

# HUNGARIAN POLITICS IN-DEPTH

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### TOP 5 NEWS OF THE LAST TWO WEEKS

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**Analysis: SENTENCE EXTENDED: THE LEFT STILL STRUGGLES TO BE FORGIVEN**

The miraculous healing effects of time and the public's lacking long-term memory have resurrected many political careers that had been written off. But the establishment party of the Hungarian left, MSZP, as well as the leaders who are or used to be associated with it, are still held in quarantine by large swathes of the electorate... (See more on page 7)



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## TOP 5 NEWS OF THE LAST TWO WEEKS

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### I. PRE-ELECTION POLLS: JOBBIK RISING

The last regular polls before the April ballot increasingly recall the final polling numbers before the 2010 election in the same month. Specifically, Jobbik and to a lesser extent LMP are rising, while the major parties are stagnating or even slightly losing support. Even though it had been unable to substantially improve its figures for years, the far right Jobbik has experienced a strong surge in its polling numbers over the past two months. Among likely voters, its numbers are slightly above the levels measured four years ago, when it came in third with 16.67% of the votes. Significantly, its support in the population at large is now considerably higher than four years ago, however, which implies that if it successfully mobilises sympathisers its share of the vote might well exceed the 2010 results. After a long dry spell, LMP too appears to have a real shot at returning to Parliament, especially if the pre-election polls four years ago are any indication. Much of LMP's support then was not fully captured by the polls, which only began measuring a realistic chance for the party in the last few surveys. Overall, the parties' polling numbers among likely voters are now rather close to the actual results in 2010, with the exception of the left-wing Alliance, which – though it has thus far failed to achieve the breakthrough it had hoped for – has probably successfully added some support from those who previously abstained, along with MDF's remaining base in 2010 and some of the support that LMP and Fidesz lost. For Fidesz the big risk is that just as in 2010, it will end up 6-10% below the numbers that the last polls indicated. While even a very unlikely worst-case scenario of 10% less would not result in a left-wing majority in Parliament, it would significantly squeeze Fidesz' majority, and, on the outside – depending on the beneficiaries – it might even lead to a dependence on Jobbik for an overall majority in Parliament. Though Jobbik's surge is good news for the far-right party, the benefits might be limited to better PR: unless these figures translate into several victories at the individual district level – a big if, though we can't be certain without a regional breakdown of Jobbik's numbers – a few percent here or there won't have much of an effect on its haul in terms of seats.

Table 1: Current polling figures of the four major institutes, for likely voters and the population at large<sup>1</sup>

| Institute                                    | Fidesz  |                                  | Alliance (MSZP-E14/PM-DK) |                                  | Jobbik  |                                  | LMP     |                                  |
|--|---------|----------------------------------|---------------------------|----------------------------------|---------|----------------------------------|---------|----------------------------------|
|  | current | <i>Change over previous poll</i> | current                   | <i>Change over previous poll</i> | current | <i>Change over previous poll</i> | current | <i>Change over previous poll</i> |
| Tárki<br>(Feb 26 <sup>2</sup> ) <sup>3</sup> | 49 (38) | --                               | 27 (21)                   | --                               | 19 (15) | --                               | 6 (4)   | --                               |
| Medián<br>(March 6)                          | 49 (36) | -3 (-3)                          | 30 (23)                   | 0 (+1)                           | 18 (14) | +4 (+4)                          | 3 (3)   | 0 (+1)                           |
| Száadvég<br>(March 7)                        | 51 (32) | 0 (0)                            | 27 (20)                   | -1 (0)                           | 16 (13) | +2 (+2)                          | 5 (4)   | +1 (+1)                          |
| Ipsos<br>(March 13)                          | 48 (32) | -3 (+2)                          | 31 (23)                   | - 2 (0)                          | 15 (11) | +2 (+2)                          | 4 (4)   | +2 (+2)                          |
| <i>Results April 2010</i>                    | 52.73   |                                  | 19.30                     |                                  | 16.67   |                                  | 7.48    |                                  |

<sup>1</sup>Figures in parentheses denote support in the population at large

<sup>2</sup>All dates indicate refer to press publication.

<sup>3</sup>Tárki substantially changed its survey methodology and thus comparisons to its previous polling numbers at the end of January are methodologically problematic.

