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## **Parliamentary elections in Hungary- The results and political implications**

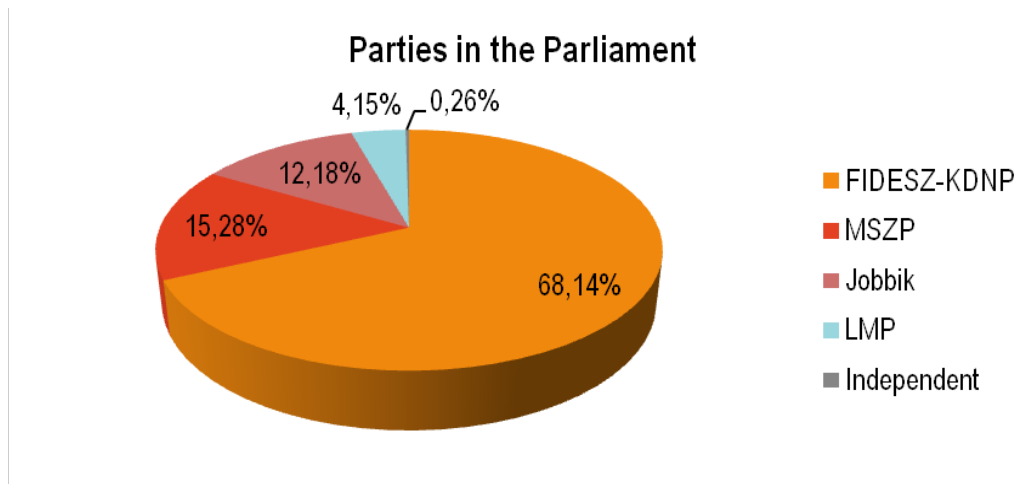
*By Tamas Sardi*

### **Quick overview, the results:**

The April parliamentary elections in Hungary dramatically changed the country's political system: the days of the former quasi two-party structure with the Socialists on one end and the conservative Fidesz on the other of the political spectrum, are gone.

Fidesz's landslide victory and its super majority (two-thirds of parliamentary seats) are unprecedented in Hungarian history since the change of regime in 1990. The Socialists (MSZP) were downgraded to a middle size party and two new political players, the radical right-wing Jobbik and the leftist-green LMP have made it to the Parliament.

Interestingly, the two parties that in the early 1990s were at the heart of the systemic changes, the earlier conservative Hungarian Democratic Forum (MDF) and also the Socialists' usual coalition partner, the Liberals, did not managed to pass the 5% threshold and are most likely to disappear from the political spectrum soon.



### **The Hungarian election system**

The Hungarian electoral system is a two-round, mixed election system, where parties can gain mandates from the:

- 176 single member constituencies – 176 mandates in total;
- the regional and national lists – 210 mandates.

altogether 386 seats in the Hungarian Parliament.

An important element of the electoral system is the mandate threshold, which means that only those parties which have obtained more than 5 percent of the vote are allocated seats from the regional and national lists.

### **The decision already fell in the first round...**

The absolute majority for Fidesz was already secured on the 11<sup>th</sup> of April by gaining 52,76% of the ballots cast for the regional list, and winning 119 single constituencies. The rest of the votes on the lists were as follows:

- the Hungarian Socialist Party obtained 19,30 percent;
- followed by the 16,68% for the radical right-wing Jobbik;
- the brand new party, LMP (Politics Can Be Different) reached 7,43%.

The Liberals, who have always been in governing coalition with the Socialists, this time teamed up for the election with the conservative MDF. Interestingly enough, the PM candidate of the conservative Democratic Forum was Mr Bokros, a former Socialist Minister of Finance... At the end, this curious election coalition led to a disastrous 2,65% result, hence two of the system changing parties are not any more represented in the Parliament.

