

**SOCIAL POLICY REFORMS IN HUNGARY: TOWARDS A DUAL-EARNER  
MODEL?**

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Recent scholarship has revealed strong interest in the analysis of changes and new directions in the gendered nature of the welfare state in post-communist societies. The stresses and strains of transition have rendered these states a true “laboratory of experimentation” (Esping-Andersen 1996, p. 27). A key question in new research was what has been the direction of change? Have these states followed neo-liberalist ideas favored in the United States and Canada and promoted by major global financial institutions like the World Bank and the International Monetary Fund (IMF) or have they adopted egalitarian welfare models of the European states? Answers to these questions have rejected a previous notion of welfare homogeneity in Central and Eastern European states. Instead the field offered a more nuanced assessment of trends in gendered welfare development across the region, identifying discernable trends towards a strong pro-natal focus in family policies and a variety of forms of maternalism, or re-familization patterns, that emerged in these states (Fodor, Glass, Kawachi and Popescu 2002; Glass and Fodor 2007; Saxonberg and Swelewa 2007; Szelewa 2007; Teplova 2007).

This paper examines the political processes and gendered outcomes of welfare state formation in Hungary, a country that according to many analysts by mid-2000s developed a more comprehensive policy system for assisting mothers in combining work and family responsibilities than neighboring post-communist states (Szelewa 2007; Szelewa and Polakowski 2008; Glass and Fodor 2007; Rostgaard 2002). Hungary was the first to abandon income-tested approach and move towards universal provisions (Rostgaard 2003; Szelewa and Polakowski 2008). In the late 1990s, Hungary re-introduced the universality principle in awarding family allowances while the Czech Republic, Poland, and Slovakia continued to apply income-testing. The Hungarian government also introduced universal insurance-based child care benefit for a moderately long maternity leave, while three other countries introduced means-testing and longer maternity leave policies running the risk of channeling poor women away from the labor market (Kammerman 2004; MISSEEC II 2003). Despite serious economic downfall, the Hungarian welfare state was able to maintain an extensive coverage of public nurseries and kindergartens and keep a pre-transition enrollment rates (e.g. 11% and 10% of children enrolled in nurseries in 1989 and 1997 respectively; 85% of

children enrolled in kindergartens in 1989 and 1997) (UNICEF 1999; Makkai 1994; Rostgaard 2002).

Is Hungary developing a truly egalitarian gendered welfare model? A nuanced analysis of political processes and a closer look at new family policies in Hungary demonstrates a marked continuity of a state socialist pro-natalist focus and identifies a new emphasis on a differential treatment of women and families according to their class and ethnicity. New family policies establish and strengthen class and ethnic hierarchies by promoting middle class employed women and families and marginalizing poor women, unemployed women, and Roma families. This paper will trace recent changes in employment, economic development, and social policy, with particular attention to policy goals and objectives. This examination seeks to identify political, ideational, and institutional factors, which could explain the Hungarian trajectory towards “public maternalism” promoted by center-right parties and women’s movements groups. The study reveals that an unusual partnership between center-right parties and women’s movements in the late 1990s played an important role in shaping Hungarian family policies.

The paper proceeds as follows: first I will take a historical look at the Hungarian family policy development in the twentieth century to reveal some of the major trends and identify continuities in contemporary policy profile. Second, I will review the political processes since the collapse of the communist regime focusing on major political parties and women’s groups.

### **Historical Roots of Family Policy in Hungary: Pre-Communist and Communist Period**

The Hungarian system of welfare support and support to families appeared in the early days of the twentieth century. Before the World War I it was based on several acts regulating social security issues mostly for the state employees: a family allowance for civil servants was introduced in 1912 (Szikra 2005). The allowance of 20%-50 % of average monthly income covered only working men who had three or more children. After the WWI when Hungary became an independent state, a family allowance became an instrument of a nationalist state, which set strict ethnic-based eligibility criteria. As a result of several regulatory acts adopted in the 1930s, special quotas were established for Jews, Romanians,

Roma, and Slovakian families; essentially, only ethnically Hungarian families had unrestricted access to this family allowance. In 1939 family allowance was extended to all workers (Tomka 2004). In addition, Hungary adopted the first maternity leave of 12 weeks for working mothers in its efforts to stimulate birth rates.

