ANALYSIS

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Welfare for the Wealthy

The Social Policy of the Orbán-regime, 2010-2017

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- The commitment of the Hungarian state to protect citizens from the hardships caused by the economic crisis already weakened prior to 2010.

- Since 2010, the Hungarian government of Viktor Orbán started to negate the values of the welfare state and the European Social Model explicitly, and proposed to build a "work-based society" instead.

- During the welfare reform processes, consultation with relevant actors has stopped, and the ruling party bypassed normal parliamentary procedures and eliminated veto-players regularly.

- Between 2010 and 2012, the Orbán-government nationalized private pension assets and eliminated the second, private pillar. Disability and early pensions were eliminated. The most vulnerable groups were excluded from the social insurance system, while the pension prospects of those in well-paid jobs and long periods of contributions were made more stable.

- Family policy reforms increased inequalities between families as employed parents with high incomes received formerly unseen resources through the new family tax allowance system and the reform of the child care leave payment. At the same time, families with meagre labour market opportunities or low income lost out due to the lack of upgrading the most important, universally available benefits, and due to harsh cuts in the social assistance system.

Content

Introduction

This paper takes account of the development of social policy of Hungary since 2010, when the right-wing conservative government of Fidesz gained two third majority in parliament. The Orbán cabinet carried out major changes to the constitutional order: checks and balances have been eliminated, and political power has been centralized in the hands of the executive branch and Prime Minister Viktor Orbán. The freedom of media was substantially restricted, and the regime shows autocratic features. Still, elections are free, opposition parties and civil organizations are in place (even if their possibilities to act are increasingly restricted).

It is not at all obvious what effect an increasingly autocratic political system has on social policy. As history tells us, some autocratic regimes can have a rather strong commitment to welfare. A good example is the Kádár era in Hungary between the 1960's and 1980's. This dictatorship provided social rights and increasing wealth to nearly the entire population of Hungary in return for abandoned political rights (see e.g. Szikra and Tomka 2009). At the same time, liberal democracy in itself is not at all a guarantee for the fulfilment of social rights and the protection of citizens from extreme inequalities and deep poverty (e.g. Wilkinson and Pickett 2009).

I argue in this paper that the Hungarian welfare state was not dismantled during the years of the second and third Orbán cabinets. There has been, however, a profound shift in the direction of redistribution towards the better-off. Instead of decreasing inequalities, cleavages according to citizens' ability to engage in employment were increased by social policy. This happened in two ways: Reforms increased the wellbeing of people with stable work and good wages; while they weakened the social rights of citizens with a meagre labour market position. Social transfers thus served as boosters of inequalities rather than as cushions against them.

First I summarize social policy development between 1990 and 2010. I want to point out that there has been continuity in certain social policy fields before and after 2010. Then I turn to the discussion of the welfare state reforms under the second and third Orbán-governments, between 2010 and 2017. As it is impossible to handle all social policy fields within such a short paper, I chose two sub-fields: pensions and family policies. These two fields serve as excellent cases to show both the **procedural** and the **essential** peculiarities of social policy making under the second and third Orbán-governments. In each case I will first describe how decisions were made, and then I turn to the content of the reforms. The trajectory of pensions and family policies between 2010 and 2017 shows how a radical shift in social policy making can be carried out within a very short period of time without any consultation with the public. Finally, I draw conclusions and assess the most important features of the social policy making of the Orbán-regime.

Major trends in social policy between 1990 and 2010

Hungary has a long tradition of a relatively generous welfare state. Bismarckian sickness insurance, old-age and disability pensions existed already before the Second World War. Given nearly full employment under state socialism, social protection was extended to almost the entire population and included cash-transfers, a wide range of services as well as price subsidies. These traditions provided a strong basis for welfare development post-1990. Despite the turbulent turnover of the political and economic system, most of the social policy institutions remained in place and were extended in Hungary in these years, largely protecting its citizens from the harshest effects of the newly established capitalist democracy (Bohle and Greskovits 2012).

