Róbert LÁSZLÓ (Political Capital):

The new Hungarian election system's beneficiaries

Regarding the Hungarian election system restructured between 2010 and 2014 it can be stated that it has not made its creators invincible. While a large number (but not all) of the system's new components can be said to be applied by other countries as well, its constituent parts converge to create a whole where the current governing party is granted a significant and unjustified—although not insurmountable—advantage over its rivals. However, in criticisms levelled against the election system arguments challenging the system's democratic credentials and choice of political values and interests are often conflated. Below we shall make an attempt to disentangle these strands and identify components that may actually limit the scope of democratic competition and the ones that "simply" served the prevailing interests of the governing party at the time of the reform process, components that—with a shift in political winds—may even end up favouring other political forces.

It is safe to assume that Fidesz' guiding principle in promoting the election reform was to guarantee that the new system translate the party's relative lead in the polls into an absolute majority in the House, i.e., bring the odds of a two-thirds majority closer to reality than ever before. While in the 2014 election the promoters of the legislation managed to pull in another two-thirds victory, an election system is no life insurance: the long-term interests of a political party may shift along a number of criteria and the selected model cannot be guaranteed to work at all times.

People in the governing party are likely to keep this in mind as well and if it becomes necessary to adjust the election system to a shifting political climate, they will not hesitate to make the right moves. However, their effort may run into obstacles on several levels. First, it is difficult to foresee changes in the political landscape through 2018, which means it is unclear in what direction changes should be effected regarding a number of election system components. Second, Fidesz no longer enjoys a two-thirds parliamentary majority, which means it can no longer amend cardinal acts at will. The votes of its 131 delegates are sufficient to modify two-thirds acts only if (1) at least two opposition representatives vote with them, or (2) at least three opposition representatives abstain from voting. If Fidesz finds it politically convenient to modify election laws, it can find ways to win the support of a sufficient number of opposition representatives, or at least it can offer something in return for a vote / not voting.

The policy paper looks at deficiencies in the election system from the perspective of political interests and wishes to make review recommendations exclusively in cases where a basic election principle is violated or the potential for serious fraud is detected. For instance, we shall refrain from criticizing the system's majority feature or its eased nominating requirements, although we will not pass over in silence the toxic mix created by adding campaign financing regulations. Similarly, we are not going to criticize the voting rights of non-resident Hungarian citizens, although we will definitely mention discrimination in the method of voting and will also call attention to the urgent need for preventing the abuse of deceased non-resident citizens' personal data and ballots.

Components favouring the largest political force enjoying relative majority

Increasing the weight of single-member electoral districts

In the previous Parliament with 386 delegates, 176 mandates had been distributed in single-member districts, accounting for 45.6% of the total mandates. This rate has been increased to 53.3%: in the current Parliament with 199 delegates, 106 representatives hold individual mandates. In addition to the national list, the previous election system also applied territorial lists, distorting the system in

favour of larger parties. Today there are no territorial lists; even if marginally, this change corrects the earlier effect.

Rewarding the party with victorious individual candidates

The practice of compensation applied in a number of other countries is being used in Hungary as well: votes cast for losing candidates in individual constituencies are added to the party list. However, in a unique twist¹ in Hungary, in addition to losing candidates, winners also carry fractional votes. For instance, if in a single-member constituency the runner-up receives 10,000 while the winner has 11,000 votes and 10,001 votes would have been sufficient to win the mandate, the surfeit 999 votes are added to the winning party's list votes. The same mechanism works in all 106 single-member constituencies. This unique rule, undermining the logic of the compensation system, in 2014 earned Fidesz six extra mandates. However, in a future election and with a different balance of power other parties may also benefit from this rule.

The other problem with the system is that it is extremely complex and tends to alienate the electorate.

The elimination of the second round

The issue of a single round or two rounds cannot be interpreted as a test of democracy by any stretch: both solutions are equally legitimate. Moreover, it can only be guessed which version would offer an advantage to any political force: one can marshal arguments in favour of both the single and the two-round system keeping only the interests Fidesz in mind. For instance, in 1998 Fidesz would not have come to power had it not entered into an alliance with the Independent Smallholders' Party (FKgP) between the two rounds, and if the two parties involved had not withdrawn their candidates for the other's benefit. In 2002 Fidesz made up its first-round loss relative to MSZP in the second round, although at that time it was insufficient to win a parliamentary majority. The political landscape has shifted since then and the single-round system is better suited to the political logic of the "central power"², not to mention that the system's 'pro-winner' effect is further reinforced.

