

## New realities in campaign financing

*The problem of campaign financing has dogged Hungarian democracy for two decades. Fidesz' planned reforms will hardly solve any of the problems. Instead, to further the governing parties' edge in 2014, they will create new ones. While the bill slightly increases financing and brings it an inch closer to the real needs of a modern campaign, it cuts parties off from other key funds during election years, putting them at the mercy of the oligarchy.*

Numerous effective legal acts in Hungary have a strenuous relationship to the reality they supposedly regulate. Those in the know cannot but smile at the frequent naiveté on display in Hungary's legal system. And as far as campaign finance is concerned, most everyone is "in the know".

### **Short money**

The current campaign finance regulation appears to deliberately mock the notion of fair campaigning. If it wanted to obey the law, a party with a full slate of candidates in a national election is allowed to spend 1 million HUF, roughly 3,450 euros at the current exchange rate for each seat in Parliament. In previous campaigns, the total legal expenditure was roughly 1.3 million euros for a national list, a trifling sum for a campaign even by Hungarian standards.

It may make sense to impose spending restrictions to ensure that the ability to run a successful campaign does not inexorably become conflated with the ability to raise money from deep-pocketed donors. But it hardly makes sense to restrict it in a way that parties cannot realistically hope to reach the entire electorate legally - thus making sure that the successful parties are those most comfortable with engaging in illegal behaviour.

### **What actually goes on**

The officially mandated numbers say a lot about the hypocritical light in which Hungarian politics wishes to portray itself, but little about what actually goes on in the campaign. A study by the Eötvös Károly Institute, which reviewed the actual campaign advertising and activities of the parties, estimated that in 2006 the four parties that ultimately made it into Parliament spent some 7.65bn forints on their campaigns, almost five times the legal amount. Considering that the two smaller parties, SZDSZ and MDF, exceeded their allotment "only" by a factor of 2.6 and 2, respectively, the larger parties were engaged in a massive breach of the law, spending 7.1 (Fidesz) and 8.2 (MSZP) times as much as was permitted.

Still, arguably Hungarian campaigns inexpensive. By comparison, for instance, the 2012 US campaign cost 6bn dollars, which, though a staggering sum, is only 0.04% of US GDP. Even at its realistic estimate, Hungarian campaign spending was merely 0.03% of GDP. Even considering the real spending, Hungarian democracy is cheap, though arguably far from a bargain - not only in terms of the quality of politics: in Germany the parties spent well under 0.01% of GDP (133mn euros) on elections in 2005, for which they also got two state elections, in addition to the federal ballot.

## ***New winds, old influences***

Fidesz had promised to reform party and campaign finance, making the issue a "point of honour." As usual, the proclaimed principles had nothing to do with the real objective of the reform. Rather than creating an improved framework, Fidesz strove to capitalise on the main dilemma of the parties on the left: running together or separately.

Pursuant to the scheme proposed, each candidate running in a single-member district (SMD) would receive one million HUF, but the party that fields a national list would also receive additional support ranging from a minimum of 149.25mn to a maximum of 597mn, depending on the number of its candidates. With the maximum amount of candidates, a party could receive 3.5mn per MP (597mn for the party list and 106 for SMD candidates) in total.

## ***More candidates, more money***

The amount of money a party receives rises significantly with the number of SMD candidates. Specifically, the bill offers four cut-off points and associated sums: a party with candidates in all 106 SMDs gets the abovementioned 703 million, one with 80 candidates 527.75mn, one with 54 will get 352.5, and one with the minimum for a national list, 27 would receive 176.25mn. If two separate parties want to coordinate their campaigns but keep their lists distinct, then the best they could do would be 553.75mn forints together (assuming they do not run any SMD candidates against one another), a loss of 149.25mn as compared to a joint list and its 703 mn. In a cash-strapped environment, this is no trifling amount.

Still, the left could game the system by running candidates from both lists in two safe Fidesz districts that it has no odds of winning in any case: by so doing, two separate lists with 54 candidates each could receive as much 705mn HUF together, though it would come at a small price in compensation votes.

## ***Money matters***

More important even than the money it offers may be the money the bill would take away, though. The bill seeks to interdict foreign donations and would halt regular party financing in election years. On principle, the former is eminently fair - it would be hard for anyone on the left to argue that Hungarian citizens abroad should not be allowed to vote but foreign financiers ought to influence Hungarian elections - but it is unlikely to be inspired by principle. Instead, it is a jab at EI4, which receives considerable funding from the US.

Whatever the merits of banning foreign contributions, the cessation of regular party funding is ostensibly cynical. Fidesz argues that parties receive tons of money in election years anyway, so there is no need to give them their regular funds. But elections are clearly an additional expense. If campaign money must be spent on regular expenses - keeping staff, headquarters and regional organisations going - then there will be little left to campaign with. By cutting of all other funds, Fidesz is leaving the political system at the mercy of Hungary's ill-reputed oligarchy, which is of course a rational goal for a governing party that is on the best of terms with most of the politically interested super-wealthy. Unfortunately, taking the

logic of a failed system to its extreme conclusion is hardly the best route for an embattled democracy.