

Weekly Newsletter

News

Party vote in MSZP

The MSZP caucus decided to hold a party vote over questions submitted by ex-PM Ferenc Gyurcsány and his Democratic Coalition (DK) platform between June 22 and June 28. It is recalled that Gyurcsány and his platform initiated a party vote on 6 points of the party's statutes after the current leadership of MSZP basically pushed their concept on the statutes aside without due consideration. Apart from restrictions concerning transparency, the proposal of Mr. Gyurcsány and the Democratic Coalition platform embraces other issues as well, such as whether the head of the party should be elected rather directly in the future instead of indirectly via congressional delegates. Another subject of the vote will be whether party rules concerning the disclosure of data on MSZP's finances should be more stringent than currently required by the law. Members of the Hungarian Socialist Party will also be able to decide on whether party officers should carry out no more than one elected function at the national and county levels in the future. "This party vote means that an important democratic initiative gained sufficient support in order to measure how many active members MSZP has; I mean those who have an opinion about these heated issues within the party, and also to measure how many of them would welcome changes" – explained Mr. Gyurcsány in a break during the Democratic Coalition platform's session last Saturday. The Socialist politician told with much emphasis "we will make sure that active members will be able to take part in the vote, and we argue that everyone who feels this to be important should come and vote". In answer to a question he added that "several party leaders have already indicated that they are not going to participate; however, I would rather like to see them calling on the party's membership to join in the vote because that is the only way one can discern what the majority of MSZP's active members really want". The former prime minister also added that "there is a strong hegemonic party in the Right, and it is probable that there will be no run-offs at the next elections three years from now, so anyone who will have only a relative majority will be able to win. Thus, the right thing for us to do is to act together and to make a coordinated attempt to unite all who are in opposition to the Right so much as we can, and to help them run against the Right". Gyurcsány also told that he not only wanted to hold the Socialist Party together, but he also wanted to grow and develop it. In answer to another question the former party head claimed that "it is a 'painfully oversimplified' idea that what is happening right now in the party would be a Gyurcsány vs. Mesterházy or Gyurcsány vs. Puch debate". "I do not want to be the chairman of MSZP again, nor do I have any personal ambitions to gain control in the Socialist Party". Finally, he noted that "at this time, it is absolutely senseless to debate over personal questions given that MSZP is not in an electoral period".

Trade unions preparing for a hot summer

János Borsik, the leader of the Alliance of Autonomous Trade Unions (ASZSZ) said in an interview with the Hungarian Daily Bulletin (MTI) that the so-called national consultation by the Hungarian government was not a substitute for public dialogue. „Apparently the government simply ignores the appeals of the trade unions for compliance” – said Borsik. The confederation considers the government's attitude to be pure impudence towards society and all employees. According to János Borsik, the trade unions think that the government's behaviour jeopardizes the peace of labour and the society, and a new joint action of the trade unions should be considered. The National Alliance of Hungarian Trade Unions (MSZOSZ) affirmed the same. The alliance underlined that the problems of employees were the same irrespectively of the confederation, and this is why they should stand up for their interests commonly. István Gaskó, head of the LIGA trade union did not

confirm the joint action but reminded that the confederation had already started the preparation of a nationwide warning strike. He also added that a joint demonstration was needed in the case of the abolishment of the opportunity for the compliance of interests. Imre Palkovics, the head of the Labour Councils also confirmed that arrangements around a joint action had become more intensive lately. László Kuti, the head of the Confederation of Unions of Professionals (ÉSZT) committed himself to the issue similarly. He said that they had not yet decided about the date and the place of the action. "We are discussing it" – Kuti said. László Varga, the leader of the Forum for the Cooperation of Trade Unions (SZEF) said that the joint action would be the follow-up to the demonstration organized together with the European Trade Union Confederation held on 9 April 2011. According to him the government ignores the trade unions and devalues the social dialogue, an attitude that does not conform to the usual practice in the European Union. He added that this attitude was especially incomprehensible during the time of the Hungarian rotating presidency of the EU.

Governmental party triumphed in Zugló

The candidate of Fidesz-KDNP won the local government election held in Budapest's District XIV: Balázs Kovács received 44.9% of the votes. László Várnai (LMP) finished second with 24.4%, and Imre Gergely (MSZP) finished third with 21.7%.

Most Hungarians discontent with gov't actions – poll

Most people in Hungary surveyed by pollster Medián have a negative opinion on the economic performance of the Orbán cabinet. More than 60% of them are discontent with how the government operates and even about a quarter of those who like the governing Fidesz party say things are going in the wrong direction in the country, local economic weekly HVG reported on Thursday.

