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## Hungary's punitive turn: The shift from welfare to workfare

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## ABSTRACT

The Hungarian post-communist welfare state was created under the neoliberal influence of international organisations while retaining lots of elements of solidarity. The growing social tensions in the mid-2000s due to a second economic crisis in the new millennium led first the left then the right wing governments to shift the post-communist welfare state into a punitive type of workfare system. The article concludes that the political populism of the mid-2000s leading to an undemocratic governance by the 2010s better explains this paradigm shift than – as many authors argue – the neoliberal influence frame.

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## 1. Introduction

The socialist Prime Minister, Ferenc Gyurcsány, said in 2009 that “our new Social Act is the most important Social and Labour Reform Act since the regime change because it puts emphasis on job creation instead of social assistance.”<sup>1</sup> The statement implies that Hungarian social policy had created welfare dependency that should be abolished and underscores the ideology of the workfare program introduced by the socialist government in 2009. A few years later, in 2012, the conservative Prime Minister of the Fidesz party, Viktor Orbán, whose government pursued this workfare program while implementing stricter and more punitive rules, declared that

All countries have to undertake the correction of their welfare states. It is more difficult in the West because they have well-established welfare regimes while it is less difficult in Central Europe because the welfare state has not been fully constructed in our countries. (...) Our program is to create a society based on work instead of the uncompetitive Western type of welfare state.<sup>2</sup>

In 2014 he said: “So far we have known three types of state: the nation state, the liberal state and then the welfare state. The question is, what’s next? The Hungarian answer is the ‘work-based society’. We want to build a society based on work.”<sup>3</sup> He also envisioned “that the latest by 2018 there will be no need for benefits in Hungary because we will achieve full employment.”<sup>4</sup>

These political statements of the two consecutive Prime Ministers, belonging to different political camps, are illustrations of how both of them supported and contributed to the emergence of a new social welfare paradigm. The mid-2000s saw a

<sup>1</sup> <http://szmm.gov.hu/main.php?folderID=21147&articleID=40837&ctag=articlelist&iid=1> (translated by the author) accessed 25.01.2016.

<sup>2</sup> <http://www.fidesz.hu/index.php?Cikk=185467> (translated by the author) accessed 25.01.2016.

<sup>3</sup> <http://mno.hu/tusvanyos/orban-viktor-teljes-beszede-1239645?oldal=2> (translated by the author) accessed 25.01.2016. In this speech, which has been widely cited in the interantional media, the Prime Minister claims that this new society is actually going to be illiberal. He consciously blurs the concept of neoliberalism and liberal democracy; he formulates a critique of neoliberalism but he uses it to denounce liberal democracy and thus he draws the conclusion that the future society should be illiberal.

<sup>4</sup> [http://www.hetek.hu/belfold/201411/utban\\_a\\_segelymentes\\_magyarorszag\\_fele](http://www.hetek.hu/belfold/201411/utban_a_segelymentes_magyarorszag_fele) (translated by the author) accessed 20.01.2016.

radical turn in social policies in Hungary consisting of the shift towards a more workfare type of system where the state's role was perceived to incentivize and activate people to work, and thus end welfare dependency', a legacy of the economic and political transition of 1989. First, the socialist government initiated a public work scheme in 2009 that was a robust extension of an earlier program in terms of numbers and conditions. Certain social benefits had been conditional by law before 2009 but it was not until this new scheme – the 'Pathway to Work Program' – had been introduced that conditionality was actually implemented (Csoba, 2010; Molnár et al., 2014). The extension was a sign of the government's commitment to take radical steps to make the long-term unemployed engage in job-seeking and take up any work activity instead of continuing to be passive social welfare recipients. The conservative Fidesz-KDNP government entering into power in 2010, while claiming to construct a 'new Hungary' by restructuring everything in all policy fields, actually continued in the same direction what the socialists had started a few years earlier with regards to the shift from welfare to workfare. The new conservative government compared to the previous socialist one went further in that it introduced measures that were overtly of punitive nature. The most serious of these measures was the radical reduction of the level of – the already conditional – social benefits for those who were not participating in public work. Similarly, the wage one could earn in public work was also significantly lowered. Additionally, public workers do not enjoy any employee rights, their behaviour assessed by local authorities is a precondition to be engaged in public employment (Vidra, 2012; Szikra, 2014; Vida and Vidra, 2015).

