Hungarian elections: Victory for a “socialist” millionaire

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3 May 2006

Hungary’s governing alliance of the Hungarian “Socialist” Party (MSZP) and liberal Social-Democratic Alliance (SZDSZ) won a majority in the second round of voting in parliamentary elections held on April 23 and will continue to govern under the leadership of Ferenc Gyurcsany (MSZP). Following the first ballot held on April 9 the coalition of government parties had a small advantage over the right-wing conservative Fidesz (Civic Party) led by Victor Orban.

The “socialists” and liberals won a combined total of 209 mandates, Fidesz obtained 165 and the conservative Hungarian Democratic Forum (MDF) just 11 mandates. Other parties failed to exceed the 5 percent hurdle in the first ballot. The voter turnout was less then four years ago (67.5 percent in the first ballot), despite a highly polarized election campaign.

The MSZP was able to obtain a majority in large cities such as Budapest, Pecs and Miskolc, where unemployment is lower and incomes are relatively higher. In particular, wealthier layers voted for the MSZP in preference to Fidesz. The latter was able to pick up more votes in rural areas, where unemployment and poverty are more prevalent.

The MSZP/SZDSZ coalition is the first Hungarian government since 1990 to be reinstated in office. This is not due, however, to any widespread support for Gyurcsany’s politics, but because there is no serious opposition in the present political spectrum which represents the interests of the broad masses of the population. Ordinary Hungarians were confronted with choosing between a neo-liberal multimillionaire standing for the Socialist Party and a discredited bourgeois politician who incorporated openly fascist slogans into his election campaign.

Victor Orban and Fidesz, well known for their rabid anticommunism, sought to mobilize the most backward social layers and sentiments with a mixture of right-wing demagogy and populism.

Orban promised free healthcare, secure pensions, a lowering of energy prices and the re-nationalization of denationalized property—in particular the re-nationalization of the highly controversial privatization of the Budapest airport carried out by the MSZP. He ranted against international capital and called for better protection of the domestic economy. He was apparently hoping that memories were short and that the policies he had implemented as head of a right-wing government between 1998 and 2002, i.e., welfare cuts and privatization, would be forgotten.

During the period of the restoration of capitalism in Hungary the young democrats led by Orban posed as pioneers for democracy against the totalitarian system. Today the same people openly endorse authoritarian systems of government. According to Istvan Mikola, the second most prominent leader of Fidesz, the task is to limit “the endless urges for liberty on the part of the individual.” Orban formulated the same thing in an even clearer form. “The Republic is merely a garment adorning the nation,” he said. He suggested that he could well envisage completely different systems of government, such as a dictatorship.

Fidesz has taken up positions which until a few years ago were the reserve of fascist groupings, such as the return of Transylvania to Hungary. Mikola explained that a future Fidesz government would remain in power for at least 20 years if it recognized the nationality of Hungarians living abroad. Out of gratitude such layers would continually vote for Fidesz. The language used by Fidesz representatives was also thoroughly nationalistic and racist, with political opponents regularly denounced as gypsies or Jews.

Since 2002, when Orban stood down as prime minister in favour of Medgyessy, Fidesz has moved rapidly to the right. Orban’s avowed aim was to establish a rallying point for right-wing forces. In the last few years virtually all of Hungary’s right-wing parties and movements have joined the Fidesz movement, with the exception of the MDF, led by Orban’s former justice minister, Ibolya David.

Orban announced his resignation after this latest defeat at the polls, a move which could result in the rapid break-up of this so-called “peoples movement.” Orban’s successor as party chairman remains the subject of speculation.

Gyurcsany’s “socialists” are also anything but moderate, worldly democrats and are also even prepared to resort to fascist vocabulary. A candidate of the MSZP had to withdraw after he publicly denounced a Jewish Fidesz functionary as an “exemplary Jew.” The main slogan of the MSZP was also a source of vigorous criticism: “There is a country. There is a program. There is a man” recalls the well-known Nazi slogan, "One people, one realm, one leader."