## 2. ANOTHER OLD MSZP SCANDAL WARMED UP FOR THE ELECTION

Even though everyone in Hungary is quite convinced that corruption is pervasive in the political elite, very few leaders actually get caught - much less convicted - for being engaged in corruption. János Zuschlag, once a rising star - and at one time the youngest MP - in MSZP until a fateful gaffe in 2004 and then an indictment for corruption in 2007 ended his career, is the exception that proves the rule. With a network involving other, less prominent young Socialists, Zuschlag misappropriated funds designated for various youth programmes. He was

apparently even too careless to create a proper trail of false documentations to show for what legitimate ends the funds had purportedly been used, which made the prosecution's case all the easier. Though the amount for which he was convicted was relatively minor as far as corruption scandals go (roughly 200,000 euros), it is very likely that the real sums involved in the affair were considerably larger. In any case, Zuschlag was sentenced to 8.5 years, which an appeals court reduced to six - an unusually hefty punishment, even violent offenders tend to get less.

Following his release a few months ago, Zuschlag has chosen this moment to publish his version of events with the help of the Fidesz-friendly Századvég Foundation. Zuschlag's revelations are a double blessing for Fidesz. For one, Zuschlag's very name has become eponymous with corruption (no wonder, given that hardly any other politician has ever been caught) and is a reminder for many why they don't want MSZP back in power. Second, Zuschlag has added a few juicy details which are meant to implicate the party as a whole. He claims that former PM Ferenc Gyurcsány and current MSZP leader Attila Mesterházy - as youth minister and state secretary in the same ministry, respectively, at the time - were fully aware of his dealings, that he was a fall guy in deals aimed at party financing, and that he was paid a substantial amount of money by party elders not to run for Parliament in 2006 (before the corruption scandal actually broke, mostly because he had proved an embarrassment). The Zuschlag story plays into Fidesz' narrative, which seeks to cast MSZP as a hotbed of corruption, a view that apparently continues to resonate with many voters. It also fits nicely with Fidesz' efforts to keep MSZP's old and new scandals on the agenda with well-timed revelations.

### **3. LEFT MAKES PLEDGE TO VOTERS**

Given that the excessive production of manifestoes has produced little palpable enthusiasm with voters, the alliance of left-wing parties (recently renamed Change of Government 2014) has decided to come up with a short and pithy platform that most voters will find easy to understand. Incidentally, the list marks a decided move from long years of pounding away on the damage Fidesz has done to democracy and rule of law - and a promise to restore these to their rightful state - to pledges that are exclusively bread and butter focused. The left



promises 250,000 new private sector jobs and guaranteed work or training for youths; a significant raise in the minimum wage (without higher burdens on employers); a "fair" utility cost reduction; a reduction in the prices of essential foodstuffs; tax cuts for micro enterprises; a hike in pensions; radically shortened waiting-lists in hospitals and an end to child hunger. The list is clearly an indication that the left has now acknowledged the conventional wisdom that voters cannot be mobilised by a defence of democracy - surveys suggest that many voters tend to feel a lack of interest or disappointment in democracy - but must be won with economic populism, as successfully shown by Fidesz. As far as populism goes, the left's promises are relatively tame by the standards Fidesz set in opposition, but they nevertheless might constitute a significant burden on efforts to keep the deficit in check. At the same time for many voters the problem is not what the left has promised in the first place, but doubts about its willingness to carry through with the implementation.

#### **4. FROM TOO FEW TO TOO MANY PARTIES?**

Within the span of a single election cycle, the Hungarian electoral scheme went from being hyper-restrictive - there were only five parties that managed to qualify for all county lists in 2010 - to becoming relatively open in terms of ballot access. While the system did need some liberalisation, there are indications that the intentions behind the specific policies are fraudulent rather than civic minded. In 2010, Fidesz itself had drastically encumbered ballot access in local elections - leading to a steep decline in the number of candidates - and was unsure initially whether to raise the bar for parliamentary elections as well (by retaining the onerous requirements but drastically shortening the time to fulfil them). Instead, it opted for a liberalisation in the hope that it would fragment the party landscape on the left. It also followed up with a generous funding scheme for parties that manage to nominate a national list, which has given rise to political entrepreneurs who are keen on milking public funds. Correspondingly, a whopping 18 parties will be available on the national ballot, two of which bear almost the same name as parties in the left wing Alliance (recently renamed Change of Government 2014). Various investigative reports raised serious concerns about the nomination process. A county-based statistical analysis by the news portal 444.hu revealed that several of the previously unheard of parties were particularly successful in collecting



endorsement signatures in poor counties, which reinforces suspicions - already raised by anecdotal evidence - of signature-buying. In some instances, different parties submitted identical lists (as part of the liberalisation, citizens may endorse more than one party, but parties may not jointly collect signatures). The Parliamentary Commissioner for Data Protection has rejected calls for a verification of signatures, arguing that it would impose an “excessive burden” on the Election Office.