In popular and also in political and academic debates many of the negative outcomes of the political and economic transition of the Central and Eastern European countries from state socialism to market economy – such as long-term unemployment, growing poverty, social exclusion of Roma – are explained as the result of the adaptation of neoliberal policies (Abrahamson, 2010; Huub van, 2012; Szalai, 2013; Makovicky, 2013; Dral, 2008). Drahoukoupil (2007) and Abrahamson (2010) argue that the collapse of the communist system happened right at the time when the hegemony of neoliberalism was at its peak and highly influential in the global economy. It had a direct impact on the transition process; the post-communist countries at the point of adapting the rules of the market while shedding off the confinements of state-socialist planned economies, came under the influence of international organisations and their advisers, who were quick to recommend neoliberal techniques and policies to transform these countries to become market-led. It was in fact not only foreign advisors, as Szalai (2013) claims, who saw marketization as a crucial issue for a successful transition, but also internal actors, certain groups of financial experts and economists, who firmly believed that the implementation of the neoliberal model was unavoidable. Privatization was crucial for the development and advancement of these countries, and marketization was perceived as a precondition for the emergence of a strong civil society. In the same process, the concept of universalism in social policy was challenged and seen as an obstacle for the transition to market economy. Social welfare, as it was understood during communism, was to be abolished: much of the universal and all-embracing welfare and benefits were to be replaced with reduced and targeted allowances.

It was the idea of the pre-mature welfare state (Kornai, 1996) that was behind these policy changes. The assumption was that welfare expenditures weighed too heavy on the central budget in the late 1980s and were partially held responsible for the economic crisis following the transition; to open the way for capitalist and market adjustments, they had to be substantially reduced. This was much in line with the expectations of the international community, the World Bank and the International Monetary Fund. It was not only in the cut in social benefits and the reduction of welfare entitlements that neoliberalism made its impact in the Central East European countries. Neoliberal governance was also put high on the agenda of international organisations when it came to giving advice to the transition countries. The decentralisation of public services, the outsourcing of certain policy areas in social protection and welfare to private organisations was strongly supported. It was a widely shared view that decentralisation will make governance more effective, better, more sustainable and more democratic (Huub van, 2012). While these reforms were welcomed at the beginning by external and certain internal actors, soon after that it became clear that marginalisation and exclusion of some social groups, among them the Roma over-represented (Kertesi and Kézdi, 2011), were the consequences of the neoliberal fiscal and social policy reforms (Makovicky, 2013).

Many authors argue (Huub van, 2012; Makovicky, 2013; Dral, 2008) that the transition from state-planned economy to the capitalist system had a detrimental impact on the social policies of the post-communist countries because the states – voluntarily or not – adapted the neoliberal policies of the time and imply that many of the repressive or punitive social policies introduced later could be seen as consequences of neoliberal governance. However, as I argue, the social policy shift that led to the reinforcement of a punitive workfare regime in Hungary was not an outcome of the early adaptation of neoliberalism supported by international organisations but rather the result of other developments taking place inside of the country. As I am going to demonstrate, taking into consideration changes in neoliberalism – the shift to post-neoliberalism – could serve as a better interpretive frame to explain our specific case of Hungary. For example, it needs to be reflected that although the collapse of the state-socialist planned economy and the transition to capitalism began when neoliberalism was at its height, many of the social policy measures that were taken around this period were not hard-line neoliberal policies. Hungary, for instance, retained a rather generous social benefit system to compensate for the loss of jobs for hundreds of thousands of people after the transition. My argument is that the real turn took place more than a decade later, starting in the mid-2000s and preceding the global financial crisis of 2008, with the growing political populism of the two major mainstream parties and the emergence of a new far-right party. That was the period when the political elite turned against the post-communist welfare system and broke with the welfare policy of the 1990s (Fábián et al., 2014) and began to systematically dismantle it while introducing newer and newer measures that all pointed in the direction of a punitive workfare system.

