

# Gloomy Prospects

*Expectations for 2023*

AN ANALYSIS BY REPUBLIKON INSTITUTE



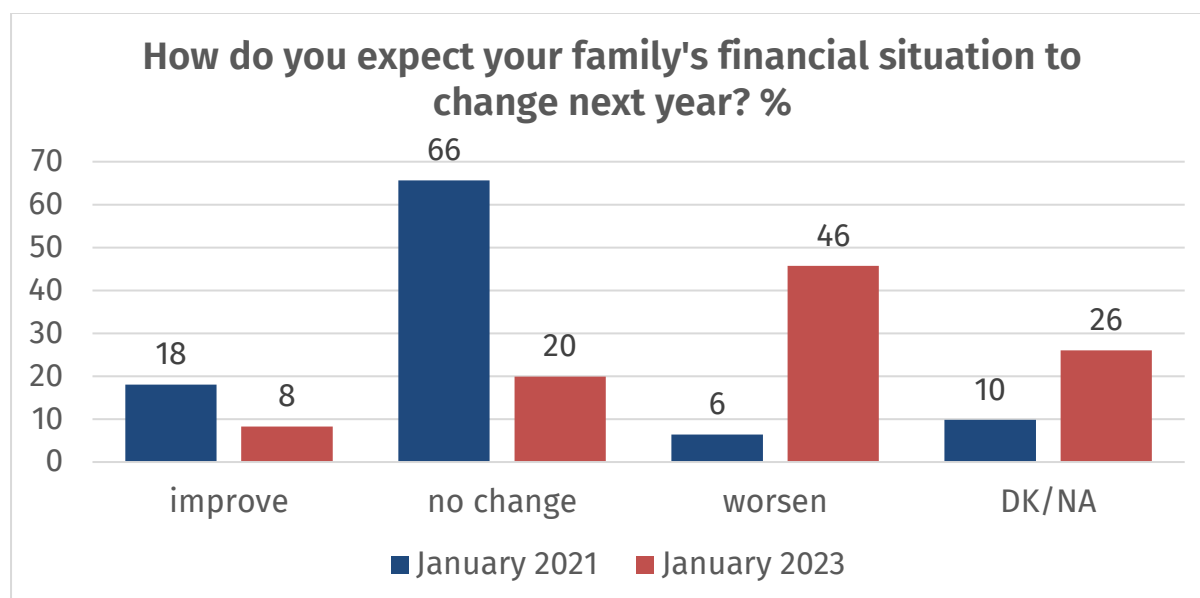
January 2023

## SUMMARY

- Hungarian voters are generally pessimistic about their financial prospects in 2023. Nearly half of respondents expect their financial situation to worsen in 2023.
- At the start of 2021, in the midst of the COVID-19 epidemic, the share of optimists was three times higher than that of pessimists (18% compared to 6%), but by 2023 the share of pessimists is five times higher than that of optimists, so the public opinion has completely turned negative.
- By 2023, the share of Fidesz voters who are optimistic has halved, with 16% expecting an improvement and 31% expecting a deterioration, making the share of pessimists twice as high as that of optimists.
- On the opposition side, optimistic respondents have effectively disappeared, with high levels of financial insecurity and bleakness discernible in their responses.
- The Fidesz government could face a serious challenge ahead of the 2024 municipal and European Parliamentary elections if undecided as well as Fidesz voters believe that the situation in Hungary is bleak, with no solution to be expected from Fidesz.

## RESULTS

The year 2022 was not only a year of parliamentary elections, but also a year of war and crisis. There is no doubt that for many it was a financially and altogether stressful year, but it is difficult to predict what 2023 will bring. This cannot be the purpose of our analysis, since analysis is not prediction; but it is possible and worthwhile to examine how voters' prospects for 2023 are shaping up, and what their expectations are for their own financial situation in 2023. The last time we conducted a similar survey was in January 2021<sup>1</sup>, which we compared with the results of our most recent survey in January 2023<sup>2</sup>.



**Figure 1: Voters' financial expectation in January 2021 and 2023, comparison (%).**

### Gloomy prospects

The majority of respondents are not very optimistic about the year ahead, with expectations well below the previous one in January 2021. Only 8% of respondents believe that their financial situation will improve in 2023. A further 20 percent

<sup>1</sup> The survey is representative of the country's adult population by gender, age, type of residence, and education. The sample is based on personal telephone interviews with of 5000 people between 8 January and 4 February 2021 conducted by Závecz Research.

