



HUNGARIAN POLITICS IN-DEPTH

JULY 2014

TOP 5 NEWS OF THE LAST TWO WEEKS

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Analysis: FIDESZ 'MAKES GESTURE' TO LEVEL MEDIA PLAYING FIELD

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TOP 5 NEWS OF THE LAST TWO WEEKS

I. SEVERING HUNGARY FROM WESTERN DOGMAS, ORBÁN SEEKS AN ILLIBERAL STATE

At the annual meeting of ethnic Hungarian youths in the Romanian town of Băile Tuşnad (Tusnádfürdő in Hungarian), the prime minister outlined the ideological vision that underlies his policies. The following is a translation of a section in the summary provided on the governing party's website, fidesz.hu: *“We will try to sever ourselves and make ourselves independent of the dogmas and ideologies that are accepted in Western Europe. Doing so will enable us to identify those forms of organising a community – the new Hungarian state – that will allow our community to become competitive in the grand global horserace for decades to come – [Orbán] emphasised. He pointed out that if we want to achieve this, we need to be capable of stating that a democracy need not necessary be a liberal democracy. We want to organise a society based on work, whose character is not of a liberal nature – he stated, adding that we need to abandon the principles underlying the liberal organisation of society. He pointed out that the previous liberal Hungarian state had not been able to compel the Hungarian governments to represent the national interest; to recognise that Hungarians outside our borders belong to our nation; and had failed to protect the community’s wealth, the country from public debt and families from debt slavery. Interpreting the 2010 election from the perspective of the electoral success of 2014, one could say that in this grand international horserace citizens expect the Hungarian leaders to design the organisation of the Hungarian state in a way that will allow our community to be competitive in the era that follows that of the liberal state and liberal democracy – while respecting the values of Christianity, freedom and human rights. In Orbán’s words the political leadership strives to ensure that peoples’ individual work and interests are closely aligned with that of the community and the nation. The Hungarian nation is not only an agglomeration of individuals but a community that needs to be strengthened and built. In that sense the new state that we are building in Hungary is an illiberal rather than a liberal state, he emphasised.”* There is not much to add, except maybe that the government’s strategic mission is also manifest in another area: the data published last week on applications to higher education (106,000 in 2014) are far below the



2010/2011 level (140,000), when the Orbán government decided that Hungary needs more manual workers and fewer university-educated intellectuals. Along with the hundreds of thousands who seek their luck abroad, the government is increasingly successful in moulding the remaining community in the illiberal spirit outlined above.

2. OSCE CERTIFIES ELECTION AS UNFAIR

By arguing that the governing parties “enjoyed an undue advantage” and essentially classifying the election process as unfair, the OSCE report on Hungary’s national election has confirmed many of the talking points that the left had raised over the past years with regard to the political system. It also provides a late defence of the left’s justification for its massive defeat. The report lists several points, most importantly “restrictive campaign regulations, biased media coverage and campaign activities that blurred the separation between political party and the State.” The media was overwhelmingly in the hands of Fidesz and reported in a very biased manner, the OSCE argues, and, tellingly, it also adds that the campaign – which was subdued in general – was “almost indiscernible in rural areas.” Given that that’s where Fidesz did best, this is no trivial detail. It puts the opposition’s undeniable failure in perspective, for the quality of a campaign is of little importance if government policies successfully strive to make sure that it does not reach voters unless it is hand delivered. Perhaps most damagingly, OSCE felt compelled to point out that there were also widespread concerns with the independence of election administrators. By raising this point among those it emphasised in its executive summary, the report appeared to indirectly endorse these concerns. Given Fidesz’ outsized victory, the bias of these officials made little difference now. In a future close election, however, when many seats may be hanging by a thread, Fidesz’ monopoly over administering the election might result in situations in which the independence of election officials is tested – and if they fail, as many suspect they might, then that alone would be enough to bury Hungarian democracy. In fact, even in 2014 there was some distrust with regard to the Budapest electoral district seat that sealed Fidesz’ two-thirds majority by the slimmest of margins, 56 votes. Apart from the fake left-wing parties that had been allowed to register – one even with virtually the same name as Gordon Bajnai’s Együtt –, which garnered several hundred votes, there were also some muted



concerns whether Fidesz' thinnest of leads was really certain, especially as Fidesz' two-thirds majority and its fantastic prospects hinged on it.

