Problems of Post-Communism

ISSN: (Print) (Online) Journal homepage: www.tandfonline.com/journals/mppc20

Governing the Economy Under Populist Rule: The Cases of Hungary and Poland

István Benczes & Joanna Orzechowska-Wacławska

To cite this article: István Benczes & Joanna Orzechowska-Wacławska (2024) Governing the Economy Under Populist Rule: The Cases of Hungary and Poland, Problems of Post-Communism, 71:4, 341-355, DOI: 10.1080/10758216.2023.2301085

To link to this article: https://doi.org/10.1080/10758216.2023.2301085

© 2024 The Author(s). Published with license by Taylor & Francis Group, LLC.

Published online: 31 Jan 2024.

Submit your article to this journal

Article views: 1485

View related articles

View Crossmark data

Full Terms & Conditions of access and use can be found at
https://www.tandfonline.com/action/journalInformation?journalCode=mppc20

PROBLEMS OF POST-COMMUNISM
2024, VOL. 71, NO. 4, 341–355
https://doi.org/10.1080/10758216.2023.2301085

Governing the Economy Under Populist Rule: The Cases of Hungary and Poland

István Benczes[a,b] and Joanna Orzechowska-Wacławska[c]

[a]Department of World Economy, Corvinus University of Budapest, Hungary; [b]Institute of World Economics, Centre for Economics and Regional Studies, Budapest, Hungary; [c]Institute of European Studies, Jagellonian University, Krakow, Poland

ABSTRACT
Populism is principally a political phenomenon; yet, the economic implications of populist rule can be substantial, as underlined by the Polish and Hungarian cases. By operationalizing the ideational definition of populism, the article sheds light on the economic consequences of populist governance in three major domains: (1) macroeconomic management, (2) welfare policies, and (3) market regulation. The article demonstrates that while—at least until the outbreak of the COVID-19 pandemic—Hungary and Poland refrained from engaging in irresponsible macroeconomic policies such as the accumulation of public debt or external debt (typical signs of classical "economic populism"), the governments of the two countries embarked on widescale income and wealth redistribution in their respective economies. Nevertheless, these populist governments targeted different groups of people in their redistributive policies: Hungary adopted a largely selective and exclusive social policy targeting the middle class and the well off, while Poland endorsed a more inclusive strategy that benefited the poor as well. Furthermore, the two countries deliberately tilted the playing field toward their protégés: Hungary preferred the preservation of private property; whereas, Poland explicitly increased the share and role of state-owned enterprises in the economy.

Hungary and Poland, the one-time star performers of economic transformation and integration, stepped onto the shaky road of de-democratization and institutional decay in the 2010s (Ágh 2016; Bogaards 2018; Enyedi 2016a; Zgut 2022).[1] Their regress prompted several attempts in the social sciences to conceptualize the recent developments in these two Central and Eastern European (CEE) countries as a democratic backsliding (Dawson and Hanley 2019; Holesch and Kyriazi 2022; Vachudova 2020), an illiberal turn (Buzogány and Varga 2023; Guasti and Bustikova 2023; Pirro and Stanley 2022), an autocratic challenge (K. Kovács and Lane Scheppele 2018; Győrffy and Martin 2022; Lendvai-Baiton and Szelewa 2021), or a populist takeover of power (Orenstein and Bugarič 2022; Toplisek 2020; Csehi and Zgut 2021). Acknowledging the merits of competing interpretations, this article identifies the Polish and the Hungarian governments as populist (see also CHES 2020; Rooduijn et al. 2019) and intends to make a contribution to the understanding of populism at work.[2]

While research on populism has always been somewhat fragmented in the social sciences, the so-called ideational view seems to be emerging as the main reference point in studying populism (Mudde and Rovira Kaltwasser 2018). Conceptualizing populism as an ideology substantially helped social scientists to uncover the main political and discursive elements of the phenomenon, but, at the same time, it evidently downplayed the economic dimension. Political scientists have always been skeptical about the economic conceptualization of populism (such as "macroeconomic populism," developed by Dornbusch and Edwards 1990), arguing that such approaches did not travel well in time and across continents (Aslanidis 2017; Rovira Kaltwasser, et al. 2017; C. Mudde and Rovira Kaltwasser 2017; Weyland 2017).[3] Yet political scientists never really questioned the relevance of economic causes and/or consequences of populist rule (Rovira Kaltwasser 2018, 2019). In fact, economic analysis of the demand side of populism has already been successfully using some form of the ideational definition in explaining the increase of vote share of populists worldwide (e.g., Fuest 2017; Cerrato, Maria Ferrara, and Ruggieri 2018; Guiso et al. 2017; Guriev and Papaioannou 2020; Rodrik 2018). Much less research has been done, however, on the economic implications of populist governance. As a corollary, our article interprets populism as an ideology and turns explicitly to the scrutiny of the economic consequences of populist rule in the selected CEE countries.