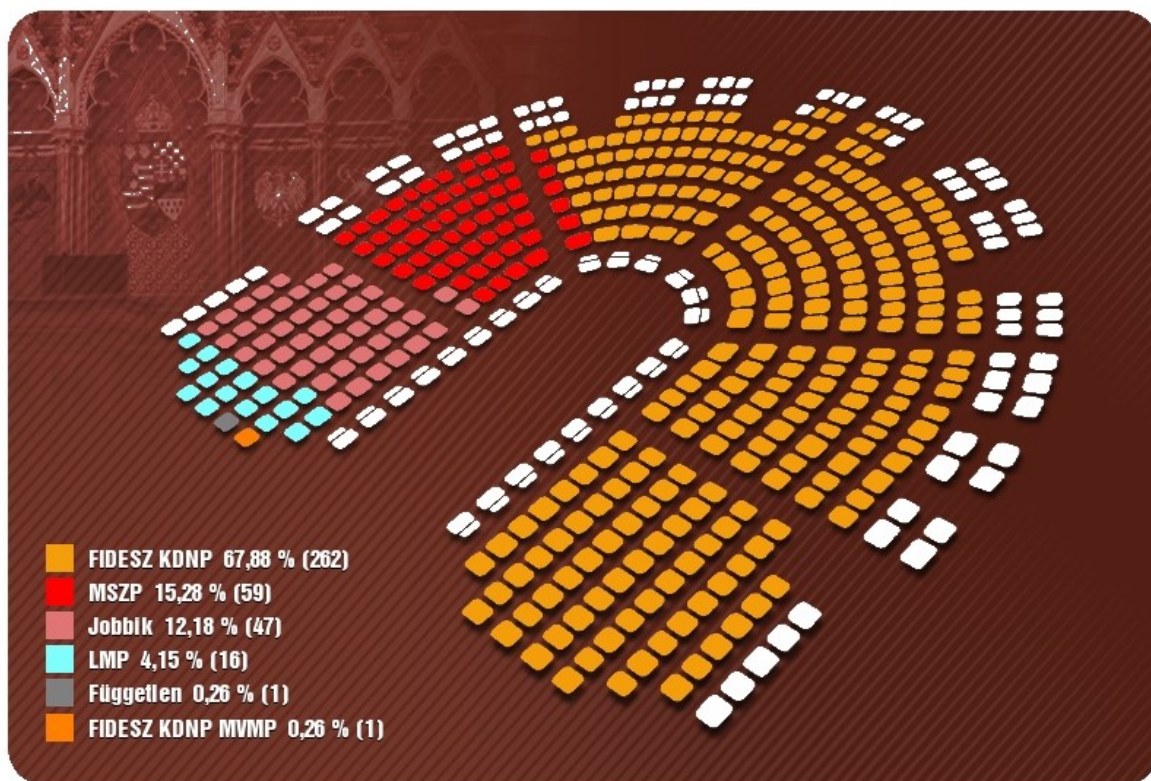
### **Second round: Super majority?**

The only stake in the second round was whether Fidesz could secure a two-third parliamentary majority. In order to achieve this, they had to win 52 mandates of the remaining, undecided 57 single member constituencies. Ultimately Fidesz, in coalition with

its long-time partner, the Christian Democrats (KDNP) gained 263 seats and reached a super majority in the next Parliament.

Since the final result was not any more at stake, neither the Socialists, nor the radical right-wing voters were motivated to vote. The strong support demonstrated in winning single constituencies was only granted to two (!) Socialist candidates and one, this time independent, former Fidesz MP.

The distribution of seats shown on the chart:



Parliamentary mandates:

Parties	In single member constituency	On regional list	On national list	Total	Proportion of Parliamentary mandates
FIDESZ – Hungarian Civic Union KDNP – Christian Democratic People’s Party	172	87	3	262	67,88%
MSZP - Hungarian Socialist Party	2	28	29	59	15,28%
Jobbik		26	21	47	12,18%
LMP – Politics Can Be Different		5	11	16	4,15%

Independent	1			1	0,26%
FIDESZ – Hungarian Civic Union					
KDNP – Christian Democratic People’s Party Vállalkozók Pártja – Entrepreneurs’ Party	1			1	0,26%
Total	176	146	64	386	100,00%

## **The current political landscape in general**

The April 2010 general elections in Hungary have not just swept away the ruling post-communist government but caused a (foreseeable) earthquake on the political scene. During the last 20 years in Hungary, conservative parties and the coalition of Socialists and Liberals were fighting each other in a bipolar system. Now, after eight years of a mismanaging leftist government (with overspending, deeply corrupt, pseudo-reforms and the falling apart of state bureaucracy), Fidesz, the EPP member conservative party, achieved an overwhelming victory. The two-third majority in the Parliament not only shows major support, but also provides the ability to amend all types of legislation, including the Constitution.

