

National Recovery and Resilience Plan: Hungary

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Abstract

For the Hungarian government the debate was not really about the details of the NextGenerationEU plan, but rather how to hinder the conditionality regulation. Finally, a compromise was reached to suspend application of the conditionality regime until the CJEU ruling, which was delivered on 16 February 2022, confirming the regulation's validity. The European Commission sent a letter to the Hungarian government to start the conditionality mechanism on 5 April 2022. At the same time, the European Commission has not given the greenlight to Hungary for the NextGenerationEU fund. Hungary's Recovery and Resilience Plan focuses on health and transport, and little attention has been paid to social issues. As an exception, an innovative programme is planned to support catching-up settlements.

Keywords: Hungary, Conditionality regulation, Health care reform, Catching-up settlements

1. The Hungarian government and Next Generation EU: a political game

In the aftermath of the Covid-19 crisis and during the political negotiations in the autumn of 2020, the main priority of Hungarian prime minister Viktor Orbán and his government was to thwart the passage of the EU rule-of-law-conditionality regulation. For Hungary therefore the debate was not really about the details of the Next Generation EU plan or the upcoming budget, but only how to hinder the conditionality regulation. This new conditionality regime allows the EU to take measures – for example, suspension of payments or financial corrections – to protect the EU budget. Measures under the conditionality regulation can be proposed only if the Commission finds out that breaches of the rule-of-

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law principles directly affect or seriously risk affecting the sound financial management of the EU budget or its financial interests in a sufficiently direct way.¹

After opposing the draft conditionality regulation, the Hungarian and Polish governments formed an alliance, which indicated in November 2020 that it would veto the European Union's Multiannual Financial Framework (MFF) for 2021–2027 and the Next Generation EU (NGEU) economic recovery fund.² According to the Hungarian argument:

it jeopardises trust among Member States and also the interests of Hungary if conditions were tied to the next seven-year budget and the extraordinary recovery package which do not precisely define what a presumed breach entails and which could arbitrarily lead to politically motivated budgetary sanctions through the application of double standards.³

In practice, the whole mechanism was designed to stop violations of democratic values in these two member states, so Hungary and Poland have good reason to suppose that the mechanism will immediately be utilised against them.

Finally, a compromise was reached to suspend application of the conditionality regime (mentioned above) until the CJEU ruling. This was delivered on 16 February 2022, confirming the regulation's validity.⁴ As a result, the EU budget from now on has an additional layer of protection in cases in which breaches of the rule-of-law principles affect or risk affecting EU financial interests. This general conditionality regime to protect the EU budget⁵ has been in force since January 2021.⁶ It allows the Commission to suspend disbursement of EU funds to a given state if it is adjudged to have violated the rule of law. The European Commission sent a letter to the Hungarian government to start the conditionality mechanism on 5 April 2022. At the same time, the European Commission has not given the greenlight to Hungary and Poland for the Next Generation EU fund.⁷

¹ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget. *OJ L 433I*, 22.12.2020, p. 1–10

² Kovács Z., *Five facts you should know about Hungary's veto on the EU Budget*. 26 November 2020, <https://abouthungary.hu/blog/five-facts-you-should-know-about-hungarys-veto-on-the-eu-budget>

³ Cabinet Office of the Prime Minister, *Hungary to veto EU budget and recovery fund*, 6 November 2020, <https://miniszterelnok.hu/hungary-to-veto-eu-budget-and-recovery-fund/>

⁴ Case C-156/21 *Hungary v European Parliament and Council of the European Union*, ECLI:EU:C:2022:97.

⁵ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget.

⁶ European Commission, *Rule of law conditionality regulation*, https://ec.europa.eu/info/strategy/eu-budget/protection-eu-budget/rule-law-conditionality-regulation_en

⁷ Tamma P., *Brussels holds up Hungary's recovery plan ... but for how long?*, 7 July 2021, <https://www.politico.eu/article/brussels-holds-up-hungarys-recovery-plan-but-for-how-long/>.

2. Hungary's Recovery and Resilience Plan: focus on health and transport

2.1 First only grants, later also loans

Hungary submitted its Recovery and Resilience Plan on the use of Recovery and Resilience Facility funds on 12 May 2021, after it was revealed that the country would forgo the significant 9.1 billion euro credit line of the recovery package, and only take the grants, worth 7.2 billion euros.⁸ The government justified this decision by saying they wanted to restart the economy with the lowest possible foreign debt ratio. Many claimed, however, that it had more to do with the strict conditions the EU is imposing on the use of the loans, such as excluding the funding of public universities supervised by new foundations (see below).

