populist characteristics in the field of foreign policy as well. Previously theorized populist practices encompass several elements, ranging from clientelism to the alienation of traditional allies, many of which vary from the Hungarian counterpart in the Polish case. One of these practices is the clientelism. Like in Hungarian politics, clientelism has presented itself in Polish politics for a long time, just in different fashions. The 2015 Polish Parliamentary election witnessed the victory of the Law and Justice Party based on many reasons like political distrust, public spending pledges and support from the Catholic Churches (Markowski, 2018; Tworzecki, 2019). The victory of the hard-right party brought about a specific type of clientelism, which still created uncodified and informal interactions between the ruling parties and the patronages, resulting in an uneven playing field to their advantage. The ruling United Right alliance started to capture the state institutions that constrain the politicians and government behaviours. The office of the prosecutor general in both Hungary and Poland has all under the ruling parties' influence and effectively blocked the investigations of the ruling figures (Zgut, 2021b). Besides exerting political control over the judicial power, PiS also enhanced their informal power through stated-related political or commercial job positions. The turnover of these jobs is disguised as "decommunization" by the PiS party which has employed such a policy to award its loyalists to positions that have lowered the requirements. For instance, in the context of the COVID-19 pandemic, the Civil Servant Act expanded the opening of high civil service posts with fewer regulations that potentially encourage clientelistic exchanges for the ruling parties (Zgut, 2021).

The other characteristic of Polish clientelism lies in the financial grants for the NGOs. According to Sula et al. (2023), the PiS coalition has established new mechanisms, which help the ruling party and its coalition partners distribute public funding in a

politically preferred manner. They described several funding schemes dictated by various governmental departments that favored NGOs and civil society organizations related to the PiS party. In the same paper, Sula et al. (2023) also summarized the clientelism level in European countries by regression model with the data from the Variety of Democracy database, in 2020 the clientelism level in Hungary was above 0.5 (scale 0–1) whilst in Poland, the value was some 0.25. Other than the different scales of clientelism, PiS's network has another factor influencing the effectiveness of the clientelism network: the competing networks within its coalitions. The Polish politics after 2015 has been characterized by infighting between the PiS party and its coalition allies, United Poland. In 2021, the leader of United Poland even threatened to vote against ratifying the EU recovery fund in the parliament⁴⁴, manifesting a serious power struggle between different flanks in the coalition. The coalition dispute, which doesn't bother Orbán in Hungary, could diminish the effectiveness of the clientelist network in Poland to a certain degree.

Is the relatively less influential clientelism a facilitating factor in the formation of China-friendly policies? To start, the impacts of the clientelism in the Polish foreign policy are limited due to the limited scale and the coalition infighting, both have the capacity to effectively diminish PiS's decision-making ability. Most of the policies that led to the dispute between the EU and PiS were domestic policies, such as media regulations. Except for the relations with EU integration, Polish foreign policies' main directions (like viewing Russia as the main geopolitical threat) have remained the same under the PiS coalition. Poland's China policies did undergo alteration in this period, however, it arguably wasn't the main foreign policy doctrine but a relatively new geopolitical issue in the CEE region. Similar to the Process Tracing tests for the Hungarian clientelist network, Polish clientelism can, in theory, increase the populist party's ability to form Sinophile policies (passing the Straw-in-the-wind test); however, the nature of the Straw-in-the-wind test doesn't reject the alternative hypothesis and just slightly increase the connection between clientelism and China policies. Moreover, unlike the case of China's direct investment in Hungary, Poland's clientelist network didn't receive the economic benefits from the PRC. Most of the Chinese investments in Poland

⁴⁴ Notes from Poland. (2021). PM "agreed to diktat of Brussels and Berlin" over EU budget, says Polish justice minister. *Notes from Poland*. <https://notesfrompoland.com/2021/04/12/pm-agreed-to-diktat-of-brussels-and-berlin-over-eu-budget-says-polish-justice-minister/>

were concentrated on infrastructure projects like highways and ports⁴⁵ and have not waded into the core of the Polish clientelist network like the national petroleum company, PKN Orlen⁴⁶. Under this circumstance, it's reasonable to conclude that although in theory, the clientelist network could facilitate the production of China-friendly policies, due to the nature of Polish clientelism and the lack of Chinese direct investment in the network, the clientelist network's impacts on the formation or alteration of Poland's China policies remain scarce.