Evaluation, possible solution

As long as Fidesz leaders perceive that the party has the best chance to win an election, they are unlikely to touch components favouring the winner, none of which, by the way, violate basic election principles.

Components favourable to the right

The politically manipulated electoral district map

While sporadically government politicians informed the public about potential changes in the evolving election system, until November 20, 2011 (Sunday night when then faction-head János Lázár submitted the Bill on the new election act) reliable information on district boundaries were only known to an

¹ The government side teds to refer to the Italian election system (in the meantime, abrogated by the Italian constitutional court) and the currently effective Greek election system, although in reality both involve a purely list-based system where the only component favouring the winner is that the party finishing first receives extra mandates. In contrast, the Hungarian mixed system starts out by following the logic of the majoritarian systems where a number of components already promoting government stability are further strengthened by boosting the number of the winner's mandates.

² Fidesz's "concept of central power" is based on the claim that, as a dominant governing party, it remains indispensable standing between Jobbik and a fragmented left.

unidentified group of people. Since then district boundaries have not been significantly changed, although in 2011 and even in 2013 they underwent slight modifications.

The lack of transparency and a total absence of professional and political consultations have raised the suspicion of political motivation, i.e., gerrymandering, apparently supported by number of model calculations, including that performed by Political Capital³.

Later, many tried to excuse or at least downplay gerrymandering by arguing that "the new electoral district map and the electoral advertising regulations may contain elements that benefit the current government, but that these were not the decisive factors in the 2014 elections, given the Fidesz party's very high popularity".⁴ However, this line of argument is misleading as it is well known that the effects of gerrymandering kick in only when the candidates run neck to neck; the fact that 2014 did not bring such election results says nothing about the potential importance of a district map in a tight race.⁵ According to the model calculations referred to above, in a bipolar party system it may be suitable for whittling down a 1-2 percentage point Fidesz-shortfall on the national list that, obviously, may be affected by a number of other factors as well.

In short, the district map is clearly the component that favours respective right-wing parties. It is another matter that by all signs the designers of the map had a bipolar political landscape in mind and thus it is to be seen how the map will work in the event that Jobbik continues to gain more ground. Just as other components of the election system, the district map may also backfire and burn its creators.

The voting rights of out-of-country Hungarian citizens

Aside from national policy considerations, when it granted the voting right to non-resident Hungarian citizens (hereinafter referred to as out-of-country Hungarians) Fidesz must have calculated that the measure would expand the party's support base.

As social and political debate was completely ignored in this case as well, the issue related to the voting rights of out-of-country Hungarians and the weight of their votes quickly generated two diametrically opposing views. Following the introduction of the new institution, some believed that the outcome of the 2014 election was a foregone conclusion due to the votes coming from across the border, while others described the right to cast a ballot exclusively on a party list as nothing more than a symbolic gesture, claiming that the election is essentially determined in individual districts. Truth lies somewhere in the middle: votes cast outside the country may have a decisive impact only in exceptional cases, although the 2014 election turned out to be a case in point. Out-of-country votes delivered just that single vote without which Fidesz would not have won another two-thirds parliamentary majority (it's another matter that in the February 22, 2015 by-election the party lost that advantage⁶).

³ Political Capital: Halfway into the Hungarian electoral reform, April 19, 2012, http://www.valasztasirendszer.hu/wp-content/uploads/PC-FES ConferencePaper HalfwayIntoTheHungarianElectoralReform 120417.pdf

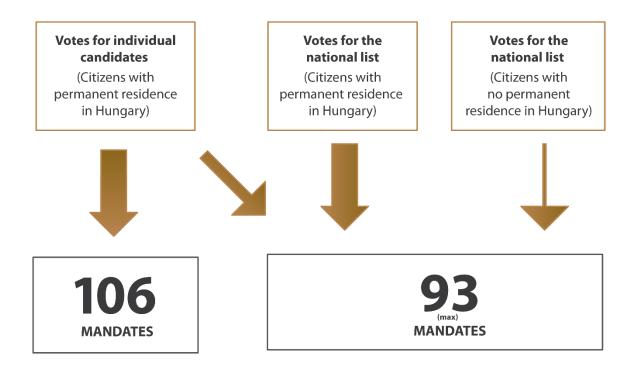
⁴ DGAP report: Hungary in the Media, 2010–2014 – Critical Reflections on Coverage in the Press and Media, p. 12, https://dgap.org/en/article/getFullPDF/26856

