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## Young Science

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# VALORIZÁCIA STAROBNÝCH DÔCHODKOV V SLOVENSKEJ REPUBLIKE A MAĎARSKU

VALORISATION OF OLD-AGE PENSIONS IN THE SLOVAK REPUBLIC  
AND HUNGARY

Oskár Tóth <sup>1</sup>

Autor pôsobí ako interný doktorand na Fakulte verejnej správy, Univerzity Pavla Jozefa Šafárika v Košiciach. Vo svojom výskume (dizertačnej práci s názvom „Sociálna spravodlivosť a sociálna solidarita v starobnom dôchodkovom systéme SR“) sa venuje sociálnej politike a starobnému dôchodkovému systému SR s dôrazom na jeho druhý pilier.

The author is an internal PhD candidate at Pavol Jozef Safarik University in Kosice, Faculty of Public Administration. Title of his dissertation thesis is Social Justice and Social Solidarity in the Old-Age Pension System of the Slovak Republic. In his research field he focuses on social policy and the old-age pension system of the Slovak Republic with emphasis on its second pillar.

## Abstract

States of western civilizations are trying to create an effective, just, sympathetic, and sustainable old age pension system that will provide enough money for the aging generation, and governments will avoid the unpleasant problem of senior poverty. The concept of social justice sometimes has different meanings. Their understanding changes in space and time. The presented research paper addresses the content framework of this phenomenon through its specificities in the political philosophical-axiological plane based on selected economic indicators in terms of their secondary analysis. Our hypothesis assumes that center-left, left-wing political entities valorise old age pensions with a fixed amount, while center-right, right-wing entities valorise in a percentage way. The main aim of the paper is to identify the comprehension of social justice by governmental entities and their coalitions in the Slovak republic and Hungary through valorisation mechanisms of old age pensions between 2018 and 2021.

Key words: Slovak republic, Hungary, social policy, social justice, old age pensions

## Abstrakt

Štáty západnej civilizácie sa snažia vytvoriť efektívny, spravodlivý, a udržateľný starobný

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dôchodkový systém, ktorý poskytne dostatok peňazí pre starnúcu populáciu, a vlády sa vyhnú nepríjemným problémom chudoby seniorov. Pojem sociálna spravodlivosť má niekedy rôzne významy. Ich chápanie sa mení v priestore a čase. Predložený príspevok sa venuje obsahovému rámcu tohto pojmu prostredníctvom jeho špecifík v politickej, hodnotovej rovine na základe vybraných ekonomických ukazovateľov z hľadiska ich sekundárnej analýzy. Predpokladáme, že stredolavé, ľavicové politické subjekty valorizujú starobné dôchodky s pevnou sumou, zatiaľ čo stredopravé a pravícové subjekty sa valorizujú percentuálne. Hlavným cieľom príspevku je identifikovať chápanie sociálnej spravodlivosti vládnymi subjektmi a ich koalíciami v Slovenskej republike a Maďarsku prostredníctvom valorizačných mechanizmov starobných dôchodkov v rokoch 2018 až 2021.

**Kľúčové slová:** Slovenská republika, Maďarsko, sociálna politika, sociálna spravodlivosť, dôchodky v starobe

### **Introduction**

Social justice is one of the main principles of social policy. It is a natural demand of society, which aims to ensure the good of society on behalf of individuals and various social groups. Scientists and theorists from the fields of sociology, political science, economics, law, and philosophy, as well as politicians, reach for the concept of social justice. Ultimately, social justice is always regulated by legislation in the form of a norm (even if its essence is relative). It is not possible to unify and absolutize its form, understanding and use, nevertheless it is always necessary to reflect in some way its application in practical life and to respect the power; legislative definition (naturally in terms of fair democratic cooperation of the majority with minority requirements). There is a wide range of applications of social justice in human life, individual social groups, but also society.

The demand for social justice has become the most common and impressive argument in many political debates. Every government is expected to act in a spirit of justice towards its citizens and the various social groups. Various social policy actors at national and supranational level use this term as a justification for redistributive processes. Their content can be defined by the value system of ruling entities exercising political power in the state. The paper focuses on the analysis of the principle of social justice, as a key principle of social policy, in the field of social security, through monitoring the solution of a social event - old age, in terms of saturating the economic needs of seniors. It focuses on identifying the understanding of social justice in the valorisation / indexation mechanisms of old age pensions in two countries - in the Slovak Republic and Hungary in the selected time frame 2018 - 2020. It is implemented as a secondary analysis of relevant statistical outputs, official organizations implementing the measurement of statistical data: Statistical Office of the Slovak republic, Social Insurance Agency in Slovakia, Government Office of the Slovak republic, Hungarian State Treasury, Website of the Hungarian Government, Hungarian Central Statistical Office.

