

Hungarian government temporarily withdraws Internet tax after mass protests

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1 November 2014

On Friday, Hungarian Prime Minister Victor Orban announced the temporary withdrawal of a planned Internet tax. The move came in the wake of demonstrations by 100,000 people in Budapest and 10 other Hungarian cities on Tuesday. The participants produced a sea of light with mobile telephones and chanted slogans such as “Orban, give up.”

“This tax cannot be implemented in its current form because the discussions about it have been derailed,” Orban told public radio. He indicated that measures to tax online sales would be revived at a “national consultation” in January.

The tax would have charged users for uploading and downloading data at roughly €0.50 per gigabit. After protests last weekend, the government modified the legislation. The costs were to be restricted to €2.30 for individual users and €16.20 for commercial customers.

The protests, which were dominated by youth, students and young workers, gave expression to growing dissatisfaction with the Orban regime. Although his Fidesz Party controls a two thirds majority in parliament, this is largely thanks to widespread abstention and an electoral reform that benefited the party. In fact, only one in five eligible voters backed the government in the last election in April.

The protests, which took the government by surprise, have economic as well as political roots.

In order to reduce public debt, which currently stands at 80 percent of GDP, and avert a second bailout from the International Monetary Fund (IMF), the government has repeatedly introduced new consumption taxes that primarily impact people with low incomes. Hungarians are also suffering from increased prices for food and electricity. The flat rate income tax of 19 percent also places the burden above

all on low-wage earners, while the tax rate for the rich is extremely low in international comparison.

Telephone conversations and SMS messages are already taxed, encouraging many to move to Skype and other Internet service providers. The government thus sought to present the Internet tax as an expansion of the charge on telecommunications to the digital world. It was this that provoked the outburst of opposition.

Protesters view the measure as a further attack on freedom of speech, in the wake of the government’s significant restriction of the freedom of the press, radio and television. Publications critical of the government can only be accessed online.

The critical journalist Balazs Nagy Navarro, who has been protesting his sacking from the public broadcaster for three years, told the *Süddeutsche Zeitung* that those who have had enough of the government-aligned media would have to pay more to access oppositional views.

A speaker at one of the rallies described the Internet tax as a “symbol for the despotism of the government.” A 26-year-old participant told *Deutsche Welle*, “Today, the Internet is a fundamental right. We are angry that the government is intervening and intends to control it.”

Corruption and mass impoverishment were also issues at the demonstrations.

Politically, the protests are diffuse and without a clear orientation. They were called by a Facebook group that was only founded two weeks ago and obtained the support of 200,000 within a week. The opposition parties, from the Socialist Party (MSZP) to the Greens (LMP) and the extreme right-wing Jobbik, oppose the new tax but were met with skepticism and rejection by the demonstrators.

The European Union (EU) is seeking to influence the movement in its own interests. An EU commission

spokesman pointed mainly to economic reasons not to introduce the new tax. “The digital sector of the economy is currently probably the main driving force which is protecting Europe from recession,” he said. But he also described the Internet tax as “part of a disturbing series of acts and laws” from the Orban government aimed at “restricting freedoms.”

EU Commissioner Neelie Kroes called the Internet tax “a bad idea.” It would be damaging “to curb the Internet with taxes.” It is the digital economy that can prevent a slide-in to recession, he said.

The owner of the atlaszo.hu online portal, Tamas Bodoky, claimed that the protests bore a “clear pro-European character—in contrast to the Euroskeptic and pro-Russian course of Victor Orban.” However, he did not provide any evidence for this.

The EU is the driving force behind an economic policy that has led to almost half of the Hungarian population living below the poverty threshold of €260 per month. The EU is in a dispute with Orban on foreign policy because he is increasingly turning to Russia.

While the EU and US have imposed sanctions on Russia, Orban has supported Russia by halting the re-export of gas to Ukraine that has flowed through Hungary. Russian firm Rosatom plans to build a new reactor at Hungary’s Paks nuclear plant with a loan of billions from the Russian government.

Orban has repeatedly criticised the EU’s sanctions against Russia as harmful for the European economy. Hungary should align itself with those European states that have an interest in halting the “process of separation” from Russia, he said recently. With its sanctions against Russia, the EU had “shot itself in the foot.”

The US has also criticised the Orban government for its pro-Russian policy. André Goodfriend, the American ambassador in Budapest, recently stated that developments in Hungary reflect an “increasingly worsening tendency.” He added, “This can eventually reach a point at which we cannot cooperate with Hungary as we would with an ally.”

Last week, the US imposed travel bans on six Hungarian officials due to corruption, an unprecedented step against a NATO member and EU member state. Among those affected is the head of the tax agency, Ildiko Vida. The measure was interpreted as a warning

shot directed at Prime Minister Orban.



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