

Weekly Newsletter

News

Orbán: we have overtaken Europe

László Tőkés (Hungarian MEP in Romania) sat on the right of Viktor Orbán on the Tusnádfürdő summit. The Tusnádfürdő summit is the traditional annual meeting of Fidesz held in Transylvania, Romania. Basescu, the Romanian president was not invited to this political event this year. Zsolt Németh, secretary of state for foreign affairs expressed his regret because Basescu could not attend the Tusnádfürdő summit, and he noted that a presidential meeting was being organized. In his speech, Orbán articulated serious charges against his predecessors.

Orbán was the Tusnádfürdő summit's guest of honor. Orbán started his speech with the priorities of the first year of his government. He gave a summary of recent events in Hungarian politics: the internationalist administration signed off and the nationalist administration arrived. He said we had to find the roads to recovery, but we had to look for perspectives as well. He stressed this turning point with a historical example. "We arrived to the same question where humanity arrived at the decline of Roman Empire: the main issue is what will happen after the fall of Rome and not what will happen to Rome".

According to Orbán, there is a need for a new social structure in Europe. He assumes the state's role will increase during the upcoming time of transition. He linked the success of a state to the strength of the nation. At the peak of his speech, Orbán arrived to an interesting conclusion: "Hungary has left behind all European countries partly consciously, partly intuitively." As a continuation of this theory he interpreted Fidesz's two-third majority as the Hungarians' willingness for the fight against the country's relative irrelevance. This fight is against several other 'enemies', such as public debt or extreme income inequalities. He collected some cornerstones of the 'Hungarian success': the restoration of the pension system, fair common charges, tax cuts or the government's efforts to reverse adverse demographic processes. Finally he concluded that the preceding era and its elite had had its income from debts and they had been working on Hungary's weakening. According to Orbán, this former elite cannot accept the changes.

Orbán also had a message for the Hungarian communities living outside of Hungary. He admitted the country could not support them as much as it should, but the nation's 'sectorial unification' was under process. He confirmed Hungary would not intervene in the autonomy debate in Romania for a while, but neither did he rule out that possibility for the future. (Regional reform is a hot topic in Romanian politics nowadays.) The Romanian Conservative Party exclaimed against this statement.

US official expresses concern over new Hungarian constitution, media and church laws

The drafting of the new constitution, the situation of public media and the law on churches are cause for concern as regards Hungary, US Deputy Assistant Secretary of State Thomas Melia said in the US House Subcommittee on Europe and Eurasia on last Tuesday. Melia, who heads the Bureau of Democracy, Human Rights and Labor at the US State Department, said that Hungary was an important member of the European Union and NATO. Her added that "at the same time, we have seen the current one-party government use its unprecedented two-thirds parliamentary majority to lock in changes to the Constitution that could solidify its power, limit checks and balances, and unduly hamstring future democratic governments in effectively addressing new political, economic and social challenges." Quoting as an example, he said the government had replaced members of a media oversight board with candidates aligned with the ruling party. Additionally, the board has been given the power to issue decrees and impose heavy fines for news coverage it considers "unbalanced" or offensive to "humandignity," he said. Melia referred to the visit US State Secretary

Hillary Clinton paid to Budapest on June 30 during which she stated that “as friends of Hungary, we ... [call] for a real commitment to the independence of the judiciary, a free press, and governmental transparency.” Melia urged the Hungarian government “to temper the pace of change, to be more inclusive and to limit the number of issues covered by so-called ‘cardinal laws’, which require a two-thirds majority to change.” He also called on the government to carefully reconsider the new law on “the Right to Freedom of Conscience and Religion and on the Status of Churches, Religions and Religious Communities, which requires re-registration of all but 14 religious groups, stating that this negatively impacts the religious freedom atmosphere in Hungary.” “We will continue to engage Hungary in a broad dialogue in coming months, as the government works to implement its new constitution,” Melia said.