After all, on 18 March the Hungarian government had requested the immediate provision of the allocated loan facility under the Recovery and Resilience Facility for defence and border control, as well as humanitarian and other acute crisis management tasks. In his letter, the Hungarian prime minister explained this changed position in terms of the adjustment required by the crisis situation related to the Ukrainian war.⁹ No information is available on the government's amended plans, however.

Many of the investments planned by the Orbán government would not be eligible for Recovery and Resilience Facility funding because the project plans did not meet the objectives of EU programmes, such as the restructuring of higher education institutions. We can mention here the debates on the transformation of public universities and their investments into foundations with boards of trustees loyal to the government.¹⁰ The Commission has not approved Hungary's recovery plan, which some attribute to a lack of satisfactory anti-graft safeguards in the country's spending plan.¹¹

2.2 Main reforms and investments: focus on health care and transport

The Hungarian plan is structured around the key policy areas of green transition, health care, research, digitalisation, cohesion and public administration. The Recovery Plan's main objective is a sustainable and inclusive growth path that would contribute to economic growth, job creation and job preservation, business competitiveness and social inclusion,

⁸ Liboreiro J., *Hungary left waiting as 12 EU states have spending plans for COVID recovery approved*, in *Euronews*, 26 August 2021, <https://www.euronews.com/2021/07/13/hungary-left-waiting-as-12-eu-states-have-spending-plans-for-covid-recovery-approved>.

⁹ <https://cdn.kormany.hu/uploads/sheets//8/86/86a/86ade12ca394e1244d5ea5dd51e1b85.pdf>

¹⁰ Kőműves A., Dunai M., *Orbán extends dominance through Hungarian university reform*, 27 April 2021, <https://www.reuters.com/world/europe/orban-seen-entrenching-right-wing-dominance-through-hungarian-university-reform-2021-04-26/>

¹¹ Cseresnyés P., *EC to Delay Approval of Hungary's Recovery Plan*, in *Hungary Today*, 13 July 2021, <https://hungarytoday.hu/cc-delay-approval-hungary-eu-recovery-plan-lgbt-law/>.

across all elements of the economic ecosystem and taking in all groups in society.¹² Hungary plans to channel the 7.2 billion euros of the Recovery and Resilience Facility (RRF) to finance investments primarily in the health sector and sustainable transportation. These two areas will be allocated around 60 per cent of all funds. Projects in the plan cover the entire lifetime of the RRF until 2026.

Table 1 The nine main areas to be financed partially or fully by RRF funds and the funds allocated

	Component	Allocated funds (billion euros)	Share of all entire funding
1.	Demography and public education	0.64	9.19%
2.	Highly skilled, competitive workforce	0.78	11.19%
3.	Catching-up municipalities	0.22	3.08%
4.	Water management	0.12	1.77%
5.	Sustainable green transport	1.76	25.13%
6.	Energy (green transition)	0.73	10.45%
7.	Transition to a circular economy	0.29	4.10%
8.	Health	2.39	34.13%
9.	Anti-corruption, public procurement measures, technological development in public services	0.07	0.96%
	Total	7.01	100.00%

Source: Aranyi D., Szopkó R., *Health and sustainable transportation at the heart of Hungary's recovery and resilience plan*, in *Bird and Bird*, September 2021.

The plan's most significant element is the further development of the health-care system, toward which the government will spend 34.1 per cent of available resources. Priority will also be given to the development of environmentally friendly transport and the comprehensive development of education, including higher education, public education, vocational training and adult education, with 25 per cent of resources being devoted to these areas. The remaining resources will be spent on the transition to a circular economy, the catching-up of underdeveloped areas and protecting the environment.¹³

As it is clear from the above, the priorities of the Recovery Plan lie primarily with the health sector and sustainable transportation, followed by the green transition and public education. The biggest projects among the Recovery Plan's 50 major reforms and investments are:

¹² Aranyi D., Szopkó R., *Health and sustainable transportation at the heart of Hungary's recovery and resilience plan*, in *Bird and Bird*, September 2021,

<https://www.twobirds.com/en/news/articles/2021/hungary/health-and-sustainable-transportation-at-the-heart-of-hungarys-recovery-and-resilience-plan>

¹³ Ágostházy S., *Hungary's Recovery Plan aims to relaunch the economy and improve competitiveness*, in *About Hungary*, 25 May 2021, <https://abouthungary.hu/blog/hungary-s-recovery-plan-aims-to-relaunch-the-economy-and-improve-competitiveness>

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- development of the railway and tramway systems in the suburbs of Budapest;
 - technological improvement of the health-care sector;
 - covering the 2021 salary increases for doctors; and
 - digitalisation of public education.