Despite the scarce Chinese investments poured into the clientelist network, the economic transactions between China and Poland during this period were tangible. Poland is the first European member of the Asian Infrastructure Investment Bank and still remains a participant in the 14+1 initiative currently. Coupled with several bilateral investment agreements, there has been a significant increase in trade volume in the last decade. In 2010, Poland's trade volume with China amounted to over USD 18.3 billion; by 2022, the trade volume had surpassed 38 billion USD, raising more than 200%.⁴⁷ However, unfolding the statistics will reveal the asymmetric relations between China and Poland. Since the beginning, Poland has consistently imported more products from the PRC than it has exported to mainland China. Most products imported by Poland are machinery and high-end electronics and in turn, Poland exports copper and wood to China the most. While the exact figures have fluctuated, the value of goods imported by Poland from China has always been ten times greater than the value of Polish exports to China over the past few years. The lasting trade deficit alone may not be the reason to alter Poland's direction of China relations, it can be a demonstration of a failed attempt to reverse the unbalanced trade relations though.

Another objective to intensify cooperation with China for Poland was to increase its logistical importance. Previous research by Jakubowski et al. (2020) or Pendrakowska (2018) has contended that one of the potential strategic rationales of the BRI participation for the policymakers in Warsaw was based on Poland's location is at the heart of the New Silk Road plan, allowing Poland to serve as a logistical hub in the intercontinental railway

⁴⁵ Rajca, R. (2022). *Poland economy briefing: Polish - Chinese economic relations*. China-CEE institute.

⁴⁶ Zgut, E. (2021). *Tilting the Playing Field in Hungary and Poland through Informal Power*. German Marshall Fund.

⁴⁷ Statistics Poland. (2023). *Yearbook of Foreign Trade Statistics 2022*. & Statistics Poland. (2011). *Yearbook of Foreign Trade Statistics 2010*.

project. The crucial railway terminal in Poland, Małaszewicze, has transformed from a mere 4000 population village to a railway hub that serves over 98% of European containers from and to China⁴⁸. However, in recent years railway transportation has suffered from congestion, spiking rates, and geopolitical impacts (since one of the main routes passed through Russia). Handling the majority of cargo generated by the New Silk Road could, in theory, help Polish policymakers achieve their goal of increasing geopolitical influence. The transportation hubs in Gdańsk, Małaszewicze, Łódź, and Sawków continue to operate today. Despite their futures being clouded by deteriorating EU-Russia and EU-China relations or other supply chain issues, these hubs have played a substantial role in the Polish government's strategic calculations.

In general, Poland's trade relations with the PRC experienced steady growth in total volume as well as trade deficit; its attempt to secure a significant role in the BRI's new silk road map can be called successful to a certain degree, although its future is clouded by geopolitical uncertainty. To evaluate the Sino-Polish economic relations, the Hoop test can examine the answer to the question of whether it facilitated cooperation with the PRC. The trade benefits from the PRC could indeed serve as the main objective to initiate economic cooperation at the beginning, but after a few years of development, the stagnant trade deficit will impact the policy calculation. The metal material and wood constitute the majority of Polish exports to China, nonetheless, according to the United Nations COMTRADE database on international trade, the largest exported products for Poland are machinery and electronic equipment, which Poland doesn't export much to the PRC but imports more from. Besides those sectors, Polish agricultural production is among the crucial industries for Warsaw. The state of the Polish-Sino trade relations in the field of agriculture, according to the Minister of Agriculture and Rural Development Henryk Kowalczyk who stressed the lack of market accessibility has resulted in Poland's growing deficit in its trade in agri-food products with China in an official meeting⁴⁹ during which he also called for improvements of status quo. Intuitively, the trade deficit in a specific sector will result in the revision of the policy direction, however, judging from the recent

⁴⁸ Secretariat for Cooperation between China and Central and Eastern European Countries. (2023). *A village in Poland turns into transshipment port thanks to CRE freight trains*. http://www.china-ceec.org/eng/jmh/z/202310/t20231031_11171151.htm Accessed 01 June 2024.