In this paper I will argue that the implementation of workfare type policies and the rupture in welfare policies has much less to do with the pressures of neoliberalism or the emergence of neoliberal governance around the time of the transition or during the following years than with other internal political developments. The article will interpret this social policy paradigm shift by highlighting some of the distinctive features of the Hungarian workfare system and looking at some of the social and political factors behind the changes. In my exploration I will reflect exclusively on the workfare system instead of focusing on a wider spectrum of social policies because the implementation of this policy instrument illustrates convincingly the rupture that took place in the post-communist Hungarian welfare system.

## 2. Social policy context: post-communist social policy-making in Hungary

The transition from state-socialist planned economy to the capitalist system resulted in the most serious economic crisis of the century in Hungary and in the whole region. This crisis was deeper and longer than any of the previous ones. Due to radical decrease of productivity of the economy and the structural changes, the number of jobs dropped drastically. In Hungary, 1.2 million jobs were lost representing 20 per cent of the total stock (Fábián et al., 2014) and have not been replaced since then. In 2009, the number of jobs was on a lower level than in 1993 (Ladányi, 2012). While the immediate consequence of the economic restructuring led to the abrupt increase of the unemployment rate, the most important negative tendency was not this but the growth of the number of inactive people of working age: it rose from 23 percent in 1990 to 35 percent in 1996 (Fábián et al., 2014). The high rate of inactivity is linked to the low education level of this population. For example, in 2010 the employment rate of those with only primary education was 28 percent for males and 24 percent for females; among the skilled workers the rate was 68 percent for males and 56 percent for females (Messing, 2012, 2013). The rate of unskilled or people with low level of education is higher than in Western countries (Zolnay, 2012) and Hungary is among the lowest range of OECD countries where the employment rate of the least educated is the lowest (OECD, 2009 in Fábián et al., 2014).

The post-communist state tried to compensate for the loss of jobs and the increasing rate of poverty due to the economic transition; hundreds of thousands of people became entitled to various social benefits, making them inactive on the labour market. The governments of the 1990s, besides the relatively generous unemployment benefit system, provided early exit from the labour market in the form of early retirement and disability pension, and introduced a system of assistance benefits (Zolnay, 2012 and Fábián et al. 2014). In brief, the high rate of inactivity is the direct outcome of the social policy of the transition period.

Besides these solidarity type of social policy instruments, the neoliberal influence on the Hungarian post-transition welfare state can also be identified: a so-called bifurcated system of social provisions was created (Szalai, 2013). Although a new Social Act was drafted in 1993 that contained reference to social rights – the concept introduced in the Hungarian legislation for the first time – it also relied on the idea of ‘social justice and efficiency’ that paved the way for a dual system of provisions. It was agreed by the political elite that public money should support only those who are in need, while, the more fortunate ones had access to other provisions such as contribution-based social security, private pension schemes and healthcare. Thus, separating “the two sub-systems for providing efficient and just welfare exclusively for those in need was an inherent part of liberal welfare reforms of the 1990s.” (Szalai, 2013: 9). The dual welfare system also reinterpreted the concept of social citizenship in so much as it lost its universal, all-embracing meaning since the social rights of the employed and the inactive, long-term unemployed became distinct from one another.