Criticisms include the fact that the Hungarian Recovery and Resilience Plan has undergone major changes since its first draft, it is still far from ensuring a green and just recovery, it leaves households on their own to improve energy efficiency and it fails to propose easily-achievable biodiversity measures.¹⁴

2.3 Impact of the reforms on labour and social affairs

The planned reforms should have an impact on the labour market because Component B of the Recovery and Resilience Plan¹⁵ is aimed at promoting a well-educated and competitive workforce, based on the Country Specific Recommendations in 2019 and 2020. These reforms support regional cohesion through investments in higher education infrastructure, human capital, research and innovation. The main objective is to increase the number of educated and trained workers, which is planned to be achieved by the following reforms:

- modernisation of higher education infrastructure to meet the needs of the labour market;
- renewal of vocational training;
- promotion of innovation on the basis of higher education institutions.

These measures include in particular the improvement of practice-oriented higher education infrastructure, human capacity and innovation, vocational training institutions, digital training materials and the establishment of a new network of national laboratories for innovative research.

Another social aspect of the Recovery and Resilience Plan aims to promote the catching-up of poor villages¹⁶ by fighting poverty in housing and improving living conditions, in accordance with Principles 19 and 20 of the European Pillar of Social Rights. The programme on catching-up settlements is aimed at improving housing quality in 300 designated settlements with accumulated disadvantages in the north-eastern and south-western parts of Hungary, where poverty is highest and the Roma population is particularly

¹⁴ Dönsz-Kovács T., Botár A., Hungary's recovery plan – not green, just, or resilient, in *Bankwatch*, Network, 2 June 2021, <https://bankwatch.org/blog/hungary-s-recovery-plan-not-green-just-or-resilient>

¹⁵ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallopepessegi-eszkoz-rrf>, 36–66.

¹⁶ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallopepessegi-eszkoz-rrf>, 97–127.

numerous. The strategy is based on supporting public services, community and employability. The following measures will serve this purpose:

- building or refurbishing social accommodation;
- supporting community regeneration and use of renewable energy;
- improving work socialisation and skills on the basis of local conditions.

These measures will include the renovation of 2,500 houses (out of 27,000 in the selected villages) and building 600 new social flats. About one-third of these villages are capable of using solar energy. Employment rates may be increased by complex services, such as a mentor programme.

Also of social and labour market relevance is the Recovery and Resilience Plan component on health care, which put forwards the following five main objectives:

- (i) improve basic health care services close to where people live, based on the network of local medical practitioners to decrease the burden on special health care institutions;
- (ii) improve infrastructure;
- (iii) cover doctors' wage rises (awarded in 2021);
- (iv) improve digitalisation in the health care system; and
- (v) implement a digital programme to improve the safety of people with a reduced ability to live independently.¹⁷

Out of these objectives, covering the radically increased wages of medical doctors (ongoing from 2021)¹⁸ has a strong impact on employment conditions in the sector. This may decrease under the counter payments, labour shortages and migration of highly skilled doctors to Western European member states for higher wages. It may also contribute to better health care services with a more motivated workforce. However, the wage increase affects only medical doctors (18,000 people), so other health care personnel will remain on low pay, widening the pay gap in the sector and increasing tensions. However, many doctors did not accept the new contract with its changed conditions, for example, because it restricts access to other professional income. As a side effect of legal changes and wages, many workers have left the sector, resulting in a decrease of 17,000 workers in a year (from 197,000 to 180,000).¹⁹ This has caused a serious labour shortage in the health sector.

¹⁷ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepességi-eszkoz-rrf>, 244–272.