It is relatively recent that scholars started to operationalize the ideational definition of populism with the aim of detecting the economic policy consequences of populist rule (see Benczes 2022; Bartha, Boda, and Szikra 2020; Feldmann and Popa 2022; Stankov 2022). As the ideational definition of populism has been built upon the irreconcilable splitting of society into two homogenous and competing groups—the "pure" people on the one hand and the corrupt elite (or, generally speaking, the others) on the other (Mudde 2004)—it is reasonable to hypothesize that the assumed redistributive consequences of populist rule, both in terms of income and wealth, can be rather substantial as well, which combined with the degeneration of liberal institutions and the rule of law

CONTACT István Benczes istvan.benczes@uni-corvinus.hu Department of World Economy, Corvinus University of Budapest, Fovam Ter 8, Budapest 1093, Hungary

© 2024 The Author(s). Published with license by Taylor & Francis Group, LLC.
This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives License (http://creativecommons.org/licenses/by-nc-nd/4.0/), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited, and is not altered, transformed, or built upon in any way. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

should also imply an erosion of fiscal and monetary discipline, resulting in deteriorated macroeconomic performance. The Polish and Hungarian cases seem to confirm only partially such a hypothesis, as both the Hungarian Fidesz and the Polish PiS (Prawo i Sprawiedliwość, Law and Justice) indeed embarked on a large-scale redistribution of power, yet neither endorsed seemingly irresponsible and unsustainable policies—at least not until the outbreak of the COVID-19 pandemic (see also Feldmann and Popa 2022; Ban, Scheiring, and Vasile 2023). That is, populist rule may indeed induce incumbents to engage in an active management of the economy with substantial distributive consequences, but it does not necessarily result in the damaging of the budget constraint of the general government (Benczes 2022).

Hungary and Poland showed remarkable similarities in several respects (see, e.g., Sata and Karolewski 2020; Bałtowski, Kozarzewski, and Mickiewicz 2022; Olejnik 2020; Szanyi 2016). Most importantly, managing the macroeconomy by respecting all the fiscal regulations of the EU was high on the agenda of both populist governments. Even more, they both tried to push, at least partly, the burden of fiscal stabilization onto foreigners. However, they reached similar policy conclusions from rather different vantage points. While Hungarian Fidesz was voted into power during the height of the European debt crisis in 2010, the Polish PiS had to face no similar difficulties. Furthermore, looking beyond fiscal and monetary aggregates can reveal significant dissimilarities, especially in welfare policies. Although both countries embarked on widescale income redistribution in their respective economies, the targeted groups differed substantially. Hungary adopted a largely selective redistribution policy, which best served the middle class and relatively well-off families. Polish populists, on the other hand, created a more universal welfare regime wherein poor people (and poverty on a more general account) were intended to benefit directly. But redistribution came not only in the form of income redistribution; assets (wealth) were and continue to be captured by populists through certain market interventions. While both Hungary and Poland endorsed the creation of loyal domestic (or home-grown) capitalists, the former provided favors for foreigners who were active in the manufacturing industry as well. Poland, on the other hand, adopted a more traditional economic nationalist program by reducing foreign influence and increasing the share of state-owned enterprises in the economy.

This article offers new insights in several areas. First, instead of developing a new (economic) conceptualization of populism, the articles takes an ideational approach for granted and detects possible economic consequences of (right-wing) populist rule in Hungary and Poland. Second, unlike the mostly economics-centered analysis that has suffered from a strong bias by placing too much emphasis on unsustainable policies and/or trade protectionism—due to lessons drawn from prime examples of populism, both old and new, for example, in Latin America (Dornbusch and Edwards 1990; Edwards 2019) and the Trump administration and Brexit (Dent 2020; Autor et al. 2020)—this article demonstrates that populism does not necessarily culminate in macroeconomic imbalances and trade protectionism (the latter is not even possible in countries that are part of the single market of the European Union).

Third, the cases of Poland and Hungary demonstrate that populists can effectively combine neoliberal policies with less conventional heterodox practices (see also Benczes 2024a; Bartha, Boda, and Szikra 2020; Ban, Scheiring, and Vasile 2023), depending on what best serves populists' interests. Fourth, and in line with the political science and sociology literature on CEE populism (such as Scheiring 2020; or Toplisek 2020), the article shows that both Hungary and Poland considerably reshaped their redistributive policies and managed to dramatically redefine the regulatory framework and property rights structures of their respective economies. Fifth, while similarities did exist, the two countries also showed a large degree of dissimilarity in their applied strategies and actual policy outcomes based on how the society was divided into the favored ("us") and the disliked ("them").

Going forward, section 2 briefly elaborates on the ideational definition of populism and its possible implications in the economy. Section 3 turns to a comparative analysis of the macroeconomic management of Hungary and Poland to show the similarities of their adopted strategies and actual policies. Section 4 looks at welfare policies and highlights the major differences in the countries' respective approaches to income redistribution. Section 5 concentrates on market regulation and property rights. Section 6 examines the similarities and main differences offered by the mini case studies. Section 7 concludes.