### **Relativity of social justice in space and time.**

Social justice is based on equality of rights for all human beings, and their possibility to benefit from economic and social progress without discrimination (ILO, 2011). But where

does the balance lie between equality and inequality, between individual and collective ends? The sensible answer is that it should lie at a fair point. However, how are we to decide what is fair? This question is appropriate to all policy areas but is of particular importance to social policy. The notion of justice can be theorised in many ways, but a useful starting point is with Aristotle (e.g., Bostock 2000, Kraut 2002). Aristotle divided the idea of justice into two main parts: corrective justice and distributive justice. Distributive justice refers to the division of shares in social benefits/burdens and is thus concerned with tax/spend policy. Corrective justice is concerned with the rectification of injustice and thus entails specific social policy interventions. Following Aristotle, the understanding of social justice appears to be endlessly explored and contested. Even if all agree that 'justice' is a rather good thing, some might think that justice refers to equal individual treatment, while others understand justice in terms of granting basic human rights. Even a minimal consent presupposes a kind of consensus for the meaning of ideas like 'equality' or terms like 'rights'. What is exposed here is the 'concept/conception distinction'. The 'concept' of justice is the general idea, but different political theorists and philosophers have different 'conceptions' of justice. According to the philosopher Gallie (1956), certain moral concepts are "essentially contested". For example, 'good', 'right' and 'just' are moral concepts, which seem to have a common or shared meaning. Everybody agrees that it seems good to alleviate absolute poverty, but the criteria for the application of the term 'good' differs. Not everybody believes that the criteria for 'good' should refer to the conception of a flourishing human life and/or of a prospering social welfare. Along these same lines, some philosophers do not refer to the same but to only synonymous concepts. The meaning of the concept 'good' becomes contested since everyone has a different understanding of that concept. In other words, some concepts are 'essentially contested' because their nature prevents agreement on the criteria for their application. Is this the case for social justice? Although an 'essentially contested concept', social justice can be - even for Gallie (1956)- directly identified by two descriptions. In the first, justice consists of the institution and application of those social arrangements, whereby the meritorious individual receives his commutative due. In the second, justice rests upon the ideas, or ideals, of co-operation, to provide the necessities of a worthwhile human life, and of a distribution of products to assure such a life to all who co-operate. In the well-known Rawls' "Theory of Justice" (1972), the distinction lies between the concept of justice and particular conceptions of justice. For him, 'justice as fairness' is the most appropriate conception of justice, and an agreement on the criteria for a just society is feasible. In other words, for Rawls the concept/conception distinction does not imply that the concept of justice is essentially contested and, that not all contested concepts are 'essentially' contested concepts. The concept/conception distinction is found also in Dworkin's theory (1988). For him, 'equality' is not an 'essentially contested concept' because the identification and application of stable criteria for its meaning is feasible. Equality is rather an 'interpretive' concept, i.e., a concept that is subject to interpretation. Famously, Hayek (1960) disputed the validity of the very idea of social justice. The principle of social justice is just an 'anathema' (Hayek 1976). He agreed for a strong state that promotes not justice but the market and ruled out redistribution of wealth. For Nozick (1974), massive inequalities according to the distribution of the free market are perfectly just. He opposed to the welfare state and to any notion of social justice.

