



## Cooler weather but politically hotter than usual summer

*Summer's supposed to be the time when politics is mellow and boring. Like the traffic on the normally overloaded körút, the forums in which politics are generally practiced tend to be empty during the summer. This time around, however, it was only the körút that was bereft of traffic while politics trudged on at an only slightly diminished space. From plans to tinker with the election laws, over Swiss franc-based loans all the way to debates how political accountability could be turned into criminal liability, here are four significant events that turned a low-key season into an active one.*

### Contours of the new election law

Fidesz's set the world of analysts abuzz by letting slip some of the key concepts of the proposed reform of the election system. From Fidesz' vantage point, the plan looks potentially beneficial. As the proposal appears now, it would abolish the second round run-off in single-member constituencies, which gives the voters of smaller parties the chance to rally around more likely victors. Without a second round, for example, Fidesz would have suffered a crushing defeat in 1998 – its only victory prior to 2010 – because it only won after voters of the Small Landholders Party endorsed its candidates in the second round. Yet, for a large party facing several smaller opponents, the second round is mainly potential risk.

Even more significantly, Fidesz' would abolish the seats distributed based on the so-called compensation list, which are awarded to parties based on votes cast for candidates that failed to carry a constituency (there is roughly one compensatory seat for three constituencies (58 to 176)). The proportion of seats awarded in single-member constituencies – almost all of which Fidesz carried in 2010 – would rise from roughly 40% to ca. 50% of all seats. The effect of the amendments would be to nudge the political structure back to the near two-party system that prevailed before 2010. It is somewhat odd that in spite of its searing criticism of the past twenty years – the political failures of which Fidesz' rhetoric suggests are a key component of its current legitimacy –, the governing party appears ready to endorse the political duopoly that was the most relevant feature of this era's political structure.

### A giant tent for all those opposed

It was no coincidence that LMP's deputy parliamentary leader, Gergely Karácsony, published his own plans for a grand anti-Fidesz coalition ranging from MSZP all the way to Jobbik immediately on the heels of the leaked details. The new election system could bode ill for LMP's political future, and it would certainly make a close alliance with MSZP inevitable. LMP finds this distasteful, but its leaders probably also figure that any alliance would be easier to sell to its voters before the traditional run-off in the second round of balloting rather than before the election altogether.

So Karácsony proposed a “technical coalition” of all opposition forces, not with the goal of forming a government, but for the purposes of ousting Fidesz and changing many of the controversial acts enacted by the current majority – first and foremost the electoral rules. Then, thus the Karácsony proposal, parliament could be dissolved again and these erstwhile allies would become competitors again.



MSZP rejected the proposal out of hand, arguing that no kind of alliance with the extremists (that is, with Jobbik) was conceivable. Left-wing commentators for the most part agreed. More interesting was Jobbik's reaction, however: initially, there was none. Only after the dust had settled and the proposal was, at least for the time being, relegated to the garbage bin, did Gábor Vona speak out, claiming that he waited precisely because he was curious to see what type of reactions would come forth, and not because his – ultimately negative – stance hinged on the exact nature of these reactions. In his answer Vona underlined that while Jobbik is a true democratic party, the democraticness of LMP and MSZP is at least questionable. He also added that Jobbik would win the next elections by the people, not by a technical coalition with left-wing parties.

Altogether, with Vona's brilliantly populist answer, with the socialists' instant refusal and with three years still to go before the next elections, the idea seems D.O.A. But it'd be difficult to predict how attitudes develop as the date of polling inches nearer – it'll no doubt also depend on the evolution of the opposition parties' respective popularity, as well as on Fidesz's further plans for “enhancing” the democratic experience.

## **Homeowners in trouble ever deeper**

Even with plenty of politicking, the dominant topic of the summer was a bread and butter issue: with the global economy appearing to be underway to a double-dip recession, the Swiss franc has emerged as the safe reserve currency of choice, driving sky-high the monthly payments of hundreds of thousands of Hungarian homeowners who a few years ago had taken out CHF denominated loans because of the low interest rates these offered as compared to forint-based housing loans. The significant 50-100% appreciation (depending on when the loan was taken out) of the Swiss franc since the heyday of foreign currency-based loans is straining household budgets and many families are struggling to hold on to their homes. The government proposal – promised early but delivered late –, which the banks also agreed to, would fix the exchange rate at 180 forints per franc – well below the peak of over 250 experienced these days.

Nevertheless, the plan is not debt relief but merely refinancing, extending the duration of the mortgage plan in return for diminished payments now. This has given the opposition the opportunity to pounce, which it has duly done: all opposition parties agree that the government ought to do more to ease the pain of debt-laden homeowners, that is, it should not merely refinance but in fact reduce their debt.

This issue has shown once again that the potential areas of agreement for the opposition parties in fact extend beyond their views regarding the formal operation of democracy – which was what Karácsony made out as the potential area of collaboration. With the government proving insensitive to social concerns, and effectively proclaiming the onset of a harsher capitalism, there is naturally a vast opening for some social sensitivity, and all three opposition parties appear ready to grasp this opportunity.

In fact, the government is both morally and financially in a difficult spot in the context of the Swiss franc-based debts. If it actually pays part of what is owed in the debtors' stead, it will

be attacked in the name of those who chose the less risky path to begin with and borrowed more expensively, or waived necessary acquisitions altogether. If it seeks to help without covering part of the debt, as the exchange rate fixing plan envisions, it will be called callous. There is no obviously right choice here. The only easy way out would be for the franc to drop massively, but that appears unlikely for the time being.

## **Accountability overdrive**

We wrote earlier about how in the Orbán government's rhetoric state debt has – along with low employment – emerged as public enemy no. 1. Fidesz has been stressing for a while now that impersonal as it may seem, state debt did not emerge out of nowhere, but is the responsibility of its predecessor in office, the Socialist Party, and above all former PM Gyurcsány (who is of course also most responsible for the franc denominated mortgages discussed above, a recent examination of the issue by the government has surprisingly revealed).

This insight meshes well with Fidesz' repeated promise of holding the previous government accountable, a central pledge to the party's base. After having questioned the three previous PMs in a parliamentary committee investigating the causes in the massive growth of state debt over the past decade, the Fidesz-KDNP delegates in the committee adopted a report calling for exploring ways of charging them with some form of criminal conduct. What's more, the current PM's spokesman, Péter Szijjártó, mused publicly on TV that while he understands that retroactive criminal laws are unconstitutional, people who caused current problems years ago should be held accountable in some way. He left open whether this implied that Fidesz would resolve the contradiction between constitution and retroactivity in favour of the latter.

While several commentators have pointed out that politicians have been held accountable for mischief in office elsewhere as well, the enactment of retroactive legislation to this end would obviously mark a new quality and is difficult to contemplate in a European context. Or so we would like to think. It is possible that once again the government is dangling promises in front of its voters that it won't be able to keep. The best scenario for Fidesz at this point would be if any kind of abuse could be proven that was contrary to the effective laws at the time – apart from this scenario, the whole accountability threat is either a dud or a bomb that could explode in its makers' face.