⁴⁹ Minister of Agriculture and Rural Development Republic of Poland. (2023). *Polish-Chinese talks*. <https://www.gov.pl/web/agriculture/polish-chinese-talks> Accessed 01 June 2024.

bilateral meetings and the official statements, the Polish government still intends to maintain trade relations with the PRC, just call for some regulatory alterations and enhancements. The unsatisfied trade deficit, coupled with the overlap of export products and the insufficient market opening, can therefore reach the sufficient condition for passing the Hoop test for the relation between economic relations and the alteration of China policies. It can explain the current position held by the Polish government that on the one hand, maintaining trade with the PRC (not intentionally lowering it or adding tariffs) and on the other hand, becoming conservative to the rhetoric and position regarding the PRC.

Like other CEE populist parties, memory politics provides effective and popular methods to mobilize the population. As early as 2015, the leadership of PiS conveyed the message that the party is going to “fight for historical truth in relations with neighbors” through an “active historical policy”. Similar to their Hungarian counterparts, the PiS administration has often resorted to historical trauma and victimhood for the advantages followed by the politicization and polarization of political issues. This strategy was best exemplified in the “Holocaust law”. Several studies on the topic contend that the legal regulation represents the populist discourse that attempts to dichotomize the society with images of the establishment and the ordinary people, at the same time, it honors the Polish people whose actions during WWII align with the values promoted by the party such as the moral superiority of “being Polish” (Cadier & Szulecki, 2020; Schmidtke, 2023). Such a tactic not only constructs the populist discourse around the concept of “self” and “other”, but also casts a shadow on interstate relations. Still, on the topic surrounding WWII, Cadier & Szulecki (2020) pinpointed that the PiS government has constantly sought to adopt the totalization of the categories of victims and perpetrators and the regular insistence on Germany’s role in the statements issued by the Ministry of Foreign Affairs. The attempts to juxtapose Nazi Germany and contemporary Germany can impact the communication between the two countries or malignly influence public opinion regarding related foreign policy issues. Another relevant issue discussed by the current scholars is the clash between PiS and Brussels on the Rule of Law infringement investigation, which is also accompanied by doubled rhetorical attacks against Germany and the “Brussels elites” (Cadier & Szulecki, 2020). So far, similar rhetoric hasn’t

appeared in the Polish-China interactions. As many historians indicated, many CEE countries including Poland have not interacted with mainland China except for a short period after WWII. In this case, the memory politics pattern adopted by the PiS government seems irrelevant to the formulation of China policies. The assumption of the PRC collaborating closely with Putin's Russia may fuel and alter the historical representation of the PRC in the public discourse in Poland. But there was no sign of it, and even so, it should have stemmed from the geopolitical consideration of the PRC's presence in the region.

The PRC's geopolitical perception by the Polish ruling party has undergone a significant transformation since the early 2010s, a period characterized by a remarkably different international environment and European political landscape. During the early 2010s, the guiding paradigm for engaging with China was primarily concentrated on the economic side. For the previous Civil Platform government in Poland, there is no exception. Those lucrative investments provided by the PRC and relatively less geopolitical risk (both from Russia and East Asia) perceived by the Europeans all contributed to the intense engagement with the PRC. The economic dimension of geopolitics cannot be understated, as exemplified by Poland's attempts in the last decade to open up the Chinese domestic market thus increasing its exports and reversing the trade deficit. These economic aspirations definitely influenced the strategic calculations of Warsaw's policymakers and can explain the choices opted by the previous government and the early PiS administration. However, as the BRI projects failed to boost the trade value and help Poland achieve its goal of becoming a transportation hub, the prospects and possibility of approaching the cooperation with a more favorable attitude were subjected to changes.