The most important social problem during the 1990's was the vast increase in unemployment, stagnating around 10 per cent,[1] coupled with high inactivity rates.[2] This problem not only urged the establishment of a formerly inexistent unemployment benefit system, but also posed serious obstacles to the financing of the social insurance sys-

1 Unemployment rate calculated for the 15-74 years old population, KSH Stadat.
2 Early retirement, disability retirement and long paid child care leaves provided opportunities to leave the labour market without being registered as unemployed.

tem more generally. As a reaction to increasing poverty and social problems, a system of means- and income-tested social assistances was created, largely based on local governments but financed by the central state. Social work services were also set up in every locality to provide consultation and help to people struggling with social and family-related problems.[3]

The unemployment benefit system and active labour market policies were established during the early 1990's. Originally, the unemployment insurance system provided a maximum of two years of benefit, followed by a social assistance for the working-age poor. Since the mid-late-1990's, however, all succeeding governments, regardless of ideological orientation, have cut the unemployment benefit system, and unemployment insurance provided a maximum of nine months of benefit on a substantially decreased level by the late 2000's. Eligibility criteria of social assistance were increasingly stringent and often coupled with arbitrary decisions of local governments that were in charge of distributing it. During the 1990's and early 2000's, people in danger of losing their jobs, and especially those of the older generation, were often directed to the disability pension scheme or were allowed to utilize early retirement opportunities. A major turn of the unemployment benefit system was carried out under the second Gyurcsány government in 2008. Under the name of the "Road to Work Program", still before the outbreak of the economic crisis, participation in public works programs was made compulsory for the unemployed to receive assistance.

The most notable, paradigmatic change in the welfare state was the partial privatization of the old-age pension system during the 1990's. Triggered by the sustainability problems of the pay-as-you-go (PAYG) pension pillar (that financed an increasing number of pensions from decreasing contributions of the employed population) a funded, private pillar was established in 1996 with the active involvement of the World Bank (Müller 1999). The funded pillar was "carved out" of the public, pay-as-you-go pillar, as part of the social insurance contributions were compulsorily directed towards private funds (Simonovits 2011). The newly employed generations had to take part in the mixed (public and private) pension system, whereas older employees had an option to do so. By the late-2000's, two-third of all employees (altogether three million people) became part of the mixed pension system. Meanwhile, similarly to other European countries, the official pension age had been gradually raised since the late-1990's.

The family policy system was also reformed during the first two decades of capitalist democracy, but its major elements, established during the state socialist years, remained intact. Family allowance, the most important cash-transfer, was made universal and available to all families in 1990. The regularly upgraded family allowance effectively prevented most families from falling into deep poverty during the early 1990's (Gábos 2000; Romano 2014).

Hungary inherited a complex set of paid leaves set up under state socialism that was further extended during the early 1990's. The system of leaves consisted of six months of paid maternity leave; two years of insurance-based paid child care leave *(gyermekgondozási díj, GYED)*; three years of *non-insurance-based child care leave (gyermekgondozási segély, GYES)*; and a leave for families with three or more children, providing a flat-rate leave payment until the smallest child's eight years of age, established as an opportunity for "motherhood as a profession" under the first conservative cabinet in 1993 *(gyermeknevelési támogatás, GYET)* (see Inglot, Szikra and Rat 2012).

Tax breaks for families with children were also established in the early 1990's and substantially increased during the first Orbán cabinet between 1998 and 2002. Publicly financed kindergarten covered app. 85 per cent of 3-6-year old children, while public créches *(bölcsőde)* provided daily care for about 10 per cent of 0-3-year old children throughout the 1990's and 2000's. Overall, the development of payments and services was con-

3 The most important of these are the Family help centers (Családsegítő Szolgálat), set up in 1993, and the Child Welfare Centers (Gyerekjóléti Központ) established from 1997.

tinuous, apart from temporary cuts in 1995-1997, as an important element of the austerity package of the socialist-liberal Horn cabinet. While long paid leaves provided social protection for mothers and children, together with the lack of accessible child care for 0-3-year olds, they also hindered the employment of mothers.

