to Parliament in the autumn parliamentary session.

POLITICAL CAPITAL

At its July 9 meeting the Fidesz presidency discussed options for a new election system, although no decision has been reached on key issues. An announcement by MEP János Áder (assigned to coordinate the drafting of the election reform) exposes intense debate within Fidesz as the party is uncertain as to what system would best serve the party's interests at the next general election. This explains the communication of mutually contradictory ideas

and the repeated emphasis that none of the items under discussion reflect the governing party's final position. This could come in August, the earliest, and a bill could be submitted

Major components of the election reform known at this time:

- The new election system is calibrated with slightly over 200 MPs.
- As opposed to Fidesz' proposal submitted to Parliament in May 2010, its current concept shows a preference for the principle of majority rule, i.e., individual constituencies would play a larger role.
- Instead of the current two, in the future there will be a **single-round election**. This is meant to prevent opposition parties from forming temporary alliances by withdrawing candidates after the first round to benefit the other's stronger candidate.
- In respect of nomination, the **proposal coupon system** would remain in effect, even as there are evident concerns regarding data protection (voters' personal data are managed by parties) and the potential for political corruption (some of the parties collect more than the required number of slips and sell blank slips on the black market). More slips will be needed to field a single candidate (1500 instead of the current 750) and, instead of current 36 days, these will have to be collected in 21 days.
- Ethnic Hungarians living outside the country will be given the right to vote, although details of the system have yet to be revealed. In our view, in the most likely scenario 4-8 extra mandates will be reserved and filled from party lists outside Hungary; all Hungarian citizens living abroad will have the same right to vote for the list.

Electoral system components	Effective voting act	Changes proposed on July 9
Number of MPs	386	approx. 200 (+ representatives of ethnic Hungarians living outside the country? + representatives of national and ethnic minorities in Hungary?)
Number of rounds	2	1
Number of individual constituencies	176	approx. 90-120
Number of mandates on county lists	152	0
Number of mandates on national lists	0	approx. 80-110
Number of mandates based on compensation	58	0
Average number of voters per electoral district	45 thousand	67-89 thousand
Number of proposal coupons needed to field a candidate	750	1500

FLASH REPORT

NEW ELECTION SYSTEM IN HUNGARY: UNDER CONSTRUCTION



Fidesz' political objective and its expected fallout:

- Even as support for Fidesz is shrinking due to its policies, in the foreseeable future it has a good chance of remaining the largest political force in relative terms. If it manages to maintain the current division of the opposition, in individual constituencies Fidesz candidates may win with as few as 30-40% of the votes. This may explain the party's intention to eliminate the second round.
- At the same time, if the opposition can forge an alliance already in the primaries and send
 a single list of nominees against Fidesz, Fidesz candidates can even be defeated. Today it
 is difficult to envision joint action on the part of a splintering MSZP, LMP and yet-to-beemerging political forces against Fidesz, although if a single-round system is adopted and
 mandates from individual constituencies carry more weight, the opposition will have no
 alternative but to join forces.

Political Capital Institute and Social Development Institute analyzes the reform of the electoral system and reports on the operation of the new system and its anticipated consequences with the assistance of the Think Tank Fund of the Open Society Foundations.



Social Development Institute

