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Original Paper

Fighting the Demographic Winter—An Evaluation of Hungarian Family Policy for the Last Ten Years

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Abstract

These days as well as the past decades, the demographic relationship between European countries is best characterized by low fertility rates and the resulting aging population and low birth rates. Members of the European Union, including Hungary are faced with similar issues in the stagnation and decrease in the number of births and the fact that the total fertility rate does not meet the 2.1-value necessary for a population's reproduction. The European Union does not have a family policy and member states have different needs on a national level. Each country uses various methods to combat the challenges resulting from a "demographic winter" based on their own cultural background and financial capacities. This study examines the increase in fertility rate in Hungary between from 2010 to 2019 which occurred despite the fact that women tend to have their first child at an increasingly older age. As a result of Hungarian family policy, the fertility rate in Hungary increased from 1.25 to 1.55 during the past decade. In my study I'm going to examine the actions that led to this. This study will also give credence to the fact that a coherent family policy can have positive effects on demographic processes.

Keywords

economic theory of fertility, family policy, demographic winter, public expenditure for family benefits, fertility rate

1. Introduction

The world's population is continuously increasing, but in certain countries a decrease in the total population can be observed. At the same time there is an aging population in every country. The world's population continues to increase, although at a slower pace since 1950 because of the decrease in fertility rates. According to estimates, the world's population, which was estimated to be around 7,7 billion in 2019, will increase to 8,5 billion by 2030, 9,7 billion by 2050 and 10,9 billion by 2100 (United Nations, 2019). There are several potential reasons for the increase in population in spite of a decrease in fertility rates. The total fertility rate decreased during the past few decades in several countries. Half of the world's population lives in countries and areas where the lifelong fertility rate is lower than 2.1 live births/woman, which is the necessary rate for a population's growth rate to reach zero. In contrast, the fertility rate was higher in 2019 in other parts of the world such as sub-Saharan Africa (4.6 live births per woman), Oceania (excluding Australia and New Zealand (3.4), North Africa and Western Asia (2.9), as well as Central and South Asia (2.4).

The current study examines the effects state allowances for parents have on the number of births. Our calculations confirm that state allowances for families support women in having children. By managing to reconcile having children with their career, further increase in the number of births is projected through the mitigation of calculated opportunity costs. The current study provides empirical findings regarding the connection between state allowances for families and birth rate. The main goal of our study was to determine how family allowances and other factors determine the timing of having children and the trend in birth rates. Many believe that the change in the family allowance system encourages women to postpone or maybe even have children earlier, although it has no effect on the fertility rate itself. We also examined the factors that could lead to an increase in fertility such as the effect the change in the housing situation has on the willingness to have children. In this study I examine the change in the total fertility rate and the number of newly built homes in Hungary post 1990.

Studies concerning parenthood primarily employ demographic and sociological questions, methods and approaches, but lately to a certain extent economic considerations have emerged as well. The sociological viewpoint focuses on the societal, institutional and individual decisions that affect the willingness to have children. Demographic questions aim to answer how these same events and processes determine the size and composition of a given population. For this purpose, the results of sociological studies are used regularly as starting points (Spéder, 2003).

For economists it is important to analyze economic factors that have the greatest effect on these same events and may directly influence their outcome. An example would be how state allowances for families affect the willingness to have children and the number of births, that is, how the construction of new houses effects the fertility rate. While conducting this study I made sure to showcase all three viewpoints and allow them to complement each other's arguments.

2. The Study's Goal and Methodology

The goal of this study is to present the family policy of the Hungarian government, its measures, financing and results. A further goal was to examine how effective these measures were in breaking previous negative trends regarding fertility and whether a positive trend can be expected in the future. At the same time, this study does not concern itself with making numerical predictions. For this study I used the Hungarian State Court of Audit's relevant studies, documents related to relevant government measures and programs, relevant legislation, the databases and thematic publications of the Hungarian Central Statistics Office, Eurostat, OECD and the UN, as well articles and studies related to the subject.

3. The Development of the Total Fertility Rate and the Effects of Inadequate Reproduction in Europe

Family patterns changed drastically in the past fifty years because of the new trends in choosing partners and the willingness to have children. The 1960s saw an end to the so called "Golden period", with a high rate of marriage and births at a relatively early age, and when a low rate of divorces and non-traditional families were the trend. Currently traditional family patterns and diverse types of relationships coexist (European Commission, 2016). Almost every European country has a lower fertility rate than the rate of population change. Marriage and parenthood have shifted to older ages or have disappeared entirely. Both marital and non-marital relationships have become fragile, even between couples with children (Oláh, 2015). Therefore, family diversity requires the modernization of family policies. We must consider new forms within the family as well as the needs of "non standards" families.

That being said, modernization is a multifaceted concept, as family policies include a wide range of government interventions concerning several aspects of the lives of women, men, couples, parents and children (Thévenon-Neyer, 2014). All this includes the reconciliation of work and family obligations, the mobilization of the female workforce, the advancement of equality between the sexes, ensuring the financial maintenance of social support systems, overcoming poverty for children and families, advancing child development and child wellbeing in general during their formative years (OECD, 2011). Total fertility rate is one of the most commonly used fertility rate indicators. It shows the number of children a woman would give birth to during her life if the fertility data of a given year became permanent. By examining the cross-section data, we can calculate how many children a woman would have if the woman's likelihood of having a child during her life is similar to other women's willingness to have children during a given period. Of course, in reality this isn't how someone's lifepath unfolds, and because age specific fertility rate changes every year, so does TFR. TFR is therefore sensitive to changes in the timing of having children which could result in this value fluctuating during several years and this is important to note. On the other hand, this is still the best indicator to describe fertility relationships even if there is a distortion during periods when there are potential changes in the willingness to have children.