The reaction of the government was quick: Nobody is in a position to criticise the Hungarian government’s mandate from its voters to renew and restructure the country, the prime minister’s spokesman told reporters in response to criticism from US Deputy Assistant Secretary of State Thomas Melia. Zoltan Kovacs, the state secretary in charge of government communications, said in a statement sent to MTI that the government considers Melia’s remarks to be rooted in “lack of information and malicious distortions”. He said Melia spoke of a “one-party government” whereas Hungary’s government is made up of the alliance of the Fidesz and Christian Democratic parties. He added that Hungary’s constitution is perfectly in line with European norms and standards and noted that the European Council’s Venice Commission had said that it will create “constitutional order governed by democracy, law and basic rights”. The Commission also found Hungary’s media laws, after a few minor adjustments, to be in line with European laws. The new church laws, Kovacs said, recognise “the individual’s unalienable right to choose and practice a religion” while the state has selected 14 churches to receive special grants for their humanitarian, educational and welfare roles. Peter Szijjarto, the prime minister’s spokesman, said “the people of Hungary had expressed their demands clearly in the spring elections and have given a mandate to the government.” The adoption of the new constitution had been preceded by “the widest national consultations ever held” which gave every Hungarian the right to express their opinion on the constitution, he insisted. The constitution’s adoption “could not have been more democratic and transparent,” he added.

Source: MTI

Admission to Corvinus University in Budapest was the most difficult

Preliminary scores for admission to higher education places were published last Thursday evening. Yet traditionally the highest preliminary score went to the BA course in international business at the Corvinus University in Budapest, where 463 points from 480 were needed to get admission. The second (Business and Management) and third (International Studies) highest preliminary scores belong to the same university.

No news program without PM Orbán

According to the research of the Republicon Institute, the media superiority of Fidesz is still unbroken in the most popular news programs. There is practically no news without Orbán. Seventy per cent of all news dealt the government party, and there is virtually no news item without PM Viktor Orbán. The media superiority of Fidesz is not only characterized by the intensity of its presence in the news. Over half of the news items are presenting the government positively. Only about fifteen per cent of the news is critical. The survey considers the news program of the commercial television channel TV2 as also clearly leaning towards the government.

<http://republikon.hu/news.php?id=220&filter=Elemz%C3%A9sek>

Fidesz MP threatens far-right mayoral candidate with funding block - recording

The Jobbik mayor of Gyöngyöspata Oszkár Juhász lodged an official complaint with the prosecution service against a government politician whom he alleges threatened to cut local government funding in the event of a far-right victory in local elections. Jobbik spokesman Ádám

Mirkóczy played reporters a recording purporting to be a phone call Juhász received from József Balázs the previous week, an MP from the governing conservative party Fidesz. "Funding in this region goes where I approve it. Where I don't approve it, there is no funding... With these writings and things, you have cut yourself off from these sources. Bear that in mind," Balázs was heard to say. Jobbik's call for Balázs to resign was echoed by the green-liberal party LMP, which said in a statement that Balázs had become "unworthy of the office" he holds. Fidesz dismissed calls for Balázs to resign, however. "Actions speak far louder than words," the deputy leader of the party's parliamentary caucus told state news agency MTI on Tuesday. "From now on Oszkár Juhász will see the proof of this. The newly elected Jobbik mayor of Gyöngyöspata...has now been given the opportunity to demonstrate whether he can offer solutions to the country or a local problem other than through Gypsy- and Jew-baiting," Gergely Gulyás said.

Source: MTI, Budapest Times

Hungary has been using name Georgia, instead of Russian version - Ministry of Foreign Affairs

The Hungarian Foreign Ministry has already been using the country name Georgia instead of the Russian version of that name, Gruzia, in bilateral diplomatic exchange, Foreign Minister Janos Martonyi wrote in his official response to a call of two MPs, which parliament released on last Thursday. The ministry started to use the name Georgia instead of Gruzia in official correspondence last spring on repeated calls by the Georgian side, which also serves the aim of strengthening bilateral cordial relations, Martonyi wrote in response to the initiative of Andras Kupper of ruling Fidesz and Tivadar Puskas of the co-ruling Christian Democrats. The two MPs asked the foreign minister in mid July to help promote the general use of the name Georgia in Hungary. Martonyi noted that Georgia first called Hungary for the name change in June in 2009 and then repeated it several times. The government of Georgia has been pressing for the name change since it fought a short war with Russia less than three years ago. The two countries have not restored diplomatic relations ever since.

Source: MTI

Hungary says may rethink fiscal plan due to euro crisis

Hungary may need to recalculate its fiscal adjustment plans if the Greek debt crisis escalates further, Mihaly Varga, secretary of state in the Prime Minister's Office said. He also told an economic radio channel (Gazdasági Rádió) that the Swiss franc's strength against the forint, if it persists, could lower economic growth by 0.3-0.5 percentage points. Varga did not rule out that the government will sell part of its stake in oil group MOL, possibly gradually, if access to foreign currency financing becomes more difficult.