The Hungarian state and nation building strategies also included the creation of first daycare centers. The first state-run daycare was opened in Budapest in 1879. In 1891, the attendance of kindergartens became mandatory for all middle-class children between 3 to 6 years old (Bicskei 2006). The daycare services became quite wide spread across the Hungarian urban areas and were sustained in the interwar period and during the communist times as well. This historic continuity may explain why Hungary was able to sustain quite high enrollment rates in kindergartens after the collapse of the communist regime: the kindergartens in this country were not products of the communist era as in many other Eastern European post-communist states, which could make them sustainable during the transition.

During the communist time, welfare provisions were integrated into centrally-planned economy, which abolished a system of self-governing social insurance funds established after the WW I and replaced re-distribution by a central distribution of goods and services for working people based on full and obligatory employment enforced by the state. The aim of the new communist state was to build a strong industrialized economy as well as to quickly compensate for a population loss in the World War II (Bicskei 2006). The maternity leave became the main instrument for encouraging women to have children. In addition, the government has broadened the system of kindergartens to include children of working parents. Thus, the daycare system under communist regime was designed for working families and was not limited by class and race consideration. Essentially, the Bismarkian principle of welfare state introduced by early pre-communist social security system was abolished. The new Hungarian Constitution and the Labor Code recognized the principle of gender equality in the labor market and in social security and recognized family policies as main strategies for ensuring these principles (Swiatkowski 1981).

The most significant changes in regard to parental leave were introduced in late 1960s. First, in 1965 the maternity leave was extended to 20 weeks (Haney 2002). Second in 1967, a new parental leave was introduced: it guaranteed 6-month-leave with a 100% of an

average monthly income reimbursement allowance (known as GYES). The provision maintained pension entitlement and job security. In 1969 the leave was extended to the child's 3d birthday with a flat-rate compensation (Fodor 2004). In 1982 fathers became eligible for childcare leave, but only after the child's first birthday. A parent also could combine parental leave with half-time employment and still receive full cash compensation (Sándorné Horváth 1986). In 1985 another type of leave for mothers was introduced, covered by an earnings-related benefit (GYED) up to the first birthday of a child. This program, provided 65%-75% of the previous income depending on whether the parent had at least two years of employment before the birth of a child. From 1987 parents could use this benefit until the second birthday of a child; the benefit became taxable in 1988. Job security and pension entitlements were attached to the income-related programs as well, but the parent was not allowed to work during this leave. The non-taxable benefit could increase with the number of children but the earnings-related benefit did not. The former was popular mostly among women with low wages, and the latter was considered as a stimulus for well-educated women (Adamik 1991). Hungary was the first communist state to introduce a differential system of parental leave designed to target people of different class backgrounds. Income-based entitlements and universal-based entitlements were thought to stimulate birth rates among different type of working women: low wage - low skill workers and professional women.

In addition to parental leave, the communist Hungary maintained a generous system of family allowances (paid per child until child's 8<sup>th</sup> birthday). It was extended to all industrial workers in 1948, although it was still attached to a male breadwinner who had three or more children. In 1959 the program started to cover agricultural workers with more than three children, and industrial workers with more than two children (Haney 2002). The right to this family allowance became universal, meaning that class and racial basis for eligibility of an earlier entitlement were removed. In general, we can characterize the communist provisions as an attempt to stimulate low birth rates and combat excesses in labor force by gearing women to longer parental leave and away from active participation on the labor market. These trends became more apparent in late 1960s-1970s, when Hungary experienced a serious drop in fertility rates, population losses due to emigration, which intensified during the late 1960 and 1970s, and a stagnating economy with few new jobs.

The communist state expanded the system of nurseries and kindergartens, which were part of state pro-natalist campaign as an attempt of reconciliation of work and family responsibilities of working women. The system of full employment and a developed childcare infrastructure lead to a prevalence of dual worker families. In contrast to pre-war period, when childcare centers tended to put emphasis on education of young children, the communist state aimed to relieve a working family from caring responsibilities (Bicskei 2006). Two basic kind of childcare centers were developed: nurseries – for children under 3 years old, and kindergartens – for children from 3 to 6 years old. The coverage was quite comprehensive across the country: in 1938 23% of Hungarian children age 3-6 attended kindergarten; in 1984 nine out of ten Hungarian children age 3-5 attended kindergarten (Andorka and Harcsa 1992).

The nurseries were supervised by the Ministry of Health and often run under hospitals or as part of hospitals. The kindergartens were run by the Ministry of Education which supervised their educational curriculum and set goals for development. Kindergartens were run by industrial enterprise for the children of workers, or municipalities for state workers. The central state government did not involve itself in financing of nurseries and kindergartens; they were financed by local authorities of different level and by enterprises (Bicskei 2006). The local supervision of daycare system was quite unique for communist state which usually saw the central government involvement. This could be another reason why Hungarian daycare system was able to maintain high enrollment rates during the post-communist transition.