TFR is the most widely used indicator internationally as well (Kapitány, 2015). The total fertility rate is the average number of live-born children a woman could potentially birth during her lifetime if her fertile years would conform to the fertility rates of the given year and their age. Therefore, this rate shows the completed fertility of a hypothetical generation which is calculated by adding together women's age specific fertility rate during a given year (assuming that the number of women is the same in every age group). Total fertility rate is used in determining reproductive level fertility; in developed countries a rate of 2.1 is considered the replacement level (United Nations, 2019).

During the past decades Europeans had fewer children on average. This pattern in part explains the decelerated increase in population in the EU (see: Population and population change statistics). The most commonly used indicator of fertility is the total fertility rate: This is the hypothetical average number of children born to a woman during her lifetime, if she spent the years where she is able to conceive in accordance with her age specific fertility rate. In developed countries a total fertility rate of 2.1 live births per woman is considered to be the appropriate value which is the average number of live births for a woman necessary to keep the population stable in the absence of migration. Under the value of 1.3 live births per woman, the fertility rate is often termed "lowest-low fertility". The total fertility rate can be compared between countries as it considers changes in the size and composition of a population. In 2019 the total fertility rate in the EU was 1.53 live births per woman (in contrast with the value of 1.54 in 2018 (Table 1). From the low point in 2001 and 2002, the total fertility rate increased to 1.57. In 2010 this was followed by a slight decrease to a value of 1.51 in 2013, and a slight increase until 2017. The current total fertility rate in Europe shows us that with the exception of Turkey, the population replacement is not ensured in either country or the continent as a whole (Table 1.) Out of the EU member states France reported the highest fertility rate with 1.86 live births per woman, followed by Romania with 1.55, and Ireland, Sweden and the Czech Republic with 1.71. In contrast the lowest total fertility rates were measured in Malta (1.14 live births per woman), Spain (1.23 live births per woman), Italy (1.27 live births per woman), Cyprus (1.33 live births per woman), Greece and Luxembourg (both 1.34 live births per woman) (Eurostat, 2022).

Table1. Total Fertility Rate, 1960-2019

(Live birth per woman)

	1960	1970	1980	1990	2000	2001	2010	2017	2018	2019
EU						1,43	1,57	1,56	1,54	1,53
Belgium	2,54	2,25	1,68	1,62	1,67	1,67	1,86	1,65	1,62	1,58
Bulgaria	2,31	2,17	2,05	1,82	1,26	1,21	1,57	1,56	1,56	1,58
Czech	2,09	1,92	2,08	1,90	1,15	1,15	1,51	1,69	1,71	1,71
Denmark	2,57	1,95	1,55	1,67	1,77	1,74	1,87	1,75	1,73	1,70
Germany					1,38	1,35	1,39	1,57	1,57	1,54

Estonia	1,98	2,17	2,02	2,05	1,36	1,32	1,72	1,59	1,67	1,66
Ireland	3,78	3,85	3,21	2,11	1,89	1,94	2,05	1,77	1,75	1,71
Greece	2,23	2,40	2,23	1,39	1,25	1,25	1,48	1,35	1,35	1,34
Spain			2,22	1,36	1,22	1,23	1,37	1,31	1,26	1,23
France					1,89	1,90	2,03	1,89	1,87	1,86
Croatia						1,46	1,55	1,42	1,47	1,47
Italy	2,40	2,38	1,64	1,33	1,26	1,25	1,46	1,32	1,29	1,27
Cyprus				2,41	1,64	1,57	1,44	1,32	1,32	1,33
Latvia					1,25	1,22	1,36	1,69	1,60	1,61
Lithuania		2,4	1,99	2,03	1,39	1,29	1,5	1,63	1,63	1,61
Luxembourg	2,29	1,97	1,5	1,6	1,76	1,66	1,63	1,39	1,38	1,34
Hungary	2,02	1,98	1,91	1,87	1,32	1,31	1,25	1,54	1,55	1,55
Malta			1,99	2,02	1,68	1,48	1,36	1,26	1,23	1,14
Netherlands	3,12	2,57	1,6	1,62	1,72	1,71	1,79	1,62	1,59	1,57
Austria	2,69	2,29	1,65	1,46	1,36	1,33	1,44	1,52	1,47	1,46
Poland				2,06	1,37	1,31	1,41	1,48	1,46	1,44
Portugal	3,16	3,01	2,25	1,56	1,55	1,45	1,39	1,38	1,42	1,43
Romania			2,43	1,83	1,31	1,27	1,59	1,78	1,76	1,77
Slovenia				1,46	1,26	1,21	1,57	1,62	1,60	1,61
Slovakia	3,04	2,41	2,32	2,09	1,30	1,2	1,43	1,52	1,54	1,57
Finland	2,72	1,83	1,63	1,78	1,73	1,73	1,87	1,49	1,41	1,35
Sweden		1,92	1,68	2,13	1,54	1,57	1,98	1,78	1,76	1,71
Montenegro							1,7	1,78	1,76	1,77
North Macedonia					1,88	1,73	1,56	1,43	1,42	1,34
Albania							1,63	1,48	1,37	
Serbia					1,48	1,58	1,4	1,49	1,49	1,52
Turkey							2,04	2,07	1,99	1,88

Source: own edition based on Eurostat database (Eurostat, 2022).