Ideational Approach to Populism and Its Economic Implications

Populism as a thin-centered ideology portrays society as divided into two opposing and, in fact, antagonistic groups: the "pure" people, whom populists claim to represent, and the corrupt elite, whom populists constantly attack. The ideational approach also assumes that while populism is democratic, it is an antiliberal version of democracy, as it denies both pluralism and compromise (Mudde 2022). For populists, since "politics should be an expression of the volonté générale (general will) of the people" (Mudde 2004, 543), anything (i.e., institutions, laws, procedures, or even professionals) that hinders the people (or their representatives) in the pursuit of their goals should be interpreted as an immoral compromise. Populists claim to be the voice of the frustrated, alienated, and abandoned segment of society. "Populists claim that they, and they alone, represent the people" (Müller 2016, 3).

Based on the way the two homogenous groups of "pure" people and corrupt elite are defined, populism can be associated with other main ideologies. Yet the capacity of populism to attract and coexist with different ideological currents has made it difficult to identify a unique economic doctrine of populist rule that would clearly define how to organize and govern an economy. Populism "remains silent about second order principles, concerning *what* should be done, what policies should be followed, what decisions should be made" (Inglehart and Norris 2019, 5). As populism travels across ideologies, the substantive part of populist (economic) policies is anything but rock solid (Bartha, Boda, and Szikra 2020). The

chameleonic character of populism (Taggart 2000) implies a high degree of flexibility of populist policy measures. That is, even income (or wealth) redistribution can take various forms in different countries and over time under populist rule. It is the context that matters in pursuing policies (Hartwell 2021).

As for populists, majority decisions are by definition exclusive; no room is left for dissenting voices or minorities' interests (Havlík 2019). Once in power, populists promise to pursue policies that reflect the will of the "pure" people, even at the cost of the rest of the society (Mudde and Rovira Kaltwasser 2018). Defining policies according to majoritarian preferences can therefore hurt minority interests and can easily imply a Pareto inferior allocation of resources (Benczes and Szabó 2022). Populists do not respect the institutional constraints of policymaking; in fact, they tend to delegitimize democratic institutions (Bonikowski 2016). They strive to overtake or even to dissolve established (liberal) institutions and they have an inclination to downplay or even to eliminate veto players, including independent and autonomous organizations and institutions (Eichengreen 2018). Their lack of patience for deliberation and hostility toward technocratic expertise results in a shorter time horizon and decision-making process and a high degree of unpredictability (Rodrik 2018; Guiso et al. 2017). Having a clear majoritarian bias and hostility toward minorities induces populists to nurture an aptitude for policy innovations and, often, embark on radical policy reforms (Bartha, Boda, and Szikra 2020).

The main flaw of earlier economic approaches (such as Acemoglu, Egorov, and Sonin 2013; Dornbusch and Edwards 1990) to populism was their exclusive focus on the fatal and often catastrophic consequences of lax, expansionary and distortionary macroeconomic policies (Guriev and Papaioannou 2022). While previous research on Latin American samples might have confirmed the thesis of populism as being "bad economics" (see Ball, Freytag and Kautz 2019; Dovis, Golosov and Shourideh 2016), the most recent waves of populism, such as the ones in Hungary and Poland, do not necessarily replicate these unfortunate experiences. The application of the ideational definition helps to overcome this flaw, as it reorients research toward the distributional consequences of populist rule.

One of the major advantages of Mudde's (2004) definition is that it helps to explain why populists resent a competitive market economy as the main allocational mechanism (Benczes 2022). Market competition, by definition, is a pluralistic notion. Just like constitutional constraints, markets can effectively limit populists' access to economic resources. If populists find the outcomes provided by the competitive market mechanism unsatisfying, they intervene in its functioning by making an explicit reference to the general will of the people, whose interest is supposed to be safeguarded against unfettered market forces. Populist rhetoric has significantly devalued the legitimacy of market allocation, as it is said to produce unfair outcomes favoring the elite (Zingales 2012). Restricting the effective functioning of market mechanisms, however, does not imply a coherent policy response, as it would be the case under socialism for instance. Populism, being a thin-centered ideology, can provide legitimacy to any kind of market-constraining intervention, therebyaccommodating (and legitimizing) rent-seeking activity in the economy (Aligica and Tarko 2014).