The accession of Hungary to the European Union in 2004 led to the harmonization of social policy legislation with the EU law and the establishment of new institutions like e.g. the anti-discrimination Authority for Equal Treatment *(Egyenlő Bánásmód Hatóság)*. The EU also required regular reporting about the efforts of the state made towards the social inclusion of disadvantaged groups.[4] Parliamentary procedures were extended with the compulsory consultation of social partners and civil society stakeholders. Overall, during the early-mid 2000's the country made visible efforts to converge with the European Social Model (ESM) in terms of democratic procedures and also the content of policy making. This did not last long, however, as a divergence from ESM became tangible soon after the accession, already since 2006 (Scharle and Szikra 2015).

Spending on social protection during the mid-1990's was in line with the EU-average of 20 per cent, with a gradual decrease since the mid-2000's to 17.5 per cent in 2010 and Hungary was the only EU country that decreased its welfare spending during the harshest years of the global crisis (Eurostat 2016). Thus, the consensus about the establishment of a welfare state, or, conversion with the ESM had been shaken already prior to the takeover of Fidesz. The poor and the unemployed were increasingly held faulty for their bad fate under the global economic crisis. Stricter eligibility criteria to unemployment benefits, the boost of the punitive public works program, as well as the freezing of the most important family related, universal cash transfers and social assistance benefits came about during 2008 and 2009, under the socialist Gyurcsány and Bajnai cabinets.

4 See the National Social Inclusion Strategies.

The social policy of the Orbán regime, 2010-2017

As we have seen, commitment of the Hungarian state to protect citizens, especially the unemployed, from the hardships caused by the economic crisis already weakened prior to 2010. During the second term of Fidesz, between 2010 and 2014, spending on social protection further dropped to 15.6 per cent. The major difference between the pre-2010 governments and the second and third Fidesz cabinets is not primarily that decreasing resources were devoted to social protection, but rather the explicit negation of the values of the welfare state and the European Social Model. Orbán declared in 2012 that "[…] instead of the Western type of welfare state that is not competitive, a work-based society" was to be established by the cabinet.[5]

Along this line, austerity measures did not affect all social groups equally but were directed to the workless and the most vulnerable groups. Most importantly, the maximum length of the unemployment benefit (based on social insurance rights) was decreased from nine to three months, lowest within the EU. Furthermore, receiving any social benefits or social assistance was linked to the compulsory participation in public works programs, regardless of the educational level of the unemployed. While earlier public workers received the minimum wage, their salaries were now decreased to 60 per cent of that amount. Nearly all resources formerly devoted to active labour market policies, including (re)training, were now channelled to the vast public works program that entailed simple physical work regardless of one's education or skills. These harsh cuts led to the exit or exclusion of tens of thousands of people from the state-run unemployment benefit system. Meanwhile the public works program did not prove to be an efficient tool to foster the return of the unemployed to the labour market (Scharle and Szikra 2015). The public works program, at the same time, was often (mis)used by employers (including the state itself) to re-employ formerly fired employees on lower wages and with weaker social protection.

5 Orbán answered a question of journalists at the 21st Congress of the European People's Party in Bucharest.

"Work-based society" also meant that the governing party now decided to devote formerly unseen resources to the "hard working", that is, people with stable labour market position and good wages. As we will describe in detail below, the most important feature of the social policy of the Orbán regime became the boost of redistribution towards the better-off along serious cuts of benefits accessible to the poor and those with weak or no connection to the labour market. Welfare reforms overall realized redistribution from the poor towards the wealthiest.

