



HUNGARIAN POLITICS IN-DEPTH

ELECTION EDITION, 1-14 JANUARY 2014

Analysis: RENEWAL OF THE LEFT-WING ALLIANCE

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TOP 5 NEWS OF THE LAST TWO WEEKS

- 1. REACTIONS TO THE MSZP-EI4/PM-DK DEAL**
 - 2. NEW POLICY TO FACILITATE MOTHERS' RETURN INTO THE LABOUR MARKET**
 - 3. START OF A(NOTHER) GOVERNMENT-FRIENDLY MAGAZINE WAS ILL-TIMED FOR FIDESZ**
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TOP 5 NEWS OF THE LAST TWO WEEKS

I. REACTIONS TO THE MSZP-EI4/PM-DK DEAL: Fidesz and Jobbik both reacted with predictable derision to the emergence of the electoral alliance on the left (analysed in more detail below), emphasising the inclusion of figures who they argued represented a previous and failed era. A Jobbik spokesperson mocked the alliance by commenting that the left apparently believed in not changing a losing team. Fidesz emphasised the “return” of Ferenc Gyurcsány, with parliamentary leader Antal Rogán promptly labelling him the left’s new leader, despite the former’s acceptance of Mesterházy as the left’s joint PM candidate. Unusually, the public television news - generally regarded as Fidesz controlled -, which tends to ignore the online world, also featured a report on the internet memes mocking the alliance. In fact, even public radio adopted the report, with an oral description of the respective images. For LMP, András Schiffer stressed again that the party had been established in opposition to Gyurcsány and Bajnai, but was also fed up with the reigning “system of national cynicism” and aims instead at a wholesale replacement of the political elite.

2. NEW POLICY TO FACILITATE PARENTS' RETURN INTO THE LABOUR MARKET

The new year saw the entry into effect of a recently adopted policy allowing the parents - usual mothers - of young children to start working without automatically forfeiting relatively generous maternity benefits. Under the previous scheme, a parent's entitlement to the so-called Childcare Benefit (Gyermekgondozási díj - GYED) ceased if he/she started to work before the child reached the age of two. GYED provides for 70% of one parent's previous salary up to a gross amount of roughly 140,000 HUF (minus taxes and pension contributions), but only if the parent commits not to perform paid labour. Now the requirement is relaxed to allow the childcare providing parent to return to work after the baby's first birthday, while receiving both GYED and a salary. As far as electoral presents go,



this policy is far from unreasonable, though it may soon be followed by some more populist elements: Fidesz has already announced that another wave of its so-called utility cost cuts (rezsicsökkentés) is in planning.

3. START OF A(NOTHER) GOVERNMENT-FRIENDLY MAGAZINE WAS ILL-TIMED FOR FIDESZ

Fidesz remains in a comfortable position a few months before the elections, but it was largely absent in the most recent news cycle. The one Fidesz-related top news item was anything but positive for the governing party. Imre Kerényi, a controversial public intellectual whose official title as the PM's cultural adviser is an impressive 22 words long, is seeking to put together a magazine called *Magyar Krónika* (Hungarian Chronicle), which is intended to be a high-brow intellectual expression of Viktor Orbán's famed dictum - quoted verbatim by Kerényi - of the "central political force" that will dominate Hungary for 15-20 years (read: Fidesz). Correspondingly, Kerényi expects only upbeat articles from the hundred leading conservative intellectuals consulted. Unfortunately for Kerényi, many - including especially young conservatives - found that his semi-public letter laying out the vision for the magazine smacked of propaganda. Amidst the ridicule of the left-wing press and the blogosphere (including many right-wing bloggers and commenters), several noted moderates declined his invitation, despite Kerényi's assurance that Orbán not only endorsed the idea but would attend the founding meeting. Orbán did in fact join many conservative and some far-right intellectuals (the venue was the office of Hungarian Guard co-founder András Bencsik's *Demokrata*, and György Dörner, an acolyte of Hungary's most outspoken anti-Semite, the late István Csurka, was one of the prospective writers in attendance) at the gathering, though he called its timing and Kerényi's letter unfortunate. He also said the paper should not be launched based on public funds, which seems disingenuous, given that the *Krónika* is extremely unlikely to survive based on the market alone. Even Kerényi publicly speculated that most subscriptions would be bought by public institutions. It remains to be seen whether in the long-run the paper will live up to Kerényi's expectation of an intellectual underpinning for the Fidesz-government, but Orbán was certainly right: at this time Fidesz could have done well without this news.