Beyond the economic prospects, Poland's geopolitical alignments also influence its perception of other geopolitical actors. In the previous decade, the Trump administration initiated several sanctions and tariffs on the PRC driven by concerns over economic dependency, human rights violations, and perceived threats of hegemonic competition. For the Polish government, maintaining robust transatlantic relations is a fundamental principle in its foreign policy guidelines. Trump administration not only pressured Beijing but also provoked its European allies. To adjust the policy changes, the US's close allies

have adjusted their approaches to engaging with Washington during Trump's tenure, Poland was no exception, and it has gone further and exhibited strong resolution and commitment to retain the US security presence in the region in light of its aggression from its historical adversary, Russia. In this context, the intensifying US-Sino competition and Polish adherence to Washington's security provision have inevitably influenced Warsaw's perspective on Beijing. Furthermore, China's soaring exports to Russia after the war or the "no limits" partnership declared by both leaders⁵⁰ have fueled speculation about Beijing's support for Moscow in its Ukraine in its war against Ukraine. Given the historic rivalry between Russia and Poland, as well as the growing tension between the West and revisionist China and Russia, Poland's perception of the PRC in the new decade has undeniably shifted. The relationship between PiS's China Policies and its shifted geopolitical perception regarding Beijing can be analyzed through the Smoking Gun test. Looking at key pieces of current evidence, which have suggested that if Poland perceives Beijing as a security threat, then it would begin to denounce the PRC on violations of international regulations or accept the sanctions targeting Beijing. While the economic cooperation may continue, diplomatic relations will be strained to a certain degree, like the incident of no ministerial reception for a Chinese envoy shortly after the outbreak of invasion. Moreover, Poland's will to sustain the transatlantic collaboration due to the changing geopolitical reality in CEE will surely influence its stance on the competition across two sides of the Pacific. That alliance can provide sufficient conditions for it to alter its China policies as well. The current evidence demonstrated by Warsaw's policymakers provides a string of causal links between the changing geopolitical perception of the PRC and its modified China policies.

The most prominent characteristics of some right-wing populist parties are their Euroskeptical rhetorics and policies. Among these populist parties, Poland's Law and Justice presents an interesting example. According to the Eurobarometer, Poland's general public posts positive views on the EU membership⁵¹. Such a trend resulted in the ruling Euroskeptic party in Poland mounting different challenges to liberal democratic values and integration agendas proposed by the EU. Unlike other Euroskeptic campaigns, the PiS

⁵⁰ de Acosta, R., & McCarthy, S. (2024). How the Ukraine war brought China and Russia closer together. *CNN*.

⁵¹ Eurobarometer. (2023). *Standard Eurobarometer 100 – Autumn 2023*. <https://europa.eu/eurobarometer/surveys/detail/3053> Accessed 04 June 2024.

coalition avoids expressing direct rejection of the idea of European integration but contends that the EU is good as long as it provides economic profits to Poland (Mach and Styczyńska, 2021; Styczyńska, 2023). In most rhetoric, they claim that Brussels is not democratic enough or attempts to impose a certain way of life that will deprive Poles of their identity and traditional values. In PiS's portrayal, the "elite-people" dichotomy at the international level lies in the division of the Polish people and the European Union or economically dominant member states such as Germany (Czerska-Shaw et al., 2022). In this context, they mostly object to the policies that are associated with liberalism or minority rights like accepting asylum seekers during the migration crisis. To confirm the relationship between Polish-style Euroskepticism and China-friendly policies, this study employs the Hoop test to affirm the causal relations. The hoop test for this hypothesis "Polish Euroskepticism contributes to the formation of Sinophile policies" requires evidence like "Poland's objection to integration agenda pulls it closer to the PRC" or "its criticism of Western liberal democratic values incentivizes the formation of China policies". During PiS's tenure, it has clashed with Brussels on various issues. However, as the tension between the PRC and EU intensified following accusations of intellectual property thefts, 5G infrastructure security concerns and human rights violations, Warsaw's stances regarding the PRC have aligned with Brussels's on most occasions. Poland did not oppose the EU's criticism and sanctions against China nor accept Chinese infrastructure providers like Huawei. In fact, the policies adopted by Warsaw at the turn of the decade were similar to the EU: maintaining economic relations with the PRC and cautiously engaging with Beijing politically. Therefore, Poland's Euroskepticism does not provide sufficient nor necessary conditions for the modification of its China policies.