In 2021 on the Feast of the Holy Family, Pope Francis criticized his host country's (Italy) "demographic winter" stating that the increasing preference for having kids is damaging not only families but the country and society as well (Allen, 2021). In the majority of EU member states the total fertility rate decreased significantly between 1980 and 2000-2003. By the year 2000, the values dipped under 1.30 in Bulgaria, Czech Republic, Greece, Spain, Italy, Latvia, Slovenia and Slovakia. Following the low point between 2000 and 2003, the total fertility rate increased in many member states. By 2019 with the exception of Malta, Spain and Italy, the total fertility rate rose above 1.30

(Table 1). During the past 45 years, the total fertility rates in different countries grew closer to one another. In 1970 the difference between the highest (Ireland) and lowest (Finland) was around 2.0 live births per woman. By 1990 this difference between the highest in Cyprus and the lowest in Italy decreased to 1.1 live births per woman. By 2010 the difference decreased to 0.8 live births per woman with it being higher in Ireland and lower in Hungary. By 2019 the difference decreased to 0.7 where the highest total fertility rates were measured in France and the lowest in Malta (Eurostat, 2022). Current family policies differ not only in their implementation of special tools to meet various needs, but there are also significant differences in the pace of which countries react to new family patterns. Based on this diversity, scientists differentiate three main clusters between OECD countries (Thévenon, 2011):

- Scandinavian countries (Denmark, Finland, Iceland, Norway and Sweden) provide comprehensive support for parents of all ages with kids through a combination of parental freedom and widely available child care services. Family policies place great emphasis on societal and gender equality. Both parents must be given the opportunity to take care of their child and will thus receive high quality care and education in all age groups.
- English speaking countries (Ireland, The United Kingdom, Australia, New-Zealand and to a certain extend Canada and The United States) Parents with young children receive less compensation for their time and less allowances. Low-income families and families with children in nursery are the primary recipients of financial aid. The level of allowance varies, with most trailing behind Canada and the United States.
- Western continental and eastern European countries form a more heterogeneous group which is somewhere between English speaking countries and Scandinavian countries. They usually focus on financial advantages and focus less on families with children under 3 (allowances) (both parents have incomes). France stands out from other continental countries regarding their relatively high support of families and women who work, in order to better tie work and family together. Southern European countries provide limited allowances to working families and the financial support of families and child care services is low.

The data concerning total fertility rates more or less mirror the clusters established by scientists, however at the same time there are several key differences from the established categories. Scandinavian countries (Sweden, Denmark, Iceland, Norway) do in fact have an above average fertility rate compared to other countries. On the other hand, Finland's fertility rates do not meet the EU average. The reasons for this are examined in the book by Rotkirch and Miettinen (Rotkirch-Miettinen, 2017). Looking at the fertility rate, western continental and eastern European countries are not placed between English speaking and Scandinavian countries but behind these two clusters. In the EU the highest total fertility rate is certainly in France, which is presumably linked to the government allowances provided to families with children. In her works, Zsuzsanna Stefán-Makay writes about the connection between French family policies and high fertility rates (e.g.: Stefán-Makya, 2009 or Stefán Makay, 2010).

In the case of anglophone countries (Ireland and Great-Britain), the fertility rate is higher then average compared to other European countries. Southern countries (Greece, Cyprus, Malta, Portugal, Italy and Spain) are found at the end of the list, separated from other countries as currently they have the lowest fertility rates in Europe. While in the eastern and central European countries of Montenegro, Latvia, Lithuania, Romania and the Czech Republic the TFR is higher than average, other countries within this cluster are locate in the center and bottom half of the rankings. During the early nineties, the fertility rate value exceeded 2 in Latvia, Poland, Macedonia, and Slovakia and nearly reached the value of 2.1 necessary for reproduction. Among eastern and central European countries, the country with the lowest fertility rate was Hungary between 2008 and 2012 (1.25) (Table 1). During this time, projections about Hungary's population indicated that during the next half century Hungary's population was going to decrease alongside the low fertility rate. The population's age structure will change drastically as well, the number of children and those of working age will decrease, while the proportion of older people will increase (Földházi, 2014). All this was primarily a projection based on the demographic processes of the past two or three decades, as a result of low fertility rates and the lack of reproduction.

According to the other theory of demographic transition, a new area in Europe's and the world's population history has arisen in developed countries that began as early as the 1960s and 70s. In less developed countries this process started later on in the 90s. Proponents of the theory believe the two main elements of change are changes in behavior related to the willingness to have children and changes in marital and cohabitation relationships. Marriage rates have decreased and divorce rates have increased. Single parent families have become increasingly popular. The number of cohabitation relationships outside of marriage is increasing and becoming an alternative form of family. Furthermore, new forms of cohabitation will appear. As a result of changes to fertility rates and mortality rates, the population will begin to age rapidly and in multiple cases a long-lasting decrease in the population may be observed. According to the second demographic transition theory, the reason for the changes in familiar, relationship and fertility behaviors are primarily changes in the value system. The essence of these changes is that traditional values taught by local and religious communities have weakened, and were taken over by the values of self-actualization and self-fulfillment. The emphasis shifted from the family to the individual. Quality of relationships became increasingly important; requirements in potential partners increased and thus made relationships more unstable. As a result of the shift in values, individual prefer relationships that require less commitment. In contrast to marriage, they prefer cohabitation relationships or visitor relationships and typically postpone having kids. The second demographic transition is quite controversial and there are some serious concerns as to how generalizable the model is. For example, the extent of which the demographic processes of post-socialist countries can be integrated into the second demographic transition is highly questionable.

