



## When the oligarchs come marching in

*Ties to big business and shadowy businessmen have always been a contentious issue in post transition political discourse, but Fidesz excelled at lambasting its predecessor as the ‘banker’s government’. Since the resignation of a junior minister, József Ángyán who alleges that oligarchs with strong ties to Fidesz have swept up profitable land holdings sold by the state, Fidesz has been struggling with the critical attention on its own relationship with Hungary’s superrich. The opposition is naturally trying to make Ángyán’s charges and the whole notion of Fidesz being beholden to the oligarchy stick, and the numerous influential billionaires near Fidesz and Orbán offer fertile grounds for this line of attack. Fidesz has responded to these criticisms with a provocative idea: by threatening to withhold public funding from political parties, it will leave the opposition little alternative but to cultivate billionaire supporters of their own.*

Once Russian thinking dominated political discourse in Hungary by imposing a cult of Marx, etc. Now the influence is much more subtle. Following the term used to describe the notorious Russian super wealthy elite with close political ties, the opposition is fervently pushing the notion of “oligarchs” dominating Hungarian economic life thanks to their close ties to Fidesz.

### ***The oligarchy golem***

This is actually Fidesz’ own campaign device coming back to haunt the creator. Referring to a “banker’s government” and “oligarchs”, Fidesz consistently accused the preceding MSZP (previously MSZP-SZDSZ) government of catering to the needs of its wealthy backers. Now a series of controversies have made the Orbán government susceptible to precisely the same line of attack.

Fidesz has of course often been accused of favouring the wealthy at the expense of the public. This critique is grounded in the policies of the past two years, e.g. Fidesz’ trademark measure, the flat tax, the fixed exchange rates for repaying foreign currency denominated housing loans, etc. Overall, Fidesz’ course is so clearly directed at strengthening the position of Hungary’s wealthier strata that all the opposition parties, including far-right Jobbik, are now centring their attacks around the theme of social justice, which they claim – with some basis in empirical evidence – Fidesz has abandoned.

### ***The fabulously wealthy***

Yet wealthy does not equal super rich, now Fidesz is the subject of massive political and media attacks on account of its alleged ties to a Hungarian oligarchy. These charges are not wholly novel, either, but they have been given substantial impetus since January 2012 by the resignation and bitter revelations of József Ángyán, formerly a junior minister in the Ministry of Rural Development. Though Ángyán was not only a member of the government but is also a member of Fidesz, he is actually popular in some circles outside Fidesz, too (at least among those who are aware of his work, which is not a large group).



On the far-right – including Fidesz’ own far-right segments – he is popular because of his commitment to protect Hungarian land from being sold off. Among environmentalists he is popular because of his devotion to sustainable farming. Even among those who consider him too nationalist, few doubt his integrity when it comes to promoting the values he holds dear, some of which are not partisan, such as his opposition to corruption.

## ***End of the affair***

Ángyán resigned to protest a massive sale of state-owned land, which he thought concentrated extremely profitable holdings in the hands of a few very rich people, i.e. the oligarchy. This, he argued, would create conditions in Hungary much like in some Latin American countries, where a few extremely wealthy landowners control vast swathes of arable land. Especially with the EU’s subsidy scheme, landowners stand to make healthy profits even if they do nothing with their holdings (Ángyán estimates that the lucky winners of the land tenders could recoup their costs within two years).

Ángyán’s vision in contrast was for the land to be distributed among folks who would actually use it to farm and live off the proceeds. While one might disagree with Ángyán’s vision, the fact that most of the land sale competitions were won by exactly the type of folks – rich and often politically connected – he had complained about is public record.

## ***Why it might stick***

In any case, Fidesz clearly has a very strong interest in not being stuck with the “friend of the oligarchy” label and is obviously mad at Ángyán for providing the opposition with such a convenient basis for its attacks. One of the reasons that the charges work so well is that they have at the very minimum some basis in fact. The coterie around Orbán and Fidesz is brimming with extremely wealthy folks, a few of whom are quite prominent: Gábor Széles, the owner of the right-wing daily Magyar Hírlap and of Echo TV; Lajos Simicska, Fidesz’ former treasurer and reigning éminence grise (his company, Közgép has won numerous construction tenders, worth one billion euros since 2010); his business partners Zsolt Nyerges (one of the big winners in the tenders impugned by Ángyán) and Tamás Fellegi, current and former co-owners of right-wing Heti Válasz, respectively; Minister of Interior Sándor Pintér; Constitutional Court judge István Stumpf; László Vitézy, publisher of the right-wing tabloid Helyi Téma; Dezső Kékessy, Orbán’s friend and former ambassador to Paris; and the Lázár brothers, owners of the largest Hungarian-owned supermarket chain CBA, whose company also engaged in political campaigning for Fidesz in 2010.

Apart from often winning dubious tenders, some of these appear to have a direct impact on legislation. An act of Parliament colloquially known as “Lex Simicska”, for instance, has substantially hurt the core business of ESMA, a Spanish-Hungarian competitor of Simicska’s advertising agency Mahir, by changing laws on roadside advertising. Similar examples abound, and foreign investors are probably learning that competing with businessmen favoured by the Orbán government is not the smartest way to apply their capital.



## ***No money for democracy***

Inconvenient as the charge of oligarchy may be, the prime minister appears hell-bent on fuelling it with his most recent, highly disingenuous proposal: political parties should assume their own share in the efforts to overcome the crisis, argues the PM, and thus their public funding from the treasury ought to be frozen for two years. Apart from saving miniscule amounts as compared to many of Fidesz' most controversial projects, the cynical suggestion would drive parties even more into the hands of the business elite that controls illegal party financing. Fidesz of course is banking on popular anti-political attitudes to convince the public that its latest measure to weaken the opposition is in reality a magnanimous sacrifice from the party that ostensibly stands to lose the most from this measure.

Due to its strong ties to the Hungarian "oligarchs", Fidesz is of course well-equipped to handle the loss of state subsidies. Though MSZP's business ties have probably been battered as a result of its massive electoral defeat in 2010, it remains the best-positioned opposition party to weather such a drastic move, and it may even profit from the way the proposed measure would afflict LMP. The sources of Jobbik's funding are nebulous, but it, too, has thus far been doing fairly well financially. While all opposition parties would suffer from the loss of public funds, LMP would take the biggest hit. Either way, if Fidesz manages to pass this proposal without the public appreciating the underlying intention, then this will be an important step towards securing victory in the next election, even as the most recent polls show Fidesz' popularity below 20% of the entire electorate.

## ***Oligarching is here to stay***

This ambition will be somewhat hampered by the opposition's efforts at keeping the oligarchy issue alive. Jobbik has proposed the establishment of a parliamentary committee to investigate the issues raised by Ángyán, and the other opposition parties support this endeavour. Fidesz, which has a history of scuttling investigative committees initiated by the opposition, has already announced that it does not support the harassment of wealthy citizens by the opposition, though it is unclear what this means for the future of the envisioned committee.

The timing of Orbán's announcement about the temporary cessation of party funding is not only unfortunate in terms of coinciding with the rise of the oligarchy issue, but is likely also meant to be a provocative response to this very issue – it's as if he were saying "find your own oligarchs then". The opposition is unlikely to ignore the gauntlet thrown down by Orbán and will milk the oligarchy question for what it's worth. Still, if the opposition parties want to stay in the political race, they might have to resort to oligarchs of their own.