Overall, I note several trends in Hungarian family policies of late communist era: first, a strong pro-natalist focus aimed to boost lowering fertility rates by introducing maternity and parental leaves with generous pays and child allowances. Second, an attempt to reconcile work and family responsibilities for working women by providing public childcare services for children age 1 to 6. Third, an attempt to steer mothers to a caring sphere becomes noticeable in the 1980s as the length of parental leave for low-paid and professional women increases. This was an attempt to combat hidden unemployment which became apparent in a stagnating economy of late 1970s and 1980s. Finally, a communist state seem to move away from a racial differentiation between different families by providing universal family allowances to all families with children and introducing a universal flat-rate

parental leave. It was a recognized progress as compared to quota-based provisions of the pre-World War II family policies (Ferge 2001). The next section will analyze policies of the post-communist governments.

### **Social Policy in the Post-Communist Period: Three Successive Governments**

In Hungary, as in many other countries of the region, the system change of 1989 was followed by a severe economic crisis, which entailed a significant drop in GDP and in personal incomes, collapse of a financial system, rapid growth of unemployment, and hyperinflation. The economy returned to the growth trajectory in 1995, but the GDP reached its 1989 level only in 1999 (Ferge 2001). The economic hardship had severe consequences for social capital: rates of poverty went up, social inequality increased rapidly, the stability of families was shaken, and fertility rates went down. Regional, class, and ethnic inequalities multiplied: the risk of poverty increased among lone parents, Roma minorities, and low-skilled professionals (Szívós and Tóth 2000). In the time of transition, social policies underwent several important changes, which reflected political ideologies of elected governments and were often used as political instruments to win potential votes (Ferge 2001). For the first government, the IMF and World Bank recommendations served as a blueprint for cutting welfare spending and redesigning social policies on an income-tested basis; for the third and consequent governments political support of middle class population became an important guideline for social policy course. As a result, although universal principles for family allowances were reintroduced, policies as a whole favored middle-class voters, while the economic situation of Roma minorities and low-income individuals deteriorated (Förster and Tóth 1999; Ferge 2000; Fodor 2005; Glass and Fodor 2007). These changes in social policies of the transition period in Hungary reflect the role of the government, its political goals and ideologies. To better demonstrate this link, I will build my analysis around three post-communist governments, who shaped current Hungarian family policies.

***The first government*** (1990-1994) was made up of conservative and nationalist parties who formed a coalition on a basis of a “social market economy.” Serious social welfare restructuring was not part of their original electoral campaign centered on the issues of new political institutions, separation of powers, decentralization of central authority and

policymaking, creation of an independent Constitutional Court and other agencies, and a development of a viable tri-partite system (Ferge 2001). Although this government did not intend to curtail social spending, it had to introduce important changes to social welfare under pressures from the IMF and the World Bank, agencies that supervised Hungarian post-communist transition and fueled a stagnating economy with international loans. Under these pressures, public health was transformed into insurance-based provision in 1992. Another act established a new system of pension funds, which were separated from the budget in 1989. The Employment Act of 1991 established new institutions on the labor market and introduced unemployment benefits. The Social Act of 1993 set the guidelines for new social assistance programs and the operation of welfare institutions. Voluntary insurance was introduced in 1993 (Ferge 2001).

***The second government*** (1994-1998) was a socialist-liberal coalition with a socialist majority. At the beginning, the government embraced social-democratic values and policies. But with the introduction of the Bokros Plan in 1995, an austerity program aimed to revitalize the Hungarian economy, it pursued a neoliberal program. The role of the state in welfare and social provisions diminished. The government changed universal provisions to income-tested ones; most benefits were cut, and eligibility criteria became much tighter. Welfare cuts did not produce gains for the state, only 6% of families lost their benefits, but the popularity of the government was seriously shattered.

The 1997 Law introduced a three-pillar pension system: public insurance PAYG scheme, privately managed plans, and individual voluntary savings plans. The 1997 Child Protection Act introduced new forms for assisting families with children, its main mechanism relied on tax credits. The 1998 Act on equal opportunities for people with disabilities created avenues for encouraging employers to higher disabled individuals. Overall, the policies of the socialist-dominated government had a clear neoliberal character.