The Socialist Party lost almost 2.5 million voters, and has just a few more MPs than the emerging extreme right wing protest party, Jobbik.

Moreover, LMP is a new urban, green, human rights formation, which creates now a credible, innocent and likeable challenger from the left for the Socialists.

## **Parliament timetable, new government and its first symbolic steps**

The President of the Republic has scheduled the first session of the new Parliament for the 14<sup>th</sup> of May, where he will nominate Mr Viktor Orbán as the new Prime Minister. The new Parliament will debate the new government plans followed by a single vote on both the new PM and his government program. The elected PM nominates his ministers, who will be appointed by the President after the committee hearings. All formalities shall be finalised by early June the latest.

We expect to see a very active beginning to the government, not only because there is no need for coalition discussions, but also because this is required by the markets, the economy and the population.

The first symbolic steps have already been prepared in advance and will be handed in as early as possible. These will most likely include the following:

- Reducing the number of MPs, a smaller Parliament: from 386 Fidesz plans to halve the number of MPs to approximately 200, a perfect way to demonstrate that cost-cutting measures have been taken, the real effects however are both marginal and delayed in time.
- Decreasing the number of local government representatives, which might already be in effect for the upcoming municipal elections due this Autumn, possibly an important way for savings and decreasing bureaucracy.
- Law on dual citizenship for Hungarians beyond the borders (on request only, not automatically). This is a historic and symbolic question, since millions of Hungarians live abroad in surrounding countries in territories detached after the world wars. Minority rights issues of these Hungarians have constantly been sources of conflicts with neighbouring countries, but more importantly, should voting rights be granted to these new citizens at the next elections, it could have a very strong influence on the outcome.

All of the above are important pieces of legislation, which require a 2/3<sup>rd</sup> majority, and will be a perfect demonstration of the new government's power.

The most significant decisions related to the economy are expected mid-summer the earliest, since there will be an expert fact-finding committee set up to investigate the real economic situation of the country after the takeover. The committee's report shall be finalised in June, the first proposals transformed into law could be discussed and passed in June-July. Actually, the Parliament this year is planned to have a very short summer break, probably a few weeks in August only.

### **Further plans of the new government**

- Takeover of key institutions: the term of the President of the Republic runs out in August, therefore the new Parliament has to elect the new President in July the latest. Also the Governor of the National Bank could be replaced if the National Bank and the Hungarian Financial Supervisory Authority would merge.
- Smaller bureaucracy: Besides the smaller Parliament and less municipal representatives, the new government also intends to merge or close down several authorities, offices and institutions. The number of ministries will decrease from 15 to 8.
- Tax reductions will be carried out, easing primarily the burdens on labour. As a priority to have the black economy shrinking, tax reductions on labour could facilitate lawful employment of people for employers in the first place. On the other hand tax policy will play an important role as enterprise developing means. Nevertheless, major transformations related to the taxation structure can only be expected after 1<sup>st</sup> January 2011, following the passing of the 2011 tax and budget laws.
- Public security: will be a key area. It has worsened terribly in North-East Hungary, where minor crimes committed against property became business as usual and so destroyed the feeling of security. The new government intends to increase the number of police officers and the severity of the Criminal Code. A lot more emphasis will be put on law and order not only in communications. \_
- Job-creation: is in focus as well. One of the key statements of Orbán during the campaign was the creation of 1 million new jobs in 10 years. Fidesz intends to reach this by tax policy and by economy stimulation. A significant part of black labour could be ceased by somewhat decreased allowances and by strong control of the Hungarian Tax and Financial Control Authority.
- Foreign policy: Although Fidesz intends to carry on a foreign policy presenting Hungarian national interests stronger than did the Socialists, we do not expect worsening relationships with neighbouring countries or Russia. Fidesz wants to reduce the dependency on Russian energy but future Prime Minister Orbán met PM Putin in Russia a few months before the elections, and since then both Fidesz and Russian officials have emphasised their willingness to cooperate. Orbán also visited China – although in earlier years Fidesz heavily criticised Chinese human rights situation. In our view the government's China politics will have a balanced, compromise-seeking, “political realism” attitude, instead of the earlier ideologically motivated character.