3. MSZP'S FIRST STEP IN THE POST-MESTERHÁZY ERA

Torn between a variety of forces, the Socialist Party has elected a new leadership after the dual election traumas in the spring, that is the anaemic 26% the left won in the national election in April and the disastrous 11% MSZP won alone at the EP election in May. Attila Mesterházy's sudden departure after the second defeat left the party with a leadership vacuum that several groups vied to fill. There were, among others, 1) Mesterházy's own supporters; 2) an old guard which is actually itself divided but nevertheless agreed at least on the notion that they ought to play a far greater role than until now; and a 3) heterogeneous group of former young socialists who had waited for their turn. The latter won, though some of Mesterházy's allies remain powerful. The top position was taken by József Tóbiás, who is considered a skilled behind-the-scenes operator and was without any alternative now, since MSZP used up its frontline figures over the past years. Tóbiás is also considered a more idealistic left-wing politician than either Mesterházy or his other predecessors at the helm of the Socialist Party. In line with this assessment, the newly elected chairman opined that he is not interested in building a rainbow coalition of liberals and anti-Fidesz conservatives – and does not want the issue of joint candidates with other left-wing parties to dominate at the expense of all other problems – but wishes for MSZP to be a markedly left-wing force. László Botka, the mayor Szeged, where MSZP's success in April has been running counter to the national trend, did not want to stay on after leading the party as a caretaker, citing the needs of his town. Instead, he retains the influential but less time consuming position of chairman of the party's Board, which is responsible for formulating a strategic vision and exercises some crucial functions, such as calling a party congress. Tóbiás' insistence on more independence from other organisations comes at a critical time. The EP election results showed that despite Fidesz' crushing victory, the left in total may be consolidating at a vote share near 30%. If it could replicate its April result with joint candidates, adding only a few percent more and with Fidesz losing a few, that ought to put a



few major municipalities in play. As long as the parties on the left field joint candidates, that is.

4. FOREIGN-DENOMINATED LOANS: ISSUE FINALLY CLOSED

In a rare show of unity 184 of Parliament's 200 members voted to adopt the law to ease the pain of those who are still under pressure from repaying their foreign currency-denominated loans. The decision came on the heels of a ruling by Hungary's supreme court, the Curia, which decided that certain aspects of the underlying contracts, specifically exchange rate spreads and unilateral interest rate hikes, constituted unethical business practices. The Curia had already ruled back in December on the legality of the entire construct of foreign-denominated loans, and to Fidesz' vocally voiced disappointment found that they could not be invalidated with the stroke of a pen. Immune as judges are supposed to be to political and economic considerations, assessments that a contrary decision could bury the entire banking system might also have informed their judgment at the time. The June decision probably redeemed the Curia in the eyes of the government, at least to some extent. The decision compelled Parliament into taking action on the foreign loans crisis front. It had pledged action for years but failed to do much save for some stopgap measures that left many debtors – especially the hardest hit – with no help in handling their hugely increased instalments. Following the Curia's decision, the law compels banks to repay profits that the Curia ruled unlawful. They have three months to appeal this in the context of any contract where they feel their profits were not "unfairly" gained, as the Curia's ruling suggested in the case it decided. With hundreds of thousands of contracts to analyse, this puts the banks at a disadvantage even in terms of time. If they do identify many contracts that might be "salvaged" from their perspective, however, then the whole affair could clog an already hugely overburdened judicial system. In any case, the relief offered does not solve all the problems that the loan holders have – the opposition, which generally supported the proposal argued that a strong forint would do a lot more for them – but it will return significant chunks of money to debtors and probably prove popular. Fidesz' own estimate is that the banking sector will have to dole out roughly 400 billion forints (ca. 1.3 billion euros). Moreover, the measure probably helped the government attain another strategic goal,



making sure that a majority of the Hungarian banking sector is owned domestically. Shortly after the decision, the owners of one of Hungary's largest banks, MKB, sold the company – which had been haemorrhaging money for years – to the Hungarian state.