In his theory, Rawls (1972) incorporates a strong element of social justice by redistribution of income, wealth and power. Social and economic inequalities are to be arranged so that they are to the advantage of the worst off. Rawls argues that people in the ‘original position’ will opt for safeness through equality, instead of taking the risk of inequality. In a word, Rawls might be thought of as a supporter of state welfare capitalism (Fitzpatrick 2001). However, the meaning of social justice remains ambivalent and controversial. In near egalitarian terms, justice is conceptualised as utility, as entitlement and as contract (e.g., Drake 2001). It is widely thought that social justice is a notoriously difficult concept to define (e.g., Blakemore & Drake 1996). This might be true, for those interested in the philosophical or the ethical dimensions of justice. This is less true, for those inspired by its aim or convinced for its vital role for well-being irrespective of any kind of ideology other than humanism. For them, social justice is simply a desirable situation, which balances inequality and welfare, and is enforced by redistributive policies embracing egalitarian implications. This presupposes a state intervening to reallocate wealth and market outcomes. After all, a straightforward definition of social justice prescribes how the good and bad things in life should be distributed among the members of a human society (Miller 1999). In our days, this focuses on the redistribution paradigm of social justice, which is broadened to embrace also, nonmaterial dimensions, ‘stretching’ beyond traditional concerns with the distribution of income and wealth (Lister 2007). This broader understanding of social and power relations argues earnestly that the problem of domination and oppression should be the basis for a conception of social justice (Young 1990). Non-material aspects of social justice go beyond the economic distributional; identifying the need for justice rooted in the struggle for recognition (Fraser 1997). Recognition claims are about how people are represented (e.g., in the media and in the political debate); about the extent to which people’s view count; about decency and dignity – the enormous importance for people of a sense of themselves and their place in the world (Lister 2007). The recognition paradigm reflects cultural and/or symbolic injustices misrecognitions in everyday life interactions (Fraser 1997). The relationship between cultural recognition and economic redistribution –which is crucial for the nature of redistributive social policies– is one of complementary, rather than competing versions of social justice (Fraser & Honneth 2003; Thomson 2006). Within this relationship, the dimension of representation is enhancing the recognition paradigm in the reframing of contemporary justice analysis (Fraser 2005).

In sum, redistribution, and recognition –including representation and the reciprocal nature of respect- reflect the fundamental elements, which should drive justice through postmodern rights and plural policies. Social justice incorporates recognition and redistribution so as to address the economic, political and cultural dimensions of injustice. This translates into policy demands for respectful treatment, for social security and for granting dignity (Lister 2008). Application of the recognition paradigm of social justice illuminates the ways in which poverty politics is also a ‘politics of recognition and respect’ (Lister 2004). Arguably it is a sophisticated form of redistributive justice, which entails representation and recognition. It is a more in-depth redistribution of tangible resources towards less inequality, incorporating enhancement of intangible rights towards more citizenship.

Esping-Andersen's point of departure is the assumption that welfare states are supposed to produce equality and, in a manner of speaking, even are equality. Because equality is such a broad and vague concept, welfare states often vary in terms of which egalitarian principles they accentuate. Not all welfare states have wholeheartedly and equally embraced the notion of equality that reflects a redistributive justice of collective solidarity. This raises the question of what the exact relationship is between this multifarious concept of equality, on the one hand, and notions of solidarity and principles of distributive justice, on the other. Esping-Andersen suggests that the latter, at least in this case, can be treated as intertwined concepts. Both concepts refer to aspects of the notions of equality espoused by welfare states and are, at least in this regard, two sides of the same coin. Therefore, his answer – if we interpret his line of reasoning correctly – should be as follows. If all welfare states try to create some sort of equality, then they must try to find an institutional solution for the problem of solidarity: in other words, who should be made equal to whom or, more precisely, who should have equivalent rights to what kind of collective protection? Because solidarity and distributive justice are intertwined, the following consecutive question must be answered: What kind of equality should be applied to those who should have equivalent rights to what level of collective protection? Although solidarity is one of sociology's key problems, the theoretical connotations of this concept have, since the important early contributions of Durkheim and Weber, seldom been analysed in a satisfactory manner (Bayertz 1998; Doreian & Fararo 1997; van Oorschot & Komter 1998). In their review of the state of the art of sociological theory construction concerning solidarity, van Oorschot and Komter (1998) conclude that the distinctive features of societal solidarity are communal interests (shared utility) and feelings (shared identity). Solidarity takes shape either vertically: The 'strong' help the 'weak' by redistributing benefits and burdens, or horizontally: The 'strong' and the 'weak' contribute to the common weal by risk-sharing. Societal solidarity increases the more the 'strong' support the 'weak', and the more both the 'strong' and the 'weak' contribute to the general interest. The sociological treatment of notions of solidarity that people cherish agrees with this distinction. Like solidarity, the problem of social justice features prominently in the work of the two most famous classical sociologists: Durkheim and Weber (Arts & van der Veen 1992:144). Contrary to solidarity, however, there is extensive and informative theoretical literature pertaining to what principles of distributive justice people embrace, i.e., their answer to the question of who should get what and why. Deutsch (1975:139) provides a long list of substantive values on which, according to this literature, principles of distributive justice are based. He advances the thesis that, in spite of the many specific values underlying principles of distributive justice, three overarching principles can be distinguished: (1) equity; (2) equality; (3) need. Most of the substantive values can be gathered under the umbrella of these principles.