Pension reforms 2010-2012

As we described earlier, Hungary adopted a mixed pension system in 1996 that consisted of a PAYG public pillar and a funded private pillar. Entering the private pension tier was compulsory for new employees and was optional for employees who had already entered the labour market before 1996. It was envisaged that future pensioners would receive roughly 75 per cent of their annuities from the PAYG pillar and 25 per cent from their individual private accounts. Many more people entered the mixed system than originally envisioned, with around 3 million members in 2010, altogether about three-quarter of the total labour force. Among the three million members of the mixed system, the majority entered voluntarily, out of whom thousands of employees (especially among the older generations) were in fact losing out financially with entering, compared to the purely public pension system. Reasons for the large number of entrees included, among others, the fact that it was often not the employee but the employer who administratively arranged the entry. The campaign and marketing activities of the private pension companies also influenced the "choice" of employers and employees.

Fidesz opposed the partial pension privatization already back in the mid-1990's. In 2010, the governing party was tightly constrained by the economic crisis and indebtedness. On the one hand, the government wanted to quickly decrease the deficit of the budget to meet the strict macro-economic criteria of the EU (the Maastricht-criteria) and at the same time pay back the state debt as soon as possible. The foremost aim of the cabinet was to get rid of the scrutiny of international agencies, including the IMF, the EU and the EBRD. On the other hand, the Orbán government also insisted on adopting the flat Personal Income Tax (PIT) set at 16 per cent (thus decrease the top-PIT-rate from 32 to 16 per cent) that was to create a huge loss in the budget. Under this (partly self-imposed) tight budgetary situation, the way out was to gain resources from the vast assets of the private pension funds, cumulated since 1997.

The Orbán government managed to implement the reform in an extremely short time, within just a few months, with the usage of "unorthodox" procedures in a parliamentary democracy. The method of "individual member's bill" (formerly only utilized in extraordinary cases) was used to avoid the rules of compulsory consultation.[6] The Constitutional Court, that previously had often served as a protector of social insurance rights,[7] was successfully side-lined with a change of the Constitution that prevented the Court to judge any legal acts that affected the state budget. The government left hardly any time for experts, stakeholders or opposition parties to react or organize.

Although the government reasoned the reform with the alleged fraud of the private pension associations (and their "parent" institutions, i.e. multinational banks and insurance companies), the real reason behind this radical change was in fact the vast burden that the so called *funding gap problem*[8] caused for the state budget, and which became an obstacle to some of the important elements of Fidesz's reform plans.[9] The funding gap problem arose from the fact that while an increasing number of people became members

6 Individual members' bill is an opportunity to by-pass normal parliamentary procedures, including the consultation with opposition parties in parliamentary committees. Later, Fidesz used this method for nearly all important decisions of Parliament, including the enactment of the new Constitution.
7 Under the Socialist Horn-cabinet, in 1995-1996 a harsh austerity package was initiated by Finance Minister Lajos Bokros. Several of its measures related to social insurance rights were held unconstitutional and thus implementation was inhibited by the Constitutional Court.
8 The funding gap problem means a continous problem to finance pensions under the circumstances of the transition from a solely public to the mixed (public and private) pension system.
9 Most of all, Fidesz promised to introduce the flat, 16 per cent Personal Income Tax.

of the mixed pension system year-by-year, actual pensions still had to be financed from the public pension scheme. The Hungarian state complemented the lacking resources of the pension fund from the general budget, which contributed to the budget deficit[10] as well as the indebtedness of the state.