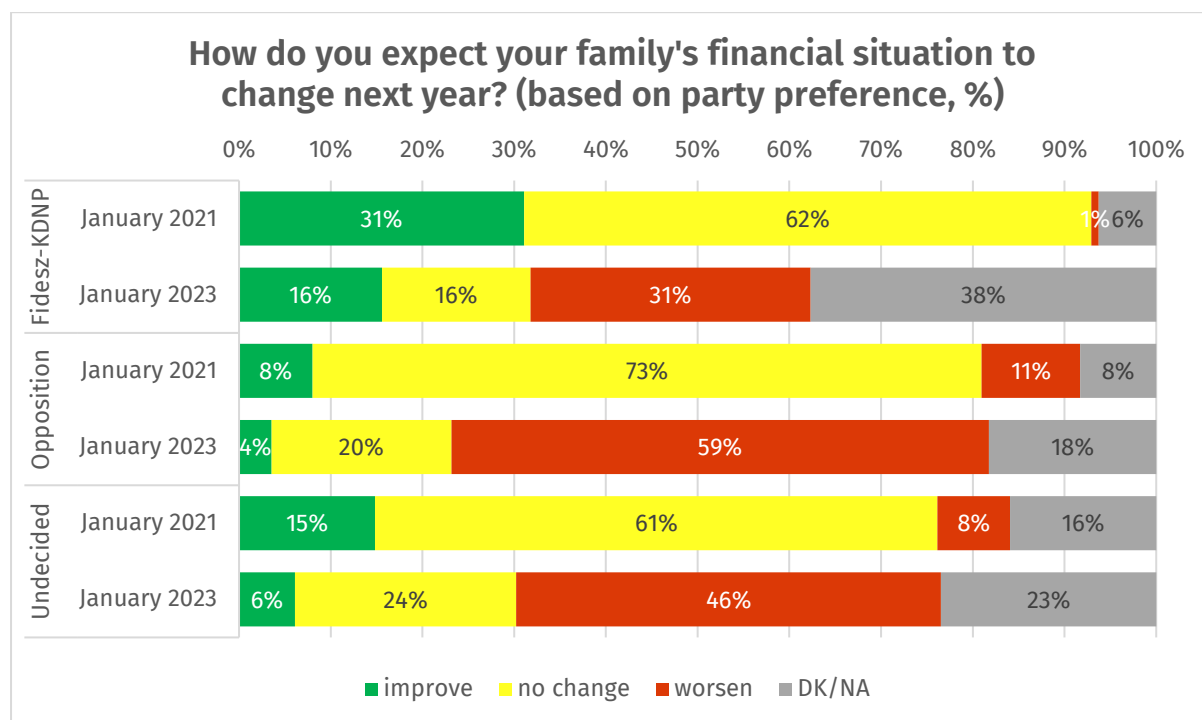
<sup>2</sup> The survey is based on telephone interviews with 1000 respondents between 2 and 6 January. It is representative of the country's adult population by gender, age, education, and type of residence. Margin of error: +/- 3,2%.

expect their financial situation to remain unchanged this year and 46 percent believe that their financial situation will worsen in 2023. More than a quarter of respondents are unsure what 2023 will bring for them. At the beginning of 2021, 18 percent expected their financial situation to improve, while two-thirds of respondents thought their financial situation would not change in 2021. At that time, only 6 per cent expected their financial situation to worsen in the year to 2021, and only 10 per cent were uncertain. A relative majority therefore expect their financial situation to worsen, and nearly three quarters of all respondents either expect it to worsen or are uncertain. At first glance, respondents are much less optimistic about the year ahead than they were in 2021. In 2021, the proportion of optimists was three times higher than that of pessimists (18% compared to 6%), but by 2023 the proportion of pessimists is five times higher than that of optimists, so the ratio of positive to negative outlooks has been completely reversed. In addition, not only the number of pessimists has increased significantly, but also the number of undecideds. Of course, in addition to voters' own assessment of the situation, shifting government communication also plays a major role. Since 2010, the government's communication was based on a success story: not only is Hungary developing, growing, and becoming a more prosperous place to live, but it is also performing exceptionally well internationally. This type of communication is of course still present today, but since around the end of the 2022 elections, the government's communication has also taken a pessimistic, realistic line, acknowledging the economic problems (even if it deflects responsibility) and even that 2023 may be even more difficult than 2022 (consider, for example, the New Year's speech of the President of the Republic). It is no wonder that society as a whole looks in a more somber way into the year ahead.