⁵ Developed in 2013 and updated in 2014, Political Capital's Mandate Calculator helps to trace gerrymandering if it is fed close list results. If we gave 50% to Fidesz and the leftist party alliance each, in the electoral districts the two blocks would not receive an equal number of 53 mandates; instead, the governing party would get 58 and its opposition only 48 individual mandates. Of course, as all model calculations, this is also unable to give an accurate picture of the future, although it discloses the intentions of Fidesz map designers, considering that they too could only work with historic election data. The Mandate Calculator is available at: http://www.valasztasirendszer.hu/mandatum/

⁶ Political Capital: Fidesz' defeat in Veszprém, February 24, 2015, http://www.valasztasirendszer.hu/wp-content/uploads/pc flash report 20150224 Fidesz defeat in Veszprem.pdf

A model of turning votes into mandates

(the arrows illustrate the weight of different sources of votes)



The weight of votes coming from outside the country can be described as rather moderate. They have absolutely no impact on the 106 individual district mandates, and only negligible impact on the 93 list mandates. In the 2014 election, at a 61.73% turnout there were 5,047,363 valid votes (of which 4,717,843 went to parties winning seats in parliament), 3,327,395 fractional votes came from individual districts and 128,712 votes came from outside the country (of which 127,633 votes were cast for the parties winning seats in parliament). In the end, only 1.56% of the votes included in the final party list tally came from outside the country deciding the fate of a single mandate. Even if in the coming years voter turnout increases in other countries and providing that the present rules stay in place, no measurable shift is expected in this context.

While the number of registered and voting out-of-country citizens fell short of Fidesz' most ambitious expectations, that voter base outside the country is likely to grant the government party a lasting advantage (in 2014, the party received 122,638 votes, or 95% of the valid votes). With all that, in theory every party has the chance to address out-of-country voters even if it won't have it as easy as Fidesz holding the reins of power.

Evaluation, possible solution

In respect to district maps, a mechanism limiting the scope of gerrymandering would be welcome, although the current governing party is unlikely to show interest in such a reform.⁷ As the voting right of out-of-country Hungarian citizens may not be challenged on professional grounds (although it may

⁷ The problem of the perpetuation of voter district disproportion not discussed in the current study persists; on this see more details in: Political Capital: Halfway into the Hungarian electoral reform, April 19, 2012, http://www.valasztasirendszer.hu/wp-content/uploads/PC-

FES ConferencePaper HalfwayIntoTheHungarianElectoralReform 120417.pdf

be questioned on political grounds) there is every reason to believe that it will remain a permanent fixture of the Hungarian election system. However, two technical problems in this connection remain, and the modification of at least one of them appears to require immediate action.

Deceased voters may also receive letter packages

Out-of-country Hungarian citizens must register in a central registry to exercise their voting right. For a period of 10 years after registration they have nothing to do, and their registration remains active. Since out-of-country Hungarians may vote by mail, this leads to a situation where the National Election Office (NVI), with no power to request updated information on citizens before each election, will automatically send letter packages to these citizens. The problem comes from the fact that the Hungarian state is not informed of the death of all Hungarian citizens living abroad. Of a total of approximately 200,000 voters registered before the 2014 election some are not expected to be alive by the time of the 2018 and 2022 elections, and if the regulation remains in place letter packages containing ballot sheets will be sent to their addresses. Unfortunately, this may provide additional opportunities for fraud for no one will be able to check the identity of the person completing the ballot sheet, i.e., it will never be known whether or not it had been filled out under the name of a deceased citizen.

This potential for fraud seriously undermining confidence in the election process must be definitely eliminated from the system. A modification of the act where NVI requests out-of-country citizens to return a form before election may offer a solution. With the return of the form, citizens renew their registration until the next election. The governing party is likely to shrink from introducing yet another administrative hurdle affecting the voter base where it has the largest support, although there appears to be no other means of resolving this anomaly.