Another crisis looming for Hungary? - Merrill Lynch

"Hungary is heading for a turbulent winter, in our view. Many of the ingredients that led to the 2008 crisis are appearing, though we believe there have been enough structural changes to make the crisis less severe this time," Merrill Lynch EEMEA Economist Raffaella Tenconi and FI Strategist Arko Sen state in the opening paragraph of their latest comprehensive macro overview of Hungary. The Merrill team stipulates there is already a discrepancy of about 1% of GDP between actual deficit figures and targets set in the Convergence Programme. A further cause of concern is that falling popularity of the government could make it slow to react to fiscal issues.

Source: Portfolio.hu

Banks in Hungary to remain challenged - Moody's

The outlook for Hungary's banking sector remains negative, Moody's Investors Service said in a banking sector outlook on Tuesday. The report highlighted 3 key factors: 1. expected further deterioration in asset quality, 2. continued weak profitability, 3. operating environment to remain

uncertain. The negative outlook spelled out by Moody's reflects expectations for the fundamental lending conditions for the sector over the next 12 to 18 months. The rating agency has noted that the banking sector is characterized by a high FX debt rate of over 70%. The percentage of Swiss franc loans is particularly high, in an environment where households generally have no foreign currency income which would provide a natural hedge against currency rate risks.

"The large amount of foreign-currency lending to households underpins the rating agency's expectation that asset quality will deteriorate further, as these borrowers' ability to service their debt has weakened significantly following more than 30% depreciation of the forint against the Swiss franc in recent years," Moody's Vice President and Senior Analyst Simone Zampa, the author of the report, noted. In addition, the corporate lending sector is bogged down by weak performance in the commercial real estate and SME sectors, the report highlighted. Moody's cites the expectations of the National Bank of Hungary, which has projected an increase in non-performing loans from 11% in 2010 to over 13% in 2011 in retail lending, with a similar rise from 12.4% over 15% in the corporate sector over the same period. The profitability of the Hungarian banking sector deteriorated by a significant degree in 2010, with several major banks reporting losses. Moody's is expecting the profitability of banks to remain low this year. Profits are dampened by the fast-growing cost of risk, diminishing business volume and asset-proportionate bank tax. Although Hungary's 2011 economic outlook is more favourable, banks are facing an operating environment fraught with challenges due to households' distressed financial situation and problems in the commercial real estate sector. Further, banks in Hungary have limited lending opportunities to high-performing, export-oriented companies which are currently the driving force behind Hungary's economic recovery. The reason for this is that these companies typically rely on their foreign parents for finance. "These negative factors reduce the ability of the less well-capitalised banks to maintain a sufficient capital buffer in the current uncertain macroeconomic environment. This will likely lead to further shrinking of risk-weighted assets and deleveraging from some weaker banks," according to the report. "Banks remain highly dependent on foreign-currency wholesale funding compared with other countries in the region, which is a risk factor reflected in our negative system outlook," Zampa added. Despite the negative sector outlook, Moody's believes the high level of foreign ownership (apprx. 80% in late 2010) is a significant stabilizing factor for Hungarian banks as financially stable parents have been hitherto supportive of local branches in terms of capital and liquidity. Moody's is expecting this support to continue, thanks to parent banks' wider CEE strategy and the fact that most are based in countries with strong economic and political ties to Hungary. While this support is not expected to decline, the report notes that it is subject to potential changes in parent banks' strategic priorities and cost/benefit rationale. However Moody's is basically expecting such support to remain stable at the current level.

Source: Portfolio.hu

Norway mass murder fan of Hungarian history

Anders Behring Breivik, in his manifesto spanning more than 1,500 pages, the accused perpetrator of the most serious incident claiming human lives in Norway since World War II pays homage to Budapest (his favorite city), as well as historic figure János Hunyadi. *Breivik is charged with the murder of 76 people after a revised death toll through a bomb attack in downtown Oslo and then gunning down numerous participants at the Norwegian Labor party's youth retreat on the island of Utoya.* In the lengthy document entitled 2083: A European Declaration of Independence, he – or Andrew Berwick as the document is signed - highlights the merits of Hunyadi, governor of Hungary and victor in fending off the historic Turkish attack on Nándorfehérvár (present day Belgrade) in 1456: „Janos (John) Hunyadi, Hungarian warrior and captain-general, is today virtually unknown outside Hungary, but he probably did more than any other individual in stemming the Turkish invasion in the fifteenth century,” the document reads. Accordingly, the text attributes saving western civilization from “falling to Islam”. “Yet hardly anybody in West knows who he is. Our children don't learn his name, they are only taught about the evils of Western colonialism and the

dangers of Islamophobia.” Over the first several hundred pages of the “compendium”, Breivik deals in depth with the history of Europe, especially the eastern parts and consequently Hungary. These were the areas of the continent that were regularly exposed to military conflicts with the Ottoman empire for hundreds of years, which he attributes to be the major cause of the influx of Islamic influence in Europe and the related “Cultural Marxism”.