### **Differences based on party preference**

We also examined how respondents' financial expectations differ by party preference. In January 2021, one third of Fidesz voters expected their financial situation to improve, while only 1% expected it to worsen, that is, the share of optimists was thirty times higher than that of pessimists in 2021. By 2023, the share of optimistic Fidesz voters has halved, with 16% expecting an improvement and 31%

a deterioration, so the share of pessimists is twice that of optimists, with the ratio of positive to negative outlooks completely reversed. Moreover, while only 6 percent were uncertain in 2021, 38 percent of Fidesz voters are now unsure. It can be seen, therefore, that the sense of certainty observed among Fidesz voters in 2021 has drastically decreased by 2023. In the past, it was almost unthinkable for the average Fidesz voter that their financial situation would worsen under the Orbán government (only 1% expected a worsening at the height of the COVID-19 epidemic). Of course, this is not a reversal of Fidesz voters' perceptions, as the government's admission that there is a crisis and that it could be even worse in 2023 has certainly contributed to this reassessment.



**Figure 2: Voters' financial expectations in January 2021 and 2023, based on three-way party preference, comparison (%).**

8 percent of opposition voters thought at the beginning of 2021 that their financial situation would improve that year, but the share of optimistic voters has now halved to 4 percent. While in 2021 nearly three-quarters of opposition voters, 73 percent, expected no change in a year, now 20 percent think so and 59 percent expect their financial situation to worsen, compared with 11 percent of opposition voters being pessimistic two years ago. The share of undecided respondents among

the opposition has also risen by 10 percentage points since 2021, with 18% not knowing what 2023 holds for them. On the opposition side, optimistic respondents have virtually disappeared, with high levels of financial uncertainty and bleakness discernible in their responses. The 2022 elections in April have been a cold shower for many opposition voters, with the protracted Russian-Ukrainian conflict and the largely related financial and livelihood crisis giving opposition voters ample reason to be pessimistic.

Those who are unsure about party preferences are not particularly uncertain about how their financial situation will develop. Overall, the outlook for undecided voters is also gloomier than two years ago, with 46 per cent expecting their financial situation to worsen; this compares to only 8 per cent in 2021. Only 6 percent expect an improvement; in 2021, the share of optimists was 15 percent. The proportions in this group have also reversed: in 2021, the share of optimists was nearly twice as high as the proportion of pessimists, while at the beginning of 2023, the proportion of pessimists was nearly eight times as high as the share of optimists. Among the undecided voters, the share of DK/NA responses has increased by only 8% to 23%, meaning that they are much more confident about their financial prospects than Fidesz voters, so the general trend of undecided voters being more uncertain than confident party voters on all other issues does not hold.

Overall, respondents are significantly more pessimistic and uncertain at the beginning of 2023 than they were in 2021, despite the fact that data collection in January 2021 took place in the middle of the pandemic. Despite the fact that in 2020 and 2021 the pandemic directly affected many people's lives, jobs, education, etc., the material impact of the pandemic did not weigh as heavily on respondents as it did in the current crisis. The continuity of the COVID-19 pandemic was broken by the frequently changing epidemiological regulations between waves of COVID-19 and, more importantly, voters saw the end of the pandemic as soon as it broke out. Despite the ongoing COVID-19 pandemic, life for many is back to 'normal', the consensus is that 'we are over the worst'. However, with the invasion of Ukraine and the current economic crisis, it is not so easy to envisage an end point, a peace, an agreement, when the war can be considered to be over, nor is it clear that the end

of the war will bring economic recovery, a decline in energy or food prices. There is a vaccine for a pandemic but no vaccine for war, so while everyone hopes that the political and economic situation will improve in 2023, few are betting on it.

The Fidesz government could face a serious problem ahead of the 2024 municipal and European Parliamentary elections if undecided as well as Fidesz voters both assume that the situation in Hungary is poor, yet they cannot expect Fidesz to provide a solution, because the government is powerless in its current state to deal with the current economic and cost of living crisis.