### **Approaches to the adjustment mechanism of old age pensions.**

The old-age pension system, as a subsystem of the social security and pension system, is an integral part of social policy. It is inextricably linked to the economic policy of the state because it draws resources from it, without which it cannot implement specific solutions to specific social events. The economy of each state, or associations of states, depends on

political decisions, whether direct or in a mixed economy, especially indirect ones (Geffert 2020).

There are several dilemmas in meeting the objectives of the old age pension policy, as the society expect the governing power to implement the various attributes of the pension system at the same time. Adequate old age pensions, a fair balance between contributions and pension benefits, the flexibility of pension benefits in times of social change, but also the predictability of pension benefits. The aim is to manage the transition to social justice, intergenerational solidarity, and gender equality, while creating the conditions for sustainable public finances. (Myles 2002).

Old age pension systems are a standard part of the macroeconomic and microeconomic environment of all developed states of western civilization. Old age pension systems based on a PAYG system of financing are currently entering financial crises, placing ever-increasing demands on taxpayers, respectively economically active population. The number of old age pensioners is increasing, pensions are rising as a result of the way they are valorised, and at the same time the number of those who contribute to the system is decreasing with the aging of the population as well as unemployment. The consequences of the global crisis also play an unfavourable role.

Social rights are a differentiated and regulated set of special rights. Often it depends on whether the citizen; the individual to a member of the subsystem and what rights arise to them (e.g., social, and other insurance, which constitute to the largest part of the social security system).

Social insurance benefits are paid based on the payment of levies based on the insured person's income. The nature of social insurance benefits is similar to that of private insurance benefits, which means that the amounts of insured persons' benefits in the event of entitlement to their payment (e.g., old age, illness, disability, incapacity for work) also depend on the contributions paid. The difference between social insurance and private insurance is in the payment of "premiums", which are not an individual decision taken on a voluntary basis but are a legal obligation. Another difference is that the security provided by the state is not strictly and necessarily proportional to previous payments of social security contributions. An example could be certain transfers within old age pension schemes to the detriment of higher-income policyholders (payers of higher contributions) in line with the provision of old-age pensions based on public objectives. One of the most important subsystems of social insurance is pension insurance. Regardless of the choice of the model of financing the pension system, the society attributes certain advantages and virtue of pension insurance. Entitlement to regular benefits (e.g., old-age pension) increases (?) the insured's sense of social security. Insured persons perceive this right as the basis of their own lifelong safety and social justice based on social security. The social insurance obligation and the rules for the payment and increase of benefits in principle provide a relatively predictable system that finances the needs of policyholders at an adequate level.

The concept of justice has a special place in political discourse. Social justice is the most fundamental issue of social life, which requires precedence over all other values, and the elimination of injustice is a social duty. Therefore, it does very matter in what sense we use

the word justice. (Kovács 2012) Social justice and harmony are fundamental to the legality and legitimacy of government. Each political party declares that society should be organized, structured, and managed based on the principle of social justice. (Geffert 2014)

The need to introduce a system of regular adjustments to pension insurance with regard to the growth of other economic indicators, mainly due to the existence of a discrepancy between the static nature of old age pensions and the dynamic nature of the remuneration system and economic development. Adaptation involves two relatively separate circuits.

Adjustment mechanism of old age pensions depend on the one hand on the growth of retail prices and cost of living. The aim of such an adjustment is to maintain the fair value of the old age pension paid, thus preventing a decline in its purchasing power. From this point of view, this method is considered to be the minimum limit of changes.

