Hungary: Change of government head augurs massive social attacks

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On Tuesday April 14 the Hungarian parliament passed a vote of no confidence in the head of government, Ferenc Gyurcsány of the ruling Socialist Party (MSZP). The same parliamentary sitting then rapidly moved to install the "independent entrepreneur" Gordon Bajnai, former Hungarian "Young Manager of the Year," as the new head of government.

The parliamentary maneuver was organized by the outgoing government itself. On March 21 Gyurcsány announced his resignation with the intention of realizing two goals.

First, he sought to prevent a new election, which would in all probability have led to disaster for the governing party. Second, Gyurcsány's resignation was aimed at creating the conditions for the Hungarian government to press ahead with drastic and painful economic cuts. The prime minister was so discredited that the European Union, IMF and the Hungarian business elite regarded him as incapable of pushing through radical reforms. His last such reform package had failed to win a majority in parliament.

The change at the top of the government in Budapest is aimed at overcoming this logjam and augurs a new series of massive attacks on the working population.

The Hungarian economy has been especially hard hit by the international financial crisis, and the country's economic decline has accelerated in recent months. In particular the adoption of foreign currency credits to compensate for the rapid decline in the Hungarian national currency, the forint, have created huge problems for thousands of Hungarians. Only a credit of 19 billion euro from the International Monetary Fund and the European Union has spared the country from bankruptcy. At the same time, the IMF is demanding a stepping up of "reforms."

Bajnai will take over the austerity plans of his predecessor, but in an intensified form. Even prior to taking over as head of government he announced that the cuts he planned for the population would be "painful."

Wage increases for state employees will be cut and a retroactive promised pension increase has been cancelled. These cuts alone will result in savings of more than 300 billion forint (approximately one billion euro). Further savings of 300 billion forint are planned. The salaries of public service employees are to be frozen and a four-day working week without compensation introduced for officials.

Cuts are also planned for the national railway network Magyar Államvasutak (MÁV). Proposals under discussion include reductions in salaries, dismissals and the shutdown of entire stretches of track. The news portal *Hírszerzõ* commented that the politico-economic plans of the new government meant that, along with state employees, "people on social security will bear the main load of the Bajnai package." Gyurcsány had already implemented a series of welfare cuts during his term in office.

Bajnai has received a blank check from MSZP deputies to impose his radical program. The social democrats gave the new head of government a written guarantee that they would back his program in parliament. The neo-liberal Alliance of Free Democrats (SZDSZ), which was part of a ruling coalition with the MSZP until last year, also agreed to support Bajnai's program. The head of the SZDSZ, János Kóka, maintains close business relations with leading members of the MSZP.

The 41-year-old Bajnai is often described in the media as an "economics expert." In reality, he is a typical representative of the group of post-Stalinist "social climbers," who enriched themselves enormously following the reintroduction of capitalism twenty years ago.

In the years prior to the collapse of the Stalinist regime in 1989, Bajnai was a member of the socialist youth federation of the People's Republic of Hungary. Since then he has maintained close relations with his predecessor as head of government, Gyurcsány, who was a secretary of the socialist youth organization at that time. The two became good friends and in the course of the so-called "wild privatizations" following 1989-90 both were able to make fortunes.

Already at the age of 23 and as a student of economics, Bajnai was able to take up leading positions in the private sector in 1991.

In 1993-94 Bajnai worked as consultant for the banking syndicate Eurocorp International Finance Plc and in 1995 he became a managing director and then vice CEO and Director of the Corporate Finance and Equity Capital Market Division of CA-IB Securities Plc. Between 2000 and 2005 he was CEO of Wallis Plc. In this function he implemented a brutal redevelopment plan which led to massive losses for Wallis suppliers, who were forced into bankruptcy. A number of those forced into insolvency subsequently committed suicide. That did not prevent the Hungarian Federation of Industry from appointing Bajnai "Young Manager of the Year" in 2003.

In 2006 Prime Minister Gyurcsány invited him to enter government service, initially as a government commissioner, then as minister for regional development and the economy. Together with Gyurcsány, Bajnai is one of the richest individuals in Hungary.

As head of government Bajnai has appointed a so-called "cabinet of experts," comprised almost entirely of business representatives, who are determined to ruthlessly execute the will of the Hungarian and European financial aristocracy. The key departments of the economy, finance, social affairs and transport and energy have all been occupied by non-party "experts."

The first nominee as Economics Minister, Tamas Vahl, was forced to withdraw when it was revealed that his former company SAP Hungary had been prosecuted for establishing a cartel.

The Hungarian and European media has broadly welcomed the appointment of Bajnai. The newspaper *Népszabadság* hopes for a broad alliance of support for the antisocial measures planned by the prime minister: "In central eastern Europe all political forces should finally acknowledge that in the midst of this crisis there is no other option than the introduction of saving and reform measures."

As has been the case on a number of occasions in the past, the policy of the social democrats has played into the hands of the most right-wing forces in Hungarian society. The extreme right Citizen's Federation (Fidesz) is currently demanding new elections, which it would win with a two-thirds majority, according to the latest polls.

There have been a succession of protests in Budapest during the past few weeks organized by Fidesz and in which the ultra-right Jobbik organization played a prominent role. At the beginning of April around 50,000 protesters traveled to Budapest from across the country. A hand full of neo-fascists were then able to address the crowd in the presence of Fidesz representatives. The overtly fascist "Hungarian Guard," which is responsible for a series of racist attacks on the country's Roma minority, has also held a succession of public marches.

The situation in Hungary is largely symptomatic of the general conditions prevailing in Eastern Europe. This June marks the twentieth anniversary of the opening up of the Hungarian-Austrian border—the prelude to the reintroduction of capitalism in Hungary.

The advocates of capitalism have repeatedly and loudly claimed that the reintroduction of the free market was a victory for freedom and democracy. Today, the reality looks very different.

Small cliques of former Stalinist bureaucrats in alliance with Western business interests were able to plunder the resources of Eastern European states, making huge fortunes in the process, while the broad population is confronted with increasing unemployment and poverty. Mass poverty and increasing despair, connected with ever sharper attacks on democratic rights and rampantly growing corruption at all levels of the society, have now established conditions in which openly fascist forces are able to gain influence.