***The third government*** (1998-2001) represented by conservative Christian and nationalist parties. The main explicit turn of a new social policy course was geared towards the “middle class”, “the middle class family,” and the Hungarian nation (Ferge 2001). Nationalist rhetorical, pro-natalist measures, and the emphasis on “jobs, education, and order” became cornerstone features of a new government (Ferge 2001). Despite conservative nationalist rhetoric, a mix of new social policies is quite peculiar. Some measures had social

democratic features, like the universal family allowance reintroduced in 1998. Other measures could be described as autocratic, like the abolition of the health and pension public boards and consequent nationalization of these insurance funds in 1999. The introduction of bi-annual budget plans significantly decreased the role of parliamentary supervision over the state budget. Conservative policies entailed the cuts in unemployment provisions, the abolition of income compensation for the unemployed, the introduction of workfare, restriction of eligibility criteria for social assistance programs, which included some policing among “problematic groups,” like Roma, and selective privatization of some healthcare services, hospitals, and clinics (Ferge 2001). In regards to family policies, the main focus of policies was on the increase of tax allowances for families with children, which clearly was more beneficial for upper-middle class and middle class families, rather than low-income families or lone parents. A home building program was another policy designed to support upper middle-class families with relatively high incomes who could afford mortgages. Overall, all three governments pursued mixed policy goals, which often did not reflect their proclaimed ideological positions. But with the third government in power, it becomes clear that their policy course geared to support upper-middle class and middle class families of Hungarian ethnicity.

### **Current Family Policies and Benefits**

The family allowance remains the main family benefit available to Hungarian parents. Its level increases up until the third child, and this is how the Roma families with many children are losing this benefit, as many analysts argue (Ferge 2001; Glass and Fodor 2007). Lone parents and children with disabilities receive a higher allowance than two-parent families. The allowance was employment-related until 1990, universal until 1995, means-tested between 1995 and 1998, and it became universal under the third government in 1998. The real value of family allowance fell by 50 percent between 1990 and 1998, and it fell by a further 30% between 1998 and 2004 (Glass and Fodor 2007). Even if it is a universal allowance, the real value of it decreases steadily over time.

While introducing a universality principle, family allowance encourages school attendance. For children younger than 6 years old, the access to allowance is unconditional. But for children over 6 years old the rules of access to this benefit stipulate that the

allowance is provided only if children regularly attend school (Ferge 2001). In particular, if the child has more than ten hours of school absence without a medical reason, the principle of the school has to notify local administration office, child protection services, and the public guardian authority to start the investigation of the case and potentially revoke the benefit (Ferge 2001). Overall, the monitoring report by the National Institute for Family and Social Policy finds that the administration of the school attendance allowance is very problematic and suffers from shortages in personnel and resources, on one hand; on the other hand, the allowance and its punitive measures are not effective tools for helping children with problems and neglected children (National Institute for Family and Social Policy, 2001). But for the 1998 conservative government, the connection to school attendance in exchange to a family benefit became a way to enforce its pre-electoral campaign principle “jobs, education, and order.”

Another important child benefit is a tax allowance for children reintroduced by the third government in 1999 after being abolished in 1995. It is differentiated only by the number of children. In contrast to a family allowance, the amount of a child allowance increases in real value especially for large families, because it represents a proportion of family income rather than a flat-rate cash benefit. But in order to deduct the allowance, the family should pay enough taxes. About 60-70 percent of Hungarian families with children use this allowance in full (Glass and Fodor 2007). Smaller families usually are more likely to use the allowance in full than larger families due to income discrepancy. Thus, the allowance is geared toward middle-class and upper middle class families.

A pregnancy supplement is another benefit reintroduced by the conservative government. It first appeared in 1992 as a universal cash benefit available to women from the third month of pregnancy. It was phased out in 1995 and reintroduced in 2001 but as a tax allowance, which means that poor women do not receive it.

In 1997 the second government instituted support to poor children by adopting the Child Protection Act. It is a statutory income-tested child protection support designed for families with income below 80 percent of the state minimum wage. In this case, each child in a family has right to receive 20 percent of the minimum wage. The number of recipients of the Child Support benefit rose from 650,000 to 800,000 from 1997 to 1999, which made the authorities believe that many of the recipients cheat the system. The Act was amended in

1999 to tighten the eligibility conditions and allow local authorities to set additional tests and home visits to restrict and control access to this benefit.

The budget of 2001-2002 modified the calculation and the scheme for the child support once again. The benefit was renamed to “supplementary family allowance,” it became a flat-rate benefit rather than a proportion of a minimum wage, which allowed the government setting its own rate (Ferge 2001). Moreover, the local authorities were given additional powers to impose tests in order to reach out for “the truly needy” families. Overall, the benefit for the poor deteriorated over time and many eligible families could not claim this benefit due to tight eligibility checks.