While the (solidarity type of) social policy instruments implemented to address the social crisis after the transition were not of a neoliberal nature, the justifying argument to support these measures were. It was understood that once the crisis was over, economic growth would automatically resolve social problems. Thus, the welfare dependency that was the outcome of the new state's social policies, was thought to be temporary (Zolnay, 2012; Bohle and Greskovits, 2012). Eventually, the argument proved to be mistaken: economic recovery took place in the early 2000s but the problem of the low-educated inactive population remained unresolved (Ladányi, 2012). The main reasons lie in the specificities of the Hungarian economic and labour market structure. The unemployability of low-skilled and low-educated people is due to the fact that the jobs created since 1989 require higher qualification. Thus, this population of the low-educated have very little chance to be integrated in the primary labour market, especially if they live in disadvantaged regions (Ladányi, 2012). Furthermore, Hungary lacks small and medium sized family businesses in the service sector that could be the main employer of low-skilled people, as it is the case in Southern countries (Zolnay, 2012). In sum, the economy has been incapable of absorbing this surplus of manpower since the early 1990s. The most vulnerable among the low-educated group is the Roma. This is, however, far from being a Roma specific problem; it affects about 700–800 thousand people of which ‘only’ about one third is Roma. However, they are overrepresented in this socially excluded group by four or five times, while about 40 percent of all Roma belong to this population (Ladányi, 2012).

The social policy instruments implemented by the post-transition Hungary in the 1990s, such as the creation of various entitlements to social benefits aiming to compensate for the loss of jobs, made a large proportion of the population dependent on state subsidies, especially the low-educated whose reintegration into the labour market – given the structural specificities of Hungarian economy – is a highly complex social policy challenge. These provisions were, nonetheless, important to prevent a significant portion of the population from extreme poverty (Zolnay, 2012). However, poverty rates have been on a constant rise: the relative poverty rate (set at 60 percent of the median equivalent income) rose steeply starting in the late 1980s and continued after the change of regime till 1996–97; it increased from 10 to 14 percent (Fábián et al., 2014). From then on till the second half of the 2000s it remained more or less stable but since the mid-2000s it has been on the rise. Between

2009 and 2012 it grew from 13.6 to 17 percent (Szivós and Tóth, 2013). Poverty also has an ethnic face: while about 5–10 percent of the population belong to the Roma minority, 20 percent of them were poor in 2007 while in 2012 one third of the poor were Roma (Szivós and Tóth, 2013). The social policy processes of the late 2000s and the early 2010s – the creation of the workfare system – set the goal of reducing the rate of dependent and inactive population, however, as all evidence show, it did not result in more activity but an increased rate of poverty.

### 3. Public work as a workfare policy instrument

The welfare dependency created by the post-transition governments came about as a crisis management instrument after 1989. The social policies of the first fifteen years after the transition led to the myth of over-subsidisation, which suggested that unemployment benefit and other benefits and allowances provided for the inactive population were sufficient to live idly. Although it is true that the inactivity rate has been high but the claim that this population is over-subsidised is a misconception. First, it has been regulated that the sum of the benefit must not exceed the applicable minimum wage. Second, that the problem is not the excessive benefit rates, but the fact that the wage level in Hungary has been very low and this is especially true of the low status jobs. The result of this is that the wage one could earn through decent work has always been only slightly higher than the rate of benefits (Virág, 2009).

The first workfare type policy – the ‘Pathway to Work Program’ – was introduced in 2009 by the socialist government when public work linked to social benefit conditionality was extended. However, increasingly strict workfare type solutions began not with the introduction of this program but in the early 2000s. That was the time when new legislation came into effect whereby working age regular social allowance recipients had to do public work (Csoba, 2010; Köllő, 2011). Until 2009, however, only 10–15 percent of all allowance recipients were involved in the public work program (Köllő, 2011). The principle of ‘work for benefit’ could not have been fully implemented in previous years mainly due to shortage of funding (Virág, 2009). It was only the ‘Pathway to Work Program’ that took action to increase participation rates: in the first year, the number of 2009 public work participants quadrupled, from 16 thousand to 63 (Csoba, 2010).

