

## The populist poker begins

*It seemed unlikely a few months ago, but Fidesz' star is on the rise. Already towards the end of last year it had managed to halt its steady decline in the polls, and since January it has been expanding its base while the opposition is apparently struggling. This is unsurprising, since Fidesz is resorting to tried and tested methods of financial populism that voters apparently can't get enough of. As always, questions about the sustainability of presents such as the reduction in the price of utilities are drowned out by the eagerness of parties to outbid one another with wild promises. Given that it can actually start delivering on its promises, Fidesz has the better odds in this game.*

We hinted already a few weeks ago: with the option of limiting voter participation to those who pre-register - which would have increased the weight within the electorate of the upper-middle and upper classes that have profited most from Fidesz' economic policies - dashed by the Constitutional Court, Fidesz may have to buy the 2014 election, with a kind credit advanced by future taxpayers.

And in fact, a populist pocketbook campaign is fervently underway now. The opposition is of course trying to pick up the tempo dictated by the governing party, but it not only lags behind Fidesz' massive, decade and a half old experience in unrealistic "don't tax but spend" rhetoric, but is also hampered by lacking access to the public purse. Some opposition actors also suffer from the fact that many voters have a keen memory of their past actions, which many consider an indication of their anticipated future performance. In other words they don't hold their spending pledges in high regard. Fidesz faces such a distrust, too, but it is actively working on overcoming it in office; MSZP would need to gain office to allay citizens' distrust, but if it is not believed, it is unlikely to gain office.

### **Declining utility prices: the silver bullet**

After long periods of gradual decline, Fidesz was in a strong position going into 2013. For one, even at its low-point in the polls last year it was significantly ahead of its challengers. With the prospect of retaining a plurality in most electoral districts, it would have swept any election. In early 2013, moreover, the governing party's number slightly improved. Now, it has received a further significant boost, especially among less educated and low income voters, the segments that has suffered most from the economic malaise of the past years.

The latter group appears to appreciate the price controls imposed by Fidesz on public utility companies, which have led to a decline in the money households most expend on essential goods/services. Fidesz has found a policy that not only eases the intense financial burden experienced by many on account of the unceasing economic drought, but has also done this in a way that *seemingly* only hurts service providers – many of which are foreign-owned to begin with. This chimes beautifully with Fidesz' persistent anti-corporate and especially anti-foreign corporation rhetoric. In terms of its communication on economic policy, Fidesz has steadfastly stood by its own rhetoric, even when the facts blatantly belied it (cf. austerity). Now the fanatic refusal to submit the propaganda to a reality test may pay off: a portion of the electorate is clearly buying the idea that Fidesz is making live easier for poor folk.

## **No rest for the opposition**

The Bajnai campaign quickly picked up the gauntlet, moving away from the cerebral campaign mostly focused on constitutionalism, quality of democracy and a modernised economy towards a more populist emphasis on living standards. None of the opposition parties appears inclined to cede bread and butter issues to Fidesz, especially since the government's performance in this area is spotty, to put it nicely. Both Bajnai's E14 and MSZP were right in pointing out that regardless of the slight adjustment now, cost of living has actually increased substantially under Fidesz, while wages have not kept pace with inflation.

Nevertheless, two problems remain for the opposition parties. By refocusing on pocketbook issues – a somewhat daring undertaking in light of the past years' effects on pocketbooks –, Fidesz is clearly setting the campaign agenda. And it steers public debate away from issues where it knows that even many generally sympathetic intellectuals believe its positions to be indefensible, towards issues where its record thus far may be weak, but where it nevertheless can actually improve before next spring - unlike the opposition, which can merely talk in response to Fidesz' palpable largesse.

## **Bidding wars**

So the opposition might well feel that it needs to raise the stakes on whatever Fidesz does until May 2014 *and* what it promises until 2018. The last time the left has emerged victorious from such an unsavoury auction cost Hungary dearly: the spending spree in 2002 set the country's development back significantly. Moreover, the opposition faces the problem that promises of future bounty inherently sound more credible when proffered by someone who is dispensing goodies as he speaks. Moreover, political memories may be short, but neither Bajnai nor the Socialists have a good track record in the role of Santa Clause they wish to personify now.

For Fidesz, moreover, the particular opportunity of squeezing partly foreign-owned utilities to give customers a break is a triple boon. Voters are obviously thankful about the lower bills and aren't wont to question whether this particular gift can go on giving. Furthermore, the effect on the exchequer is for now indirect, the impact on the contentious deficit will not be as obvious as a straight-out cash gift to voters. Finally, the attack on large corporations owned by foreigners - who are allegedly protected by that shady Soviet-style power in Brussels, to borrow from Viktor Orbán's recent parlance - meshes perfectly with the grand narrative of Fidesz' struggle against global capitalism and foreign domination. This potent combination makes Fidesz' latest move particularly suave. But it is at the same time another warning shot to foreign investors, whose wariness Fidesz courts at the country's peril.