The issue of Hungarians beyond the border has always been important for Fidesz as a conservative party. Viktor Orbán puts emphasis on the protection of the Hungarian minorities, however, he will endeavour to foster good relations with the governments of the neighbouring countries and avoid tension related to Hungarian minorities. The new government already maintains a noticeably good relationship with the Romanian president and aspires to open also towards Serbia.

Currently Hungary has a somewhat tense relationship with Slovakia. At the moment there is a small anti-Hungarian, nationalistic party within the Slovak government coalition. Moreover, since parliamentary elections in Slovakia are approaching, other major parties there have tended to come out with anti-Hungarian slogans in order to attract voters from the nationalistic parties. Despite the harsh campaign slogans, normalisation of the situation is expected following the parliamentary elections in Slovakia.

The upcoming Hungarian EU Presidency in the first half of 2011 is another reason for the next government to aim for a harmonic and smooth foreign policy atmosphere.

- “National consultations”: According to future PM Viktor Orbán, the new government will primarily concentrate on the economy and on the restoration of public security. Fidesz will initiate “national consultations” on the most important issues during the upcoming weeks: restoration of public security, economy, health care, social security and restoration of democratic norms.
- Relevance of the two-third majority: As Fidesz has reached the two-third majority there will be plenty of room of manoeuvre concerning the amendment of different pieces of legislation. There are several significant acts the amendment of which is bound to the approval of two-third of the MPs (either two-third of the present or the total number of MPs). Fidesz earlier argued that the new government certainly intends to amend the following pieces of legislation: Election Act, Act on Local Government, Media Act and the Act on Citizenship.

### **And the opposition...**

The election result means that Fidesz has not just become the strongest majority party in Europe but also its opposition is fragmented:

### **Major challenges for the Socialists**

The MSZP shrank from a big party to a mid-sized one, their parliamentary group of 190 MPs is now down to 59. At the moment the Socialist Party faces several major challenges:

- While a total renewal of the party is necessary, 90% of the new parliamentary group is coming from the old, discredited party elite;
- The party is weaker than all the other parliamentary parties among voters belonging to the 18-35 age group. Thus it is a real danger that “new blood” support of the party may ultimately cease;

- Since parties are financed by the state based on their last general election result, the financial situation of the party will worsen. In addition, no illegal party financing can help them with funding after losing power;
- Diverging groups fighting for the leadership including parliamentary group leader Attila Mesterházy, former Prime Minister Ferenc Gyurcsány, former speaker of the House Katalin Szili and grassroots leftist MP Tibor Szanyi, who won one of the two Socialist single member constituencies;
- The new green-liberal party, LMP (Politics Can Be Different), can be more attractive for leftist voters than the scandalous Socialist Party;
- Lately there have been a number of investigations and court cases, where Socialist politicians have been accused of bribery. With the change of government numerous new investigations and scandals can be expected.

It is certain that as long as the Socialist party is focussed on its internal fights and personal conflicts, it will be impossible for it to concentrate on its new political strategy and the intended role of leader of the opposition. As a result of the above factors it will be difficult for the Socialists to remain the major leftist party and avoid falling apart.

### **The extreme right possibly the toughest opposition?**

Jobbik is very much preparing for the new challenge of parliamentary activity. Interestingly their best results (even outscoring the Socialists there) were achieved in Northeast Hungary, where former industrial zones have become the most depressed areas without hope. In addition, coming from the right of the political spectrum, Jobbik actually have no other choice but to attack the new government wherever they can. They will certainly try to exploit the difficult economic situation of the country and will be the toughest opposition of the Fidesz government.

We also believe that a future consolidation of the economic situation could very much limit their room of manoeuvre.

### **Can Politics really be different?**

There are a lot of questions with regard to the future of the LMP, since voters have not been supporting their program (LMP hardly had any), rather chose the party for its “novelty” value. However maintaining a distant image from all traditional political parties is hardly possible, since when practical issues will come up in the Parliament, the LMP group will also have to formulate their opinion. The public will obviously try to place them on the left-right spectrum based on who they mostly support on key issues. We think that LMP with its consistent environmentalist, partly liberal, human rights protection focus can create a credible, innocent and likeable option for leftist voters, challenging the troubled Socialists.

*Budapest, May 2010*