The third government reintroduced a three-tiered maternity and parental leave benefits for women of different socio-economic background. These three leaves steered women to a home sphere encouraging taking long care leaves and staying at home with children. The first leave is a universal flat-rate maternity benefit (GYES) paid until child’s 3d birthday, which was a means-tested entitlement from 1995 to 1998. The second type of benefit is a child support grant (GYET) for mothers of three and more children child care grant, the government introduced universality principle to this previously means-tested benefit. The flat-rate amount of these two benefits together is equal to the states’ minimum wage. These two entitlements lost about 30% in value since they have been first introduced due to inadequate indexation. The GYES scheme is designed to assist low-income non-professional families with children. About 200,000 women relied on this assistance in 2002; they belonged to the poorest population group. The universality principle introduced in 1998 did not change the lot of unemployed and low-income women and did not affect the situation of middle-class women with children, because they could choose income-related maternity benefits, which constitute a sizable proportion of their income (70% of their wage). Thus, a universality principle did not significantly change the number of applicants for GYES as it remains the maternity benefit for the poorest women.

The third type of provision is an income-related maternity benefit (GYED). It was phased out in 1995 and reintroduced in 2000. It amounts to 70% of an average income, capped to a maximum; the cap significantly increased in 2001. In 1999 only 25% of mothers used the GYED, because of the low employment rates among young women with children. In 2000, the proportion of GYES recipients to GYED recipients constituted 63 to 37 percent;

and the gap between two benefits constituted 200 percent (Ferge 2001). This demonstrates that government benefits favor the small group of upper-middle class citizens; whereas benefits for the majority of Hungarian citizens have deteriorated with time. Overall, Ferge notes that flat-rate benefits did not increase in value since 1990; the only benefit that did increase by 30 percent was a tax allowance, which benefits well-to-do families the most (2001). But comparatively speaking, Hungary established one of the most comprehensive systems of maternity and parental leave support benefits in Europe; its income-related benefit is quite generous. The experts note, however, its remarkable objective to establish differential treatment of women by socio-economic status.

Changes in family policies pursued by the third government reflect the main ideological views stated by the Prime Minister in his February 2001 speech (cited in Ferge 2001):

There are different policy solutions for different families and their needs. There are some Hungarian families who worked hard to achieve and preserve high standards of living in the past ten years. When these families think about having children, they consider whether an arrival of a new child is not going to negatively affect their quality of life, which they worked hard for. Well, these are legitimate concerns, I believe that families who work hard and properly educate their children, should pay less taxes. And there is another type of families. Children are born into such families without much concern of income and living standards. The problem with such families that parents cannot take proper care of children, they often do not have jobs or enough money to provide decent education to their children. These families should not be supported to have more children; the children will arrive anyway.

It is the “decent” and “deserving” families the Hungarian family policies are designed to support; this statement reflects a clear socio-economic bias of the Hungarian government and its new policies.

The government pursues the support of working women by providing access to affordable childcare centers. In Hungary, the rates of children’s enrollment in public nurseries changed significantly during the decade of transition: 13.7 percent of children below age 2 were enrolled in nurseries in 1990, in 1999 the number of children dropped to 8.8 percent (Fultz, Ruck, and Stinhilber, 2003). But the enrollment rates in kindergartens for children from 3 to 6 years of age did not change at all: 86 percent of children attended kindergartens in 1990 and in 1999 (Lukacs and Frey 2003). The actual number of children

enrolled, and the number of childcare places available have changed: about 17,000 places were lost since the transition, but at the same time about 30,000 fewer children were born. The overall decrease in fertility rates explains how Hungary could preserve similar rates of childcare enrollment when so many childcare centers were closed down. Most kindergartens in Hungary are run by local governments. Government often subsidizes childcare for poor working families or single parents. Overall, the analysts note that compared to other post communist states of Central and Eastern Europe Hungary scores high in terms of affordability and availability of childcare (Szelewa and Polakowski 2008). In the past few years, Hungary also succeeded in changing the quality of childcare developing high educational and care standards for public childcare centers.

### **Family Policies and Social Indicators: Employment, Poverty, Social Rights and Gender**

Family policies shape life experiences of women and men, determine their chances to get and keep a job, become poor, and struggle with long-term unemployment. In this section, I will briefly review some statistical trends in post-transition Hungary in regards to employment, unemployment, poverty, and fertility, and try to evaluate possible effect of family policies on these social trends.

