

Political and economic expectations after the election

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Executive Summary

The Hungarian election system did well and fulfilled the expectations, since the result is a strong governing majority. The reason for the weak performance of the left wing is not the election system, but the lack of support of left-wing parties. The previous election system also worked on the basis of a majority principle in case there was a significant difference between the number of votes cast for the winner and the runner-up. The big loser of the new election system is Jobbik, since it will have a much smaller parliamentary group sitting in the parliament than in the previous term. Voters could cast their ballots for more than 1,500 individual candidates and 31 party lists (including 13 lists pertaining to nationalities), which is a remarkable step forward in terms of democratic standards. As an extension of rights, also Hungarians living outside the country had the opportunity to vote, and this was the first time that disabled citizens were given state assistance to exercise their rights to vote.

The result of the election showed that there was no government-changing atmosphere. The negative campaign of the left-wing opposition against the Prime Minister has failed as well. The stability of the Hungarian political system is ensured by Fidesz-KDNP governing from the central position with a relatively strong support. The support of the radically protesting left wing and Jobbik has fallen behind that of the governing parties, and their ability to govern is also questioned. The Hungarian party system is expected to remain a three-pole system in the next four years.

As part of the analysis of the election results, it is worthwhile to make a summary of expectations regarding economic policy. The playing field of Hungarian economic policy is widened by strong parliamentary majority necessary for governance. The directions are determined by setting the principles and framework of economic policy as well as the pre-election priorities (the 10-item list of the Prime Minister). In addition to this, success depends on three factors: a consistent fiscal policy, a successful monetary policy and the European and regional economic situation.

Analysis of the new election system

One of the main advantages of the new election system is that it facilitates the achievement of stable governance.

The Hungarian election system did well and fulfilled the most important expectation, it led to a strong governing majority. The promotion of a stable governance is just as an important value as the principle of ensuring the proportional formation of mandates in other countries. In the new election system those political forces were successful that stabilised their organisation not only by campaigning in the national media, but also by pursuing an active campaign locally and establishing direct relations with their voters.

The reason for the left wing's weak performance is the lack of support. The big loser of the new election system is Jobbik, while LMP has much to thank for making the putting up of candidates and lists much easier.

The election system cannot be blamed for the weak performance of the left wing. Left-wing parties have gathered only 300,000 more votes than in 2010 in spite of their teaming up for the election. Therefore, the reason for their poor performance is the lack of support. The previous election system also worked on the basis of a majority principle in case there was a significant difference between the number of votes cast for the winner and the runner-up. In 1994, MSZP with a camp of supporters amounting to 1.6 million had acquired a strong majority in the parliament as well, even without the runner-up SZDSZ that had 1 million supporters. Their coalition later was part of a political strategy.

The Jobbik party, however, has ceased to be a regional party, and has come in second at many places before the left wing, but the party has not become an absolute second and, what is more, their strong candidates failed to win in any constituency. Consequently, Jobbik made it to the new parliament only through mandates from list voting and, as a result, the proportion of their mandates has decreased as compared to the previous parliament. Less radical representatives could essentially obtain a mandate due to the smaller parliament. All this could surface conflicts within the party between local politicians of Jobbik performing better than the national average, but losing mandate and their politicians seated in the capital who did worse than the national average in their districts, but making it to the parliament through list voting.

LMP can obviously be thankful for the easier proposition of candidates and list, the low national turnout and the division of individual and list votes by voters as well. In the event of a slightly higher turnout, the Hungarian green party might have not made it to the parliament.

The election was important also from the aspect of voting for a smaller parliament for the first time. Cutting down the previously 386-member parliament below 200 was among the most important promises of Fidesz-KDNP. The voters could choose from more candidates than in previous elections, since more than 1,500 individual candidates and 31 party lists (including 13 lists ensuring a reliable parliamentary representation to nationalities) were electable. The equal opportunities of parties were never before provided to this extent, which were accomplished through the banning of paid political advertisements and state subsidised campaigning costs.

The right of voting given to Hungarians living outside Hungary and the assistance of disable citizens in voting is considered an extension of rights.

The new election system has brought some step forward in the extension of rights. In this regard, it is remarkable that Hungarian citizens living outside the country could vote for the first time, even if their votes did not exert a significant influence on the outcome of the national results. Furthermore, it is worth mentioning that disabled citizens were given institutional assistance from the state for the first time to exercise their right to vote, which is a unique extension of rights within the European Union.

The election was organised in compliance with the legal order.

There were no scandals during the election, only minor technical issues occurred (for instance with regard to nominations and queuing of those registering to another electoral district). Naturally, these issues do not mean that the election was either unlawful or improperly organised. Moreover, a guarantee to the lawful organisation of the election was the inspection of voting by nearly 40,000 party delegates in more than 10,000 electoral districts. International observers have also given a positive overall feedback with regard to the organisation of the election.

Political expectations

There was no government-changing atmosphere. The negative campaign against the Prime Minister has also failed.