## **5. MATOLCSY’S CHIEF OF STAFF ACCIDENTALLY REVEAL MATOLCSY’S REVELATIONS**

Helga Wiedermann, former chief of staff of MNB President György Matolcsy – who in his previous position as Minister of National Economy (a portfolio that includes finance) had defined the Orbán government’s fiscal and economic policies –, published her memoirs on the first years of Hungary’s “struggle for financial independence”, led by her boss. At the book’s presentation on Tuesday – where PM Orbán was also in attendance – Matolcsy lauded Wiedermann’s volume as a “history of the past years” written at the prime minister’s behest. As politicians are wont to do, Matolcsy apparently spoke without having read the book. Wiedermann alleged namely that during the forint’s crisis in 2011, when the spectre of state default lingered, Matolcsy casually told Goldman Sachs bankers at a business lunch that the government had contacted the IMF to negotiate a loan. In Wiedermann’s recollection, one of the bankers immediately left the lunch table for a bathroom break, and all three hurriedly finished their meal and left. Wiedermann was probably not aware of the significance of the story, but the left-wing press and the left-wing opposition pounced quickly on the detail and demanded a full-scale investigation of the lapse. The national bank released a statement noting that Wiedermann had recounted a “piece of fiction” in her “economic novel”, and expressed “understanding” for MSZP’s Tibor Szanyi’s “anger in light of the government’s success.” While experts consulted by the press thought that Wiedermann’s unwitting allegations would ordinarily require an investigation, in our assessment this is unlikely and even if it were to happen, it would certainly not determine that Matolcsy prematurely revealed confidential information.



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# ANALYSIS: SENTENCE EXTENDED - THE LEFT STILL STRUGGLES TO BE BELIEVED

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**All indications are that Fidesz' thesis concerning 2010 being a watershed year in post-transition politics will be confirmed in the coming election. The miraculous healing effects of time and the public's lacking long-term memory have resurrected many political careers that had been written off. But the establishment party of the Hungarian left, MSZP, as well as the leaders who are or used to be associated with it, are still held in quarantine by large swathes of the electorate.**

What is especially painful for the left is that ordinarily 2014 should have been a relatively easy election to clinch. The system of checks and balances is in tatters and many of Fidesz' actions smack of an old-style authoritarianism that is repugnant especially to the left-wing intelligentsia. Unfortunately for the left, such actions raise few eyebrows anywhere in Hungary, in fact it might well come across as the kind of tough determination voters have been longing for following two decades of bumbling uncertainty. But even if that is true, Fidesz' economic record is still dismal, and ordinarily that should have been plenty to give a governing party the boot. Little of the job boom that Fidesz had promised has actually materialised, and virtually none of it in the private sector. Economic growth has recently picked up (it is unclear whether this is a brief spurt or the first stage of a sustained growth period), but it is still far lower than the figures Fidesz had predicted for this time - and it's by far its best year on record. Meanwhile there have been huge budget cuts taking money away from sensitive areas and numerous new levies were introduced to finance tax cuts for high earners. Hungarians may be better off than immediately after the crisis under the MSZP-led government, but as far as recoveries go, this would ordinarily not be persuasive.



There are several factors that can explain the left's persisting weakness, and taken together they might in fact overdetermine it. We cannot offer you a scientific assessment of which one of these contributed to what degree. But together they surely cover the phenomenon.

For starters, the brand to the damage MSZP was probably more lasting than previously anticipated. Even as it is gradually recovering some portion of the voters it lost after 2006, the share of those who indicate that they would not under any circumstances vote for MSZP remains high. Moreover, for now, it appears that for many this is not mere rhetoric either, but a reality. What's worse, MSZP has completely fallen out of touch with youths, a demographic where Fidesz and Jobbik are strong and LMP also fares all right. The left had not been able to make a dent in this electorate until E14/PM appeared in the political arena. But whether Bajnai's allure will be sufficient to channel some youth voters back to the alliance is still a question. Attila Mesterházy has significantly revamped the party leadership which now includes many previously unknown or hardly known young faces, but as far as 2014 is concerned, it's too little too late. Turning MSZP into a new brand party will take considerable longer than the few weeks it took to destroy the until then most successful political brand of the post-transition era in 2006.