On the other hand, Krebs describes adjustment mechanism of old age pensions depend on the wage growth of economically active members of society. Guaranteeing old age pension recipients only to maintain their purchasing power would mean accepting a widening gap between their standard of living and the level of people receiving earnings and would also lead to a widening gap between previously and newly assessed old age pensions. The aim of this adjustment is therefore to prevent unjustified differences between the level of old age pensions calculated based on comparable merits in different periods and to ensure a proportionate development of old age pensions and wages. The advantage of this method is the fact that it is technically simple due to the fact that the indicator of wage development can be easily determined. Assuming growth in real wages, this method of valorisation also ensures the growth of the purchasing power of pensions and can be described as a significant element of the living standards of old age pensioners. The basic principles of adjustment need to be set in such a way that, in order to maintain social guarantees, ensure an adequate relationship between old age pensions and from the point of view of practical implementation, they will apply for a longer period of time.

These are mainly the following problems:

- based on which indicator pensions should be adjusted.
  - increase the paid pensions by a single fixed amount or by a certain percentage of it.
- to provide for an increase in pensions paid uniformly for all pensions or differentiated for different groups of pensions (Krebs et al 2007).

At the axiological level, social justice is a popular part of the political agenda of every political entity, but it is quite naturally interpreted differently. Following the state as the basic subject of social policy, is perceived by the left as a socially just policy based on a broad redistribution of public resources in comparison with the liberal-conservative centre-right political slide that puts this phenomenon more on a level based on individual merit in economic processes while weakening the influence of the state in the level of redistribution. The fundamental question arises in connection with how to understand the effectiveness and efficiency of social justice interpreted in this variable way? It could seem that shifting the tongue on the scale of the state and the market to the right weakens the phenomenon of social justice in terms of the impact on individuals and target social groups (Geffert 2014).

Of course, we can neither absolutize nor relativize in terms of such a complicated sphere of social security. It is mostly the identification of an understating of the social justice principle through selected indicators. The legislation concerning the calculation of old age pensions and economic indicators is different in either of the reviewed states (Geffert 2018).

### Case of the Slovak Republic

Elections in Slovakia in 2016 were held on March 5. The governing coalition was formed by non-standard, inconvenient value-wise political entities, the center-left SMERD-SD, the right-wing SNS, the center party MOST-HÍD and the center-right # SIEŤ (which disintegrated de facto shortly after the government was formed).

Name of the political entity	Number of votes	Votes in %	Number of seats
SMER – Sociálna demokracia (SMER - SD)	737 481	28,28	49
Sloboda a Solidarita (SAS)	315 558	12,10	21
Obyčajní ľudia a nezávislé osobnosti – NOVA (OĽANO - NOVA)	287 611	11,02	19
Slovenská národná strana (SNS)	225 386	8,64	
Kotleba – Ľudová strana Naše Slovensko	209 779	8,04	14
SME RODINA – Boris Kollár	172 860	6,62	11
MOST – HÍD	169 593	6,50	11
#SIEŤ	146 205	5,60	10

Table 1 - Results of the 2016 parliamentary elections in the Slovak Republic

Source: Statistical Office of the Slovak Republic (2020)

According to the annual report on the management of the Social Insurance Agency 2017, the number of recipients of old-age pensions in the years 2016 - 2017 was as follows as of 31 December of the relevant calendar year: 2016 - 1,048,842 and 2017 - 1,064,393 recipients. The amount of the average old-age pension received in 2016 was €417.46 and in 2017 €428.31. From 1 January 2018, a new mechanism has been applied to increase pensions. This follows from the amendment to the Social Insurance Act, which was approved by the National Council of the Slovak Republic on 19 October 2017. In accordance with the amendment, old age pensions were increased by the so-called pension inflation, but at least by a fixed amount. When increasing old age pensions by the pension inflation, pensions increased by a percentage of the year-on-year increase in consumer prices for households of pensioners reported by the Statistical Office of the Slovak Republic for the first half of 2017, which represents an increase of 0.8% of the monthly amount of old age pensions. This is an individual percentage valorisation linked to real pension inflation (on the percentage of year-on-year growth in consumer prices for pensioner households). With the increase in old age pensions by a fixed amount, old age pensions increased by 2% of the average monthly amount of the relevant pension benefit reported by the Social Insurance Agency as of 30 June 2017 (SIA of Slovakia 2020a). However, if the amount of the old age pension increase determined based on pension inflation is lower than a fixed amount determined as 2% of the average amount of the relevant type of pension as of 30 June this year, the old age pension will be

increased by a fixed amount. The amounts of the increase in the amount of the old-age pension in the observed period are shown in the following table 2.