The following conservative Fidesz-KDNP government carried on with the previous practice but applied stricter rules. Public work was further expanded to reach planned figures of 165 thousand in 2010, and 203 thousand in 2012 (Messing, 2012). In the meanwhile a new Social Act was passed in 2011 containing harsher regulations. According to the amendments of the new Social Act, if the person entitled to allowance fails to participate in public work or other registered employment for at least 30 days in the previous year, he/she loses entitlement to allowance, that is, remains unsupported. In the new program the monthly pay in public work was lowered to 47 thousand Forints (150 euros) in 2011, which only rose to 52 thousand Forints in 2015. A special minimum wage was created for public work at 70 percent of the national minimum wage while in the previous 2009 public work program the wages equalled the amount of the then applicable minimum pension. In addition, while the level of social benefit was reduced, the number of months in public work also significantly dropped for many, and 8 h a day ceased to be guaranteed. In addition, local governments – the responsible agents of implementing the program – can pass local bills restricting participation in the program if one’s house and garden are found by the local authorities ‘untidy’. In other words, mayors and local authorities can assess if the person has accomplished his or her community duties. The local authorities also have the right to reduce the payment of public workers in case, for example, if they are indebted with communal payments. Socially public work is often stigmatising, and it often worsens working morals due to the humiliating nature of the work participants have to do. Furthermore, public workers do not enjoy a minimum of otherwise accepted employees’ rights. The current arrangement of public work may be regarded a punitive type workfare policy, with the clear aim of disciplining, changing the behaviour and possibly punishing poor people (Virág, 2009; Messing, 2012; Szikra, 2014).

The actual implementation of the public work is in the hands of local governments and one of the detrimental effects of the scheme in its current form is that it creates and reinforces local power relations and hierarchies, the ‘patron and client’ type of liaisons. The poor and the unemployed, many of whom are Roma, are in an extremely vulnerable situation in face of the local authorities and often of the mayor him/herself. They depend on the personal intentions of local officials which brings about a system where social justice and equity is arbitrary (Vidra, 2012; Szikra, 2014; Vida and Vidra, 2015). It is all the more true as public work as a policy instrument has gradually become almost the only tool local governments had to design their local social policies. Other measures and funds for benefits, which had been distributed on the local level, have been reduced or eliminated.

During the years public work has become the dominant means of social policy interventions. Politically it has been legitimized as the most adequate and effective social policy instrument targeting the long-term unemployed and inactive population despite the fact that all studies assert that public employment does not increase the employability of the long-term unemployed, it is an ineffective instrument: only slightly more than 10 percent of the participants found employment on the open labour market and this rate has been decreasing since 2011. In fact, being in the public work scheme worsens the chances of people to become employed (Molnár et al., 2014). As many argue, as the public work scheme occupies over two-thirds of the active labour market policies budget, there is no fund left for real effective measures that could assist the unskilled and unemployed to be reintegrated in the primary labour market (Messing, 2013). However, public work improves the labour market statistics: two thirds of the new jobs in the country come from the public work figures that push the unemployment rate under 10 percent (Köllő, 2011; Bass, 2010; Messing, 2013; Szikra, 2014).

#### 4. Interpreting the hungarian workfare regime

To interpret the developments of the Hungarian workfare regime, we propose (1) to contextualize the case in the neoliberal shift and post-communist welfare regime nexus and (2) to highlight some of the social, economic and political factors responsible for the shift from welfare to punitive workfare.

- (1) As we have seen, it is a common argument that the adaptation of neoliberal principles in the post-communist countries and in Hungary led to the radical transformation of the earlier universal welfare regime by reducing social policy expenditures and turning the system into a discretionary one. However, the case is more complex. Hungary belongs to the post-communist type welfare regime that is distinguished by some contradictory elements such as the increasing liberalization of social policy on the one hand and solidarity and universalism on the other hand (Aidukaite, 2011). The influence of neoliberalism is therefore not that straightforward and we need to look into some of the issues concerning the 'state of neoliberalism' to see how a post-communist country like Hungary developed its welfare regime.