State socialist countries were notable for their high rates of female participation in the labor market. Women and men were obliged to work; the employment rates were reaching 80-90 % across the region. Economic restructuring and market transition forced governments to abolish inefficient enterprises and radically restructure labor market relations. The most obvious and alarming trend of the transition period was a steep decline in employment and rising unemployment rates. In Hungary employment rates declined from 80% in 1990 to 60% in 2001 for all categories of workers; gender differentiation demonstrates that female employment rates were lower than those of male: 75% and 52%, and 83% and 67% respectively for women and men in 1990 and 2001. This gap in employment clearly demonstrates that women were more likely to lose their job than men during the transition and in a post-transition period. In 2002 the gender gap constituted 16%. People with less than upper secondary education were at higher risk of losing job with only 41.3% of people in this group being employed. The gender gap in this category of workers is as high as 19.9%. Long-term unemployment is quite persistent in Hungary: 41.1% of unemployed do

not have jobs for over twelve months. But Hungary scores better than the Czech Republic (52.6%) and Poland (45.3%) (Fodor 2005).

Some analysts note that lower employment levels of Hungarian women can be explained by an early retirement age for women – 55 years old, which was enforced by the socialist state, where early retirement was considered a privilege (Fodor 2005). In a market-regulated economy early retirement became an impediment for women's ability to compete for jobs and save enough money for retirement benefits. Hungary has increased the age for retirement eligibility setting it for both female and male workers at 62 years old; the change, however, will be implemented gradually. If we to consider employment rates of women between the ages of 25 and 54, we find that the rates in Hungary are similar to those in the European Union with 70% women being employed (Fodor 2005).

The unemployment rates in Hungary in 2001 were higher for male workers than for female workers: with 6.3% and 4.9% respectively. This difference can be explained by higher likelihood of a male unemployed worker than a female unemployed worker to register with the state unemployment office. Overall, total unemployment rate was 5.6% in 2001, but according to the World Bank, in 2007 unemployment rate climbed a high 8%. The decline in economic activity propelled by global recession affected the employment rates in Hungary. It is important to note though that unemployment in Hungary is clearly a racial issue: among Roma minority the unemployment rate reaches 70% with Roma women having less opportunities to work, and thus being more likely unemployed than Roma men (Ferge 2001).

Maternity leave policies available for non-working women as well as availability of informal work also could contribute to the fact why women do not register as unemployed to receive unemployment benefits. In fact, non-working mothers receiving state supported childcare benefits cannot claim unemployment benefits; this significantly reduces the number of registered unemployed women. This can suggest that public policies available to women steer women away from the labor market. This public regulation is especially influential for women in the low-income bracket.

Poverty is a problem and it has worsened since the transition in 1989. According to estimates based on the subsistence level calculated by the Hungarian Statistical Office, in 1996 the proportion of those living under the subsistence level was at least 35 percent. Using the European definition of poverty as being 50 percent lower than the per capita average

wage, then 14 percent of the population was poor in 1996 (Gábos and Szivós, 2005). Poverty in Hungary is disproportionately high among children, peasants and agricultural workers, housewives, and the handicapped. Geographically, poverty is higher in villages than in urban areas, with approximately 28 percent of the village population living in poverty, but only 18-19 percent of the city-based population and 5 percent of Budapest living in poverty. Poverty is especially high among Roma community. In absolute numbers, the majority of poor people are Hungarian, but in relative terms, a sizable percent of Roma population live below the subsistence level. Some 80 percent of Roma lived in poverty, compared to just 15 percent of non-Roma in 1996 (Gábos and Szivós, 2005).

To summarize these trends analytically and evaluate a possible effect of family policies, I conclude that generous leave and job protection policies, as well as developed childcare centers explain high employment rates among women from 23 to 54 years old. Women choose career routes and employment rather than having large families. About a million of Hungarian households have one child, another 650 thousand households have two children; about 210 thousand households have three or more children. It is clear that despite government efforts to increase fertility rates especially among “deserving” population, child birth rates are quite low in Hungary and are in decline since the beginning of transition. Fertility rates were at 1.8 in 1980 and in 1990 and steadily declined to 1.3 in 2000. This sharp decline is not surprising for the region as a whole, for instance, Poland and the Czech Republic experienced even steeper fertility drops during the time of transition.