Discrimination in the method of voting

The option of voting by mail is available exclusively to Hungarian citizens with no residential address in Hungary, while other voters outside the country on the day of election (students, workers or vacationers) with residential address in Hungary must visit a foreign embassy or consulate to exercise their right to vote. While the first option is obviously more convenient and cheaper than the latter one, it must be asked whether such discrimination in the method of voting violates fundamental rights. In its report the OSCE⁸ uses unequivocal language: "In light of the obligation to equal suffrage, legislation and procedures should provide the same methods for citizens abroad, be they residents or non-residents, to register and to cast their ballots." However, the Constitutional Court (CC) has yet to respond to a petition submitted by the Hungarian Civil Liberties Union⁹, and the court in Strasbourg, using highly debatable reasoning, has not spoken out against the discrimination.¹⁰ Against this background the CC is not expected to establish the unconstitutionality of the section in question, i.e., Fidesz is unlikely to introduce changes to these discriminative regulations.

Aspects favouring the best-financed party (parties)

The lack of regulation concerning campaigning outside the official campaign period

Since the campaign period starts 50 days before the election and there are no legal guidelines for the preceding period, i.e., the political parties are free to campaign, and they are not required to make an

⁸ OSCE/ODIHR, Limited Election Observation Mission Final Report, Parliamentary Elections, Hungary, 6 April, 2014, Warsaw, 11 July 2014, http://www.osce.org/odihr/elections/hungary/121098?download=true

⁹ Hungarian Civil Liberties Union: *Electoral Procedural Rules Violate Suffrage,* November 13, 2013, http://tasz.hu/en/political-freedoms/electoral-procedural-rules-violate-suffrage

¹⁰ Eszter BODNÁR: *The Right to Vote of Hungarian Citizens Living Abroad,* I-CONnect, July 14. 2015, http://www.iconnectblog.com/2015/07/the-right-to-vote-of-hungarian-citizens-living-abroad/

even symbolic account of the incurred costs, obviously the parties with significantly larger funds at their disposal than their rivals are in a much better position to exploit this legislative loophole.

Election campaign regulations are not extended to civic organizations

Neither the election procedures act nor any other act regulates the campaign activities of civic organizations and their accounting obligation doesn't even come close to that applied to parties, which means that parties with the strongest financial backing enjoy disproportionate advantages. They are in a position to outsource a large part of their campaign to civic organizations, spending well over the established HUF 995 million (≈EUR 3.2 million) limit.

Discrimination in transparency regarding list prices for political advertising

The discriminative practice where the print media was required to publish its list prices for political advertising, while transparency does not apply to public-space ads has been clearly tailored to favour Fidesz and its business friends.

Evaluation, possible solution

Some regulations covering election campaigns should be extended beyond the campaign period, and strict regulations should be passed as to prevent the outsourcing of the election campaign to bogus civic organizations. While working out the details of these regulations is undoubtedly a complex task, getting the job done is essentially a matter of political will (or, it is feared, the lack thereof).

Weather the publication of list prices for public-space advertising becomes law is likely to depend on the shape of the market following the break with Lajos Simicska¹¹.

Components favouring the ruling party

Campaign regulations do not offer a level playing field for all the parties. While under the letter of the law all parties are treated as equals, the incumbent government always enjoys an unfair advantage.

The regulation of political advertising in commercial television and radio

The government in office can run an "information" campaign in commercial television and radio in the campaign period and beyond, whereas the other parties have no access to these platforms.

Originally Fidesz planned to ban political advertising in commercial television and radio, although when the CC threw out the relevant passages of the election procedures act, within the framework of the fourth basic law amendment the government raised the state of unconstitutionality to a higher level. Eventually, under pressure from the European Commission in September 2013 it made a correction without resulting in real change: with the introduction of mandatory free advertising it left the commercial media no option but to turn down orders for political advertising, i.e., it managed to banish political advertising from commercial television and radio without administrative measures.

Clearly, the reform intended to make it more difficult for parties to reach voters turning their back on politics (the introduction of preliminary registration would have had the same effect, although the idea was eventually dropped by Fidesz).

¹¹ Lajos Simicska is the architect of Fidesz' financial hinterland. At one time, he was Viktor Orbán's most influential ally, although following the 2014 election their relationship became strained, ending in a public break in February 2015.