This article addresses three dimensions of economic policy-making in Poland and Hungary. First, it demonstrates that whereas large sample cross-country analyses typically revealed a massive appetite of populist leaders for lax and unsustainable macroeconomic policies worldwide (Fuest 2017; Funke, Schularick, and Trebesch 2020), no such tendencies were identified in these two CEE economies before the outbreak of COVID-19. Second, the article shows that analyzing macroeconomic trends alone does not reveal the substantive part of the economic policies of populists (i.e., what populists actually do in power). The ideational definition of populism helps redirect scholarly focus on the redistributive aspects of populist governance. By concentrating on the welfare policy of populists, the most straightforward segment of income redistribution of any government, we show how the two populist governments managed to redefine "who gets what" under their rule. Third, redistribution is not merely about redefining taxation and spending policies. As both the Hungarian and the Polish cases demonstrate, populists can have a strong drive to actively intervene in the functioning of the market by reregulating it and/or by redefining ownership structure in the economy.[4]

Guaranteeing Macroeconomic Stability at Any Cost

Hungary and Poland had been the forerunners of market reforms among post-communist economies for quite a long time. At the time of the regime change, in 1989–1990, the two countries had adopted different transformation strategies (shock therapy by Poland and a gradual approach in Hungary). Democratically elected governments pursued a more-or-less neoliberal agenda with a strong emphasis on deregulation, liberalization, and privatization (Appel and Orenstein 2018). They successfully reoriented their countries from being a centrally planned economy to a market economy, ensuring full integration of their respective economies into the world market. Subsequent to these changes, reform fatigue, the relatively slow pace of recovery, and the negative impacts of the global financial and economic crisis soon altered economic and social conditions and, as a consequence, new incoming populist forces stirred up the previous neoliberal agenda with several unconventional policies.

Hungary

When the Hungarian Fidesz was voted into power in 2010, the party faced a triple challenge. First, the country had been heavily hit by the global financial and economic crisis in 2008—a situation that was further aggravated by the European debt crisis of 2010. Second, although the troika of the European Commission, the IMF, and the World Bank rescued Hungary, they obliged the country to fulfil heavy conditionalities in exchange for their financial support. Due to the severe adjustment program, Hungarian GDP dropped by 6.7% in 2009 and the living standard began to decline

significantly (European Commission 2020). Third, and possibly most importantly, the newly elected government had to find a balance between the imperative of crisis management and its election-time promise on avoiding austerity at any cost.

In consequence, prime minister Viktor Orbán approached the European Commission with a request for an increased fiscal space that would allow a budget deficit jump up to 7% to allow the new government to fulfil its electoral promises, especially its tax reduction plans. Just one month after the first official bail-out of Greece, however, Jose Manuel Barroso demonstratively declined Orbán's request, claiming that in the midst of the European debt crisis there was no room for complacency in the union, and urged the country to speed up fiscal reform (Csaba 2022). At the same time, the Commission expressed its concerns about the high public debt ratio (81.3%), the deteriorated net international investment position (−112.5%), and the high rate of unemployment (11%) (European Commission 2012).

Enjoying the political support of a large segment of the society on the one hand and facing severe constraints on the other hand, Orbán and his cabinet came up with some unconventional fixes. Following the ultimatum Orbán got from Brussels in June 2010, in a rhetorical twist, the cabinet vehemently started to blame the speculative capitalism of the West and imposed extra taxes on certain sectors, including commercial banks, retail, telecommunications, media, and energy. All of these sectors were active in services and were owned mostly by foreigners. The government called on these foreign service providers to take their own part in financing crisis management.

Additionally, the country's mandatory private pension scheme was practically abolished, channelling the assets of private pension funds into the general budget (about 12% of the GDP) in 2011 (Ádám and Simonovits 2019). In turn, Fidesz reduced not only the fiscal deficit but it also hid the direct costs of adjustment successfully by implementing an "invisible" austerity. The dissolution of the private pillar of the pension system evidently hurt the interest of savers, yet no real resistance emerged. One possible explanation might be that the direct costs of confiscation were not felt by individuals, as pension payments are, by definition, future entitlements. Another explanation might be that the very same middle-class people suffered heavily and directly from the painful consequences of foreign-exchange-denominated mortgage lending as a result of the free fall of the Hungarian currency. By 2011, mortgage loans accounted for 15% of GDP, 70% of which was denominated in foreign currencies. One-fifth of loans were close to becoming nonperforming (KSH 2012). Mortgage payments jumped to intolerable highs, endangering the lives of thousands of families. Fidesz invited these people to repay their debts at an administrative, below market, rate. Most of the cost of this bailout was shifted onto the banking sector, which already showed a negative profit due to sectoral taxes (return-on-equity in the banking sector stood at +22.5% in 2005; it was still positive at 1% in 2010 but a year later it dropped to −10.5%; see L. Kovács 2012; Várhegyi 2012).

In its crisis management program, by imposing parts of the costs of austerity on foreign service providers (especially on commercial banks), on the one hand, and sheltering people from the highly negative consequences of the crisis, on the other, Fidesz very knowingly divided the society into two major groups: the "good" people who deserved to be saved by the Orbán cabinet and the corrupt elite (foreigners and their domestic allies, the previous socialist-liberal elite) who were blamed for Hungary's failed macroeconomic management and all the financial burden that Hungarians had to carry. Fidesz placed the costs of stabilization onto this failed elite, not caring about the consequences.