Poverty remains an important social problem, and as the research suggests welfare and unemployment benefits deteriorated in real value since their introduction which adds to poverty persistence. Although poverty rates dropped significantly since the mid-nineties, this problem is especially acute among minorities, low-skilled professional, and in rural areas. Family policies which took a three-tiered route add to these discrepancies, steering people of different socio-economic class along divergent routes. Overall, family policies with a heavy emphasis on tax-related support benefit middle-class and higher-middle class families.

### **Determinants of Family Policies in Hungary: Theoretical Considerations**

Comparative scholarship suggests that the form and content of political mobilization affects policy formulation. How these factors have influenced the direction of policy reform

in Hungary in the post transition period? In this paper, I will consider three important explanations of welfare state formation generally recognized as important actors in shaping welfare policies in Western capitalist democracies: a centralized working class, who often acts through trade unions, political parties in power, and social mobilization, which in the context of family policies refers to women's movement and women's mobilization.

It is generally recognized that centralized working class supports the development of welfare policies; in contrast, countries with weak and decentralized unions often develop residual welfare policies, such as those in the United States. The effect that centralized working class has on the modality of social policies largely depends on the alliances of trade unions with other political actors. In Scandinavian countries, for instance, a strong centralized working class is strongly affiliated with Social Democratic parties, and is found to support egalitarian and universal welfare policies (Esping-Andersen 1990; Korpi 1989). In countries with strong conservative forces, often represented by strong Catholic Church, working class mobilization often leads to conservative policy arrangements that privilege a male breadwinner and offer less support to women's paid work (Esping-Andersen 1999). These states provide little if any support for maternity leave, childcare, or any other type of family provision. Thus, in addition to looking at the political strength of the working class, scholars of welfare policy formation also analyze the general content of trade union's goals as well as gendered outcomes of their alliances.

Feminist scholars have critiqued the power resource model of welfare state formation for disregarding a gendered perspective on policy development. In a comparative analysis of welfare regimes, feminist analysis investigated the links between policies and gender inequalities (O'Connor, Orloff, and Shaffer 1999; Orloff 1993, Sainsbury 1994). This research suggests that policy arrangements influence a wide range of gender-specific outcomes, including labor force participation, career paths, labor mobility, and gendered poverty gap (Casper, McLanahan and Garfinkel 1994; Kaplan 1992, Lewis 1997; Meehan and Sevenhuisen 1991; Hantrais 2000).

Women's movement literature has demonstrated how women's political mobilization has shaped both the substance and the form of welfare policies (Bock and Thane 1991; Koven and Michel 1993; Misra 1998; Skocpol 1992). Widely recognized as an important factor in shaping policies, women's political mobilization, including voting behavior,

lobbying, protesting, participating in political campaigns, has not necessarily promoted policies that encourage women's paid work or represented the interests of all women (Lewis 1993; Misra 1998). Policies supported by women's groups often reflected class and racial biases of women reformers (Gordon 1994; Mink 1995). Therefore, to understand the link between welfare arrangements and women's mobilization, it is important to consider policy frames of women reformers, as well as racial and class characteristics of a women's movement.

Any type of social mobilization, including centralized class and women's mobilization, is refracted by government in power. Strong women's movement in the United States was suppressed during the era of conservative government in the 1980s (Ferree and Martin 1995; Katzenstein and Muller 1987). Working class is more likely to form alliances with Labor Party in Norway than with Norwegian liberal parties. The ideological composition of national parliaments has an impact on policy outcomes. National parliaments are comprised of elected deputies nominated by different political parties. Political parties have established agendas on issues of gender equality in the workplace. Research demonstrates that the *left – right ideology* influences party position on gender equality and equal opportunity of men and women (Esping-Andersen 1993; Mazur 2002). Left parties are found to be supportive of gender equality whereas right parties are less responsive to demands to accommodate women-workers on the labor market (Christensen 1999; Costain 1992; Mueller 1987; Stetson and Mazur 1995). Morgan and Zippel find that right-wing parties supported family care leave policies in several West European countries (2003); similarly we can find that right parties supported maternity and parental leave policies, but opposed other gender equality policies promoted by the EU. In general, the scholarship on social movements and women's movements views political parties as a political opportunity for explaining the success or failure of the movement (Banaszak 1996; Bashevkin 1998; Costain 1987, 1992; Gelb 1989; Hellman 1987; Katzenstein 1987; Katzenstein and Mueller 1987; Mueller 1988; Ray 2000). Political parties provide or deny access to political participation by social actors, including women's movement actors, create realignments within the political system, which can be negative or positive for the women's movements. They also can bring influential allies in support of women's policies. Thus, it is crucial to consider parties in power and their gendered policy positions, as well as their alliances with

women's movements or other social forces. This, three-actor-model will drive my analysis of family policy formation in Hungary after the collapse of the communist regime.