According to the latest survey conducted by Medián, the ratio of those in the Hungarian population who are dissatisfied with the cabinet's achievements in the area of the economy is already over 60%. (The results are based on a 1,200-strong sample.) Every fourth respondent who said supports the governing party said the country is going in the wrong direction.

Only 2% of those polled said the government led by Prime Minister Viktor Orbán improved the people's situation considerably, while 17% said there was some improvement in the conditions. But 37% are of the view that what the government has done so far did not have much of an impact on the quality of life in general and 30% said the measures worsened the situation and 12% believe much harm was done.

From the party of Fidesz voters it is regarded as a serious criticism that 46% of them said they haven't seen any improvement despite their hopes in this respect earlier.

Another survey by Medián published last week sought to find out what the people think about the cabinet's political conduct. It found that 33% of the respondents had a positive opinion, while this ratio was as high as 53% in July 2010. The one-year performance of the government disappointed 51% of the respondents.

Of those who voted for Fidesz in the elections in the spring of 2010 36% said they were disappointed. Among the current Fidesz supporters this ratio is 16%, while 80% of those who had grown to dislike the party are of the same view. 30% of those who had voted for Fidesz last year said they wouldn't make this mistake again. Some of them have picked another party to support, while the majority said they like neither party currently on the political scene.

The most unpopular measures of the cabinet were the introduction of layoffs without justification in the public sector, the curbing of the Constitutional Court's rights and the overhaul of the pension system (the repatriation of private pension fund assets). On a scale of 0 to 100 (the higher the score, the more people like that measure), these actions received 35, 35 and 37 points, respectively. The new personal income tax regime scored 39 points, the new constitution 43 the "sacking" of the IMF 44 and the new Media Act 45.

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Favouritism alleged as Közgép wins job

The HUF 100 billion (EUR 370.41 million) railway modernisation of the line between Szajol and Püspökladány will be carried out by two consortiums led by construction company Közgép, the National Infrastructure Developer (NIF) has announced. The left-leaning daily Népszabadság said the amount available for the project was initially nearly HUF 25 billion (EUR 92.61 million) lower and had it remained the same, Közgép's bid would have been ranked only third because it was higher than the money allocated for the project. The amount of the bid did not make much difference, however, because NIF had disqualified all the other bidders for reasons unknown, Népszabadság said. The paper asserted that Közgép can be linked to Lajos Simicska, the president of the National Tax Office during the first Orbán cabinet, and that the companies barred from the project are likely to appeal to the public procurement arbitration court.

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“Time to transform international obligations into effective implementation at home” – UN expert

BUDAPEST/GENEVA – The United Nations Special Rapporteur on racism, Githu Muigai, commended the Hungarian Government's efforts to fight racism, racial discrimination, xenophobia and related intolerance in the country. However, at the end of his first mission to Hungary from 23-27 May, Mr. Muigai drew attention to a number of crucial challenges yet to be overcome.

Since the last visits of the Special Rapporteur on racism in 1999 and the Independent Expert on minorities issues in 2006, the expert noted that Hungary has made significant legislative, political and

institutional efforts to fulfill its international human rights obligations and commitments with respect to the situation of national and ethnic minorities and the fight against racism, racial discrimination, xenophobia and related intolerance.

“But challenges remain,” according to Mr. Muigai, “including as to the implementation of the measures taken.” These are some of them:

1. Refugees, asylum seekers and migrants

The situation of refugees, asylum seekers and migrants is a matter that calls for some attention. Complaints of racism, racial discrimination and xenophobia by refugees and asylum seekers on a daily basis were reported during the mission and the Special Rapporteur expressed his concern at the conditions of detention of asylum seekers and irregular migrants, including women, elderly persons, and children. It is important for the Government to ensure that it fully complies with its international human rights obligations.

2. National and Ethnic Minorities

Efforts undertaken by the Government to address the needs of, and problems faced by national and ethnic minorities ought to be noted. However, it is important to ensure that the recent constitutional changes will not weaken the current legal and institutional framework for the protection of minorities rights.

