



# HUNGARIAN POLITICS IN-DEPTH

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## TOP 5 NEWS OF THE LAST TWO WEEKS

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### **Analysis: GOING EAST - REORIENTATION OR MERELY NEW ACCENTS?**

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### I. FORMER PM'S SPEECH REVIVED TO HAUNT LEFT

A recording of a speech delivered in 2006 by then-Prime Minister Ferenc Gyurcsány before a closed session of MSZP's parliamentary faction (in the village of Balatonőszöd), in which Gyurcsány admitted that the budget was in worse shape than previously claimed, and that he had lied about the state of affairs during the national election, was originally publicly released in the fall of the same year, just two weeks before the municipal elections. Gyurcsány's unusually frank admissions not only doomed MSZP in the municipal ballot but lastingly damaged the PM's and the party's public standing. The "whodunnit" concerning the release of the extraordinarily damaging speech has been a frequent object of speculation, and various Gyurcsány intra-party rivals as well as the PM himself have been among the popularly mentioned suspects. On the left, Fidesz was the prime suspect, especially in light of the perfect timing of the release to maximise the conservative opposition's success in the impending municipal election.

Even eight years later, Őszöd remains an open wound and thus the decision of the secret services to declassify their reports on the issue well before the original deadline suggest smack of political influence: the governing party has a vested interest in bringing Őszöd back on the agenda a few weeks before the election, and, moreover, it also wants to focus the campaign on Ferenc Gyurcsány, whose controversial public assessment is liable to mobilise right-wing voters. The two reports reveal little that was not known or at least strongly suspected before. The official summary confirms that the version released was not some secretly made recording but a copy of the official on-site recording. It also states that a prominent right-wing politician leaked it to the press, though it does not name him/her. A second report relies on the submissions of an unnamed source codenamed "Guerilla" (widely assumed to be a since deceased far-right adventurer), who claimed to be involved in the leak and asserted that Gyurcsány himself had approved it. In response to the reports, the former editor-in-chief of Hungary's largest broadsheet, the centre-left *Népszabadság* has also commented publicly on the issue, giving some credence to "Guerilla's" claims: he was

apparently approached by a Gyurcsány spokesperson at the time about publishing an edited version of the speech. Another interesting piece of new information is the recent admission by leading Fidesz politician Lajos Kósa that he knew of the contents well before the official release (he has since denied making this statement, though the original statement was on television). That Fidesz had the speech long before it was publicly released was also widely suspected but never confirmed. Still, though it has some historical significance, in terms of its relevance today the issue is little more than a red herring to distract from the campaign (which is largely unperceivable anyway).

## **2. PRE-ELECTION POLLING: IPSOS FALLS BACK IN LINE**

At the end of January we reported that for two successive months the Ipsos polling institute (generally considered to be hewing to the left) had measured a markedly narrowing gap among likely voters between Fidesz and the left-wing Alliance. We also noted that this narrowing was reflected neither in the other institutes' figures nor in Ipsos' own measurements of the electorate at large (hence all voters rather than just likely voters). In disappointing news for the Alliance led by the Hungarian Socialist Party, Ipsos' own numbers are once again congruent with those of other pollsters, i.e. they show a massive gap favouring Fidesz. Specifically, Fidesz leads 51-33 among likely voters (Jobbik is at 13 and LMP at 2), and 45-23 in the population at large (interestingly, even as the Alliance lost 5% among likely voters, it gained a point in the electorate at large).

Table 1: Current polling figures of the four major institutes, for likely voters and the population at large<sup>1</sup>

| Institute                    | Fidesz  |                           | Alliance (MSZP-E14/PM-DK) |                           | Jobbik  |                           | LMP     |                           |
|------------------------------|---------|---------------------------|---------------------------|---------------------------|---------|---------------------------|---------|---------------------------|
|                              | current | Change over previous poll | current                   | Change over previous poll | current | Change over previous poll | current | Change over previous poll |
| Tárki (Jan. 29) <sup>2</sup> | 49 (29) | +2 (+1)                   | 35 (21)                   | +4 (+1)                   | 14 (8)  | 0 (0)                     | 2 (1)   | -2 (-2)                   |
| Századvég (Jan. 29)          | 51 (32) | -1(+1)                    | 28 (20)                   | -3 (-3)                   | 14 (11) | +1 (+3)                   | 6 (5)   | +4 (+3)                   |
| Medián (Feb. 4)              | 52 (39) | 0 (+2)                    | 30 (22)                   | -2 (-1)                   | 14 (10) | 0 (0)                     | 3(2)    | +2 (+1)                   |
| Ipsos (Feb.12)               | 51 (30) | +3 (+2)                   | 33 (23)                   | -4 (+1)                   | 13 (9)  | +1 (+3)                   | 2 (2)   | 0 (0)                     |
| Tárki (feb 26.) <sup>4</sup> | 49 (38) | --                        | 27 (21)                   | --                        | 19 (15) | --                        | 6 (4)   | --                        |