¹⁸ Cseresnyés P., *Hungary's New Pay Scale for Doctors a Step Closer to Western Healthcare Salaries*, in *Hungary Today*, 14 October 2020, <https://hungarytoday.hu/hungarys-new-pay-scale-for-doctors-a-step-closer-to-western-healthcare-salaries/>. See also *Doctor and Physician Average Salaries in Hungary 2022*, in *Salary Explorer*, <http://www.salaryexplorer.com/salary-survey.php?loc=98&loctype=1&job=13&jobtype=2>.

¹⁹ *Egy év alatt majdnem 17 ezerrel csökkent az egészségügyben dolgozók száma*, in *HVG*, 31 January 2022, https://hvg.hu/gazdasag/20220131_egeszsegugy_egeszsegugyi_dolgozo_ksh

Another initiative presented in the Recovery and Resilience Plan, which concerns labour and social policies, is the establishment of a digital programme intended to support people of reduced ability to live independently. This programme is likely to affect the entire elderly population. Non-stop service centres will provide rapid and effective help for elderly people living in their homes and facing difficulties. This will improve their quality of life, safety and protection through a help line and non-stop rapid aid services.

As for the other components, social and regional cohesion will be strengthened through better public services, such as improved water and energy supply (see Section 3.2 below).²⁰

3. The social and labour dimensions in the Recovery and Resilience Plan

3.1 Evaluation by the Commission and the Council

The next question is how the European Commission and the European Council evaluate the Hungarian plan, with specific reference to social and labour policies. There has been no Commission Staff Working Document analysing the Recovery and Resilience Plan and a proposal for a Council Implementing Decision on approval of the assessment of the recovery and resilience plan of Hungary. ‘The European Commission is continuing the assessment of the Hungarian recovery plan on the basis of the 11 criteria in recovery and resilience fund regulation.’²¹ This assessment had still not been finished by the time of writing.

3.2 Implementation of the European Pillar of Social Rights and the Social Scoreboard

The European Pillar of Social Rights is mentioned in four parts of the Recovery and Resilience Plan. There is no reference to the Social Scoreboard indicators.

The first and most detailed mention of the European Pillar is in the chapter on sex equality,²² which summarises the effects on the European Pillar on the following measures:

- In the ‘Demography and public education’ component, early education is mentioned as promoting social equality and parents’ employment opportunities. This measure equally serves all three chapters of the Pillar, as it promotes equal opportunities, employment opportunities, balance between work and family life, and the right to early education and care.

²⁰ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepességi-eszköz-rrf>, 383.

²¹ Zalán E., *EU Commission tightlipped on Hungary recovery-plan decision*, in *EU Observer*, 1 October 2021, <https://euobserver.com/democracy/153090>

²² Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepességi-eszköz-rrf>, 30.

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- In the ‘Highly educated, competitive workforce’ component, the measures in higher education and vocational training on infrastructure, capacity building and digitalisation contribute to the promotion of equal opportunities in providing high quality higher education and vocational training.
 - The ‘Catching-up settlements’ component represents a turning point in social policy in tackling the problems of small depressed villages in all their complexity with a special strategy. The elements of this component, with their synergies, should bring about a remarkable improvement in the catching-up of the selected 300 settlements by enhancing social mobility and strengthening families and communities.
 - In the ‘Water supply’ component the objectives (such as water supply for regions with water shortages) will improve equal access to basic services.
 - In the ‘Sustainable and green transport’ component interventions in suburban and regional train networks will increase social mobility in remote regions in order to reintegrate them.
 - In the ‘Energetics (green transition)’ Component the individual solar system and heating modernisation investments should strengthen social protection and inclusion, but also bring about a general improvement for all social groups and regions.
 - The ‘Effective waste management’ component also includes elements aimed at enhancing social and regional cohesion.
 - In the ‘Health care’ component, almost all elements support social protection and cohesion because better quality health services and a reduction in under the counter payments should bring advantages especially for social groups in need. The remote health digital services programme targets individuals who cannot independently take care of themselves in their homes, thus promoting their social inclusion.
 - The Horizontal measures in general are aimed at promoting equal opportunities, and thus serve to achieve the objectives of the European Pillar.

The second (specific) mention concerns the Horizontal measures of the Recovery and Resilience Plan,²³ which are aimed at promoting equal opportunities. They therefore support the objectives of the European Pillar (in general terms). These Horizontal measures include:

- Improving the efficiency of anti-corruption measures to promote trust among businesspeople and citizens.
- Enhancing competition in public procurement with interventions on both the demand and supply sides.
- Improving the efficiency and quality of public services and decision-making processes with the use of AI technologies and automation.