While the Government has developed key important measures to address the situation of Roma, their situation has not improved in the last years but rather worsened. They have been the most affected by Hungary's difficult transition period from socialism to a market-based economy and they continue to face racism, racial discrimination and intolerance in the areas of employment, education, housing and health. Reports of violence and abuse against Roma by the police, and discrimination in the judiciary, including in the criminal system, were also brought to Mr. Muigai's attention. “If we do not act now, there may not be a tomorrow on this issue,” he said. “There is a great urgency to reinvigorate the education of Roma with all the necessary resources

of the Hungarian Government. Hungary will have succeeded when it removes Roma from poverty, lack of education and unemployment”.

3. Anti-Semitism

Immediate action is required to tackle anti-Semitism in Hungary. The Government must be vigilant and the necessary mechanisms to address this issue should be set up.

4. Extremist political parties, movements and groups

“Hungary is a young and dynamic democracy,” the Special Rapporteur said calling upon the vigilance of the Government vis-à-vis the resurgence of extremist political parties, movements and groups, some of which are alleged to have racist platform. The expert also drew the Government’s attention to hate speech. It is important to prevent such behaviour and ensure that those responsible for racist acts are held accountable and the victims provided with appropriate legal remedies.

During his mission, Mr. Muigai travelled to Ózd, Gyöngyöspata, Pécs and Mohács. He held meetings with the local authorities, the representatives of the Ministry of Public Administration and Justice, the Ministry of National resources, the Ministry of Interior, and the Ministry of Foreign Affairs. The expert also held discussions with the Parliament, members of the municipal court in Budapest, political parties, representatives of civil society, lawyers, community members, academics and private citizens. The expert also met with the Office of the Parliamentary Commissioner for the Rights of National and Ethnic Minorities and the Parliamentary Commissioner for Data Protection and Freedom of Information. Mr. Muigai also visited a prison in Budapest (Fővárosi Büntetés-végrehajtási Intézet) and a school in Ózd.

A full report of the Special Rapporteur’s mission to Hungary will be presented to the United Nations Human Rights Council in 2012.

Check the full end-of-mission statement by the Special Rapporteur’s:

http://www.ohchr.org/en/NewsEvents/Pages/NewsSearch.aspx?MID=SR_Racism

<http://www.ohchr.org/EN/countries/ENACARegion/Pages/HUIndex.aspx>

Hungary c.bank highly critical of government’s FX debtor relief package

Hungary’s central bank (NBH) has criticised the five-point relief plan for FX debtors the government and the Banking Association conceived. It said some elements of the scheme carry financial stability risks and could lead to further deterioration in banks’ lending activity. The NBH also suggests setting collateral repossession quotas much higher than what the cabinet wants. The measures to be introduced include:

- fixing foreign exchange rate for repayments (CHF/HUF at 180, EUR/HUF at 250 and JPY/HUF at 200);
- gradual reinstating of collateral repossessions;
- setting up the National Asset Management Company;
- re-launching EUR-based lending with certain limitations and
- implementing an state interest subsidy scheme (also for a limited circle of debtors).

"A temporary fixing of exchanger rates creates the illusion and a false feeling of security in the debtors that they will free themselves from FX risks," the NBH said in a statement late on Tuesday. The stronger the fixed exchange rate is to the current spot rate, the slower the debts will decrease and the slower Hungary’s financial vulnerability will be remedied, the bank added. In its view, the difference between the fixed and the spot rate accrued on a special account is but an additional HUF-based lending. This "exchanger rate protection" programme may convince even good debtors to sign up for it even though they would not necessarily need it on social grounds, the central bank noted. It added that these debtors may face even larger repayments once the programme is over,

unless the forint appreciates substantially. The NBH also warns that the smaller monthly burdens could lead to an increase of consumption financed from credit. There is a danger that some of the debtors will spend their windfall gains on consumption rather than to save up for after the scheme, and so they will not be prepared for monthly repayments potentially higher than what they currently have. This way even the presently good debtors risk becoming defaulting debtors, the NBH warned. Due to such risks the central bank suggests the government to make the fixing available only for the socially needy and those who struggle with difficulties of repayment. Lifting the foreclosure/eviction moratorium for good is "necessary and inevitable", the bank said, adding that the moratorium makes mortgage lending more difficult and more expensive and it undermines debtors' willingness to repay their debt. The NBH noted that it cannot formulate an opinion on the National Asset Management Company and the interest subsidy scheme, because it lacks the necessary specifics to do so.