In spite of the odds, including the double-dip recession of the EU in 2010 and 2012, the cabinet managed to keep the economy on track in the subsequent years, avoiding further deterioration. Following an official threat from Brussels on suspending the disbursement of EU funds in case of further excessive deficit in March 2012, the fiscal deficit was reduced to below the 3% threshold by the end of that year—a level no Hungarian cabinet had been able to reach for more than a decade. The price Hungary had to pay was large, as the GDP dropped once again in 2012 and the pre-crisis GDP-level was attained only three years later, in 2015. By eliminating the twin deficit of the general government and the current account the country had faced before, Viktor Orbán was, nevertheless, able to shake off the wardship of both the IMF and the European Commission. Hungary paid back its IMF loans in 2012 and, eventually, it also left the excessive deficit procedure in 2013. In the meantime, the debt-to-GDP ratio had also declined: following the peak year of 2011 (80.8%), the ratio slowly but steadily dropped to 66.3% by 2019. In maintaining internal balance, the government successfully promoted private savings as well (Czeczeli, Kutasi, and Szabó 2021; Kutasi and Szabó 2020). Fidesz, in fact, managed to secure a second (in 2014) and a third (in 2018) win at general elections without relying on electoral economics. External constraints such as the fiscal rules of the Stability and Growth Pact and especially the threat of suspending EU funds did keep the country on a sustainable macroeconomic track in the 2010s. In fact, Hungary even joined the Fiscal Compact, an international treaty enforcing the signing parties to adopt strict numerical fiscal rules enshrined in their constitutions.

In sum, Orbán's national-neoliberal regime (Ban, Scheiring, and Vasile 2023) successfully combined solid neoliberal policies with unorthodox financial nationalist policies with the aim of stabilizing the macroeconomy and, at the same time, shaking off the wardship of both the IMF and the European Commission and appeasing international financial markets (Johnson and Barnes 2015).

Poland

In many respects, the populist takeover in Hungary was not a surprise at all as it had been triggered by corruption scandals of the previous socialist-liberal governments and a deep economic crisis accompanied by austerity. The situation in Poland was different. While both the global and the European waves of the financial and economic crisis caused severe losses in most of the EU countries, especially at its periphery, Poland managed to survive almost intact. For this reason, it was labeled a "green island," the only EU country that did not suffer

economy-wide recession in 2008 and 2009 (Gomułka 2019; Koźmiński et al. 2020).

The solid performance of the economy during the most pressing times of the global crisis secured Civic Platform[5] (Platforma Obywatelska, PO) a safe win in the parliamentary elections of 2011. Expansionary fiscal policy, which had been put in place well before the onset of the crisis with the aim of stabilizing domestic consumption, had its price: public deficit highly exceeded the reference value of the EU, making Poland subject to an excessive deficit procedure from June 2009 onwards (until 2015). To tame the fiscal deficit, the Civic Platform - Polish People's Party (PO-PSL) coalition embarked on a very unpopular pension-system reform by taking over half of the resources of the private pension system, approximately 8% of Polish GDP (Gomułka 2019). The reform was poorly communicated and fuelled strong social discontent, which eventually added to the liberals' defeat in the next elections. This was, however, only one in a series of socially divisive reforms of the conservative liberal government. Other controversial and chaotically introduced policy reforms in the administration's second term were the alteration of the school age (the reform reduced the school entry age from 7 to 6 years) and retirement age (shifting to 67; it had been 60 for women and 65 for men). On both accounts, the Law and Justice party promised to reverse those reforms once voted into power.

The political change in Poland came in 2015, when the national populist PiS led a coalition of the United Right and scored a double victory, winning both the parliamentary and the presidential elections. The reasons behind PiS's electoral success were many; they mostly came down to political and ideological motives. The state of the economy was not among the prime preoccupations of the electorate (Maciejewski 2020; Markowski 2016). As a matter of fact, the Polish GDP per capita had shown gradual and continuous growth since 2004, reaching a level of 69% of the EU average by the time PiS was voted into office. In 2015, real GDP growth was one of the highest in the EU (4.2%) too. Unemployment was moderate, significantly below the EU average (7.7% in Poland versus 10.2% in the EU). The overall macroeconomic outlook was promising, especially considering that by 2015 all major European trading partners of Poland were experiencing post-crisis economic recovery.

From 2015 onward, under PiS, the Polish macroeconomic situation showed positive signs. GDP growth was strong, oscillating around an average of 4.4% between 2015 and 2019, with the lowest rate having been experienced in 2016 (3.1%) and the most robust rate in 2018 (5.4%), securing a safe place for Poland among the five most dynamically growing economies in the European Union. PiS took a moderately expansionist position in its budgetary policy; yet both the fiscal deficit and public debt substantially declined, generating sufficient fiscal buffers (IMF 2021a). The budget deficit was as low as 0.7%, while the debt-to-GDP ratio dropped to 45.6% by 2019. The unemployment rate remained low, falling below 4.0% in 2018 and 2019. The general macroeconomic outlook was quite convincing; nevertheless, warning signals were showing as well. The relatively robust growth rate of the economy was fuelled by an acceleration of domestic consumption. Inflation, in turn, had been on the rise since 2015, reaching 2.1% in 2019. The trend was powerful especially in the case of food prices. On the other hand, private investments remained one of the lowest in the EU (18.5% in Poland versus 22.4% in the EU in 2019 according to Eurostat).