Consequences of long-term low fertility rates include an aging population. Currently in the European Union there is one person above 60 for every three people of working age (ratio of 1:3). If trends continue then in twenty years this will be 1:2 as previous baby boom generations will be in this age

range. As a result of this the affected societies will have to prepare themselves for much larger expenses than they currently have. These additional expenses are detailed in the European Commission's Fiscal Sustainability Report (European Commission, 2018). The above indicates that low fertility rates will cause significant economical expenses and diminished returns for affected societies. This means that increasing the fertility rate is a key economic concern for the whole of Europe.

4. The Most Important Factors Influencing the Willingness to Have Children in Today's World

It is commonly known that the American Nobel Prize winner Gary Becker was the first person to come up with the economic theory of fertility in 1960 through his study of the economic effects of fertility (Becker, 1960). Nevertheless, Becker's fundamental theory reasoned that an economic model that uses children as an analogy for durable goods such as cars or houses could explain the data. His study differed from previous fertility models made by demographers and sociologists in two different but equally important ways. First off, his analysis assumed that preferences are a given. The focus of his essay was the second difference that separated it from previous theories, namely the concept of quantity-quality compromise in fertility choices. The showcasing in the quality of children was what allowed Becker to demonstrate the empirical relationship between income and fertility (Dopke, 2014). In a later work he determined that through the increase of disposable income the willingness to have children is demonstrated by a U curve (Necker-Nigel, 1976). At lower incomes income-elasticity is negative probably because of the effect income-transfer has on improving quality of life (parents spend more on care for their children, education, etc.) On the contrary, at higher incomes the increase in the applicable allowances in the income tax schemes results in positive feedback for the willingness to have children.

A possibility for increasing low fertility rate is to encourage couples to have kids with the appropriate tools. An important issue regarding this is to determine which tools prove to be the most effective in terms if success and cost. Baughman and Dickert-Conlin examined the effects large income allowances introduced rapidly into the tax system had on the number of births (in the United States between 1990 and 1999) (Baughman and Dickert-Conlin, 2009). In theory, income taxes represent an exogen variable that influences the decisions to have a child through the costs of having and raising children (Whittington, 1992). Contrary to what they expected, the authors found that the number of births pose a more fundamental question is developed countries: Could the system of tax allowances be used as an economy policy tool to reverse the process? Current practices indicate that economic policies already employ this incentive. In 2016 in all OECD countries the average tax burden for families with children was lower than the average (all except two countries where it was the same) for those who did not have children (OECD, 2017). Most states offer financial allowances to families through tax allowances and basic tax relief. Based on opportunity cost we could expect that the costs of having and raising children would affect the date at which someone would start a family. The rationale for why family tax allowances increase after another child is similar.

Contradictory studies were made before the turn of the millennia (see: Acs, 1996 Fairlie–London, 1997; and Rosenzweig, 1999 studies) that showed that marginal allowances had a positive but statistically insignificant effect on the decision to have another child. On the other hand, studies published after the turn of the millennia such as Milligan's showed contradictory relationships which stated that the increase in the number of allowances motivated one child families to have another child (Milligan, 2005). These contradictory results raise questions about the methodology employed. Earlier studies used a smaller set of samples demographically speaking (young single, typically women with lower income) to examine willingness to have children. Tests employed on larger sample show that income level has a significant effect on whether tax allowances affect the willingness to have children. I must note that regarding personal income tax allowances through the allowance of special deductions -in contrast to social allowances- the income-elasticity curve's positive effects are prevalent. Through allowances that decrease the taxable base, taxpayers' gross income from work can increase in a way that the tax in connection with having children does not increase. After multiple children the tax allowance would increase as well.

5. Public Expenditure for Family Benefits

Public expenditure for family support includes financial support, which serves only families and children. Expenditure in other sociopolitical areas such as healthcare and housing may also help families, but they are not exclusive and are not included here. In general, it can be said that financial expenditures for families can be separated into three groups:

1) Children related cash transfers to families that include allowances received after children (that may change depending on income tests, and the age or number of children in certain countries, state income support during parental leave, and support of single parent families in certain countries)
2) Public expenses for services for families with children that include the direct funding or support of child care and ECECs through payment appropriations for parents, state funds for supporting young people and boarding houses, as well as family services including center-based facilities and assistance services for families in need.