²³ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepességi-eszköz-rrf>, 31.

The third and fourth (specific) mentions²⁴ are related to the same issue, namely social housing. The component on catching-up settlements²⁵ is aimed at investments in poor villages to fight poverty in housing and improve living conditions, in accordance with Pillars 19 (housing) and 20 (access to essential services) of the European Pillar of Social Rights.

3.3 Country-specific recommendations

In the context of the 2019 Country-Specific Recommendations (CSRs), the Council called on the Hungarian government to

continue the labour market integration of the most vulnerable groups, in particular by upskilling, and improve the adequacy of social assistance and unemployment benefits. Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality mainstream education. Improve health outcomes by supporting preventive health measures and strengthening primary health care.

The 2020 CSRS then recommended that Hungary

address shortages of health workers and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system. Improve access to quality preventive and primary care services ... Protect employment through enhanced short-time working arrangements and effective active labour market policies and extend the duration of unemployment benefits. Improve the adequacy of social assistance and ensure access to essential services and quality education for all.

In this regard, the Health care component will contribute to supporting preventive health measures and strengthening primary health care. The Catching up settlements component will improve community services and living conditions in remote villages with accumulated disadvantages, in which the Roma population is particularly high. However, it will not include measures on education (beyond general improvements of public services in higher education and vocational training), social assistance or unemployment benefits. At the same time, there will be a referendum (proposed by the opposition parties' election coalition) on raising of the maximum period of unemployment benefit from three to nine months in 2022.²⁶

²⁴ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokessegi-eszkoz-rrf>, 117, 418.

²⁵ Magyarország Helyreállítási és Ellenállóképességi Terve (RRP), <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokessegi-eszkoz-rrf>, 97-127.

²⁶ *LMP Advocates Referendum as '2nd Step' to Change Government*, in *MTI-Hungary Today*, 4 January 2022, <https://hungarytoday.hu/hungary-opposition-referendum-lmp-csardi/>; Csurgó D., *Megvannak az aláírások az ellenzék népszavazási kezdeményezéseiből*, in *444.hu*, 20 January 2022, <https://444.hu/2022/01/20/megvannak-az-alairasok-az-ellenzék-nepszavazasi-kezdemenyezeseihez>.

Moreover, the Council recommended in 2019 to ‘focus investment-related economic policy on research and innovation, low carbon energy and transport, waste infrastructure and energy and resource efficiency, taking into account regional disparities. Improve competition in public procurement.’ In 2020 the Council added that Hungary should

focus investment on the green and digital transition, in particular clean and efficient production and use of energy, sustainable transport, water and waste management, research and innovation, and digital infrastructure for schools... Ensure effective involvement of social partners and stakeholders in the policy-making process. Improve competition in public procurement.

In this field, the measures in the ‘Highly educated, competitive workforce’ component will bring about investments in higher education and vocational training on infrastructure, capacity building and digitalisation. The ‘Water supply’, ‘Sustainable and green transport’ and ‘Energetics (green transition)’ components all focus on decreasing regional disparities.

The Council also recommended in 2019 that Hungary should

reinforce the anti-corruption framework, including by improving prosecutorial efforts and access to public information, and strengthen judicial independence. Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and through regular, appropriate impact assessments. Continue simplifying the tax system, while strengthening it against a risk of aggressive tax planning. Improve competition and regulatory predictability in services sector.

In this respect the wage increase for medical doctors is a decisive step against informal payments and other illegal practices, as well as corruption in the health sector. Furthermore, the horizontal measures include the following anti-corruption initiatives:

- modernisation of cooperation between public prosecutors in order to fight corrupt practices;
- halting illegal activities in health care;
- improving the Electronic Public Procurement System (EKR);
- strengthening the demand and supply sides to improve competition;
- elaborating an anti-corruption policy.

There is also horizontal reform to further simplify the tax system. The national information technology infrastructural system will be reformed to increase the effectiveness of public services. Decision-making processes are planned to be improved through horizontal reforms to enhance efficiency and transparency, and decrease the risk of infringements:

- promoting data based decision-making and legislative processes;

-
- extending automatic administrative decision-making.

4. Lessons from the previous crisis

4.1 Recommendations in the context of the in-depth reviews

Hungary has not been presented with macroeconomic recommendations in the context of the in-depth reviews carried out by the Commission since the Covid-19 pandemic began, including the 2022 Spring Package.