Similarly to Hungary, the Polish populists introduced extra taxes on financial and retail corporations. First, a bank levy was adopted in February 2016 and, later on, a new retail sales tax was introduced (effective on January 1, 2021). The introduction of the retail sales tax was postponed several times due to the European Commission's inquiry. Just like in Hungary, the rationale behind the adoption of sectoral taxes was mostly of a fiscal nature, as the government wished to cover public spending, but while in Hungary these extra sources helped crisis management, extra revenues in Poland were channelled into robust social programs introduced under PiS, most notably Family 500+ (*Rodzina* 500+). In the case of retail taxes, however, protectionist concerns were also endorsed by incumbents. Although the tax has been applied to all retailers operating in Poland, the intention was clear: to balance the scales and thereby allow smaller (i.e., Polish) companies to be able to compete with the large foreign-owned companies. The problem was, however, that small domestic retailers typically worked as integrated elements of larger networks. In turn, Polish retail units often ended up being heavily taxed—definitely the case in electronics and home and households appliances (ZPP, 2021).

Another parallel with the Hungarian case was provided by PiS by addressing the group of credit owners (*frankowicze*) who fell victim to the global financial and economic crisis and who had been largely neglected by the previous government(s). By 2015, the Swiss Franc had appreciated by 100% against the Polish Zloty, pushing 700,000 people to the brink. By transplanting the Hungarian experience into the Polish economy, PiS and especially President Andrzej Duda planned to offer a similar solution, targeting mostly the middle-class liberal electorate. As a corollary, PiS managed to increase its attractiveness well beyond its traditional constituencies. It was an important step for PiS, because national populists typically enjoyed support mostly in the less developed parts of the country. In fact, PiS consciously capitalized on what the literature calls "within-country divergence" that often accompanies the general convergence process of a less developed country (European Commission 2009). Economic progress is normally attracted by the centers, especially large cities, leaving the periphery of the country to catch up. In Poland, this phenomenon is mirrored by the well-known division between "Poland A" and "Poland B." The former refers to developed, industrialized areas, located on the west side of the country, where people usually vote for liberals. "Poland B," on the other hand, is less developed, in many parts depopulated as a consequence of the outmigration that followed Poland's EU accession. It has been this segment of the country, located near the eastern border, that were drawn to the critical messages of PiS, the party that presented itself as the representative of those who had been oppressed by communism and, later on, were sidelined by neoliberals (Orenstein and Bugarič 2022).

Welfare Policies versus Workfare Economy

Comparative studies often emphasize the similarity of the welfare policies the two countries adopted under populist administrations. Bluhm and Varga (2020), for instance, identified a common socioeconomic programmatic core, wherein welfare policies reflected a conservative understanding of social redistribution that focused on the (traditionally defined) family. They went as far as arguing that "conservatives thus construct the developmental state with a redistributive welfare state component" (Bluhm and Varga 2020, 653). However, it was precisely the domain of social policies in which the two countries eventually revealed their differences most unambiguously. While Poland enforced a universalistic welfare program targeting poor and the marginalized populations, Hungary moved toward a much less universal and more polarizing welfare regime.

Hungary

The Hungarian economy under Viktor Orbán not only drifted away from what one might call a European social model, but it also radically reduced redistributive generosity resulting in dramatic polarization of the society along with poverty, and insecurity (Scharle and Szikra 2015). But the redesign (or, more bluntly, the erosion) of the previous welfare regime was more than reducing entitlements for some. Prime Minister Orbán and his cabinet launched a fierce ideological war against neoliberalism and laissez faire capitalism and argued for a deliberate shift toward an entirely new phase of capitalism centered around labor and production. The previous domestic political elite were described as the guardians of the old (neoliberal, western) world who ultimately pushed the country to the brink at the time of the global financial crisis (Buzogány and Varga 2023; Enyedi 2016b).

Orbán and his comrades consciously branded themselves as the party of both the disappointed laborers, who fell victim to the process of economic transformation and felt betrayed by the previous socialist-liberal government, and the national bourgeoise, who had been subordinated to foreign capitalists during the years of economic transformation (Scheiring 2020). Orbán successfully mobilized these losers against the liberal competitive state of the pre-2010 era. The government launched a workfare economy with the declared aim of securing jobs for the unskilled and low-educated masses of tens of thousands (at the time of the regime change about 1 million people had lost their jobs and become redundant) and to serve the needs of employers working mostly in labor-intensive industries.