To balance the budget, contributions due to the private pension funds were directed first to the Treasury for 14 months, and the possibility to return to the public pillar was opened in September 2010. Very soon, in late November, a more radical plan to almost completely eliminate the private pillar was introduced to the Parliament by the Minister of National Economy, and it was adopted without public debate or consultation with the opposition by mid-December 2010. Instead of directly confiscating private pension assets, the new legislation proposed extremely unfavourable conditions to those who would stay in the private pillar.[11] To avoid scrutiny by the Constitutional Court on grounds of gained social insurance rights, contributions paid by employers have been re-named to 'social tax' *[szociális hozzájárulási adó]* to which no future claims could be attached. Members of private pension funds had just a month to make a decision, and finally 97 percent 'opted' for the pure public scheme. Contributions by private fund members, as well as all accumulated assets of former members were automatically transferred to the newly created Fund for Pension Reform and the Decrease of the Deficit the management of which has been far from transparent. The operation of private pension funds was made much more difficult, and this is why only three of them actually survived the changes. Meanwhile, quite paradoxically, voluntary private pension schemes were strengthened by the cabinet not least through a possibility of a tax relief of 20 per cent for the payment to the voluntary funds.

The second important element of Fidesz's pension reform was the exclusion of the disability pension scheme from the pension system in January 2012. The intention of the government was to 'purify' the pension system from disability-related benefits.[12] Overall, approximately 100,000 people were directed to the social assistance system and public works programs with much stricter conditions on eligibility.[13]

As a third element of the reform, early retirement pensions were also drastically reduced. Through this reform the re-examination of the health status of people receiving disability pensions also started. With pushing disability pensioners out of the system and eliminating early retirement opportunities, the overall number of pensioners decreased from 2.8 million in 2011 to 2.2 million in 2012, an 18 per cent drop within just a year (HCSO 2014: 5). In the case of civil servants it became, however, not a possibility but an *obligation* to retire at the age of 62 (or the official retirement age – in 2016, 63 years of age). Women with 40 years of contributions, at the same time, could retire immediately without any deduction according to the new legislation. This measure was justified by providing opportunity for women to care for their grandchildren, which would, according to the argument, encourage young couples to have more children. The conservative cabinet thus innovatively linked pro-natalist aims to the pension system.

All in all, between 2010 and 2012, Fidesz *de facto* nationalized private pension assets and eliminated the second, private pillar, and Hungary returned to its pre-1997 mandatory pension system consisting of a sole PAYG public scheme. Meanwhile, disability and early pensions were eliminated. Paradoxically, these measures altogether strengthened the old-age pension systems' economic sustainability without decreasing the pension levels for those who remained in the system. Women were positively discriminated by the new legislation: They can retire prior to the official re-

10 In 2010 the deficit of the budget was 1.2 percentage points higher due to the funding gap of the pension system.
11 The Minister of National Economy announced that those people would not be eligible for the future state pension (75 per cent of one's total pensions) although their employers would be obliged to contribute to that scheme.
12 Disability schemes (together with widows' and orphans' insurance) have been part of the Hungarian pension system since its very onset in 1928 (e.g. Szikra 2009).
13 E.g. in year 2013, 25.3 per cent of revised disability pensioners were sent to the rehabilitation program (a few months) after which they would be only eligible for means tested social assistance in case they would accept public work. http://hvg.hu/itthon/20130321_VG_A_rokkantak_11_szazalekatol_vettek_el (Retrieved 18 November 2017.)

tirement age with full pensions.[14] These positive trends were, however, achieved on the expense of pushing a bulk of disability pensioners out of the old-age pension system and diminishing (other) early retirement opportunities.

The procedural manner of the pension reform, full of "unorthodox" political action, can be considered the dress rehearsal of illiberal democracy. The usual parliamentary methods, compulsorily prescribed by the Hungarian legislation in line with EU requirements, were smartly avoided by the usage of individual members' bills, while possible veto players, like for example the Constitutional Court, were side-lined by the change of the constitution. Formerly existing consultative mechanisms were effectively stopped.

Family policy reforms 2010-2017

Even more than during its first term, between 1998 and 2002, family policy played a central role in the politics of the second and third Orbán governments. After modifying the old constitution several times, the two-third majority was used by Fidesz to unilaterally adopt the new Fundamental Law, in which the ruling cabinet laid down the conservative ideological foundations of its political rule. Central to this ideology has been the "traditional family", the protection of which has been included in the Fundamental Law. Family is defined in a restrictive way as "based on marriage and/or the relationship between parents and children".