This chapter examines the key elements that affect the populist party's policy formulations, identifying several factors contributing to the PiS administration's shifted stances. The clientelist network can increase the populist party's ability to form China-friendly policies in theory, but the nature of Polish clientelism (clientelist exchanges exhibit mostly in the rewarding governmental jobs or financial transfer) and the lack of Chinese direct investment to the network suggest that the weaker connection between China policies and the clientelist network in Poland. The economic benefits, on the other hand, can be the reason driving the cooperation in the first place and sustaining collaboration at this moment. Warsaw's shifted geopolitical perception of the PRC which

stemmed from the Sino-Western competition and Beijing's sponsorship of Russia's war is related to the modification of its China policies. Lastly, PiS's Euroskeptical values, despite the potential to alienate it from traditional allies, are not related to the changing China policies it adopted recently.

Compare China Policies of two nations

After examining several elements of both populist parties' China policies, this thesis will proceed to discuss the varying impacts these factors have had in CEE nations, providing insights into the differences in decision-making within populist party-led nations. Based on observations in Poland and Hungary, it is evident that clientelism came along with the rise of populist parties and has become deeply intertwined with governmental bodies. The erosion of clientelism in the government can reduce accountability and magnify the influence of ruling elites in the policymaking process. Both Fidesz in Hungary and Law and Justice (PiS) in Poland have sought to install loyalists into crucial government positions, in exchange for mobilization and support during democratic elections. Furthermore, both parties initiated judicial overhauls soon after taking power, restricting judges and replacing prosecutors with their preferred candidates, which sparked dissatisfaction both domestically and in Brussels. In Hungary, clientelism has also led to the emergence of influential tycoons who control significant industries and have access to substantial public procurement contracts. In contrast, the PiS administration in Poland predominantly places close allies in state-owned enterprises, such as oil companies, and less frequently employs public procurement as a reward mechanism. This difference has resulted in varying levels of cooperation with the People's Republic of China (PRC).

In China's global strategy, Chinese investments must take the form of joint ventures with local companies (a policy requirement since the "Reform and Opening" era). Hungary's clientelist network, which involves a greater extent of public procurement deals, has created rewarding exchanges based on Chinese capital from the outset. It is important to note that clientelism may not be the initial driving force behind engagement with China, but it has solidified economic relations with the PRC over time and led to a different type of cooperation compared to Poland's case, as the continuous high-profile meetings and MoUs signing suggest. The mechanism behind clientelist consolidation of

policy favoritism towards China is based on specific economic benefits to companies within the clientelist network. Decisions to reward patronage can be made by party leadership or clientelist oligarchs wielding informal power. In either case, the result is a lasting influence of Chinese economic power. In Poland, the scale of public procurement is smaller and many of the clientelism practices concluded by previous literature are government position rewarding or financial transfers to the NGOs. Intensifying cooperation with China hardly facilitates the clientelist exchanges in this structure.