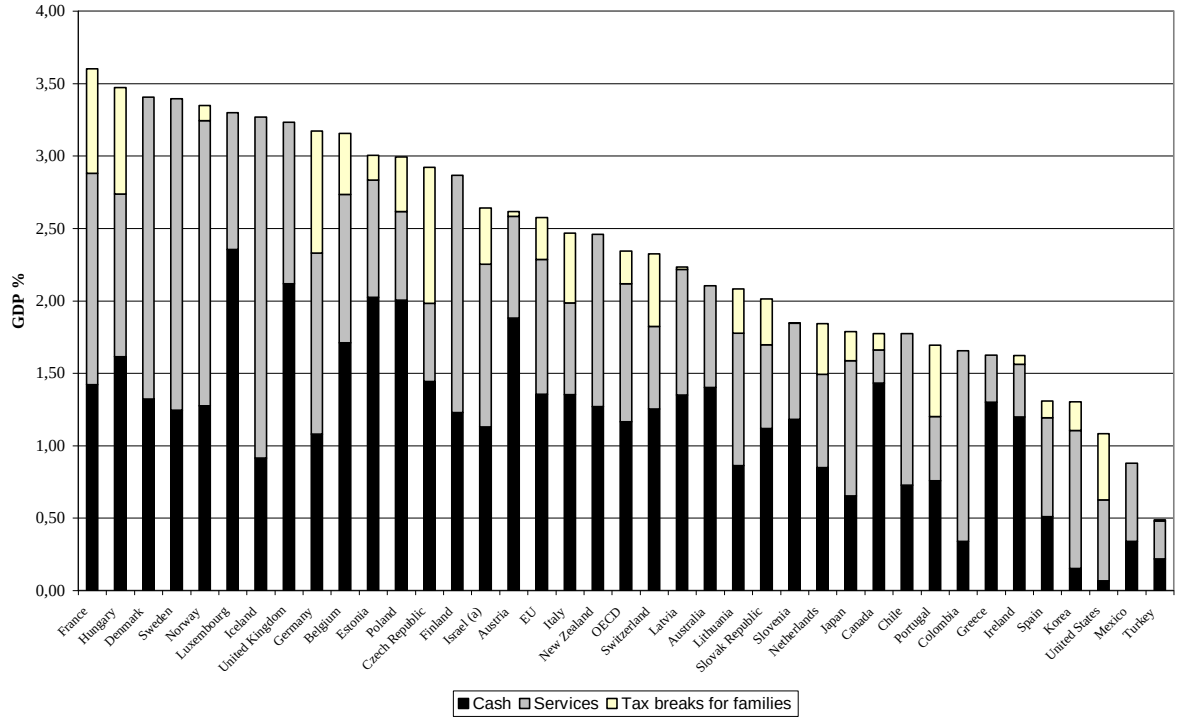

Figure 1. Public Expenses of Family Benefits

Public expenses of family benefits based on their type, indicated in GDP percentage, from 2017 and now

Source: own edition based on OECD Family database (OECD, 2022).

3) Financial support of families through the tax system. This includes tax exemptions, (e.g.: income received after children not included in the tax base); tax allowances received after children (moneys received after children deducted from gross income and not included in taxable income), and tax allowances received after children. If the surplus of tax allowance is returned to the taxpayer in cash, then the cash payment resulting from this must be accounted for through cash-transfers (the same is true for child tax credit granted in cash).

In several OECD countries such as Belgium, Germany, France, Ireland, Portugal and Switzerland support of families with children is integrated into the tax unit, which means that at a given income level, the larger the family is the lower the taxable income. Although perhaps these measures cannot be considered tax expenditures (they do not determine differences from the country's standard tax system), these policies still determine the financial support of families with children and these allowances are included in the database. The support of married couples does not count as "social support" in all OECD countries and the related fiscal measures are not considered to be tax exemptions for social purposes. The appropriate analogy is that the presence of children to be looked after results in eligibility for financial support in social protection systems while a marriage contract does not. Based on this tax allowances for married couples, such as those in Belgium, France, Germany and Japan do

no constitute as serving a "societal goal" and are thus not included here (regardless of whether such measures are part of the basic rule or not). Based on such measures, only allowances after children are considered part of the framework. On average OECD countries spend 2.34% of their GDP on family support, with a large degree of variance between countries. While in Denmark, France, Hungary and Sweden the state expenses for family allowances are close to 3.5% of the GDP, this figure in South Korea, Mexico, Spain, Turkey and the United States is much lower at 1.5%. The proportionate amount spent on cash, services and tax measures varies according to the country. Most but not all OECD countries spend more on financial allowances than they do on services or tax allowances for families with children. In contrast, in Chile, Columbia, Denmark, Finland, France, Germany, Iceland, Japan, South Korea, Lithuania, Mexico, Norway, Spain, Sweden, Turkey and the United States, funds for services constitute over half of funds for family support. In the Czech Republic, France, Germany, Hungary and Switzerland, state funds for tax reduction make up over 0.5% of the GDP (OECD, 2022).

6. Hungarian Family Policy

6.1 The Budapest Demographic Summit

During the past decades, the population decline effecting the western world received little attention, as a result of which, out of the proposed solutions a single one was considered the most viable to fight the demographic crisis, namely migration. In opposition to this, in 2010, the Hungarian government decided to offer an alternative model that is capable of renewing European communities by relying on internal resources.

As part of this, Hungary is the first country in the world to make the government's central mission to strengthen families and fight the demographic crisis. During the past 10 years it built Europe's most extensive family support system. By 2021, Hungary invested close to 5% of the GDP into family support. Hallmarks of this family support system are the lifelong tax exemption for mothers with four children and the 10 million Forint interest free equity baby support, where young people may be completely free of repayment obligation if they choose to have children.

Over the past ten years, the "Hungarian model" of family policy became a reference point in the world as it demonstrated that family centered governance is capable of producing results. The willingness to have children and the number of marriages increased to the greatest extent in Hungary within the European Union while the number of divorces dropped to the lowest in sixty years. Alongside the development of Hungarian family policy, the Hungarian model became the center of Hungary's international family friend initiatives. One of the elements of this is the Budapest Demographic Summit which after 2015, 2017 and 2019 was held for a fourth time in 2021 in the Hungarian capital. Every two years, pro-family politicians, professionals, corporate actors, church leaders, NGO representatives and journalists visit Budapest to discuss the most important issues with regards to families. BDS therefore serves as a platform for conservative pro-family forces in order to determine shared goal, deepen cooperation and share experiences.