As many argue (Jenson, 2010; Abrahamson, 2010), neoliberalism of the Washington consensus type is no longer supported by the international organisations. It was after the oil crises when the welfare state as it developed in the post-war period was declared to be in crisis and blamed for many of the wrongs that resulted from the period's economic hardships. However, this type of neoliberalism was replaced around 1997 by the 'social investment state'. Thus, it is more correct to speak about the post-neoliberal period (Abrahamson, 2010), which has various manifestations. The most important of them are 'intrusive liberalism', 'inclusive liberalism' and the 'social citizenship' model (Mahon and Macdonald, 2010). According to these authors 'intrusive liberalism' retained strong elements of neoliberalism and its main feature is that it puts emphasis on the 'stick' type of social policy instruments such as cuts in benefit rates, tightened eligibility requirements, short term employability programs and involves increased state surveillance over family survival strategies. It also adapts paternalistic politics whereby the behaviour of the poor and the marginalized are to be changed so that to make them fit the labour market and after all the global economy. 'Inclusive liberalism' (Mahon and Macdonald, 2010; World Bank, 2002; Craig and Porter, 2005), on the other hand, sees the solution in applying 'carrot' type social policy instruments with the aim of achieving human capacity development. So while benefits are not supported, wage subsidies, training and education are seen as important for having a more productive labour force. Finally, the 'social citizenship' model that is less of a reality than at most a political agenda of resilient local communities, refutes both previous models. It is claimed that both are built on the neoliberal agenda and therefore to go beyond, the classic Marshallian rights-based approach should be restored (Mahon and Macdonald, 2010).

The evolution of the Hungarian welfare system after the collapse of state socialism could be seen as a shift from the post-communist type of complex welfare regime (Aidukaite, 2011) characterised by neoliberal and a mix of post-neoliberal elements to a sheer intrusive type of post-neoliberalism. After the transition until about the mid-2000s, or more specifically until 2009, the system contained elements of social citizenship, universalism, the social investment state and of classical neoliberalism. For example, after the regime change, as part of the democratisation process, the Social Act of 1993 declared the social rights of the citizens. That was a considerable step since in the communist regime social provision and protection was not linked to social rights and social rights protection. Certain elements of universalism were also retained, such as universal family allowances. Some other important measures and policies could be defined as the social investment characteristic of the welfare state, such as the expansion of the school system and a gradual rise of the educational level of the whole society. With regards to the neoliberal elements, the most important is how poverty and the poor were handled in the post-communist welfare system. It became a selective and discretionary system with targeted social policies and social protection for the poor. The provisions for the poor were handed over to local governments in the name of decentralisation who set their own criteria of means-testing (Szalai, 2013).

The first expansion of the public work program in 2009 signalled the beginning of a new era. The social investment character of the state – 'inclusive liberalism' – has been replaced by policies typical of 'intrusive liberalism': cut in social benefits, policies aiming to change the behaviour of recipients, state surveillance on family's life, and others. This led to the abuse of social rights and social citizenship of the lower classes, the long-term unemployed with no education or low skills. Being a public worker means that one is exposed to the arbitrary treatment of the local government and the status incurs no rights protection. A more punitive and a more authoritarian system has been developed replacing the previous system that still had a lot more solidarity characteristics (Vidra, 2012; Szikra, 2014; Vida and Vidra, 2015).

In fact, as we have said, although the transition took place when neoliberalism in its classical form was the dominant ideology of international organisations that were advising the post-communist countries on welfare reforms (Abrahamson, 2010), the countries still retained a mixed system (Aidukaite, 2011). Thus, the neoliberal pressure was not so overwhelming and 'welfare culture', a concept to refer to the resistance of the post-communist countries to the neoliberal challenges (Szikra and Tomka, 2009), could have its impact on the changes. However, regarding the specificities of the Hungarian workfare system what it had become by the 2010s implies a divergence from that post-communist model. The first workfare type programme introduced by the socialist government already had lots of the elements of the later scheme, although it did not contain openly punitive measures. The conservative government, also relying on the earlier decades' populist demand on spending less on the benefits for the poor, had been turning workfare into an all-embracing policy targeting the unemployed and long-term unemployed by gradually cutting down on conditional benefits and hoping to achieve a 'benefit free' system



where all poor and inactive people will be employed in workfare. This goal is reflected in the gradual expansion of the workfare program by giving budget for more and more public work employment positions.

