



## Preparing for austerity

*The Prime Minister caused some surprise when he chose not to specify his government's eagerly awaited economic reforms, but simply prepared the ground for them. Orbán might not only leave the bad news for others but also tries hard to divert the attention from the most delicate issues. With careful design, Orbán has chances to succeed with the reform, but still, this spring seems to be the most challenging period for his party's honeymoon with the voters since he took office.*

State of the Nation speeches have become established parts of the Hungarian political culture in the last 13 years. It was Prime Minister Viktor Orbán who introduced this institution and made most of the work throughout the years to set the frame of what can be expected from a season opening address. These speeches were never meant to be concrete policy guidelines for the upcoming months and were rather characterized by some general statements on the Fidesz vision for the country. Since Orbán decided to evaluate the political situation in Hungary, he mostly opted for motivating his voting base with combative language and catchy metaphors instead of trying to reach out to new target groups or to please analysts.

### **Postponed reform details**

In spite of this past experience, expectations were high before this year's State of the Nation speeches since the Orbán Cabinet had previously stressed that a substantial reform package would be announced in February. Moreover, when political commentators lamented about the lack of details regarding the government's reform agenda, some Fidesz-politicians suggested waiting until PM Orbán's second speech which would contain the eagerly awaited economic measures. However, after two tries we still do not know how the government plans to fill in the gap in the budget that was hit by the introduction of flat tax.

### **Leaving the bad news for others**

There is a simple explanation for which the Hungarian public and many foreign investors and analysts should not have hoped for many new details. Orbán, himself normally does not announce controversial measures. Even his few months in office since the landslide Fidesz victory have proven that these hard tasks usually fall on other leading politicians of his party, often on those who are mentioned as his future rivals. It is probably enough to list the three most influential victims of the last few months.



It was János Lázár, leader of the Fidesz parliamentary group who announced the curtailment of the original powers of the Constitutional Court to the media. György Matolcsy, the Minister for Economy got the „opportunity” to fight a few months for the nationalisation of the private pension savings. The party’s rising star and mayor of Budapest’s 5th district, Antal Rogán also had his part of the difficult tasks. Rogán, who is usually held as a „liberal” within Fidesz, was the official presenter of the governing party’s most controversial legislation so far, the “not-so-liberal” media law.

### **Preparing the ground**

That some heavy austerity measures will come, even if with some delay, can be already known from the tone used by the Prime Minister. Orbán used his double opportunity to portray the image of a country that is only one step away from the abyss. For this reason, according to Orbán, the right-wing government has to live with “Hungary’s last chance” and save the country from complete failure.

The dramatic words clearly indicate that Orbán has learnt the lessons of former PM Gyurcsány’s attempt to balance the budget with belt-tightening measures in 2006. At the beginning of the previous term the Socialist PM raised taxes and announced various cost-cutting measures despite the fact that he did not say a word about the country’s economic problems in the electoral campaign, a few months earlier. In Gyurcsány’s case, there was a huge gap between the promises and the deeds, and so would be the situation for Orbán. However, it is a big difference that four years ago austerity came without any previous indication, but now Fidesz tries its best to sell the U-turn in economic policy as a must driven by the realities of the world economy and the hard legacy of the former Socialist-led governments. It is still a risky game for Fidesz though, and being aware of the materialistic values of the Hungarian society, we believe that this spring will be the most challenging period to Fidesz’ honeymoon period with the voters.

### **It won’t be all about austerity**

In light of what can be expected in the economy, it would be in the government’s best interest to focus the attention to other issues. There are some important signs that Fidesz has already elaborated a strategy to push other important topics in the limelight. One potential interesting and on-going topic might be the government’s accountability agenda, since – as Orbán put it in his first State of the Nation speech – „there is significant demand” for a couple of corruption scandals involving high-level Socialist politicians.



It is also hardly a question that the drafting process of Hungary's new constitution is a topic that will be high on the media agenda. Moreover, the Hungarian Parliament will be working similarly to a „Constitutional Assembly” from 15th March until the acceptance of the new document, which is said to occur on 18th April. This means that the Parliament will not discuss any other important issue for more than a month, which makes it possible for Orbán to talk in public about rather symbolic issues than hard-core economic policies.

We must also mention that writing a new constitution does not seem to be an easy task to the government anymore. Not only tensions between the coalition parties might be more severe in the next months, but it is also a huge question whether Fidesz can attract the opposition parties back to the process. The latter would be extremely important, if Orbán would like to avoid accepting a Constitution that would have the least parliamentary support in the whole post-communist region. As our political research institute demonstrated it in a study a few weeks ago, it is without precedent that a constitution would be accepted by only one party-alliance, without the backing of any opposition party. Bearing this in mind, Fidesz launched several initiatives to broaden the support for the new document: they started a national consultation by sending out questionnaires to all citizens and was also successful in convincing the ex-MSZP member Katalin Szili to join their committee which oversees the consultation. The governing parties try hard to draw the green-left party, LMP back to the table as well.

These desperate attempts show that Fidesz is well aware of the risk of what can happen if they accept the „constitution of one party” instead of the „constitution of the nation”. This would link the popularity of the new document to the popularity of Fidesz directly. For now, Fidesz's lead in the opinion polls is not in danger, but a constitution in any democracy is designed at least for several decades. And thus, the risk is high that with the possible falling of Fidesz's popularity in the next years, the support of the Hungarians for the new constitution would fall as well.