The initiative came a long way to achieve all this. The first Demographic Summit in 2015 already had signs of central-Europe's population of ten million being ready for an alternative model to reverse demographic tendencies. In his speech at the 2015 summit, Viktor Orbán the prime minister of Hungary clearly defined the priorities: the future is in the hands of families and our most important task is to strengthen our internal resources. European politicians, public figures, experts and church dignitaries such as Algimanta Pabedinskienė the former minister of Social Security and Labor, Michael Faruggia the Maltese minister for Social Affairs, Pál György Dementy world renowned demographer, archbishop Vincenzo Paglia, the president of the Pontifical Academy for Life and the chancellor of the John Paul II Pontifical Theological Institute for Marriage and Family Sciences, and professor Mihály Csikszentmihalyi.

By 2017 lecturers from all around the world attended the summit including Alberto Bottari de Castello apostolic nuncio or Philip Zimbardo the world-renowned psychologist. What's more is that as a co-event to BDS II., Budapest also hosted the XI. World Congress of families and the II. European Pro-Life Forum. The real jump happened in 2019 however when Hungarian family policy was permanently on the radar thanks to the family protection action plan that launched earlier that year, through which the Hungarian government decided on the tax exemption of mothers with four or more children and the implementation of the childbirth incentive loan. During September of this year, lecturers form over 20 countries from four continents took part in the summit, including the Hungarian prime minister Viktor Orbán, the Czech prime minister Andrej Babiš, president of Serbia Aleksandar Vučić, former Australian prime minister Tony Abbott, Hungarian church leaders, several ministers, world renowned experts and thinkers.

The conference provided an excellent opportunity for participants to share their thoughts on the family and population policy's competitiveness, sustainability and its effect on future strategies. At the forum's workshops participants talked about various good practices and tools incentivizing the willingness to have children, their views and experiences on demographic challenges. At the start of the conference, clergymen from the biggest Hungarian churches performed a blessing and over the next two days. Individuals such as Damares Regina the Brazilian minister for Women and Family Affairs, Andy Harris an American representative of Congress, Phillip Blond political philosopher and Csaba Böjte Franciscan monk all offered their opinions through lectures.

The fourth Budapest Demographic Summit was held during the winter of 2021 during a challenging period. Individual interests are becoming less and less important over community interests in several areas of life, ideological attacks on family values are increasing and the pandemic brought never before seen challenges to communities. There is a greater need therefore to talk about the tendencies of the past years as well as the successes, and to define the shred goals of the coming period. These were some of the goals of the fourth Budapest Demographic Summit in 2021 that was held on 23rd and 24th of December (BDS, 2021).

6.2 The Goal of the Hungarian Government's Family Policies

From January 2021, The Hungarian Parliament recorded the protection of the family as the basic unit of society in the Fundamental Law of Hungary: "We proclaim that the family and the nation provide the fundamental framework for community, in which the pre-eminent values are loyalty, faith and love" (Hungarian Constitution, 2011). In the related cardinal law of Act CCXI. of 2011 on the protection of families that took effect on January 1st 2012, the Parliament created the principal framework rules for family support systems (Family Protection Act, 2011). The goal and principle of this act was recorded in its preamble stating "The family is the most important national resource of Hungary. As the basic unit of society the family is the guarantee for the nation's survival and the natural environment of the development of human personality, which must be respected by the State". The main goal of Hungarian family policy is to stop the decline in population, the indicator of which is fertility rate and the number of planned and actual births. Success in this area is indicated by a decrease in the difference between the two values, as well as the increase in fertility rates and the number of births. The success of changing unfavorable demographic conditions can only be measured long-term and it is difficult to demonstrate the cause-and-effect relationship between the measures taken and demographical data as outside of factors that can be influenced by the government (e.g.: social, income situation) personal factors (e.g.: mate selection, health condition, cultural patterns) also affect whether someone starts a family. Since the low point in 2011 the fertility rate and number of births in Hungary increased up until 2016, and then stagnated. Between 2017 and 2019 it decreased compared to the previous year, but the data from 2020 shows an increase again (Hungarian State Court of Audit, 2021). Based on the latest data by The Hungarian Central Statistical Office, the number of live births in Hungary increased by 3,4% in 2020 compared to the previous year.

The goal of childbirth incentive family policies is to have children born, therefore by lessening the burdens related to having children; the government is trying to incentivize families to have as many children as they want. In 2011, OECD calculated the number of children men and women find ideal. Between 15-64 for men, the EU average is 2.18 and 2.28 for women (OECD, 2011). In Visegrad countries this average is lower for both men and women. With the exception of Hungarian and Czech men, it can be observed that the younger generations (ages 15-39) believe that the ideal number of children is less than what the older generation believe it to be. Table 2 shows that the number of planned children among young women -With the Exception of the Czech Republic- exceeds 2.0 which means that if all planned children are born then the population in the region would only decrease slightly and then stabilize even without migration. A greater value would be needed to increase the population as the number of women who are in childbearing age is decreasing therefore the 2.0-2.1 rate only ensures the reproduction of this age group that is decreasing in numbers.