Breivik also reflects on other ties to Hungary. Apparently, his best friend since the age of 19 is a man of Hungarian descent named Petter with whom he spent a five-day party spree in Budapest in 2009. He refers to the Hungarian capital as his favorite city with pretty women, a vibrant nightlife and a great scene for vocal elektronika, his musical genre of choice. More importantly, he mentions that his cause has a strong following in Hungary. In fact, he claims that one of the handful of members who established the Knights Templar order where he holds a rank of Justiciar Knight in 2002 was Hungarian. Unsurprisingly, Hungarian authorities also got involved in the matter. As the tabloid daily *Blikk* reported, the country’s counter-terrorism unit began inquiries and identified the women Breivik spent time with during his excursion. The authorities divulged no more of the proceedings. In the meantime, Czech and Polish officials are also involved, since Breivik came to have arrived in Prague in a failed attempt to procure firearms and ordered components for his bomb from a Polish website.

Breivik also highlighted Hungarian political sides as potential allies to the cause he represents. These include the parliamentary radical right group Jobbik, the now-marginalized MIÉP and the 64 Vármegye Ifjúsági Mozgalom (64 fort counties youth movement). The latter is of particular interest since its leader, László Toroczkai (himself earlier accused of terror crimes) actually received a letter from Breivik before his rampage commenced. In the message made public on commercial broadcaster TV2, Breivik issued a “call to European patriots”, encouraging them to join his movement. Toroczkai said – having not yet studied the compendium – that according to his understanding, Breivik’s main grievance was with Islam, but it is not obvious whether he had other issues. However, even a cursory review of the document does reveal that Breivik’s target is Islam, and – in his mind – the widespread political correctness and multiculturalism that allows it to propagate at the expense of Europeans. Nonetheless – while pointing out that his was the only group in Hungary to receive the shooter’s letter – Toroczkai stressed that 64 Vármegye deeply condemns Breivik’s actions. Vona Gábor, head of Jobbik acted likewise, calling the events in Norway a “crime against humanity”. At the same time, he too stressed that Jobbik would remain adamant in its drive to revise the principles of European immigration.

But looking at the manifesto, it becomes clear that Breivik was somewhat misguided in his search of allegiance in Hungary. Having thought that he found prospective followers (Toroczkai’s email address probably collected from the extensive Facebook campaigns he describes in detail), the actual goals of the assailant are very far from the views pursued by radicals in Hungary. While local groups have had clearly defined enemies, namely Jewish financial interests and “gypsy crime”, Breivik envisioned a somewhat different future. He professes himself to be a strong supporter of Jews, as well as their efforts in the Middle East. Regarding the Roma minority he writes “a Nation of Rom should be established for European gypsies.” Still, he does not seem to be too big on the integration goals that the European Union is now pursuing. When his vision of Muslims being completely deported from Europe comes to fruition, he starts taking inventory of the “rather large unpopulated areas” that become available. As such, the Roma-only nation envisioned would become a reality in Albania, Western Anatolia or Lebanon, once the room there is “freed up.”

Source: Budapest Business Journal

Comments

A Road to Nowhere

Orbán believes that the star of the Western world is in descent, and what we know as “welfare societies” are over soon. Hell, no – we could say in response to that.

The Western civilization is based on extensive personal and social freedoms, and on political, cultural and economic systems that are built upon those freedoms. Is it that about to end? Shucks, no! That is not true even if representative democracy and liberal parliamentarism can include all social groups' interests and values in the public decision-making process temporarily only. (That is why many feel that they have no real representation.) It is also beyond doubt that the protection of cultural diversity and the preservation of the freedom to choose one's identity as well as the peaceful, tolerant and inclusive co-habitation of diverse ethnic and religious groups is a more difficult matter than what we have believed for decades. Then we can also see that ineffectively regulated market mechanisms engender minor or major crises from time to time, and that markets that are not balanced well enough create unprecedented wealth for a very few people on the one hand, while bringing about unbearable insecurity on the other hand for a large number of people. That is all true. Still, I see no trace of any viable alternative to our world of freedom.