Based on the election results, there was no government-changing atmosphere in the country. Everyone was given the opportunity to vote; therefore, the voters could have easily dismissed the incumbent government. However, the change of government did not take place, which is due to the disciplined Fidesz-KDNP supporter camp and the opposition lacking the ability of governing. The lack of a government-changing atmosphere also means that the negative campaign of the left-wing opposition against the Prime Minister has failed as well. The voters

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did not see a strong challenger and true alternative to the Prime Minister. The Hungarian election cannot be won with a campaign solely made against Viktor Orbán, and perhaps nor can the left-wing's camp of main supporters be held together in this manner.

Two scenarios are possible with regard to the future of the left wing: they either choose complete renewal or they continue this path and collapse. If complete renewal is chosen, the following will be essential: a strong leader, courageous and aspirational organisational and personnel policy and re-adjusted language and content. In this case, the left wing can lose its past paradigms, and replacing the majority of its topics, it may open up towards national communities like churches and Hungarians living outside the country. On the other hand, inescapable collapse would be the result of staying on the current path and keeping personnel and organisation unchanged. This would surely further erode the main camp of the left wing, particularly in the event of a successful governmental term. Complete renewal, however, is made difficult by Ferenc Gyurcsány. The former Prime Minister will not miss the chance to exploit from the weakness of the left wing in order to strengthen his own position as leader. Radicalism is the means of the former Prime Minister, and he can only earn the sympathy of voters within the current left wing camp. For non left-wing voters, Ferenc Gyurcsány is not an alternative. The Együtt-PM alliance might become marginal in Hungarian politics. Gordon Bajnai is pushed into the background, which means self-surrender due to poor results, and can be explained with the lack of politician's abilities.

A potential good result for Jobbik in the upcoming European parliamentary election is of key importance. The politicians of the party were apparently disappointed for not succeeding in coming before the joint list of the left wing, and also because the party has failed to obtain a mandate from any of the constituencies. The party has a chance for a good result in the European parliamentary election; however, it still remains a question whether it manages to come second before the left wing. If Jobbik performs well in this election, then it may strengthen its positions in autumn's local election against the left wing currently coming second in the sphere of local governments. The playing field of the radical party might be restricted by potentially occurring internal conflicts, continuous economic upturn and simultaneously losing main topics in disputes on policy.

The role of LMP is uncertain in a three-pole Hungarian party system. The continued weak performance of the left wing may create a favourable political climate for the Hungarian green party. At the same time, the long-term success of the party and ultimately its ability to govern requires that they undergo significant improvement in terms of organisational structure and organisational discipline. It is also of high importance that the personnel policy of LMP aim for such determining characters, who can successfully communicate the party's language and message towards voting citizens.

Economic expectations

Hungarian economy is likely to experience a period of consolidation. The guarantee of this is carrying on with the work done beforehand: the maintenance of budgetary discipline and supporting a sustainable growth.

Fiscal policy may well be defined by budgetary discipline. Keeping the budget's deficit low and the developments of public debt are also expected to be important factors. Here, it needs to be emphasized that the reduction of the GDP-relative public debt indicator would require a low budgetary deficit and a strengthening growth in GDP. The exchange rate of the Hungarian Forint will have a key role in this. Its weakening may affect this indicator negatively due to the structure of public debt (40 percent of Hungarian public debt is denominated in foreign currency). Making national funding stronger and decreasing the debt in foreign currency might turn out to be an important objective in changing this structure.

This subsequent period is expected to be characterised by consolidation. A sustainable growth and a higher rate of employment are depending on business trust and the establishment of a developed entrepreneurial culture. The new industry development policy may change the structure of the economy. It is important to note that the Hungarian industrial development might gain impetus due to automation, which is a determining factor in the industrialisation of the 21st century. This perfectly fits into global trends, however, the continued education of work force and the modernisation of higher education is indispensable from the aspect of the labour market. Higher education may have a key role in the development of industrial technologies and modernisation as well as in the creation of innovation centres. If innovation is considered, Hungary shall join European and global discussions on economic policy, and the energy sector could well be an important area in this within the European Union.

In addition to a sustainable growth, the personal income tax may be further reduced and differentiation might happen in consumption-related taxes.

As regards the system of taxation, the changes expected are less structural, and are more likely to be quantitative. In addition to a growth of sustainable structure, the personal income tax may be further reduced and differentiation might happen in consumption-related taxes. The processes underway in the banking sector are of high importance with regard to taxes imposed on the Hungarian banking system. The Hungarian National Bank will make efforts to create a consensual vision in the restructuring of the domestic banking market. The legal options regarding the most pressing issue of Hungarian economy, residential debts in foreign currency, are also expected to be clarified in 2014. Should the issue of debts in foreign currency be solved, a substantial portion of the Hungarian population might experience a reduction in monthly expenses, which may result in an increase in consumption. This might be facilitated by a low-inflation environment and low interests.