Table 2. The Number of Children Considered Ideal in the EU and the Visegrad Countries*, 2011.
(Percentage average)

Ideal number of children (average)	Men aged 15-64	Men aged 15-39	Women aged 15-64	Women aged 15-39
Czech Republic	1.92	1.93	2.03	1.97
Poland	2.09	1.96	2.33	2.13
Hungary	2.12	2.14	2.09	2.03
Slovakia	1.97	1.85	2.11	2.04
EU average	2.18	2.13	2.28	2.22

* The Visegrad Group of Poland, Hungary, Slovakia and the Czech Republic is known as the V4.
Source: OECD, 2011 (Ideal and actual number of children)

6.3 Hungarian Family Protection Action Plan

Willingness to have children is most often hindered by a fear of poverty, difficulty in establishing a home, labor market disadvantages or the threat of such disadvantages and disadvantages in services and care. These disadvantages are compensated for by the government through direct and indirect financial aid, services and legally enshrined labor force protections. The burdens of raising children are most commonly compensated by governments through financial allowances, which can be universal -the same for each child, irrespective of the family's income, the child's age, health condition, etc.- or differentiated such as means tested cases. Certain financial allowances are an entitlement while others are tied to certain conditions. Tax exemptions are an indirect form of support that is also tied to certain conditions and may only be requested if there is income from employment. Based on the principles above, in addition to financial allowances, having children is also supported by the state through other benefits such as free school books or lunches, days off received after children, as well as services, for example child-minding facilities, healthcare services (Farkas, 2012). The tools for family support are varied and may be differentiated in many ways. In practice, family policy systems are made up of different elements in different countries. In their analysis, The Hungarian State Court of Audit presented the available family support tools in Hungary in 2018 in detail which are shown in table. In order to incentivize having children and to further support families, the measures taken increased in 2019. In February 2019, the Hungarian government approved the family protection action plan which supplemented previous measures with seven new ones that took effect from July 2019 and January 2020 (see Figure 3.)

1). Support for mortgages was also expanded upon. Since the 1st of July 2019, the state pays 1 million Forint (HUF) after the second child, and 4 million Forint (HUF) after the third child, and 1 million Forint (HUF) for every additional child.

2). The goal of tax exemption for mothers with four or more children is to help the financial situations of families. Since January 2020, mothers with four or more children who are eligible for family allowance or who aren't eligible anymore but were for at least 12 years, will receive personal income tax exemption after their income from work (SZJA tv. 29/D. §). The government proposed to extend this exemption to mothers with three children but this has yet to occur.

3). CSOK expansion: CSOK scheme that was introduced in 2015 is also supports a responsible start to life and homemaking. This was expanded upon in 2019 with new elements. The low interest loan after two children increased to 10 million Forint (HUF) and 15 million Forint (HUF) in case of three children. Since July 1st 2019, the homemaking interest support for families with multiple children may be used to purchase homes and may be requested alongside the rural CSOK.

4). Car purchase subsidy for large families: To ease the daily lives of large families, the government supports the purchase of appropriate capacity cars. From the 1st of July 2019 to December 31st 2022 families with three or more children may receive a direct grant of 2.5 million Forint or at the most 50% of the purchasing price by the Hungarian State Treasury for new cars with at least seven seats.

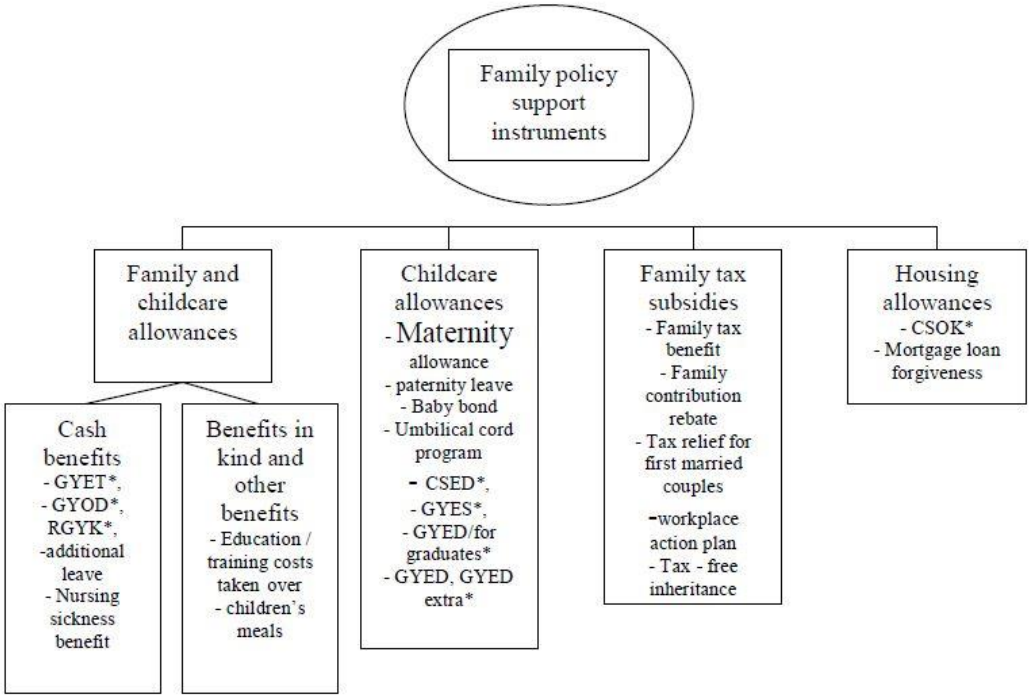

Figure 2. The Family Policy Support Instruments Available in 2018 in Hungary

*GYET-childcare allowance, GYOD-home care fee for children, RGYK-regular child protection discount, CSED-baby care fee, GYES-childcare allowance until 2015, from 2016 childcare allowance, GYED-childcare fee, CSOK-Home Creation Discount for Families

Source: Hungarian State Court of Audit, 2021. p. 20

5). The goal of the childbirth incentive loan is to support a responsible start to life and homemaking for young people. Between the 1st of July 2019, and the 31st of December 2022, every married couple where the wife is between 18 and 40 and at least one of them possesses three years of continuous insurance, may request 10 million Ft interest-free equity loan. Unlike CSOK, the loan may be used outside of homemaking purposes. After the birth of the second child 30% of the loan is remitted and after the third child the entirety of the loan is remitted.