As regards welfare societies, it is obvious that (for the moment) the period characterized by extensive growth and expansion of welfare systems has come to an end. Nowadays the curtailment of formerly adopted social transfers is on the agenda in most countries of the world. But these corrections will not destroy the basics of our welfare systems. Old-age pension systems will survive, socialized medicine will survive, public education will still be dominant, and there will be unemployment benefits, too. These are the most important pillars of social integration and solidarity. I strongly doubt that these could ever be abolished, or that their abolishment would be desirable.

Then, what is the prime minister talking about? He does not mention facts, he talks about intentions. He talks about his aberrant intentions according to which Hungary's future shall not belong to the European cultural sphere that has been built upon freedoms. Orbán's regime change is full of anti-liberal, anti-Western and anti-revolutionary sentiments. But there is nothing in the direction he wants us to take. His wording is filled with ambiguity, but the intention is clear-cut. And right because of the historical unacceptability of this intention, Orbán became the number one enemy to a free Hungary.

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Őszöd Boulevard

If one can believe spokesperson forecasts á la Péter Szíjjártó, then, by the time leaves fall, big black cars will start rolling out to pick up former prime ministers Péter Medgyessy and Ferenc Gyurcsány and also their colleagues who supported the deep indebtedness of the nation with their agreement and active cooperation.

Making moral judgments is an old institution, however, it has become the cornerstone of the two-tiered judicial system by today. By this I don't mean the traditional two-tiered judicial system of first and second instance courts (and one shall also forget about the Roman law based nonsense called European judicial system). Instead, first there is the tier of Gyula Budai, and if that does not yield a result then comes the László Kövér tier. The first tier „only” dictates to the prosecution, but the second level already makes judgments. True: for the time being it only makes moral judgments: for instance the latest such judgment was issued to the former minister Szilvássy – who was handcuffed in front of a judge and eventually, and totally inexplicably, was let go – when he was condemned of treason. Unfortunately since Gyula Budai did not deliver any result so far (the country's most wanted person for treason is still at large despite the Sukoró case), and the courts still do not always deliver the expected judgments, now it seems possible that Kövér (Speaker of Parliament) will have to take matters into his own hands and pass judgments, certainly strictly on moral basis.

Knowing the government's consistent approach and its appreciation of its political opponents, it seems now that there is a strong chance that, during the next state holiday, one can read the name of Lajos Bokros on the list of people to be awarded since we owe to his „package of gifts” that public debt shrunk from 85% to 55% of the GDP by 2000. The ultimate goal is the elimination of public debt. Theoretically, and, more likely, practically there is one actual model to follow: the model of Nicolae Ceaucescu who not only proclaimed war against public debt but also won it. Romania paid

off all its public debt by 1989, and one can clearly see the prosperity that this measure left us with.
Gusztáv Megyesi, http://www.es.hu/megyesi_gusztav;oszod_boulevard;2011-07-20.html, July 22. 2011.

The horizon from Tusnád

When prime minister Viktor Orbán sees that the world has come to the change of an era, as he stated in Tusnádfürdő on Saturday, he is right, yet his conclusions are completely wrong. And his actions underpinning his theory are drifting the country to the edge of disaster.

Unfortunately his arguments only serve the confirmation of his policies that deranged into the demolition of parliamentary democracy in Hungary. He has a firm belief that the crisis in 2008 was more than just a simple cyclical crisis of capitalism, which will completely collapse soon. Moreover, the trend that let market competition evolve into the competition of consumption would also perish, he opined. Welfare states are going to disappear, and societies based on work – backed by a strong nation – will take their places.

Orbán does not recognize that the success of the European Union is the key of all countries' future in the region. But its success depends on the member states' willingness to surrender their political and economic sovereignty to European institutions. It is a tough job where we should surpass our historical prejudices in order to create a new quality of Europeanism. This struggle resolved into the abolition of political borders, or the abolition of national currencies in the eurozone. If Europe disintegrates into nation states again, it will bring a political-economic ice age to the continent. Only a narrow political horizon will prevent anyone from seeing this.

Róbert Friss; *Népszabadság*; July 25. 2011.