7 Recent Trends in Social Policy in Hungary

Zsuzsa Ferge

7.1 BACKGROUND CONSIDERATIONS

7.1.1 The New Political Framework of Social Policy

Before turning to details, the political essence of the new trends should be briefly summarised. By now the collapse of the ‘socialist systems’ is a fact, even though there are considerable differences between the countries.

The Hungarian Kádár-system was a ‘mild dictatorship’. Quite a few reforms were started by the ‘reform wing’ of the then ruling party. Hence the process of structural change, or ‘de-Stalinisation’, has been slower and less violent here than elsewhere. None the less, the elections on 25 March 1990 have shown that the overwhelming majority opted for a clean break with the past: a non-socialist system, with parliamentary democracy and a market economy.

Of the new dominant trends, political liberalism and economic neo-liberalism seem to be the most important. The real issue is – and not only in Hungary – whether political democracy will be a partner of, or dominated by, economic democracy, or, in other words, whether the newly liberated political forces, the new freedoms of organisation and self-defence will be able to check to some extent the newly liberated economic forces. Otherwise – especially because of the dire economic conditions of the country – it may happen that the trade-off between the newly acquired freedoms and the weakening existential securities (job security, income security, etc.) will be negative for large segments of the population.

7.1.2 The Social Policy Background

Before turning to recent trends and current changes, some elements of the social or welfare policy of the East European totalitarian systems need to be highlighted.
The ideological starting point of these systems, Hungary's included, was originally that in a socialist system the economy — operating without exploitation and the profit motive — would automatically take care of all social problems. Hence there was no need for a separate and autonomous social policy. This position did not imply a complete absence of welfare institutions. The ideological view on social policy entailed, though, a number of peculiar features.

The first characteristic was the strong, almost organic connection between economic and social policy. One of the tenets of socialist ideology emphasised the role of work, the legitimacy of 'distribution according to work' — and the non-legitimacy of any other access to income. The corollaries were manifold. One of them was a peculiar employment policy aiming at formal full employment at the expense of economic rationality, assuring full control over the whole labour force by the totalitarian power. The second corollary was that all social incomes (pension, sick pay, family allowance and such like) had to be work related. The emphasis was not on contributions, but on the fact of having a job, preferably employment in the state sector. Those having no employment, and their family members, had no right to any income (including family allowances). (This rule served, in varying degrees at different periods, to discriminate against politically undesirable groups, from political dissidents to all those who worked outside the state sector, including, up to the mid-1970s, members of cooperatives, too.)

Elements of 'distributional justice' were also built into economic policy. Hence the relatively levelled wage distribution, and a so-called anti-rich price system. The price system also ignored economic rationality, but enabled even the majority of the poor to cover their basic necessities.

Despite some of the positive sides of the above mentioned solutions (existential security, the preventive role of employment policy, etc.) a second particular feature followed from the emphasis on work. This implied not only the single-minded accent on 'distribution according to work', but also the acceptance of the Bible's command that 'those who do not work, should not eat'. As a matter of fact, all forms of social assistance were abolished in Hungary in 1950, whatever the reason for destitution. Politics decided that poverty could not exist under socialism. Therefore, its existence was absolutely denied, and the expression itself became for long taboo.

Some forms of assistance slowly crept back from 1960 on, first for the elderly, and later, from 1974 on, for families with children. But