Hungarian trade unions are politically weak and decentralized. Strongly associated with the socialist planned economy and the communist party, trade unions were largely discredited after the collapse of communism and remained political marginalized in the post-transition period. As a result, working class interests were not articulated during the policy debates on welfare reform in the early -1990s and in the 1995, when the government austerity program the Bokros Plan went into effect. This program hurt the working-class people the most since their wages decreased significantly and lost its value to the inflation; they also could not rely on government support programs as most of the family programs became means-tested. Thus, it is safe to say that trade unions did not have a significant effect on family policy development in the post-communist Hungary.

But social mobilization took place in Hungary, especially in response to government austerity program. Thousands of middle-class women mobilized against the means-tested programs by voicing their opposition to social policy changes in the courts, in government offices, on the streets, and in voting booths. It is an interesting political fact that women's movements found support of right-wing parties against the socialist parties in power and challenged the redefinition of states' responsibilities towards the families and working mothers.

Women marched on the streets of Budapest shouting slogans "We are still Mothers!" (Haney 1997). These women thought of themselves as deserving of benefits based on their working status and being mothers. The mobilization of middle class working women in 1995 and 1996 reflected their ideas about welfare entitlements promised by the socialist state, but dismantled by the socialist parties in power. These women called for universal eligibility for maternity and family policies, including paid parental and maternity leave, family allowances, and child allowances (Glass and Fodor 2007). The long tradition of women's labor force participation was appreciated by women; but as they strived to combine their job and family responsibilities, they challenged means testing in family provisions, which most severely affected professional middle-class and upper-middle class women.

Despite the protests, the parliament pursued the Bokros Plan and adopted other unpopular measures, e.g. it eliminated some parental benefits and introduced stricter

eligibility criteria in 1996. Women mobilized in opposition to the government policies did not disband, they continued the protests. At stake was a three-year long parental leave for working women supported by the state. In their rhetoric the phrase “right to parental leave” became a crucial one. In their protests, women’s groups established an alliance with the center-conservative party Fidesz. Eventually Fidesz adopted the agenda of middle-class women against the liberal reform in exchange of women’s support in the next parliamentary elections. In 1998 elections Fidezs ran on a strong maternalist platform aimed at restoring family benefits for all women, especially maternity and parental leave policies. The party was very successful in gaining support of women of different socio-economic strata, but most importantly professional middle-class urban women (Glass and Fodor 2007). After an easy defeat of an unpopular socialist government, the newly elected center-right coalition restored universal eligibility for family welfare policies mixed with family and child tax benefits. This political alliance explains the shape of Hungarian family policies, geared to support professional middle class women of Hungarian ethnicity with a strong maternalist emphasis.

### **Conclusion**

After two decades of transition from state socialism to market economies, the reforms of family support policies in Central and Eastern European (CEE) countries reflected changed perceptions about need, redistribution, gender, and work and family responsibilities. These reforms were the result of a compromise based on the institutional legacy of the old regime, the advice of international agencies, and the need for legitimacy and support from the middle class (Deacon 2000; Brusis 2000). First reforms by the post- communist governments changed the entitlements to family allowances, which were employment-based under state socialist regime. In the early 1990s, the principle of universalism guided the provision of cash support to families across the region with the goal of compensating for the loss of job security and wage subsidies. By the mid-90s, the fiscal crisis and the policy recommendations of international advisors compelled a number of countries to introduce income testing to channel benefits to low-income families. Since this point, policy approaches have diverged widely in the former communist countries depending on fiscal conditions, cultural and religious pressures, and party politics. An examination of family policy developments in Hungary demonstrates the change in policy trajectory from the

socialist era to a current system of family support. Current Hungarian provisions for families and working women are known as most generous in Europe: it has a three-tiered system of maternity and parental leave, a wide range of family and child allowances, a very developed system of kindergartens and nurseries with high enrollment rates. A closer analysis of family provisions, however, reveals a class and ethnic bias with policies supporting working middle-class and upper middle-class families the most. A brief historical look at policy development shows that current family policies are hard won in protests and campaigns by mobilized women groups who represented the interests of middle class and upper middle class professional women with children; interests of poor, unemployed, and low-skilled women were not voiced in this campaign, and thus, remained marginalized in current welfare system.

**REFERENCES: by request from the author.**