A number of incidents were reported in which MSZP election campaigners threatened and even physically attacked political opponents. In general, the entire election campaign showed that both competing camps have little respect for democratic values.

Business and political circles as well as the media welcomed Gyurcsany's electoral victory. The 44-year-old is considered to be an avid advocate of an unrestrained free-market economy. His main role model is Tony Blair, the British prime minister.

Gyurcsany's career is typical of those elements who began their activities within the Stalinist bureaucracy and were then able to accumulate a considerable private fortune from the privatization of state property following the collapse of the former Stalinist regimes in Eastern Europe. As the former chairman of the youth organization of the Hungarian Communist Party, Gyurcsany laid the basis for his own wealth by the purchase and sale of state credits during the phase of so-called "wild privatisations."

While ever broader layers of the population were plunged into poverty, Gyurcsany created his own investment company in 1992, rapidly accumulated around €14 million and became one of the richest men in the country. Following severe divisions within the MSZP in the summer of 2004, Gyurcsany replaced the existing head of the government, Peter Medgyessy.

The Hungarian and European elite expected this high-flyer from the business world to exercise the appropriate ruthlessness to enforce drastic cuts. Following Hungary's entry into the European Union, which had been prepared by a combination of wage-cutting and large-scale privatisations, Gyurcsany continued the process of eradicating social gains. Measures such as the comparatively small rise in salaries for state officials, as well as the financing of some school projects, were aimed at confusing the electorate and obscuring the MSZP's real policies.

Shortly after taking office in 2004, Gyurcsany replaced the minister of finance. The post was taken over by Janos Veres, a chief executive of the notorious austerity plan, the "Bokros package," which had been instrumental in the middle of the 1990s in the radical restructuring of the economy and the devaluation of the national currency, the forint. The main results of the measures taken at that time were wage cuts and job losses at an unprecedented rate.

Currently a third of the Hungarian population lives under or at the poverty level. While wages stagnate or sink, the costs of food, rent, services and energy have risen enormously. Since entry into the European Union, for example, electricity tariffs have increased by over 15 percent.

Private indebtedness has also increased considerably. According to the *Budapester Zeitung*, credits for private persons in Hungary have risen to 650 billion forints (2.5 billion euros): "The majority of loans to the population were housing credits, followed by consumer loans. Since there had been no appreciable increase in nominal wages or personal savings in the previous year, it is assumed that the indebtedness of the population has continued to increase."

Despite the implementation of its program of drastic reforms, the "socialist"-liberal government has also been criticized by international business circles and the European Union, for whom the whole process is too slow and limited. The period when Hungary enjoyed a certain economic boom—resulting mainly from the rapid sale of profitable state enterprises—is long past. The former "exemplary pupil" of Eastern Europe is under attack for allegedly having higher wages and social standards compared to other Eastern European states.

Representatives of the European Union warned the new government to quickly undertake all measures to encourage private enterprise in the country. On April 22 a spokeswoman for the EU currency commissioner, Joaquin Almunia, declared that the government had to present concrete plans at the beginning of September for reducing its budget deficit. Investment banks and rating companies had already demanded a new reform package last summer, irrespective of local elections that were to take place a few months later.

Following his election victory Gyurcsany immediately announced the "most intensive period of reform since 1989." He promised to achieve a balanced budget and to fulfil by 2008 all the criteria necessary for the introduction of the euro in 2010. With a present deficit ranging between 6 and 8 percent of GDP this can only come about through further budget cuts across the board.

Alongside cuts in public administration his plans also include a profound transformation of the country's pension and health system. Also in the cards is a move away from the current largely free education system. The situation will be worsened by plans for tax cuts for big business. The SZDSZ has made its further cooperation with the "socialists" dependent on such tax cuts. The liberals, whose base stems from a narrow layer of wealthy Hungarian businessmen, support a uniform tax system, i.e., a so-called flat tax.