Type of pension	Year of valorisation	Amount of increase in EUR
Old age pension	1.1.2018	8,40
	1.1.2019	8,70
	1.1.2020	9,00
	1.1.2021	9,40

Table 2 - Valorisation of old age pensions in the Slovak Republic

Source : Own elaboration based on Social Insurance Agency of Slovakia data (2020b/c/d, 2021)

2018 has brought a change in the adjustment of the old age pensions in the Slovak Republic; this adjustment is based on the monitoring of pension inflation. Most of the old age pensions have increased by €8.40. As for the old age pensions higher than €1.150, these increased in percentage, i.e., by 0.8%, which represented €9 in total (this increase covers as few as 4.181 old-age pensioners) (Geffert 2018).

According to legislation act 461/2003 coll. on social insurance (§ 82 and § 293dx) Social Insurance Agency (SIA) increased old age pensions in 2020 by 2,9% and in 2021 by 2,6% of the monthly amount of old age pensions but at least by a fixed amount of the average monthly amount of individual types of pensions reported by the SIA as at 30 June previous year (SIAg 2020, SIA 2021).

The elections to the National Council of the Slovak Republic in 2020 were the eighth parliamentary elections since the establishment of an independent Slovakia, which took place on February 29, 2020. Turnout reached 65.80%. The OĽaNO movement received the largest number of votes, at 25.02%. In addition to this political entity, enough votes to get to parliament get SMER-SD, Sme Rodina, Kotlebovci-ĽSNS, SAS, Za Ľudí.

Name of the political entity	Number of votes	Votes in %	Number of seats
Obyčajní ľudia a nezávislé osobnosti - (OĽaNO - NOVA)	721 166	25,02	53
SMER-SD	527 172	18,29	38
SME RODINA	237 531	8,24	17
Kotlebovci – Ľudová strana Naše Slovensko	229 660	7,97	17
SAS	179 246	6,22	13
ZA ĽUDÍ	166 325	5,77	12

Table 3 - Results of the 2020 parliamentary elections in the Slovak Republic

Source: Statistical Office of the Slovak Republic (2020a)

The big winner in Slovakia's parliamentary election were the Ordinary People and Independent Personalities (Obyčajní Ľudia a nezávislé osobnosti, OĽaNO) Party, which earned a massive 25% of the votes and a mandate to form a new government with 53 seats in a 150-seat legislature (Rossi 2020).

OĽaNO (Ordinary People and Independent Personalities), led by Igor Matovič, formed a governing coalition with three other parties (Sme Rodina, SAS, Za Ľudí) after winning the February 2020 elections in Slovakia on an anti-corruption platform. However, the government's agenda in many areas was immediately over-shadowed by pandemic Covid-19 (Bušítková, Baboš 2020).

The Ministry of Labor, Social Affairs and Family in the Slovak Republic, which includes the agenda of old-age pensions, was led by a member of the political party SMER - Social Democracy. Ideologically, the political entity ranks among the center-left entities. After the parliamentary election in 2020, the Ministry of Labor, Social Affairs and Family is led by a member of the political entity Sme Rodina.

The amount of the average old-age pension received in Slovakia in 2018 was 432,76 € in 2019 449,97 € and in 2020 484,94 € and to 31. January 2021 it was 498,53 (Social Insurance Agency in Slovakia 2020e/f, 2021b).

### Case of the Hungary

As regards Hungary, in the period under review, the governing coalition consists of the political entities FIDESZ and KDNP. The observed years represent a continuation of the rule of this coalition. In 2014, FIDESZ, in cooperation with KDNP, won the election by winning 133 seats in the 199-member parliament. The following Table 4 discusses in detail the results of the parliamentary elections in Hungary in 2014 and 2018, as the governance of the formed coalition exceeds 2018. The contribution continuously discusses the valorisation mechanisms of old-age pensions in the period 2018-2021 in terms of pursuing the set goal.