Limiting political advertising in public media channels

While it has less effect, Fidesz also managed to limit political advertising in public media channels: opposition parties must share a total of 470 minutes in advertising time, even as there is no time limit when it comes to government advertising.¹²

Access to public-space advertising by the parties and the government

Ordinance-level regulations related to public-space advertising had been modified three months before the 2014 election as to authorize the government to advertise free of charge in some media, while denying the same to other parties. While on March 17, 2014 the Curia resolved the situation, by that time all opponents of the governing party suffered a competitive disadvantage on a scale all but impossible to quantify. There are no guarantees that the same situation can be avoided in the course of a future election.

Evaluation, possible solution

As a general rule, in all media where campaign activity is banned for opposition parties, advertising by the government, local governments and civic organizations should be banned as well.

Since commercial television and radio stations reach the largest number of citizens, the statutory environment should be changed as to make commercial media have a vested interest in accepting requests for advertising, i.e., in return for broadcasting ads, they should be allowed to charge for air time. Following the introduction of campaign financing involving hundreds of millions, the government's argument that free advertising makes the campaign cheaper can hardly be taken seriously. As it would work against its interests, the government is not expected to change the regulation; making it more difficult to reach apolitical voters is a key component of the election regulatory environment created by Fidesz.

In this light, it cannot be expected that any of the problems delineated above would be remedied until, that is, Fidesz leaders come to feel that they may lose power.

Components unpredictable in the long term, working for Fidesz in the short term

A system defined by campaign financing and the nomination process

Earlier, extremely stringent nominating criteria have become significantly easier thanks to the election reform. Until 2010, to field a candidate a party had to collect the signature of roughly every 60th citizen¹³, and since 2014 every 150th will do¹⁴. In a further easement, a citizen may support more than one candidate with his/her signature. Whereas in the earlier, byzantine system built on territorial lists 36,750 recommendations were needed to make sure that votes could be cast for party lists in all polling stations of the country, in today's exclusively national list system 13,500 recommendations suffice. The easement of the nominating process on multiple levels would be a welcome development even if one admits that the decision-makers were clearly guided by political objectives.¹⁵ The radical reduction of

¹² The current policy paper does not analyse the uneven playing field favouring the governing party, the result of bias on the part of public service channels and media relations.

 $^{^{13}}$ 8,000,000 / 176 / 750 = 60.6, where 8,000,000 is the number of voters, 176 the number of electoral districts and 750 the number of recommendation slips.

 $^{^{14}}$ 8,000,000 / 106 / 500 = 150.9 where 8,000,000 is the number of voters, 106 the number of electoral districts and 500 the number of signatures.

¹⁵ The election system created by Fidesz made a significant step towards majority systems, steering the fragmented opposition forces in the direction of cooperation. Making the nominating process easier introduced incentives in the system with opposite effects: for new formations wishing to enter the political arena were given a reasonable chance to run on an

the number of required signatures and the introduction of multiple nominations — with the simultaneous fulfilment of other criteria — may contribute to making the political offering more diverse.

However, in conjunction with campaign financing regulations, the nominating process has evolved into a system that in part benefits political opportunists, in part is equally suitable for misleading voters, invites fraud and simultaneously puts the fairness of the elections in doubt. For an extremely generous state campaign financing system has been introduced, and based on its detailed regulations we can state that the system has been conceived as to invite the founding of sham parties:

- Individual candidates receive HUF 1 million (≈EUR 3200), and parties, depending on the number of their candidates, anywhere between HUF 150-600 million (≈EUR 480,000-1,920,000).
- While individual candidates receive state funding through a card issued by the Treasury, as to
 prevent the withdrawal of cash, parties have access to funds in cash amounting to hundreds
 of millions.
- Even as individual candidates must make detailed accounts of the funds received, the parties face extremely lax accounting obligations.
- While individual candidates must repay the entire amount if they fail to receive a minimum 2% of the votes cast, the parties have no such obligation even if they fail to receive a single vote.

If one considers the institution of multiple recommendations and that today the parties collect signatures on recommendation sheets, it becomes evident that nothing prevents the parties from exchanging voter data and thus become eligible for generous state campaign financing.