From 2010 onwards, the Fidesz government built up a regime wherein the goal was to move people (back) to work, thereby, increasing employment and reducing the number of those who relied exclusively on social entitlements. Orbán argued that Hungary along with other post-communist economies had never really had the chance (and resources) to institutionalize a well-functioning welfare state, therefore, "instead of an uncompetitive western-style welfare state, [Fidesz's] programme [was] to build up a work-based economy."[6]

With the launch of a workfare economy, Fidesz managed to divide the society into two: the "good" people, who worked hard, and the lazy "others," who made a living by relying on generous welfare subsidies. In consequence, the conditions of early retirement were tightened, disability benefits were heavily discounted, unemployment schemes were severely constrained and downsized, equal opportunities policies were side-lined (Szikra 2014). Public work programs were organized countrywide as an alternative to social benefits. In its peak year, in 2016, a bit more than 250,000 people were employed as public workers. In practice, the public work program has been a technique to discipline lower class people and to replace social entitlements with wages as "it was regarded more just than the unconditional support of the least well-off" (Enyedi 2016b, 15).

In their empirical work, using surveys and interviews, Mares and Young (2019) went even further and argued that work programs along with welfare measures functioned as rather direct or even coercive means of manipulating electoral behavior in rural, underdeveloped communities. By totally redesigning social policy and labour programs, populist politicians and their local representatives managed to solidify an unusually strong form of clientelism in the country. Reducing social entitlements, therefore, meant a dramatic change in the Hungarian social model, being part of a much larger social reform wherein the aim was to entirely break away from the past, including the old elite (Scharle and Szikra 2015).

Whereas lower-class people had to face firm control and severity, middle-class wage earners enjoyed relative generosity. At the center of Fidesz's welfare reforms was the set-up of a totally new personal income tax system that rewarded people who earned a living from work *and* were ready to raise children (possibly three or more). A flat tax regime was adopted for personal income taxation, reducing the rate to a record low 15%, and has been complemented by a progressive tax relief scheme for families with children to incentivize childbirth.

Incumbents tellingly favored middle-class families, whose real disposable income increased substantially during the 2010s. In its early phase, the highest two deciles gained the most with the alteration of the system: their net income increased by 74%. Two-thirds of families with three children or more also managed to benefit from the new system. However, the lowest six deciles did not experience recovery in their living standard (G. Tóth and Virovácz 2013). Later on, the government tried to provide extra motivation for families to have more children and guaranteed full tax relief for mothers with four children. Extra mortgage subsidies were provided for families (also targeting people living in small villages) and a new loan scheme was adopted for those with new-born babies. Even family car purchases were heavily subsidized by the government.

As a result of a full-fledged redesign of the welfare system, nominal wages did indeed almost double between 2010 and 2020 in Hungary; nevertheless, pension payments saw only a modest increase of 33%, and social payments remained basically unchanged, leaving one-fifth of the Hungarian population to live below the subsistence-wage level after a decade of populist rule (GKI 2021). The paradigmatic change that was enforced under the rule of Fidesz polarized the society not only in terms of income but also in terms of perceptions and attitudes. Hungarians started to blame the

unemployed for their (own) unfortunate situation and, as such, respondents did not wish the state to support these people either. Furthermore, Hungarians were highly dissatisfied with the level of pension payments, yet, unlike with western Europeans, taking care of elderly people was no longer considered a responsibility of the state but of individuals (Herke and Medgyesi 2020).

Poland

When PiS took office in Poland in 2015, it did not have to face challenges similar to those facing Fidesz in 2010. In a rather favorable economic environment, the newly elected Polish government was able to pursue socioeconomic goals other than macroeconomic stabilization and crisis management. PiS's economic program prioritized two main concerns: the economic inequalities within Polish society that had arisen during the years of transformation and the foreign ownership of capital in strategically important sectors of the Polish economy (discussed in the next section).

In fact, possibly the best explanation for the scope of political success of the populists in Poland was the ability of PiS to identify and adequately address the growing social and economic expectations of Poles (Gdula 2017). After more than two decades of living in an atmosphere of making up for economic and social backwardness, many felt that the transformation was finally underway and people were waiting for living conditions to improve. The robust socioeconomic program of PiS was built on these changed attitudes and expectations. In consequence, two major reforms were launched—one focusing on the spending side of the general budget and the other focusing on the revenue side. On the spending side it was the "Rodzina 500+" (Family 500+) program and the benefits for the elderly in the form of a 13th- and 14th-month pension that triggered fundamental changes in the Polish welfare system. Regarding taxation, it was mostly the Polish Deal of 2022 that was intended to be a major breakthrough.

Rodzina 500+, the flagship project of PiS, was launched in April 2016. It offered financial support for families with children by providing a monthly payment of 500 PLN for each child. Initially, the money was provided mainly for a second child and subsequent children. The poorest families received support for their first child as well. Since July 2019, the monthly bonus has been extended to every child regardless of family income. According to the Ministry of Family and Social Policy (2021), within the first five years, the program costed 141 billion PLN in total, covering approximately 6.6 million children. The relatively high cost of the program was supposed to be justified by its long-term strategic goals, mainly (1) boosting birth rates, (2) reducing child poverty, and (3) investing in families The third goal was clearly an ideological one which corresponded to the campaign motto of PiS—"restoring the dignity of Polish families." According to PiS, families had been deprived of their dignity since the beginning of the transition process and, especially, during the eight-year administration of the elitist, liberal government prior to the election of PiS to office.