4. LMP OUSTS ONE OF ITS LEADING FACES

In a close 8-5 decision by LMP's board, one of the party's most recognisable faces, MP Gábor Vágó, was not nominated for a slot on the party's list for the 2014 election. The party's co-chairs, András Schiffer and Bernadett Szél, both supported Vágó. After a brief silence Vágó professed disappointment but also added that he had long struggled whether he should seek re-election at all and that he would leave LMP whose politics needs renewal. Schiffer said Vágó was "of incredible value" and regretted his leaving, also noting, however, that his colleague had been burned out and erratic over the last months. While some of the press sought to portray Vágó's effective ouster as the result of a rift in LMP, the decision may well be due to personal antipathies; even in a party that prides itself on its rejection of traditional politics, Vágó may have been considered extreme by many.

5. LMP AND JOBBIK FAIL ACCOUNTING REVIEW

The State Audit Office (Állami Számvevőszék - ÁSZ) performed its regular review of the opposition parties' accounting and has issued a stern verdict on LMP's accounting practices and also gave Jobbik a (far milder) rebuke. MSZP's books were found to be largely in order. Among other problems, Jobbik failed to present some required documents, to perform corrections requested in the 2009-2010 ÁSZ report, and to register contract workers as employees and failing to fully pay social contributions after them, though the latter problem was apparently subsequently remedied. In the case of LMP, the situation was far worse in the ÁSZ's assessment: the party's books were found to be largely in disarray, documents were missing and required reports were published too late. Due to the missing documents, the ÁSZ could not even perform its review and turned the matter over to the Prosecutor General's Office. Even though many would acknowledge that this was more due to incompetence than malice, it is a blow to a party that prides itself on the credibility of its anti-corruption stance: its inability to keep its own books in order could easily be cast as an inability to review the propriety of state spending. The ÁSZ reviewed Fidesz' finances last year and found that its published reports "provide a reliable and authentic image of [the party's and party foundation's] financial management."



ANALYSIS:

RENEWAL OF THE LEFT-WING ALLIANCE

Given how many months they bickered over what shape their alliance should take, MSZP and E14-PM rewrote their previous deal and came to a new agreement involving a joint list (subsequently also including Gyurcsány's DK) with stunning speed this time. It appears that the proximity of the election and the lack of movement in the polling numbers have given especially E14-PM a reality check, for the party gave up on its insistence on Gordon Bajnai as the joint candidate for premiership, effectively acknowledging MSZP's leading role on the left. Having emerged as the winner, MSZP chair Attila Mesterházy quickly moved to claim the PM candidacy for himself.

Last week MSZP and E14/PM renegotiated the terms of their electoral agreement concluded a few months ago. While the previous agreement envisioned them running separately with distinct candidates for the premiership - they merely pledged not to run opposing candidates in single-member constituencies -, under the new terms the parties will run on a joint list with a common candidate for prime minister. MSZP was given the right to nominate the joint PM candidate, which Mesterházy duly did, declaring himself the person to challenge Viktor Orbán. For the foreseeable future, this marks the end of Bajnai's aspiration to reclaim the prime minister's office. Former PM Ferenc Gyurcsány and his party, the Democratic Coalition (DK), also joined the list, which is an obvious success for Gyurcsány, for whom this step marks a return into the political front row. Though Gyurcsány's call to find an outside PM candidate has gone unheeded, otherwise the deal reflects his key proposals.

This acceleration of events was probably not only driven by the needs of the impending campaign but also informed by recent political history. The left - and in particular MSZP - are still severely traumatised by the few weeks in 2009 following the resignation of then-Prime Minister Gyurcsány, when the party's search for a candidate to succeed him turned into a farce, as one potential nominee after the other declined. In part mocking and in part milking



the process, the press itself began floating names that MSZP had not even entertained, reporting the name together with the "candidate's" rejection of the "offer".

Back then, within the span of just two weeks MSZP's already battered popularity - one of the key reasons behind the pressure on Gyurcsány to withdraw - went into a dizzying tailspin. Worse, it never fully recovered, and the party failed to even regain the pre-resignation levels of popularity by the time of the spring 2010 ballot. MSZP was clearly not going to have any of this drama again, and Mesterházy immediately pointed out that there would be no PM "casting" now.