While the bank welcomed the introduction of collateral repossession quotas after the moratorium is lifted, it is discontent with the quota itself, saying it should be set to a level that would "help revive lending via portfolio cleansing (at banks) without leading to excessive tensions on the housing market." The foreclosure moratorium is to be lifted as of 1 July but for the first quarter only properties above HUF 30 million in value will be subject where the loan taken out exceeds HUF 20 million. After that, i.e. in Q4 2011, the quota will be 2% on DPD+90 collateral worth less than HUF 30 m. The quota is to be raised to 3% in 2012, 4% in 2013 and 5% in 2014. The NBH finds the quotas set by the cabinet and the Banking Association too low, as these will not allow banks to clean up their portfolios and thus free enough funds to boost lending. It added that the introduction of such low quotas carries similar risks as keeping the moratorium in place would do. In order to avoid such risks the NBH suggests quotas between 5% and 10% and to review these every quarter.

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Comments

Analysis of the first year of the second Orbán-government: Is the glass empty?

Is the glass half empty or half full? In the last year Fidesz lost eight hundred thousand voters but still leads in public opinion polls, and would win an election if it were held the next weekend. They would gain majority in the parliament, even if not a two-third majority. So: the glass is half full. On the other hand: the governing parties already lost many of their supporters without even undertaking any serious structural reforms.

*Zoltán Baka F., Imre Bednárík, Ildikó Csuhaj, András Dési, Dóra Ónody-Molnár;
Népszabadság; May 28. 2011.*

First year in government: nobody is safe

Not even government loyalists believe that the work done to date is featured by well founded plans, sound work or good communication. Instead, we saw ideas emerging with incredible speed, and then these ideas being implemented despite of constitutional worries or international protest or without throughout negotiations and implementation plans. These steps, beyond their direct impact, carry a more important message: there is nothing or nobody safe in Hungary. Anybody can be replaced or eliminated, any institution can be closed, anybody's wealth or income can be confiscated or taxed respectively. Having a two-third majority in the parliament is an opportunity but also a burden for Fidesz; the government is at fault if it believes that people expect a miracle or, in other words, a government solution for all the issues of Mr Orbán's four year reign. It would be good to make progress in important issues step by step, and the worst thing that politics could do is trying to prove its might and invincibility thus creating a feeling of constant insecurity in people, companies and investors.

http://velemenyevezer.blog.hu/2011/05/30/a_kormany_elso_eve_senki_sincs_biztonsagban

The end

After the government's attack against the Constitutional Court, the Fiscal Council and even against the Committee on Geographical Names, nobody could seriously expect that they would not touch the National Council for Interest Reconciliation. Who thought Viktor Orbán would stand the existence of an institution that has the opportunity to go against his concepts? The trade unions have been in crisis for 20 years. They do not admit it for themselves, but this is still the reality. Their membership, just like their political weight, keeps decreasing, and their image is eroded. These are true irrespective of which party is in government. One reason for trade unions' existence is their representation in the National Council for Interest Reconciliation. They are a privileged negotiator with the government in power. They represent the employees. There has never been such need for an efficient representation of the employees' interest. The new tax regulations, the simplified rules of making employees redundant, the extra burden put on local governments, the extra taxes in the most profitable sectors, and all the consequences of these lead to a deteriorated situation for wage earners. If there are no trade unions, then employees' interests will not be represented at all. If they leave off and stop operating, the government will not have a partner in negotiation, the counterweight will be imponderable. The trade unions should change their strategies and policies in order to do more than serving their leaders who are actually playing for only their own survival. If they do not act now, they can start drafting their epitaph: Hungarian trade union movement – lived 130 years.

András Keszthelyi, Vasárnapi Hírek, 29 May. 2011.

MSZP – For life or death?

The Democratic Coalition, while wanting to indent the current structure, analyzes the domestic political situation and finds that it is important to join all forces against the Orbán-government, which is trying to crack down democracy and to suck the country's civic vitality, in order to be able to wake the country from this nightmare. In their view the very first task is to defeat the authoritarian Fidesz center, because it is no longer possible to have a meaningful conversation about anything without that. So the intention would be to integrate conservatives and liberals who do not belong to any party but are considered reliable in this fight. The MSZP's main political strike now is mainly to concentrate on social issues. They see their left-wing party's political mission in concentrating on the support of the poor and displaced members that have been squeezed out of society in an astonishingly quick way. They find that it is necessary to protect democracy, yet protecting democracy is not the key element. They do not seek to integrate others just to maintain their own character. Those who do not support the right wing of this cycle apparently are not forced to choose between the former two concepts. It is indeed quite possible that they would like to see a combination of the two. This debate is most probably searching for the biggest common set of issues not for one single element to be omitted.

Péter Nagy N., Népszabadság, May 30. 2011.