6). Childcare payments for grandparents: It offers aid for parents raising small children who wish to return to the workforce. Since the 1st of January 2020, child allowance may be requested from grandparents who are not yet retired. This provides the opportunity for grandparents still participating in the labor market to remain home with children until they are two years old or three years old in the case of twins. The requirement for this is for parents to be entitled to child care fee and a statement saying that they agree to the grandparent receiving the child care fee.

7). Day care development program: The government expanded their previously initiated day care development program to improve the day care services of children under 3 and to help mothers with small children to re-enter he labor market. By 2022 the plans on increasing the capacity of day care centers to 70 thousand from 48 thousand that was the figure in 2018. Since the Fall of 2022, day care development has been supplemented with a program reducing the costs of day care, through which a regular monthly allowance may be provided for family or work day care services for working parents, for children up to age three (Hungarian State Court of Audit, 2021).

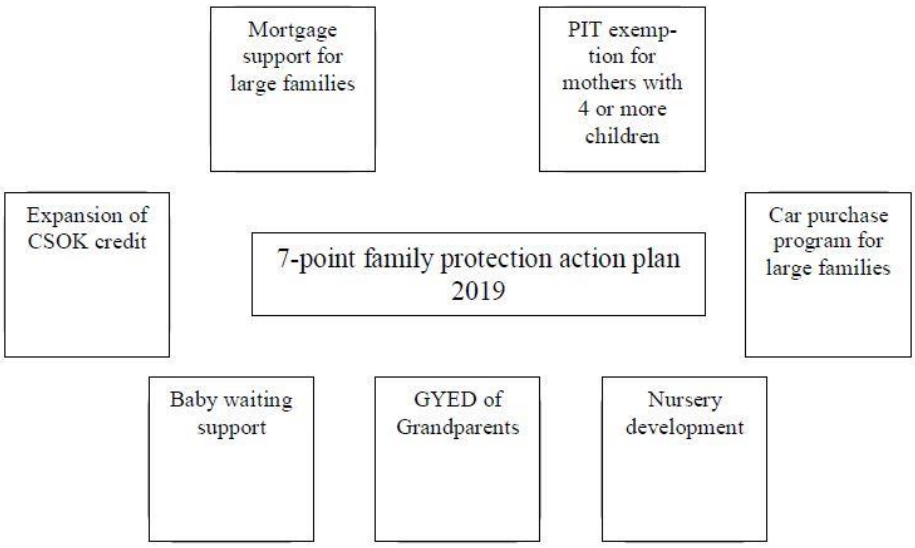

Figure 3. Measures of the Family Protection Action Plan introduced in 2019

GYED-childcare fee, CSOK-Home Creation Discount for Families

Source: Hungarian State Court of Audit, 2021. p. 21.

7. Summary

According to the data by Eurostat, the number of live births in Hungary decreased from 2010 to 2011, then gradually increased between 2011 and 2016 and decreased again from 2017 onwards. The number of live births exceeded the value recorded in 2010 by 3,1%. This may seem like a modest result, however if we contrast it with Visegrad countries with similar economic development (Czech Republic, Poland, Slovakia), we can see that compared to Hungary the number of live births had decreased by 2019 comparted to 2010. In the 2019 in Czech Republic the difference was 4,2%, in Slovakia 5,6% and 9,3% in Poland compared to the rate of live births in 2010.

Table 3. Number of Live Births in the Visegrad Countries, 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hungary	90	88	90	89	93	92	95	94	93	93
	335	049	269	524	281	135	361	646	467	100
Czech	117	108	108	106	109	110	112	114	114	112
Republic	153	673	576	751	860	764	763	405	036	231
Slovakia	60	60	55	54	55	55	57	57	57	57
	410	813	535	823	033	602	557	969	639	054
Poland	413	388	386	369	375	369	382	401	388	374
	300	416	257	576	160	308	257	982	178	954

Forrás: Eurostat

In light of the above, the fact that the decreasing trend of live births was reversed is a significant result. At the same time, it is apparent that several additional measures are required for the number of births in Hungary to reach the ideal number of children as determined by the population. It is apparent therefore that the Hungarian government is on course but there are still many things need doing in order to achieve family policy goals.

The connections demonstrated in this study confirm the findings of several previous studies and show that a coherent family policy is capable of having a positive effect on demographic processes, and as a result of improving the conditions of having children, fertility rates may improve. The fundamental characteristic of family policies that are successful in the long-term is stability. In addition to this however, it is recommended to adjust family policy measures to changing needs from time to time. Monitoring the effect of measures that have already been implemented on families and various social and age groups of women is recommended. The unified single point to monitor government measures, the system of measurement as well as the system for detecting any misuse is still not available in Hungary. It would be beneficial to continuously monitor the effects of existing family policy measured in various women's social and age groups (primarily).

From the perspective of having children, the housing situation is a very important but not the most important factor. This is supported by the fact that in Hungary during the seventies and eighties, the willingness to have children was a lot higher and as a result so was the fertility rate, even though the housing situation was no better back then than it is today. The question arises on what became worse or what caused this decrease in the willingness to have children. Based on our study we found that several factors influence fertility rate, primarily factors increasing families' integration into the community, various services offered by the social care systems, housing and work opportunities. The connection between these factors and the precise mechanisms affecting fertility requires further empirical study, which will be the focus of our further studies.

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