The Socialists' leader skilfully exploited the left's fear of being ridiculed a few months before the national ballot and managed to convert the growing desire for a united front in the election into an acceptance of another bid to succeed Viktor Orbán. Regardless of how the left fares with this new arrangement - and it is hard to imagine that it would be worse than the weak polling numbers it had to contend with for months -, this is an impressive tactical victory for Mesterházy.

A few weeks ago we argued in Politics-in-Depth that the left-wing parties' failure to agree on a common list led them to pursue electoral strategies that were damaging to the overall electoral prospects of the left. Since it was easier to poach each others' supporters, they had too little incentive to engage in the tough work of persuading undecided and passive voters. With all in the same fold, their incentives are more aligned, as additional support for the left will yield them all more representation. But that's not all there is to this story.

MSZP for its part has very little interest in perpetuating the existence of these pesky little movements under its former prime ministers. By giving them slots on a joint list, it nevertheless guarantees that they will persist in the upcoming parliamentary term. Still, in addition to allowing all involved to focus their campaign efforts on the right, there is something for everyone in this deal.

By themselves, both E14/PM and DK are near the 5% threshold to enter Parliament, and both have come a long way towards such numbers; E14/PM has strenuously fought its way



down from figures well in the double digit range, while DK has come up from nearly nowhere. Both would stand a reasonable chance of making it on their own, but either or both are just as likely to fail. And outside Parliament near certain political extinction awaits. The odds of long-term survival are slightly better on MSZP coattails.

Anyway, MSZP certainly benefits significantly from the deal. Its leading role on the left is now beyond dispute, an impression that was reinforced by the quick anointment of Mesterházy as the joint candidate. While those involved wanted to make this choice seem evident - so much so that even in DK, which had called for an independent candidate to lead the left into the election, no one appeared inclined to question it - it was in fact a major concession especially by Bajnai, whose allure largely rested on the hopes of those who wanted to see him lead the government again.

Aside from Viktor Orbán, Mesterházy may be the most routinely underestimated man in Hungarian politics. He was written off by many after Gyurcsány's rise, when his career seemed to be going nowhere. Once he became PM candidate and took over the party in 2010, his was still widely regarded to be a temporary rise - MSZP would go under anyway, and even if it didn't, thus the assumption, Mesterházy would not be able to stay at the helm. So the naysayers have been taught several lessons with Mesterházy not only hanging on but consolidating his position at the helm of MSZP, installing allies in the party leadership and removing most of the old guard. And now beating out Bajnai to claim the leadership of the left-wing bloc.

Nevertheless, from an analyst's point of view Mesterházy's desire to become the candidate is a bold and risky move. Bajnai's insistence was more logical; his foray into politics was primarily motivated by the possibility of becoming PM again, and he has little else to lose in politics. Mesterházy, however, leads a battered but still major force in Hungarian politics, a position he presumably wants to retain regardless of the outcome of the election. Even at the risk of underestimating him again, a victory in April is a tall order. The risk is that of a disastrous defeat, which might shake his otherwise solid position at the helm of MSZP.



Mesterházy may of course be genuinely convinced of reasonable chances of victory, slim as the odds may seem to experts. But it is more likely that he wishes to win by deftly managing expectations. The lower the expectations for the left-wing alliance's performance, the more impressive any semblance of closeness in the final results will seem. Mesterházy does not need an outright victory to be considered successful. Any significant improvement over 2010 and the current polling numbers - which are strikingly similar - would be regarded as a major feat given the widespread perception that Fidesz will win by a landslide.

And if Fidesz were to retain its position as the strongest force in Parliament but lose its majority - still an unlikely scenario, but far more probable than an outright left-wing victory - then that would not only give Mesterházy a massive boost, but also substantially damage the right in the long run. Neither Fidesz nor Jobbik are used to compromises, and especially the latter's popularity stems from the fact that its distance from power makes its vague promises appear realistic. Any type of co-operation with the governing party would disappoint many Jobbik supporters and allow the left to paint itself as the only alternative to Fidesz. For Fidesz, too, a victory with a parliamentary majority would be Pyrrhic.

Moreover, if Mesterházy can top off a reasonable performance in the parliamentary election with some major victories in the municipal elections, then he will cement his position as MSZP's saviour despite two successive electoral defeats. He probably figures that's worth the risk, and he may well be right.

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