Hungarian government intensifies attack on press freedom

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Last Wednesday, Victor Orban's right-wing government rushed through the adoption of a law on a so-called advertising tax for the media. It is deliberately aimed at critical media outlets and will eliminate the last remnants of press freedom. The law is directed against independent media as well as foreign press agencies that are not fully in agreement with the government's course.

The law proposes that the income of media companies from advertising will be heavily taxed in the future, in addition to the taxes that already apply. Advertising income under 500 million forint (around €1.6 million) remains tax free, but above this, various tax rates of between 10 and 30 percent set according to the level of income apply. Intakes of more than 20 billion forint (around €65 million) will be taxed at 40 percent.

While the additional tax will only slightly reduce the profits of the large media companies, who are in full agreement with the course of the government or merely offer careful and superficial criticism, several smaller media outlets face collapse.

In theory, the private television channel TV2 would also be affected by the highest rate of tax. TV2 was sold by ProSiebenSat.1 Media AG at the end of last year to the CEO of TV2 and his head of finance, who enjoy close ties to the government. No details on the price or contractual terms were announced. An opportunity has been created for the broadcaster to avoid the additional tax burden by using advertising revenue to offset its losses.

More than 60 private television, radio, newspaper and online outlets protested against the additional tax last week by temporarily halting their service. Television and radio interrupted their programming for 15 minutes.

Andreas Rudas, the head of Central and Eastern Europe at the Luxembourg-based media group RTL, spoke of a "direct attack on all free and independent media in Hungary." The tax "removes the means of existence for the few still independent media companies in Hungary who run a profit," said Rudas.

"It is a warning to all of the remaining independent media in Hungary," said Csaba Nagy, chief editor of the news portal 168ora.hu. "The message is: if you don't behave the way we want you to, we will pass a law within a week to finish you off."

At the end of 2010, shortly after coming to power, the Fidesz government adopted a media law that brought publicly funded television and radio under their control, among other things. Since then, the government has exercised control over newspapers, television and Internet publications through a newly created state media council composed of party officials and close Orban allies. The media council possesses a wide range of authoritarian powers, from censorship, to guidelines on content and the imposition of ruinous fines.

Ever since, the few media outlets not controlled by the government have been put under immense pressure. "There is a pervasive climate of fear," said Nagy. "For example, fewer firms are willing to risk advertising with us because they fear the loss of state contracts or being treated unfairly."

The manner in which the government deals with unwanted critics was shown two weeks ago with the sacking of Gergö Sáling, chief editor of Hungary's second largest news portal origo.hu. Sáling had reported about expensive luxury trips by the head of Orban's chancellor's office, János Lázár, who never tires of presenting the government's austerity programme as necessary.

The news portal belongs to Magyar Telekom, a subsidiary of Deutsch Telekom. A Telekom spokesman told *Deutsche Welle* he did not accept that the Origo editor had been sacked for undesired reports about János Lázár or articles generally critical of the government. There was "internal restructuring" at the portal, and there was no influence on the journalistic work. In protest, almost the entire portal's editorial board have resigned.

In the world rankings for press freedom, Hungary has dropped considerably over recent years, according to organisations like Reporters without Borders and Freedom House. It is currently the only central European country in the category of only a partial free press. In press freedom rankings, Hungary is in 64th place, behind countries like Moldova, Serbia and Burkina Faso.

Government officials openly admit that the new tax law is directed against critics of the Orban administration. It is to restrict "damaging programmes," stated Fidesz politician Gergely Gulyás. Through their programmes, the private media caused "significant societal damage," and the advertising tax should therefore be viewed as a "tax on product hygiene."

Chancellor's office chief Lázár also defended the tax with the claim that the income would be used to fund health care and education programmes. However this is unlikely, since for years there have only been cuts in these areas.

The restriction of press freedom is a reaction to the social and political crisis in Hungary. The government in Budapest is preparing a new round of major social cuts with its attack on the media. They are under significant pressure from the international financial markets. In 2008, Hungary was one of the first countries to be saved from bankruptcy with funds from the International Monetary Fund (IMF).

Among other things, Orban plans to expand the system of forced labour for social welfare claimants and the long-term unemployed in order to cut jobs in the public sector. Unemployed workers can already be ordered by the relevant local authority to carry out "community work." A refusal or poor performance can lead to the individual being excluded from accessing all state benefits for three years. These measures have been used particularly in regions heavily populated by Roma.

Through this form of forced labour, a social welfare claimant can increase their support from €100 to €160 per month, which is equivalent to half the minimum wage. The undignified working conditions and the starvation wages paid for it have resulted in thousands deregistering as unemployed to avoid "community work." This reduces the government's expenditure on social welfare.

This explains the growth in poverty in Hungary. Around half of all Hungarians currently live at or below the poverty line. The cuts planned by the government to pensions and in the health care system will worsen these conditions.

The Orban government is losing support as a result. Although Fidesz won over 50 percent of the vote at the European elections, the low voter turnout of 29 percent and the utter bankruptcy of the social democratic opposition put the result into perspective.