

August 3, 2011

Hungary moves to charge former PMs

By Kester Eddy in Budapest and Neil Buckley in London

Hungary's government is trying to introduce legislation that would allow the state to charge three former prime ministers with "criminal" mismanagement of economic policy after the national debt spiralled upwards in the last decade. In a step that could provoke alarm among officials in other heavily indebted countries, the centre-right Fidesz government is targeting three former socialist premiers who governed from 2002-10, and potentially their finance ministers. State debt rose over that period from 53 per cent of gross domestic product to 80 per cent.

Opposition parties have denounced the move as the latest attempt by the government of prime minister Viktor Orban to undermine its socialist rivals and entrench its power, after winning a two-thirds parliamentary majority last year. But if successful, it could set an international precedent by holding officials criminally responsible for the results of their policies.

The attempt has some parallels with the situation in neighbouring Ukraine. Yulia Tymoshenko, the former prime minister, is standing trial – seen by her supporters as politically motivated – over a 2009 gas deal she signed with Russia that prosecutors say caused damage to the state of \$190m.

Hungary's move follows a parliamentary probe initiated by Fidesz members into the economic policies of Peter Medgyessy, Ferenc Gyurcsany and Gordon Bajnai, prime ministers during the period concerned. The investigation, concluded at the weekend, proved the socialist-led coalitions had "committed a political crime against Hungary" and should be held responsible, said Peter Szijjarto, Mr Orban's spokesman and the deputy chairman of the committee responsible.

Mr Gyurcsany, Hungary's premier in 2004-09 and widely seen as the prime target of the government's attempts to bring charges, denies wrongdoing and questions the legality of retroactive legislation. "This criminalisation action, making it retrospective, raises many questions. I cannot see how it is lawful. This is part of the complicated political game led by Fidesz [to discredit me]," he told the Financial Times. Mr Gyurcsany has previously admitted that his decision to continue high-deficit spending policies in his first years was economically flawed. But he argues the trend began with the first Fidesz administration, in 1998-2002, when the government started subsidising mortgage loans.

Mr Gyurcsany said there was Ft1,900bn (€7bn) in extra spending, above budget targets, in 2000-10. Mr Orban's Fidesz government was responsible for about Ft600bn, and socialist governments the rest, he said. Fidesz can expect to get legislative changes through parliament, which it dominates, but these could be challenged by the constitutional court. Mr Orban has shown, however, that he is willing to override the court, which now includes several pro-Fidesz judges.

Szabolcs Kerek-Barczy, executive director of the Freedom and Reform Institute, a right-leaning think-tank, said the government moves were "unprecedented, unacceptable and undemocratic", and could further erode confidence after government measures last year upset many foreign investors.

"If anybody's past public policy and/or political activities can be questioned and then retroactively punished it means that any past economic or political decision can also be annulled. If we [allow] retroactive lawmaking in this country, nobody can feel safe," Mr Kerek-Barczy said.

Mr Gyurcsany is particularly loathed by Hungary's rightwing after a leaked tape of an internal party address in which he confessed the socialists had lied "morning and evening" for one and a half years about their record, in order to secure re-election in April 2006.

Publication of the recording, in which he urged socialist MPs to face up to painful reforms of the economy and public services, in September 2006 sparked demonstrations in Budapest that turned violent.

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Orban warfare

Barely had Hungary stepped out of the spotlight surrounding its European Union presidency in the first half of this year before Viktor Orban's Fidesz government resumed its efforts to establish long-term political domination of the country. Further proof of its determination to squash opposition, above all the rival socialists, comes with its attempts to charge three former premiers with "criminal" economic mismanagement, after the state debt spiralled in the past decade. Officials in Greece, not to mention the US, might quake at the precedent – were the idea not so legally spurious.

Ever since communism collapsed, Hungary has had a polarised and bare-knuckle political culture. Socialist governments in 2002-10 also did their best to hobble Fidesz. Ferenc Gyurcsany, the former socialist prime minister, was famously caught on tape confessing that his party had "lied morning and evening" for two years to win re-election in 2006.

But using the two-thirds majority his party (legitimately) secured last year, Mr Orban's behaviour is reaching the point where it threatens democracy. That is particularly worrying given that Fidesz's programme is tinged with nationalism. Even before its EU presidency, the government passed a much-criticised media law, trimmed the constitutional court's powers, stuffed many regulators and watchdogs with loyalists and closed or defanged others.

Since July 1, the media law – though slightly amended at Brussels' behest – has come into force and already been used in some questionable ways. The government has proposed new electoral rules that would squeeze small parties and benefit big ones, particularly Fidesz. It has restricted official recognition of religions, which qualifies them for state funds, and handed the job of recognition not to courts but to the (Fidesz-dominated) parliament. Mr Orban's supporters say nothing is more democratic than increasing parliament's role. But such arrangements can help create clientelist networks.

Strip away the revolutionary zeal and many Fidesz policy goals are sound. But they are too often enacted in clumsy, shoot-from-the-hip fashion. Mr Orban would do better to use his popular mandate to attempt genuine modernisation, not monopolisation, of the political environment. And though Hungary's EU presidency is over, Brussels, and other member states, should keep Budapest under a different kind of spotlight – to ensure it upholds the values on whose basis it was admitted to the Union.

August 9, 2011

Inconsistency mars FT's criticism of Hungary

From Mr Zoltan Kovacs.

Sir, Your editorial "Orban warfare" (August 5) on the Fidesz-led coalition government in Hungary raises the question of the basis on which these criticisms are made. The Hungarian government is accountable to Hungary's voters, not to foreign journalists, even if you decry this as "nationalism". The government's support at home remains solid. Hence its legitimacy, derived from the voters, is not in question. No one likes to be criticised by outsiders and the effect of external criticism is to strengthen support for a government that resists being pushed around by foreigners. This may well be an unintended consequence of your editorial and others like it.

Additionally, your negative comment would have much more force if you had been equally critical of the 2002-10 leftwing Hungarian governments and their disastrous policies. This was not the case, despite occasional tut-tutting, and there is an undeniable whiff of a double standard being applied. Are centre-right governments to be assessed by harsher criteria than leftwing ones? Many people in Hungary see it that way and that inconsistency undermines your criticism in Hungarian eyes. This is what counts.

On the specifics, your observations about the charges potentially being brought against the former premiers are premature, indeed inaccurate. There has been no attempt to bring charges. Rather, a recommendation has been made to the appropriate parliamentary committee to consider the grounds for charges to be brought. Nor, in the event, would any charges be brought retroactively: Hungary's constitution would not allow this.

It is ironic that you presume sufficient knowledge of the legal basis to label the government's actions as "legally spurious", while at the same time demonstrating that you yourself have a very poor understanding of Hungarian law.

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