Putting the ongoing Simon scandal as well as long concluded Zuschlag scandal and Ferenc Gyurcsány's 2006 Öszöd speech on the agenda worked so effectively in stifling any momentum for the left-wing alliance because it affirmed widely held perceptions of MSZP, which are shared by many even on the left. A few weeks ago, the CEO of the public polling company Medián, Endre Hann, said the public continues to regard the Socialists as the most corrupt party. Generally, whichever party is in government tends to be perceived as the most corrupt, but though Fidesz does not lag far behind MSZP, the left-wing opposition party has not been able to improve its image.

A deeper underlying problem is that it's not only MSZP as a party that was hurt - or its previous generation of leaders - but left-wing ideology as such has suffered immense damage. There has been a strong rightward shift in the electorate (especially pronounced among youth) and the gap in voter activity - which generally tended to favour the right - has grown, though it will likely decline as compared to its peak in 2010. Fidesz has skilfully used even its



defeats (in particular the lost referendum on dual citizenship for ethnic Hungarians across the border) to energise its base, constantly reminding supporters that the Socialists used an array of dirty tricks and fraudulent means to gain and retain power.

Fidesz warned consistently of MSZP's lies and bad policies during all this time, and when the house came crashing down - twice, actually, first in the form of the Öszöd speech and then through the global crisis of 2008/2009 - it claimed the full reward for having warned the public about the wolf, even as the alleged wolf began increasingly acting like a deer in the headlights. Fidesz had of course fully endorsed all the Socialist's most ruinous policies between 2002 and 2006, and had called for many more, but this nuance was lost on voters. Though Fidesz did not increase its base significantly, its voters were thirsting for revenge while left-wing voters abstained massively.

The fact that MSZP had never sought to connect with its voters on more than a pragmatic level now came back to haunt the party. It had variably won voters' endorsement by promising competence (1994), largesse (2002) and the false promise of a prosperity that was growing more quickly than the underlying economic conditions warranted (2006). Once it had spoilt its credibility and no realistic promise was on the table, there was little to motivate large parts of the base; and the remnants - especially the party's activists - consisted to a significant part of elderly voters whose loyalty stemmed from the fact that they had been sympathetic to MSZP already in its previous iteration, that is the time when it was the ruling communist party. This is loyalty born out of a shared experience rather than a common ideology. It appears to work, however, especially in that even after a disastrous term MSZP survived in second place with a solid 20% of the vote - the Polish post-communist left, by comparison, was wiped out. But it does imply the risk that large portions of MSZP's base are ageing out of the electorate, and its current struggles owe in part to this demographic shift as well.

Though the meanings of the terms left and right are considerably more vague in Hungary than in western democracies with traditional left-right cleavage systems, even with the recent rightward shift in the electorate and its emphasis on nationalism, left-wing buzzwords continue to resonate with many voters, though they do not combine to form a coherent

ideology. As the coup de grace for the Socialists' ambition to regain the reins of government, Fidesz has masterfully learned how to manipulate these left-wing ideas. Though on the whole neither Fidesz' policies nor its rhetoric are left-wing, the latter does contain enough left-wing elements to appeal to the anti-capitalist sentiments, which is unsurprisingly easy to reconcile with a forceful nationalism.

Fidesz' talk of a revolution in 2010 was obviously hyperbole (and Viktor Orbán's recent denial that he ever interpreted the 2010 ballot as a revolution was bold even for his standards, as the term was actually included in official documents), but it is fair to speak of a realignment that has successfully cemented Fidesz in the position Orbán envisioned: as the central force that dominates Hungarian politics. Whether the timeline of 15-20 years will materialise is unpredictable, but Orbán is on the verge of nailing the first eight, with plenty of buffer in terms of popular support. Politics will always be fickle, and even a few months can upset a seemingly frozen landscape. For the time being, however, not only is Fidesz' lead solid but it enjoys an even greater advantage in that the electorate does not consider its main rival as a potential alternative.

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