Later on, especially during its third governmental term, high-ranking members of Fidesz confessed their commitment to the patriarchal gender order, and, especially since 2017, launched "anti-gender" campaigns, similarly to right-wing extremists throughout Europe (Grzebalska, Kováts and Pető 2017). For example, alongside with the attack against György Soros and the Central European University, an adversary campaign against the Gender Studies Department within CEU as well as the new Gender Program at the Social Sciences Faculty of Eötvös University were launched by the government.

Despite the rhetoric and the enemy based mobilization campaign, actual, concrete family policy measures show a more diverse picture. Besides the promotion of traditional values and the increase of fertility rates among the better-off, these reforms also included elements that positively contributed to the labour market opportunities of women. Traditional values are turned into policies only in a few cases, like for example in the married couples' tax relief or the beneficial treatment of young married couples in the case of housing benefits. The most important cash transfers and services do not link eligibility criteria to marriage or any other traditional gender arrangement.

The direction of family policy reform under Fidesz was set up in a so called "cardinal law" *(sarkalatos törvény)* on Family Protection in 2011. Cardinal laws have a quasi-constitutional legal status only to be modified by a two-third majority of the parliament. Such legislation is rarely used in parliamentary democracies to regulate "normal" policy issues as they effectively bind the hands of forthcoming governments to effect change. The 2011 Family Protection Act states that "the promotion of families is distinct from the system of social provision for the needy. The state provides support primarily to the *responsible upbringing* of children" (highlighted by the author), and this refers to families who have sufficient resources. At the same time, families with unstable labour market positions are not promoted through family policy means. The elimination of child poverty, as one potential aim of family policies, completely vanished from the agenda. Family policy thus concentrates on "working" families and promotes a positive image of the "family". Families coping with social problems are increasingly disconnected from family policies and are relegated to the curtailed field of the social assistance system.

The above ideas were translated into action through the new tax and family policy system in effect from 2011. With the introduction of flat personal income tax (PIT), the minimum wage, for-

14 This means that as opposed to men, the level of pensions is not decreased due to early retirement. We must also note that early retirement is a great opportunity to some women but overall contributes to the low employment rate of women in general and elderly women in particular.

merly exempt from PIT, became subject to the 16 per cent tax rate. Meanwhile the tax refund of low income earners was phased out, decreasing the net income of the lower social strata substantially. On the other hand, the 38 per cent tax rate for the highest income brackets was decreased to 16 per cent, substantially increasing the net wages of the rich.

Targeting better-off families, especially those with three or more children (referred to as "large families"), a new family tax allowance system was established. Families with one or two children have gained 10,000 HUF – app. 30 EUR (7 percent of the average salary) per child per month in 2012), while families with three or more children could keep 33,000 HUF – app. 100 EUR *per child* (23 percent of the average salary). No upper ceiling was applied to the tax benefit, and no compensation or tax refunds were adopted to low-income earners. Naturally, unemployed parents or those working in the grey economy cannot utilize tax allowances. Although "large families" were the prime targets of the new tax system, the two bottom income deciles, even with three children, lost out with the new regime as opposed to the top two deciles that were the absolute winners of the reform (Tóth and Virovácz 2013: 394). People working on minimum wage have been great losers of the reform, as minimum wage was exempt from taxes previously, and now they had to pay 16 per cent. At the same time, those with high incomes experienced a great gain: The highest PIT rate decreased from 38 to 16 per cent.[15]