<sup>1</sup>Figures in parentheses denote support in the population at large

<sup>2</sup>All dates indicate refer to press publication.

<sup>3</sup>Only population at large

<sup>4</sup>Tárki substantially changed its survey methodology, which explains the significant fluctuation as compared to its survey a few weeks earlier. For this reason comparisons to its previous polling numbers at the end of January are methodologically problematic.

Thus Fidesz' maintains a commanding and even slightly expanded lead six weeks before the election date. There is still hope on the left that left-wing supporters conceal their intentions in polls, and some Jobbik supporters entertain the same notion for their own party. Either or both may be true, but certainly it is difficult to conceive of any scenario where such a phenomenon would be sufficient to undermine Fidesz' victory. At this point, the major question is Fidesz' ability to attain another two-thirds majority, which would be portrayed by the governing party as not only a repudiation of the opposition, but also of its criticisms of government policies.



### **3. UKRAINE FINALLY BECOMES DIVISIVE**

Even as the EU has stepped up its criticism of the since removed President Viktor Yanukovich, the Hungarian government has tread carefully on the violent internal strife in Ukraine. While the intelligentsia has been visibly divided - though there were some unusual cross-ideological opinions, the right has mostly tended to defend the Orbán government's cautious approach, while the left-wingers have tended to come out for the Ukrainian opposition - as late as December the weekly HVG wrote about a "silent grand coalition" between Fidesz and MSZP on the developing Ukrainian crisis. Essentially, the major parties agreed that Yanukovich had been better news for both the Hungarian minority in Ukraine as well as in terms of stability, which is why it was not in Hungary's interest to rock this particular boat. Correspondingly, Hungarian diplomacy has largely absented itself from the Ukraine debate. The "silent coalition" lasted until a few days ago, when rather late in the game Attila Mesterházy and Tibor Szanyi finally lambasted Viktor Orbán for his government's conspicuous silence on the issue (along with the public media's harsh comments on the demonstrators). There are two prominent - though not mutually exclusive - explanations for the realpolitik path chosen by Orbán concerning Ukraine. One is the notion that Hungary has little to gain from a shift in power; not only are the new forces unpredictable and in part openly hostile to minorities (including ethnic Hungarians), but Hungary has generally been careful with domestic conflicts in the region, so the Orbán government is not breaking any new ground here. The other explanation is that Orbán's recent policy of anchoring Hungary in the East rather than the West (see our analysis below) makes Yanukovich and his Russian overlord Vladimir Putin a natural ally of Hungary, and the western liberal segment of the Ukrainian opposition an obvious opponent. Though the proximity of the country has turned the Ukrainian revolt into an unusually hotly debated foreign policy issue, it is very unlikely to have major electoral impact.

### **4. PROBLEMATIC ELECTION REGISTRATION**

A number of problems have dogged the national and local election authorities in compiling voter rolls and registering candidates, and unfortunately for an institution operating under a cloud of suspicion, all of these have tended to impact the opposition. The problems began



with reports that many citizens who work abroad were refused registration due to slight discrepancies between their officially registered data and the information they submitted when they requested entry into the voter rolls. The perception is that while the authorities seek to facilitate the registration of ethnic Hungarian dual citizens who recently adopted citizenship in the neighbouring countries - a demographic that is considered overwhelmingly supportive of Fidesz, and to a lesser degree of Jobbik -, they wish to encumber voting by Hungarians who moved abroad in recent years and who are on the whole less likely to be satisfied with Hungary's current situation. While the suspicion is very difficult to verify or refute, the Election Office's strict approach is not helping allay concerns about its impartiality. These concerns were further reinforced by errors in the endorsement sheets issued to opposition candidates in some regions, which delayed their signature collection efforts. But even when Alliance candidates quickly submitted their signatures, in many districts they found that they had to wait several days to be registered, even as Fidesz candidates were waved through very quickly. All of these are relatively small and symbolic rather than substantial issues, and despite some protests, even the opposition has refrained from turning them into major communication points. But given some measurable scepticisms concerning Fidesz' ability and willingness to run a clean election, they are inevitably be seen as signs of more to come.