- (2) How and why this shift could take place that led Hungary out from a 'not so bad' welfare regime with elements of the inclusive as well as the social citizenship model to the clearly intrusive liberal system? How do we explain the success and popularity of the new workfare regime while all evidence suggest that this policy is extremely expensive and ineffective? How do we account for the fact that there is strong popular support as well as (almost univocal) political consensus to carry on with the workfare policy while both professional and international experiences prove that public work in its current form as a social policy response to address the high inactivity rate or, in a more populist formulation, to end the welfare dependency of a 'parasite', 'lazy' population, is a dead-end policy solution and would not lead to more labour market integration of the long-term unemployed (Koltai, 2012; Vidra, 2012; Messing, 2013)?

There are various explanations for the social and political factors behind the shift from the post-communist welfare regime to the new type of workfare, such as welfare chauvinism, racism, political populism, and the rise of the radical right.

Hungary went through a period of economic prosperity between 1997 and 2006 after the deep crisis of the post-transition years. However, a new economic decline started before the 2008 global economic crisis and this had an important impact on social policy. As many argue the economic downturn was the result of the oscillation between expansionary fiscal policies and austerity measures from the early 2000s: "The political cycle has produced a series of unbalanced growth periods, followed by spells of austerity. This has further eroded trust in the political system as a whole and in political actors in particular. Reinforced distrust – much of it already inherited from the communist past – leads, paradoxically, to further pressure on governments to follow unsustainable paternalistic policies." (Fábián et al., 2014: 5). The whole process should be understood in a more general framework which purports that the politics of redistribution started to dominate the political discourse in the mid-2000s. There has been a growing demand for government redistribution related to the also growing level of perceived and unacceptable income inequalities. So the population expects government intervention in social policy, or put it differently, wants a more paternalistic system (Fábián et al., 2014).

In general, the extension of the public work scheme – the workfare programme – as a policy instrument was designed as a response to this popular demand underscored by strong trends of welfare chauvinism. Successive governments since the early 2000s have been thus capitalising on the myth of the over-subsidisation of the 'idle poor' – many of them perceived to be of Roma – living comfortably on social benefits, which eventually lead to an increasingly strict principle of workfare. As it was found (Fábián et al., 2014), in international comparison attitudes that provide a fertile ground for welfare chauvinism are very high among Hungarians. The high level of perceived conflict between social groups and the low level of social capital helps legitimize punitive measures. Also, the Hungarian population attaches high value to individualism and believes that success is primarily the outcome of personal diligence and effort. It follows from this that poverty, on the other hand, is seen as the result of personal behaviour such as laziness that is a good foundation for gaining the support for workfare policies. Strong welfare chauvinism and the increasing dependency of the political elite on the popular demand to have more redistribution have mutually reinforced one another and led to the uncritical acceptance of the workfare policy.

Partly due to the inadequate social policies of the post-1989 period and the new economic downturn, by the mid-2000s social tensions between the lower classes, the working poor, and the often ethnically stigmatized underclass became more manifest. Consequently, the workfare scheme was welcomed not only by the political elite but also by a great number of social actors, such as mayors who – as the ones responsible for the implementation of the program – saw this as an opportunity to appease local tensions between the working poor and the welfare recipients. This put tremendous political pressure on the socialist government (a majority of mayors were members of the Socialist Party or supported by the party) who eventually introduced the first extended workfare programme in 2009.