4.2 Country-Specific Recommendations 2022

The 2022 Country-Specific Recommendations include the following: ‘Continue the labour market integration of the most vulnerable groups, in particular through upskilling, and extend the duration of unemployment benefits. Improve the adequacy of social assistance and ensure access to essential services and adequate housing for all. Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma in quality mainstream education. Improve access to quality preventive and primary care services.’²⁷

4.3 Political context

The national political landscape was not impacted at all by the adoption of the Next Generation EU plan. The main debate between the governing Fidesz and the oppositional six-party coalition centred around the introduction of the rule-of-law conditionality mechanism in 2021–2022. The Orbán government fiercely attacked the EU conditionality regulation adopted in January 2021, while the opposition parties warmly welcomed it.

The role of social dialogue and civil society involvement is very limited, generally speaking, also in relation to the Recovery and Resilience Plan. Forums of (tripartite) social partnership with the participation of employers’ and employees’ organisations have been terminated and degraded since 2010. The national system of social dialogue is thus not effective in general, and it certainly could not play any role in the elaboration of and debate on the Next Generation EU plan. Civil organisations, for example, criticised the extremely short deadline (14 days) for submitting an opinion.²⁸ The Mayor of Budapest, representing the opposition parties, also criticised the inadequate consultation process, which led to a political debate

²⁷ Council Recommendation on the 2022 National Reform Programme of Hungary and delivering a Council opinion on the 2022 Convergence Programme of Hungary {SWD(2022) 614 final. Recommendation No. 3.

²⁸ Bizottság H., *Észrevételeink az Európai Bizottsághoz benyújtandó Helyreállítási Tervezethez*, 19 April 2021, <https://helsinki.hu/eszreveteleink-az-europai-bizottsaghoz-benyujtando-helyreallitasi-tervezethez/>

about the adequacy of the consultation process between local government and central government.²⁹

5. Conclusions

The overall impact of EU financial transfers will be limited by the government's decision to accept only the grant of 7.2 billion euros and refuse the loan of 9.1 billion euros. However, this decision was changed by the government on 18 March in a letter to the European Commission. The changed plans in relation to the loans have not yet been published, however. This change in the government's original plans considerably increases the room for manoeuvre in expenditure, in particular in the social domain. The original (published) tighter budget was focused on health care (mostly on doctors' salary increases) and transport projects (predominantly suburban railways). The approach to social and labour protection policies is characterised mainly by negligence so far (a mere 3 per cent of the budget).

The only exception is the innovative and very much needed support for villages in depressed regions with a high rate of extremely poor Roma people. The bad news is that only 200 million euros – 3 per cent of the budget – will be spent on this component over four years. It is regrettable that this part of the plan has received so little attention. The bulk of the recovery fund (60 per cent of the budget) will instead be spent on health care and transport-related projects. For instance, the raising of wages in one part of the medical profession will cost around 1 billion euros, and health infrastructure another 1 billion. Similar amounts will be spent on transport projects in the suburbs of Budapest on railways and other transport systems.

All in all, it has emerged that social and labour objectives were not of high importance for the Hungarian government in the elaboration of the Recovery and Resilience Plan, which, therefore, will not result in the reinforcement of the social dimension of EU and national policies. The same applies to social dialogue and civil society involvement, which has not played a significant role in planning and discussions. Infrastructural investment is the key word in spending the Next Generation EU fund, whether it be in health care, higher and vocational education, or the transport network. None of this has much to do with social and employment policies, although a few minor contact points and intersections were highlighted.

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²⁹ Karácsony Gergely bírálja a helyreállítási tervet, a Miniszterelnökség cáfol, in *Index.hu*, 25 May 2021, <https://index.hu/belfold/2021/05/25/helyreallitasi-terv-karacsony-gergely-fopolgarmester-miniszterelnokseg-agosthazy-szabolcs-fovarosi-onkormanyzat/>; <https://www.origo.hu/itthon/20210525-a-miniszterelnokseg-nyilt-levelet-irt-karacsony-gergelynek-magyarorszag-helyreallitasi-terverol.html>; Szalai A., Karácsony: Nem tudom, hogy létezik-e ezer oldalas SMS, in *Népszava*, 5 May 2021, https://nepszava.hu/3120808_karacsony-nem-tudom-hogy-letezik-e-ezer-oldalas-sms.