## **5. UTILITY PROVIDERS SPARED THE WORST, FOR NOW**

János Lázár, Minister of State for the Prime Minister's Office, had warned utility providers that Wednesday the 26th would be a "dark day" for them, with another round of "rezsicsökkentés", or mandatory cuts in the utility prices looming. Lázár professed the governing party's disappointment with the fact that the sector was continuing to generate profits even though the government had made clear that it envisioned public utility services as a non-profit area of the economy. The government was especially upset about the decision of Hungary's German-owned major electricity provider ELMŰ to schedule a shareholders' assembly before the election, which Fidesz' spokespersons believe will be used to announce dividend payments. Nevertheless, when the cuts finally came, the utility providers might have breathed a sigh of relief: For now, the government has held off on its



most significant threat, the elimination of any basic utility fees, which need to be paid by all consumers regardless of consumption level. Given that this particular cut would chiefly benefit the lower income segments rather than large homeowners with huge utility bills, the measure would not be a logical fit in Fidesz' policies anyway, since those tend to disproportionately favour the wealthy. However, Fidesz has mandated that utility providers must bear the costs of exchanging meters measuring utility consumption, which often cost consumers a lot of money. Unlike the general consumption subsidy that disproportionately accrues to wealthy consumers with higher utility bills, the removal of fixed costs has at least the benefit of helping financially vulnerable citizens more, even if only in a limited set of circumstances.



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## **ANALYSIS:**

# **GOING EAST - REORIENTATION OR MERELY NEW ACCENTS IN THE GOVERNMENT'S FOREIGN POLICY?**

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Even though Fidesz' embrace of a vigorous nationalism and populist economic policies, as well as its sympathy for authoritarian solutions - which was manifest already before it attained a two-thirds majority in 2010 -, might have always been suspect in the eyes of many western observers, its commitment to solidly anchoring Hungary in the western hemisphere was never in doubt before Viktor Orbán's second term. Fidesz' rhetoric (despite occasional outbursts) and foreign policies both consistently made clear that Hungary was a reliable NATO partner and EU member.

Since 2010, there has been a marked shift, however, and as many in the West have cast doubt on whether Viktor Orbán's increasingly authoritarian methods mesh with western understandings of democracy, rule-of-law and capitalism, Fidesz has also made clear that its strategic commitment to the West is no longer unequivocal. At the very least, it must coexist with the growing significance of the country's eastern ties. In extremis, Orbán's now highly volatile rhetoric has gone as far as to suggest that Hungary is (or rather should be) now part of Asia; if not in geography, at least in terms of its values and vision of the future.

The Orbán government has devoted significant attention to improving ties with eastern countries, including major trips to Russia, China, Japan and Azerbaijan, among others. New relations with Azerbaijan have proved especially controversial, when following a high-profile visit by Orbán Hungary released the convicted murderer Ramil Safarov, who had killed an Armenian in Budapest, into Azerbaijani custody, where the former military officer was promptly set free, reinstated and promoted. Thus far, the eastern charm offensive has



yielded few if any tangible benefits, but of course anyone would acknowledge that it takes time for useful relations to develop. Moreover, the government's position is that the deal with Russia on expanding Hungary's nuclear reaction in Paks is indeed a major breakthrough, though this claim is heavily disputed.

The government's efforts to curry favour with eastern powers has gone hand in hand with intense attacks on the European Union (most famously, in a 2011 statement Orbán compared Brussels interventions in Hungary to Soviet occupation) by various Fidesz politicians, which have sought to portray the government's policies as a freedom struggle against foreign - but specifically western - domination. This rhetoric climaxed in Fidesz' rejection of what it perceived as efforts at colonising Hungary, most recently in the context of the European Parliament's Tavares Report on the government's abuses against democracy, which Fidesz labelled "constitutional colonisation".