Another example of how the family policy reforms under Fidesz-KDNP benefitted the better-off is the so-called GYED-extra reform. As noted above, GYED *[Gyermekgondozási Díj]* is the two-year-long earnings-related parental leave provided for mothers with at least one year of full-time employment prior to giving birth. The leave allows mothers (or fathers) to stay at home with their children on a 70 per cent replacement rate of their previous income, set at a maximum of 178,500 HUF/per month (575 EUR) in 2017. The new GYED-extra program allowed mothers to work full time after the first birthday of their children while still receiving the *full amount* of GYED. The age limit was lowered to six months in 2016. GYED-extra thus created an incentive to mothers with a good labour market position to go back to work after their child reached six months of age. This positive goal was however implemented in a rather wasteful way because a benefit (GYED) that is designed to replace income of the mother/father is now fully paid even in the case of employment.[16] The so called "sibling GYED" *[testvér-GYED]* provided the possibility to receive parental leaves "parallel" for two or more kids in case children would be born soon after one another within three years. Unemployed parents or those with short work records, at the same time, received the same extremely low amount of flat rate universal GYES *[gyermekgondozási segély]* frozen at 28,500 HUF (app. 90 EUR) monthly in 2009. Family allowance, the most important benefit received by all families, was not increased either, losing its value by app. 30 per cent between 2009 and 2017. Overall, more money was spent on families in Hungary since 2010. But this increase solely benefitted better-off families through the tax allowances and the GYED-extra program.

Conclusion

Welfare states have a general commitment to the wellbeing of citizens and aim to protect the most vulnerable social groups from extreme poverty and hardship. Actions of the welfare state in a democracy are decided upon in a democratic procedure that not only involves parliamentary debates and voting but also widespread public consultation involving social partners, civil society stakeholders and experts. In this paper we highlighted how the second and third Orbán cabinets explicitly abandoned both the procedural and the essential elements of the democratically defined welfare state.

15 PIT was further decreased to 15 per cent from 2016. It must be noted though that employees on minimum wage often receive part of their salaries „out-of-the pocket". One of the intentions with the flat 16 per cent PIT rate was to decrease the number of informal payments.

16 There are other, less wasteful opportunities at hand to encourage mothers' return to the labour market. For example, the Romanian state provides a lump-sum stimulus for mothers who return to work earlier than the end of the parental leave period. The payment could also be gradually decreased and phased out.

Building a "work-based society" instead of a welfare state means that only citizens who have a stable labour market position deserve the merits of redistribution. In a work-based society social assistance is only possible in return for work. Along this line, the protection of the most vulnerable citizens is only possible if they accept the conditions of the public works program. Moving away from the welfare state and the European Social Model also means that consultation with relevant actors has been stopped. During the reforms, the ruling party regularly bypassed normal parliamentary procedures and eliminated veto players.

Two distinct social policy fields illustrated the above processes. In the case of the pension reform, we have shown the extensive usage of individual member's bill as a means of by-passing parliamentary procedures, the altering of the (old) constitution several times and the "blackmailing" of the members of private pension funds. In terms of the contents of the reform, the private pension assets of three million Hungarians were confiscated and largely spent on decreasing the debt of the state and other, non-transparent purposes. The most vulnerable groups were excluded from the social insurance system, while the pension prospects of those with well-paid jobs and long periods of contributions were made more stable. The better-off can expect higher pensions than prior to 2010.

In the case of family policies, the second and third Orbán cabinets made an especially sharp division between so called "responsible" and "irresponsible" families. The "deserving", "hard working" families received formerly unseen resources through the flat tax and family tax allowance system as well as the GYED-extra program. "Undeserving" families, those who have no sufficient connection to the job market or high incomes, lost out via the increased bottom PIT-rate and the lack of upgrading the most important, universally available family benefits and cutting the social assistance and unemployment benefit system. As Roma families are overrepresented among the unemployed and the poor compared to their overall share in society, and because they also have higher average numbers of children than the non-Roma, they suffered from the reforms disproportionately. This situation is certainly in sharp contrast with the European Roma Strategy, adopted with the active promotion of Fidesz in 2011.

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