In the meanwhile, as the general population was inclined to accept to put the blame on the poor and the Roma for all social wrongs, the new far-right party, Jobbik<sup>5</sup>, could build its successful politics on anti-Roma rhetoric (Káracsony and Róna, 2010). The mainstream parties – the socialists and the conservative Fidesz – instead of distancing themselves from the far-right party, became open to subtle or less subtle anti-poor and anti-Roma rhetoric. This happened along with the introduction of more and more populist and eventually punitive social policies. This is not to say that the far-right was the main driver of this paradigm shift, but its appearance and strengthening did influence mainstream parties in what social policies they introduced. Some even argue that the main driver of the harshening policies of workfare introduced by the conservative Fidesz-KDNP government is the result of its constant efforts to attract voters from the far-right (Szikra, 2014).

The rise of populist politics in the mid-2000s – related to the Hungarian economic downturn, the deepening political polarization of the country, the strengthening of the far-right – eventually led to the anti-democratic politics of the conservative government starting in 2010 which in general had "devastating consequences for social rights" (Szikra, 2014: 487).

<sup>5</sup> Jobbik was founded in 2003. It gained 15 percent of votes at the 2009 European Parliamentary elections. In 2010, 2014 the party came third at the parliamentary elections right after the Socialist Party.

## 5. Conclusions

The Hungarian post-communist welfare state was created addressing two opposing demands. On the one hand, the classical neoliberal principles of the period – decentralisation, marketization, privatization, means-tested, targeted benefits, and others – had their impact through international organisations and also supported by certain internal actors. On the other hand, the state aimed to mitigate the social consequences of the economic crisis of the time and provided various entitlements for people who lost their jobs – 1.2 million jobs disappeared as a consequence of the economic restructuring. Albeit this social policy prevented many from falling into extreme poverty, it also created a huge inactive population without any chance to ever return to the primary labour market. Throughout the years, this generated social conflict between the working poor and the benefit recipients and, more importantly, created a myth of welfare dependency and over-subsidisation of the long-term unemployed and inactive population – a significant proportion of whom were Roma. The consecutive left and right wing governments eventually turned their back on the post-communist welfare state – a welfare regime with elements of neoliberal as well as solidarity policies – and by the 2010s turned this into a punitive workfare system.

The article's aim was to explore this change and argue that this shift could not be explained by the influence of neoliberalism during and after the transition period, as it is claimed by many authors. It proposed to contextualize the shift rather in a post-neoliberalism frame and see what social, political and economic factors could be identified behind the punitive turn.

The Hungarian post-communist welfare system (and in fact, also other post-communist welfare systems) did not become a pure neoliberal regime but rather a mixed one with a wide range of different types of social policies. Evidently, neoliberalism did not have an exclusive impact on the new welfare regimes and therefore the neoliberal frame cannot explain the new workfare regime of the 2010s. The post-neoliberalism frame, however, may give us more insights as to the type of system that came about. This frame does not imply external influences of any kind as opposed to the neoliberal frame, it rather helps to evaluate the type of regime we are analysing. Post-neoliberalism, replacing the classic neoliberal principles in the mid-1990s, has different manifestations, such as the intrusive, inclusive and social rights model. The Hungarian welfare system till the mid-2000s could be described as a mixed welfare system containing elements of all three post-neoliberal models which gradually turned into a monolith system resembling most the intrusive type of post-neoliberal model. In my article I proposed to give account of the shift by looking at the most important economic, political and social changes of the 2000s. As explained, the type of post-communist welfare system that came to life after the transition was responsible for creating a huge proportion of inactive working age people. It had a backlash as it continually fuelled welfare chauvinism as well as racism. The strongly polarised political elite facing a new economic downturn in the mid-2000s, responded with ever stronger populism to the growing social and economic crisis. Political populism was further accentuated by the emergence of the new far-right party as a strong political actor. First, it was the socialist government which responded to the popular demand to put an end to welfare dependency. A workfare scheme was established aiming to integrate the inactive population into the labour market through a public work programme. The subsequent conservative government coming into power in 2010 continued the programme and went further in that it introduced clear punitive measures. After the populism of the early and mid-2000s, the 2010s saw the emergence of anti-democratic politics. The type of workfare regime that came about is thus the direct consequence of this shift from populism to a system characterised by the dismantling of many of the democratic institutions.

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