Year of the election	Political entity	Single-seat districts		Nationwide list		Total	
		Number of seats	Votes in %	Number of seats	Votes in %	Number of seats	Votes in %
2014	FIDESZ – KDNP	96	90,57	37	39,78	133	66,83
	MSZP- EGYUTT-DK-PM-MLP	10	9,43	28	30,11	38	19,10
	JOBBIK	0	0	23	24,73	23	11,56
	LMP	0	0	5	5,38	5	2,51
2018	FEDESZ – KDNP	91	88,85	42	45,16	133	66,83
	JOBBIK	1	0,94	25	26,88	26	13,07
	MSZP – PARBESZED	8	7,55	12	12,90	20	10,05
	DK	3	2,84	6	6,45	9	4,52
	LMP	1	0,94	7	7,53	8	4,02
	MNOO	0	0	1	1,08	1	0,50
	EGYUTT	1	0,94	0	0	1	0,50
	FUGEGETLEN	1	0,94	0	0	1	0,50
TOTAL		106	100	93	100	199	100

Table 4 - Parliamentary elections in Hungary

Source: Own elaboration based on National Election Office datas

The governing coalition was formed by the political entities FIDESZ and KDNP. In the 2014-2018 election period, this was the third, close-value government led by Viktor Orbán, which he led to the next parliamentary elections on April 8, 2018. President of Hungary Janos Ader, on April 17, 2018, entrusted the chairman of the winning political party, FIDESZ with the formation of a government. The newly formed coalition was appointed president by the

parliament on May 18, 2018. Currently it is the fourth government of Hungary, headed by Viktor Orbán.

Political entity	Name of the political entity	Values of the political program
FIDESZ	FIDESZ – Hungarian Civic Union	National conservatism, Christian democracy
KDNP	Christian Democratic People's Party	Christian democracy, conservatism

Table 5 - Values of political entities

Source: Own elaboration based on political programs

In 2011, the Parliament in Hungary adopted Act no. 166, which established the state budget for 2012, and which amends some other laws. This amendment changed the system of increasing pensions (including old age) established in Act no. 81 of 1997 on Social Security Pensions. VI. Chapter, Annual increase in pension benefits: Social security pension benefits determined before 1 January of the current year, in January of the year following the calendar year of the finding, should increase to the rate of increase in consumer prices. The planned increase in consumer prices in the current year is set out in the State Budget Act. If the expected rise in consumer prices in the current year is at least 1 percentage point higher than the expected rate by how much they have increased, then in November of the given year, an additional increase in pension is to take place with retroactive effect from 1 January. If the deviation exceeds 1 percentage point, then the difference for the whole year shall be paid in a single amount in November of the year in question. When increasing old age pensions according to para. (3) of the Act on Social Security Pensions, the growth rate of consumer prices of pensioners for the first eight months of the current calendar year should be considered if it exceeds the expected growth rate of consumer prices. Pursuant to the law, Parliament authorizes the government to take further necessary measures in the event of a known or estimated forecast of actual and expected macroeconomic processes and data (National Assembly Act 81/1997).

The government decree regulating the January 2018 pension increase was published in the 200th issue of the Magyar Közlöny, according to the provisions of which old age pensions and pension-like benefits will increase by 3 percent (Gov. decree 359/2017. (XI.30.)).

Government decree 240/2018. (XII. 12.), published in the Magyar Közlöny in December 2018 determines the January 2019 increase in pensions and certain other benefits (Gov. decree 240/2018. (XII.12.)).

The rate of increase was 2.7 percent in January, as that 2.7 percent was included as an inflation forecast in the 2019 budget law. According to the Hungarian Central Statistical Office Inflation Flash Report published on 10 September 2019, in August 2019 consumer prices were on average 3.1%: higher than a year earlier. However, this figure is not relevant for the old age pension adjustment, but the fact that in January – August 2019, consumer prices increased on average by 3.4% compared to the same period of the previous year. The rate of the pensioner consumer price index is also 3.4% (compared to the same period last year), according to the flash report. Thus, in accordance with the provisions of the Pensions Act, the rate of 3.4% applies, according to which the old age pension adjustment must be made. After an old age pension increase of 2.7% in January 2019, in line with the inflation forecast in the 2019 Budget Act, this needs to be adjusted to 3.4%. The difference 3.4% -

2.7% = 0.7%. Once the difference is less than 1 percentage point, the difference for the whole year must be paid in a lump sum.