5. LEFT NOMINATES CONTROVERSIAL FORMER POLICE CHIEF FOR MAYOR

By lining up behind the independent candidate for Miskolc mayor, Albert Pásztor, Gyurcsány's Democratic Coalition (and MSZP) have waded into a hornet's nest. Pásztor was an exceedingly popular long-time chief of police in Hungary's third largest city, which was also used to be a left-wing bastion. A few years ago, however, he caused a ruckus when he stated that certain types of crimes were exclusively committed by Roma. He was quickly fired by the MSZP Minister of Justice, Tibor Draskovics, but a cross-party outpour of support – including the local socialists and liberals – in Miskolc got him reinstated. Pásztor remains highly popular in his hometown, and by lining up behind him the left – which already won one of the two Miskolc seats in April – has reasonably good chances of capturing the mayor's seat. Nevertheless, given Pásztor's public association with the controversial comments, the decision is subject to a divisive internal debate on the left. MSZP joined DK in endorsing Pásztor, but EI4-PM said no, though its local organisation also supports the candidate. In the intelligentsia a wave of harsh mutual recriminations followed, with charges of racism and indifference towards the fate of rural Hungary flying back and forth. Pásztor is not at all the dyed-in-the-wool racist some on the left have made him out to be; he has apologised for his remark and is not known for inciting racial hatred. But he still does take positions that are highly controversial on the left. In Miskolc, however, Pásztor is perceived to be expressing a widely shared perception when he equates certain crimes with Roma, and in fact he is very moderate by local standards. If he is successful – and there is a good chance he will be – then MSZP and DK will probably try to frame his selection as the strategic path to success in the country's east. This will come at a price, however, since it involves walking a constant tightrope between giving voice to the widespread anti-Roma sentiments in that part of the country and the more sensitive views among the urban intelligentsia. Less experienced candidates than Pásztor might easily say things that will shake up the fragile left-



wing coalition in ways that will make the current infighting seem like a lovefest by comparison. In the middle of a national campaign, for example, that might do significant harm.

ANALYSIS: FIDESZ ‘MAKES GESTURE’ TO LEVEL MEDIA PLAYING FIELD

Fidesz’ media dominance is so conspicuous that even the OSCE’s foreign observers could not help noticing it; it was a significant aspect in their determination that the government had given itself an unfair advantage in the election. Now Fidesz has done a major step towards remedying this unfair situation by giving the left-wing opposition access to a major media outlet.

Of course the intention was quite the opposite, but at least for the time being Fidesz’ advertisement revenue tax (colloquially referred to as the media tax, which reflects its real purpose) has backfired precisely where it mattered most, in terms of gaining control of Fidesz’ main target, Hungary’s largest commercial channel RTL Klub.

Over the past years, Fidesz has made significant inroads in gaining control over vast segments of the media system. The only national commercial radio station that was controlled by left-wing business interests – though it wasn’t political –, Neo FM, was ‘forced’ into bankruptcy. New frequencies are only awarded to government friendly or apolitical radios. After efforts to shutter the only opposition talk radio, Klubrádió, caused too much of a foreign stir, Fidesz’ went after the station’s advertisers and quietly removed its rural frequency, making sure that Klubrádió cannot reach outside Budapest.



In the increasingly irrelevant newspaper market advertisers are steered away from left-wing papers with similar heavy-handedness, and the government has (thus far unsuccessfully) designs on at least neutralising the largest left-wing daily, *Népszabadság*. Fidesz has already gained control over the free daily *Metropol*, which is highest circulation daily newspaper.