These political attacks against Fidesz' opponents in Europe were complemented by more generalised ideological statements suggesting the decline of the West and a corresponding rise in the status of eastern powers. Comments such as the "the West's light is fading", "the West is running towards stormy waters", "there is no need to feel sorry for the declining West", for it "was more of a prison than a home to us" (the last was later clarified to have applied to the failing form of the West) have become typical of this rhetoric.

Orbán's government has failed to cultivate the friendship of western partners, and in marked contrast to its previous term, when Fidesz proudly hosted some major conservative European figures in its campaign, it seems as if it is downright seeking isolation in the European realm.

Instead, the prime minister has been lauding the eastern economic model - which is to some extent uncontroversial - and has also made comments that evince sympathy for the authoritarian modes of power that continue to prevail in many countries of the eastern hemisphere; this is more controversial, to say the least. His comment that Hungarians are a "half-Asian lot that can only co-operate when there is a strong power" above was interpreted as an expression of this sentiment and aroused significant protest, though for the



most part only on the left. And even as far as economic policies are concerned, the growing role of state ownership in the economic sector is drawing criticism not only from the opposition, but also from rightwing economists in Hungary. It is far from clear that state ownership is in fact the most successful element of the Asian model or that even if it were, Hungarian state enterprises would be able to replicate the performance of their Asian counterparts.

What is not controversial on the whole are Fidesz' energetic efforts to forge new ties in the East, though some of the means and partners have been subject to criticism and contribute to Hungary's growing isolation on the European scene. Much of the Orbán government's outlook is plain realpolitik, a concession to the reality of a shifting global economic balance.

Crucially, a rapprochement with Russian and China began already under the previous MSZP governments. Already PM Péter Medgyessy expressed aspirations that Hungary could become "China's bridgehead in Europe" and Ferenc Gyurcsány was known for cultivating friendly relations with Russia and Vladimir Putin, which even carried over into a private visit after Gyurcsány's resignation. Incidentally, at the time Fidesz was harshly critical of the Socialist government's overtures to Russia, and in particular Gordon Bajnai and E14-PM are now using Orbán's previous comments warning of Putin's dangerous destabilising policies against Fidesz (for a while, MSZP and Gyurcsány refrained from jumping onto this bandwagon, but ultimately the temptation proved too strong).

The difference between MSZP's approach at the time and Fidesz' eastern orientation today was that the Socialists, who always sought to cultivate a "friendly to all" and "proud to be small" image in the international arena, wanted to build ties in the East without tarnishing Hungary's reasonably decent (though also insignificant) image in the West. Even as some might have considered an effort to please all self-deception, the Socialists clearly believed in the benefits of always avoiding confrontation. Even when two priorities did come to head and Gyurcsány gave the "East" preference - as in picking Russia's South Stream pipeline over the EU's Nabucco project -, the government sought to downplay the significance of the snub rather than to emphasise it, as Fidesz does now. Fidesz has clearly become generally more confrontational over the years, and somewhat surprisingly this has translated into the foreign

policy sphere as well, though it must be emphasised that its politicians communicate far more diplomatically when they engage their western counterparts directly than when they talk about the West to Hungarian audiences.

How much should be read into Fidesz' general approach or its specific gestures? As the obvious shift in Orbán's rhetoric from his opposition days shows, Fidesz' priorities can be fleeting, but nothing hints at the abandonment of the new eastern policy any time soon. And of course Orbán's policies and rhetoric have created their own self-fulfilling reality, and with Fidesz safely ensconced in power, Hungary will find it increasingly harder to assert its priorities in the West, while it can at least hope to make some gains in the East. There may indeed be prizes in the East that were simply not - or not quickly enough - available in a slow-moving European political market where deals are generally hashed out in supranational committees and intergovernmental forums, neither of which is Fidesz' forte. Still, while one-on-one deals with autocrats may be theoretically easier to attain, the price that Hungary needs to be pay for them - financial and/or political - can be just as high or higher. And as the Paks deal shows, all legitimate criticisms of lacking transparency in Brussels aside, the deals with autocrats carry an immense risk of shadowy transactions that are difficult for a democratic public to review.

**Policy Solutions**  
**Political Research and Consultancy Institute**

Budapest, 1065, Révay utca 10.

(+36-1) 4-748-748

[info@policysolutions.hu](mailto:info@policysolutions.hu)

[www.policysolutions.hu/en](http://www.policysolutions.hu/en)

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