



Once the center of power for the large Austro-Hungarian Empire, Austria was reduced to a small republic after its defeat in World War I. Following annexation by Nazi Germany in 1938 and subsequent occupation by the victorious Allies in 1945, Austria's status remained unclear for a decade. A State Treaty signed in 1955 ended the occupation, recognized Austria's independence, and forbade unification with Germany.

A constitutional law that same year declared the country's "perpetual neutrality" as a

condition for Soviet military withdrawal. The Soviet Union's collapse in 1991 and Austria's entry into the EU in 1995 have altered the meaning of this neutrality. A prosperous, democratic country, Austria entered the EU Economic and Monetary Union in 1999.

Hungary became a Christian kingdom in A.D. 1000 and for many centuries served as a bulwark against Ottoman Turkish expansion in Europe. The kingdom eventually became part of the polyglot Austro-Hungarian Empire, which collapsed during World

War I. The country fell under communist rule following World War II. In 1956, a revolt and an announced withdrawal from the Warsaw Pact were met with a massive military intervention by Moscow.

Under the leadership of Janos KADAR in 1968, Hungary began liberalizing its economy, introducing so-called "Goulash Communism." Hungary held its first multiparty elections in 1990 and initiated a free market economy. It joined NATO in 1999 and the EU five years later.