Hungary and Poland have the same largest trade partner: Germany, which accounts for approximately 20% of total trade volume in both countries, outpacing the PRC by a large margin. This dominance underscores Germany's (and by extension, the EU's) influential role in the diplomatic and political decisions of these nations. Yet, the defiant Euroskeptical ruling parties suggest the limits of economic influence. Still, the economic ties have some sort of impact; for Hungary and Poland, the PRC is their second largest exporter and has increased the total trade volume in the last decade, which inevitably influences these countries. Nonetheless, the varying nature of economic cooperation and the profile of investments involving Beijing in Poland and Hungary have led to their divergent stances. Although both countries have partaken in the BRI and 14+1 initiative, the economic investment projects in their realms are different. The flagship infrastructure project, the Budapest–Belgrade railway, is located in Hungary (and Serbia). Recent years have also seen high-profile Chinese investments in Hungary's nuclear energy and electric vehicle (EV) sectors. Additionally, Hungary's economic cooperation with China involves central banks and extends into the financial sector, including the issuance of RMB-dominated sovereign bonds and RMB's clearing role in the Hungarian National Bank (its central bank), deepening financial ties between the two nations. Hungary's openness to Chinese mergers and acquisitions investments, a policy not many European countries do, also paves the way for future investments and sustained cooperation. In Poland, the infrastructure projects invested by the PRC include highway sectors and railway sectors. The railway connection between Asia and Europe, also named the New Silk Road, did increase the railway transportation volume in several Polish transportation hubs, but these transportation hubs are facing geopolitical risks and cost inflation nowadays. Furthermore, Poland's primary exports to China consist mostly of natural resources such as copper, which align with China's material needs; whereas Poland's agri-food products, despite several attempts, still hardly opened up and entered the Chinese market. Overall, Hungary

is more deeply integrated with China than Poland. This growing disparity in economic cooperation with the PRC results from Hungary's proactive engagement and willingness to deepen economic ties, whereas Poland's cooperation remains in specific areas. Over time, these differences have only widened, reflecting each nation's distinct economic strategies and considerations concerning China.

These two parties are both described as euroskeptical parties; like many Brussels hard-liners, Fidesz and PiS employed much antagonistic rhetoric that intended to utilize the “elites-people” cleavage, but these euroskeptic rhetorics reflect differently on the external relations. On many occasions, Orbán and other high-profile officials rhetorically attack Brussels like “dictating the way of living in Hungary” or “exerting colonial influence”, and the clash with the EU is not limited to mere rhetorics. Hungary has blocked several crucial EU actions that require unanimity and continued to hedge against its traditional Western allies. The Eastern Opening policy exemplified this intention; although it has not fundamentally changed Hungary’s economic relations with the West, but still offered some ideologically compatible partners from the East to sustain its rhetorical and political conflicts with the West. In its conflict with liberal Brussels and EU member states, Fidesz governments usually acted or voted in favor of their eastern allies such as Russia or China, creating several diplomatic conundrums for the EU and its allies. On the other hand, though still adopts rhetoric against Brussels for the intervention of “the Polish values or way of life”, the PiS administration mostly initiates conflicts with the EU in issues involving liberal-illiberal conflicts such as judicial reforms, migration deals or even environmental issues. In the foreign policy field, especially vis á vis Russia or China, PiS’s stance usually aligns with Brussels. After all, Polish Euroskepticism concentrated on the attacks on the governance models and ideological differences with the EU (Styczyńska, 2023), not mainly on the integration process and the joint external action. As for Fidesz, its conflicts with the EU and the West have expanded to interactions with non-traditional allies due to the Eastern Opening policy; even the economic dependence on its traditional European allies could not reverse such a trend. Euroskeptical ideology and Eastern Opening policy serve as two pillars supporting Hungary’s stance under the Fidesz party’s foreign policy blueprints, which draw it closer to the PRC.

Another political tactic constantly used by the populist parties is memory politics. Memory disputes are a beneficial cleavage for the populists to mobilize supporters. In CEE regions, the memory of ethnic conflicts, the Second World War and its aftermath or

the following authoritarian communist regimes are all useful resources to utilize in political campaigns. The sentiment surrounding the Trianon Treaty among many Hungarians and the objections to regulations affecting the Hungarian diaspora in Romania and Slovakia are the instruments that the Fidesz party continuously exploited in its political campaigns. In Poland, the historical revisionism issues surrounding WWII history are the focal point of political clashes. With the holocaust legislation and highlighted victimhood, the PiS administration essentially altered the role Polish governments played during the world war and the short-lived law also revealed their ambition to employ the memory politics to rally supports with designed national pride. The attempt to alter historical images of Poland inevitably incurred criticisms from other countries as well as the Union. Memory politics, although usually facing domestic targets, can influence relations with foreign countries. Hungary's relations with Romania and Slovakia are sometimes turbulent due to the politicization of historic issues. In Poland, the history revisionism's targets include Russia and Germany (which in turn translates into the representation of the EU). The political issues in these countries are generally related to the history of their neighboring nations. Previous discussions have provided causal relations that memory politics have low relevance with the formations of China policies since both countries' historical interactions with China are scarce and the historical relations between them are remotely relevant.