As a result of persistent efforts, Hungary's second largest commercial channel, TV2, is now also owned by figures close to Fidesz, and this has quickly and obviously translated into editorial changes. The online media market is the only one where Fidesz does not enjoy overwhelming dominance, but it has achieved a substantial success in neutralising one of Hungary's top two news portals, origo.hu. Shortly after [*origo*] broke a story about the expensive state-funded travels of chancellery minister János Lázár, [*origo*] fired the editor-in-chief Gergő Sáling, which led to a slew of resignations at the portal. This is logical, for in the public media journalists and editors are being promoted for falsifying the news, and Fidesz is doing its very best to export this practice to the commercial media. It has had great success in this regard with [*origo*], and the fact that after the portal fired Sáling the government awarded a gigantic public contract to its parent company, Magyar Telekom (itself a subsidiary of Deutsche Telekom), is pure coincidence with unfortunate timing.

Some wonder, of course, why the government did not wait a little while to avoid the appearance of a quid pro quo, but this question misunderstands the logic of Fidesz' media policies: media workers *are* supposed to feel threatened, because that is much more effective than going after each one individually. If Deutsche Telekom had not immediately received its 30 pieces of silver (and then some) for firing a capable editor after his staff broke a top story, then the connection would be obscured. In itself, Sáling's firing is not worth quite that much money, which could have gone into friendly pockets instead. With the chilling effect that Sáling's firing and Deutsche Telekom's concomitant reward has, the money is well-invested.

Among the targets Fidesz has thus far failed to take control of, Hungary's largest commercial television provider, RTL Klub, is the biggest prize. Most of the media – including several outlets that are Fidesz loyalists to a fault (in fact, this was just one of several policies where



Fidesz appeared intent on hurting its own business clientele, which raises the possibility of fractures within the ruling party) – grumbled over the new tax. But it was obviously designed to hurt RTL Klub the most, with the tax rate rising proportionally with ad income. RTL Klub boasts the highest ad revenues by far and now needs to pay a bigger share of its revenue to the state than any other media company. We do not know what went on in the background, if there was any conflict between Fidesz and RTL Klub that made the governing party want to punish the television channel. If there was, it was certainly not because RTL Klub's programmes were in any way politically harmful to Fidesz.

RTL Klub in general, and its news show in particular, were as apolitical as it gets. The vast majority of media outlets are either Fidesz mouthpieces or keep such a distance from politics that they are irrelevant to democratic will formation. RTL Klub was in the latter category, and correspondingly its news show was tabloid television par excellence. If the pre-tax RTL Klub news was anyone's exclusive source of news, they surely must have come away with the impression that there is no politics whatsoever happening in Hungary.

With the introduction of the media tax, this changed abruptly. RTL Klub's owners told the journalists at the channel to start working as journalists, and all of a sudden RTL Klub was the only one among nationally broadcasting channels that was serious about relevant news. Day after day since then, RTL Klub has been hitting the government hard, going after corruption, professional mistakes and obviously hypocritical communication/policies. Also, while other news tend to shut out opposition politicians completely or seek to portray them in a negative light, RTL Klub now offers ample room to left-wing critics of the government.

In effect, Fidesz has turned a neutral and completely apolitical outlet into a politically engaged and staunchly anti-government channel. The government has already reacted, of course, opting for the carrot rather than the stick, repeatedly threatening RTL Klub and sending tax auditors on the suspicion of concealed profits.

The question is, of course, whether RTL Klub's foray into political news is a business decision or a newly found serious commitment because, say, the owners realised just now how dangerous the two-thirds majority actually is, and that they have a role in curbing its



power. If it is the latter, then that's great news for democratic discourse, for one-sided as RTL Klub's news show may have become politically, it is unique among non-online media with a genuinely wide reach in broadcasting anything critical about the government. But just as RTL Klub became politicised from one day to the next, their owners could turn off the spigot and end political news by tomorrow, if they so choose (they deliberately chose to make their ability to control the political content of their news show rather evident). So there is the possibility that Fidesz could head off years of painful news on Hungary's most-watched channel by offering financial redress to RTL Klub's owners. There is also the possibility that Fidesz' preferred method, namely tightening the screws, might also do the trick. Unfortunately for the state of Hungarian democratic discourse, in the long-run both parties would be better served by ending the standoff.

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