Accordingly, retirees in 2019 (and all beneficiaries who are entitled to a regular increase in their benefits)

- together with their November old age pension / benefit, they received a lump-sum increase (which was  $12 \times 0.7\% = 8.4\%$  of the November benefit),
- the amount of their benefits in December 2019 did not increase, as they also received the increase difference for December with the lump sum for the full year and paid together with their benefits in November,
- however, they increased their benefits in January 2020 in two steps before disbursement: first, they increased the amount of benefits in December by one-twelfth of the increase difference for 2019, i.e. 8.4%, i.e. 0.7%, then, in a second step, the amount thus increased is increased by the inflation rate forecast in the Budget Act for 2020, i.e. 2.8%. January benefits were disbursed after following this twostep old age pension increase (Gov. decree 300/2019. (XII.11.)).

Year	Increase to 1.1.	Correction to 1.11.	Inflation	Real valorisation
2018	3,0	0,0	2,8	0,2
2019	2,7	0,7	3,4	0,0
2020	2,8	1,2	4,0	0,0
2021	3,0	?	?	?

Table 6 - Increasing Old-age pensions in Hungary

Source: Own elaboration based on Hungarian Government decrees.

In January – September 2020, compared to the same period of the previous year, consumer prices increased on average by 3.5% for all households and by 4.0% for retired households (HCSO 2020). Government decree 461/2020 (X.21.) was published in the “Magyar Közlöny” no. 228 on 21 October 2020. The legislation shall enter into force on the day following its promulgation. The rate of supplementary old age pension increases in 2020 was 1,2%. (Balogh 2020)

In Hungary when raising old age pensions, must be considered the expected rate of increase in the consumer price of pensioners, based on the actual data of the first eight months of the current year, if it exceeds the expected rate of increase in consumer prices (National Assembly Act 81/1997). Based on the Act 81/1997 determining the old age pension increase due to § 62 (1) and (2) in January 2021 a 3% increase in consumer prices shall be considered. The extent of the consumer price increase is determined by the Act on the Central Budget of Hungary in 2021. (National Assembly Act 90/2020).

The amount of the average old-age pension received in Hungary in 2018 was 129 637 HUF (356,29 €)<sup>2</sup>, in 2019 134 947 HUF (370,89 €) (Hungarian Central Statistical Office 2018/2019). The amount of the average old-age pension received in February 2020 was 142 329 (391,17 €) according to Hungarian State Treasury (Domokos 2020).

<sup>2</sup> The average amounts were calculated at the exchange rate of EUR 1 = HUF 363,85; published by Magyar nemzeti bank as of 2.3.2021. Official daily exchange rates are available from: <https://www.mnb.hu/en/arfolyamok>

## Conclusion

Based on the analysis, it can be stated that the issue of social justice is relevant in every space and time. It is the subject of interest of theoretical and empirical research in various fields. It is also a target category for politicians across the political spectrum of all political systems and all state institutions. It always represents a number of different variations of its interpretation in theory as well as application in everyday practice. Despite the broad relativity of the understanding of this complex phenomenon, which is based on the extensive axiological plurality of subjects who interpret it and apply it to the solution of specific social events.

In the case of the monitored states - the Slovak Republic and Hungary, which are parliamentary democracies (and multi-party-political systems), the state is represented in the monitored period 2018-2020 by coalitions of political entities. Each political entity has value preferences, which it presents in its political, electoral program, and in the case of the formation of a government coalition, its priorities are translated into a program statement of the government, depending on the electoral gain of the political entity. The analysis confirmed our hypothesis that political representations axiologically oriented in the middle-right part of the political spectrum valorise old-age pensions on a percentage basis. In the period from 2018 to 2021, the valorisation of old-age pensions in the case of the Slovak Republic shows the axiological influence of coalition center-right political partners in the governing coalition - the SNS and MOST-HÍD, when old-age pensions are gradually shifting to the percentage model in which is continue the new government (OL'ANO, SAS, Sme Rodina, Za L'udí).

The valorisation mechanism of the FIDESZ and KDNP coalition should be subjected to further study, as increasing old-age pensions by the rate of inflation increases the nominal value of the cash benefit and increases the real value, which is that valorisation occurs only in situations where the inflation rate was overestimated. In the area of old-age pensions between 2018 and 2020, we can monitor the implementation of social policy approaching the residual model of social policy.

From the obtained results it can be stated a relative understanding of social justice as one of the fundamental principles of social policy. It is largely conditioned by the preferences of the governmental political entities that implement social policy. Economic policy also has an undeniable impact on social security. This means that the economic dimension of pension insurance and old - age pensions must also be considered, but the socio - political dimension still has a decisive influence.

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