The rising PRC in the past two decades has eradicated the remoteness between it and the European countries. Since the PRC became a relevant actor in international relations, its relations with Western countries are more than ever subjected to geopolitical perceptions and the nature of Beijing's material and non-material power. Around the early 2010s, as the PRC was viewed as a successful model to tackle the financial crisis and the market with substantial potential, the guiding paradigm for engaging with China was primarily concentrated on the economic side. In Hungary's case, however, the PRC wasn't only of the economic benefits, but also the geopolitical uplifting. With the announcement of the Eastern Opening policy at the same time, the Hungarian government marked its reorientation from the traditional (or at least since the Cold War) allies to the countries from the East. With this reorientation, the PRC has become not just an economic partner but a provider of political leverage as well. During Orbán's tenure, the intensified interaction with China has further strengthened its Eastwards geopolitical outlook. The cooperation with the PRC, like infrastructure projects and other high-profile investments,

will take effect in the long run, which result in Hungary's continuous reliance on the provisions from the East. Unlike Budapest's Eurasian outlook, Poland still firmly adheres to transatlanticism even under the populist government and this adherence will eventually lead to its changing perception regarding the PRC. In the early 2010s, Poland viewed Beijing as a new economic opportunity and the projects it proposed as a mean to lift its geopolitical status due to its location and compatibility with the BRI. Even though the ruling party wasn't PiS when it started, in the early stage of its governance, the PiS government still clung to the idea. The relatively small trade volume (differing from Hungary which has several crucial infrastructure deals) and failure to open up the Chinese domestic market in the last decade played a role in the transition of the Polish geopolitical view on Beijing. Nonetheless, the most influential factors are the transatlantic relations and China's growing assertiveness and sponsorship of Russia's war. Trump's United States began to employ high-pressure practices on the PRC, and other allies. Adjusting to this change, Poland demonstrated significant resolution to side with the US, who at the same time, intensified the Sino-US conflict. This alignment has definitely impacted its calculations on the interaction with China. When Putin's Russia commenced its aggression on another European country, Beijing's attitude didn't side with the West and Poland. Instead, China and Russia's leaders have vowed for the "no limits" partnership. Until the current moment, Xi Jinping still advocating for the Chinese version of the Ukraine peace deal that doesn't meet the requirements from many Western countries. While Poland's economic cooperation may continue, its diplomatic relations with the PRC have undergone alterations as several previous incidents suggested.

As the tests in this study indicated, among several elements that constitute populist parties' policy considerations, clientelism, economic cooperation, and geopolitical perceptions are some influential elements that lead to the formation of China policies as well as the current difference in the China policies orientations between Hungary and Poland (under PiS government). On the other hand, usual tactics adopted by populist parties such as Euroskepticism and memory politics have low relevance to the China policies form these two nations. The stronger clientelism and direct influx of Chinese capital into the clientelist network resulted in Hungary's continuous economic ties with China. The expansive economic cooperation, including currency clearance and iconic investments like EV factories, also drove Hungary closer to China. These differences (sufficient conditions) may not necessarily lead to Poland's diplomatic changes regarding

China. However, the changing Poland's geopolitical perceptions of the PRC, due to the growing Sino-US tensions and Chinese support for Poland's adversary Russia, can be the necessary conditions and has resulted in its current policies vis á vis Beijing, giving rise to the intriguing difference when comparing PiS to its populist counterpart, Fidesz.