State campaign financing for candidates and party lists in the 2014 general election

	Number of candidates in single-member constituencies	Amount of state subsidy for candidates in single- member constituencies (HUF million)	Amount of state subsidy for national list (HUF million)	Total state subsidy (HUF million)
Parties passing the threshold (4 party lists)	424	424	2388.00	2812,.0
Parties not passing the threshold (14 party lists)	774	774	3432.75	4206.75
Additional nominees	333	333		333.00
Total	1531	1531	5820.75	7351.75

Table shows that as a result of all the above in 2014 candidates and nominating organizations could collect a total of HUF 7.352 billion (≈EUR 23.5 million). However, in the absence of statutory obligations, the parties did not even have to make any account for a large percentage of the HUF 5.821 billion (≈EUR 18.6 million) due for national lists. As demonstrated in the official bulletin of the

independent ticket. As expected by Fidesz, opposition forces proved to be unable to build a strong political profile and resolve the dilemma of developing a united front under pressure, indispensable to win at the polls in the current environment.

Hungarian Gazette¹⁶ issued on June 5, 2014, the parties report expenses in tables including but a few lines, with items amounting to HUF 50-100 million not being uncommon.

It is highly revealing that of the 14 formations fielding a national list but winning no seat in Parliament 12 received fewer votes than the number of signatures they collected, even as they had access to spend HUF 100 millions for campaign purposes.¹⁷ The motivation of these parties is also made abundantly clear when one sees that only two ran in the European parliamentary election held seven weeks following the parliamentary election, while the 12 other competitors with national lists lacked the motivation to enter this race. This is explained by the fact that no state campaign financing is provided for the European parliamentary election.

Evaluation, possible solution

Unless the system is changed, as in 2014, in 2018 billions of taxpayers' money may flow without any control to "parties" without a serious political agenda to speak of.

The nominating process

In and of itself, the reduction of the number of signatures and the easement of nominating procedures would, in all likelihood, not lead to fraud. By itself, the option of multiple nomination cannot be considered flawed, although its introduction would have required more careful preparations. If it is to be maintained, election commissions and offices would require additional powers and longer deadlines to screen out fraud tied to data copying. Otherwise, the chances of being caught will remain negligible and a muddled nominating process will continue to threaten the fairness of the elections.

Beyond this minimum requirement, we are well aware that the nominating process can be placed on an absolutely clean footing if parties were denied the right to manage voter data, i.e., the system based on the collection of signatures were to be eliminated. However, this goes again the parties' need to build data bases, which means that in the foreseeable future we are unlikely to be rid of this antiquated system.

Campaign financing

The question arises why Fidesz considered it wise to encourage with such vigour the emergence of irrelevant political parties. In theory, the large number of individual candidates and national lists may actually improve the chances of the opposition in the event that a formation capable of splitting the Fidesz camp enters the ring. Presumably, Fidesz took the risk of setting up a chaotic system with the knowledge that formations capable of attracting disappointed leftist voters were ready to enter the fray, and at least in 2014 its bet paid off. This doesn't mean that in a different political climate, unlike the one prevailing in the spring of 2014, the proliferation of sham parties could not backfire.

In conclusion, Political Capital and Transparency International Hungary's (TI) October 2013 initiative for the amendment of the campaign financing act¹⁸ remains relevant to this day and while the government side has yet to show interest in resolving the issue, the reform of campaign financing regulations openly compromising the fairness of elections could actually be put on the agenda.

¹⁶ Official Bulletin, Hungarian Gazette supplement (June 5, 2014), http://www.kozlonyok.hu/kozlonyok/Kozlonyok/12/PDF/2014/29.pdf

¹⁷ This is not a new phenomenon. In earlier elections as well there were a number of parties that collected fewer votes than signatures; similar to this one, the earlier system based on the collection of recommendation slips was also known to involve fraud, albeit following a different logic.

¹⁸ Political Capital, Transparency International Hungary: Sham Parties Could Drain Billions of Forints from Public Money, October 29, 2013, http://www.valasztasirendszer.hu/?p=1942492

The law must stipulate that:

- political parties receive the state support for campaign financing on a card issued by the State Treasury;
- parties account for their campaign spending under the same tight regulations as individual candidates;
- should a party fail to gain at least 1% of votes, it is obliged to pay back the total amount of state support for campaign financing (the threshold for the minimum amount of votes can be lowered to 1% for individual candidates as well).

These minimum requirements involving campaign financing would stop motivating sham parties without shutting the door before respectable parties.