Conclusion

This thesis examines the divergent China policies of two Central and Eastern European nations governed by populist regimes. The rising right-wing conservative populist parties across Europe have been a subject of extensive discussion and research. In many discussions, those right-wing populists exhibit similar ideological stances or policy choices, especially on the attitudes of migration and European Integration. Nonetheless, there are still disparities among populist parties. This study focuses on two prominent cases: Hungary's Fidesz and Poland's Law and Justice Party (PiS). These two most discussed cases have adopted different policies or diplomatic stances regarding the relations with the People's Republic of China. This study focuses on two prominent cases: Hungary's Fidesz and Poland's Law and Justice Party (PiS). Since the early 2010s, several European countries, including Poland and Hungary, have sought to strengthen relations with the PRC. In this period of favorable Sino-Europe relations, Poland and Hungary have reached several cooperation agreements with China notably under frameworks such as BRI or 16+1. Both countries welcomed Chinese investments, driven by their own strategic considerations at the time. Yet, over time, the two populist parties have diverged in their approaches towards China. In recent years, China has continued to announce significant projects in Hungary, maintaining a robust diplomatic relationship with Budapest. As for the Polish case, under the PiS government, it has sustained economic relations with China, but its diplomatic engagement has been less enthusiastic compared to its previous relationship with Beijing.

To pinpoint the key elements that lead to the divergence between Fidesz and PiS's policy formulations, this study applied Process Tracing and case study methods, using four PT methods to filter out the mechanisms that result in different policies in these two nations. Drawing on previous literature, the tested elements include the clientelism in Hungary and Poland, their economic relations with the PRC, Euroskepticism, memory

politics, and individual geopolitical perceptions. Among these tested factors, the prevailing clientelism in Hungary and the relatively less influential (to China policies) one in Poland are consequential differences in the policy formulation stage. In Hungary, the clientelist network has extensive influence, and there are Chinese investments being directed into this network. In Poland, clientelism was exhibited in official job offerings and financial transfers. Such difference determines their deviant reliance on the Chinese capital and the influence the PRC can exert on their decision-making process. The individual economic relations with Beijing could also reflect the different China policy outlooks in Hungary and Poland. China's investments in Hungary, albeit less in total trade volume, are more extensive and have waded into key strategic sectors like nuclear power plants and infrastructure networks. On the other hand, Chinese capital didn't form close and robust relations in Poland as it did in Hungary. The dissimilar investment composition and the varied relations with Chinese capital could both lead to different considerations. Another factor that is consequential in the policy formations is the geopolitical considerations. At the beginning of the 2010s, most European countries share similar views on the rising China, an economic powerhouse that can facilitate domestic economies. As time passed, the reliance on Beijing prompted Budapest to cling firmly to Chinese offerings, without perceiving Beijing as a security threat; conversely, Poland's strong commitment to transatlantic relations and its adversarial stance towards Russia have shaped a distinct approach to the relationship with the PRC. For the other factors like memory politics or Euroskepticism, this study confirms their low relevance to the China policies formation with Process Tracing methods, usually not able to become even sufficient conditions in the causal relations. Thus, the interplay of clientelism, economic relations with the PRC, and geopolitical considerations significantly contributes to the divergent China Policy of populist-governed Hungary and Poland.

There are shortcomings in this study: the inherent weakness of the PT methods discussed in the methodologies chapter, and the limitations of the data availability (sometimes governments did not publish some of them). Another weakness is the language restraints; the information gathered was mostly in English or Mandarin, thus if scholars understand the languages of countries involved in this study, they might derive much insightful information from language ability. Meanwhile, almost most of the

elements discussed in this thesis can individually be a thesis-worthy topic: the relationship between clientelism and China policies, changing geopolitical relations, Euroskeptical parties' foreign policies...etc. Each of these elements could serve as a focal point for in-depth analysis. This thesis starts from a comparative perspective and intends to identify the elements that result in the policy difference between the two seemingly similar right-wing populist parties. With the insights from this case study and the results underscored by PT methods, this study has shed light on the comparison of several factors that influence the foreign policy of populist countries and contributed to understanding the nuanced policy trajectories of populist parties.

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