From its inception, the program met with a positive reception and quickly became a permanent element of family budget. According to the Polish Public Opinion Research Center, CBOS, by 2021, the scope of public support to Family 500+ was as high as 73%. This highly positive attitude toward the program came mostly from the right-wing electorate, especially the United Right (i.e., mostly Law and Justice) voters (98%). The new monthly allowance was welcomed especially by people with the following characteristics: low- or middle-income per capita, primary and basic vocational education, middle-aged and older, and residing in rural areas and small towns (CBOS 2021). It is unsurprising, considering that more than half of the recipients reported using the additional 500+ toward covering the basic needs of their families (BIG 2021). This share was greater among the populace living in small towns (up to 20,000) and villages, for whom any additional allowance proved to be indispensable.

Other goals, however, have not been yet fully realized. Birth rates, for instance, have hardly increased. From the starting rate of 1.45, it crawled up only to 1.48 and 1.46 in 2017 and 2018, respectively (World Bank, fertility rate). Child poverty was reduced somewhat in the early phase of the program, but the positive effect partially faded away later.[7] Rodzina 500+ set off an acceleration of inflation, especially of food prices and housing, which amplified extreme poverty.

While inflation has become a visible unintended consequence of Rodzina 500+, it was not the only negative side effect of the project. The program significantly intensified economic inactivity among women, especially mothers with multiple children and low-paying jobs (Maciejewski 2020). Labor inactivity was, however, not a prime concern of the populist government. PiS had already proven that point when it repealed the pension reform of the PO-PSL government in 2016 and eliminated the previous lowering of the schooling age.

Along with the flagship Family 500+, PiS initiated other welfare program that aimed to benefit families. Those included the so-called Good Start (pol. Dobry Start)—the PLN 300 allowance per year for each child of school age at the beginning of the school year—and, less successful so far, Home Plus (pol. Mieszkanie Plus), launched in 2016, involving the construction of affordable apartments to rent with access to ownership to all those (but especially young families) who could not afford to buy their own apartment due to poor credit. Families with children were just one, yet very significant, beneficiary of PiS welfare programs.

The other main target group has been the elderly, to whom populist incumbents offered additional payments in the form of 13th and 14th pension payments. Pensioners also benefited from a program that provided free medicines for people aged 75 and above. Both families with children and pensioners were portrayed in the narrative of populists as groups who had been neglected and marginalized. PiS labeled these segments of the Polish society as the "normal" people and made it clear that only the ruling government noticed and, in fact, appreciated their existence.

Turning to the revenue side of the general government, the reform of the personal-income-tax system occurred in several steps in Poland. PiS first initiated a less robust reform by lowering the lower-income-tax bracket to 17% (from 18%). Employees under age 26 were exempted from paying personal income tax in 2019—an initiative Fidesz found worth importing, too, two years later. Under the so-called Polish Deal of

2022, the government drastically cut down the lower PIT rate to 12% and revolutionized the rules for health insurance contributions, which for many entrepreneurs and self-employed workers meant an actual increase in their tax burden.

Nationalization, Reprivatization and Market Regulation

Countries of Central and Eastern Europe willingly opened up their markets after the regime change in 1989/1990, strongly welcoming FDI as the main driver of restructuring, modernization, and economic growth. In the first decade of the change, the main destinations of foreign investment were Poland, Hungary, and Czechia.[8] Both Hungary and Poland lived up to their chances in the years of transformation and soon were celebrated as the frontrunners of market reforms in the post-communist bloc by most closely approximating the economic and institutional structures of the advanced countries (EBRD 2005; Fabry 2020). EU membership further accelerated FDI inflows, consolidating a unique, highly liberalized and transnationalized growth model, where capital accumulation was guaranteed by foreign multinationals, a process strongly endorsed by the EU itself through its conditionalities, financial assistance, and institution building (Vukov 2020). Success in terms of employment, output, or economic growth depended largely on the decisions of these foreign corporations, for which both Hungary and Poland earned the dubious title of "dependent market economies" (Nölke and Vliegenthart 2009).[9]

By 2019, cumulative FDI inflow had reached 40% in Poland and over 60% in Hungary of their respective GDPs (UNCTAD 2020). The countries' extreme reliance on FDI not only supported the convergence process in these economies but it, evidently, helped them to become essential parts of global value chains (Szent-Iványi 2017), which included BMW, Bosch, Fiat, Mercedes Benz, Siemens, and Volkswagen. In consequence, the two countries have become extremely open: Hungary's export-to-GDP ratio had already exceeded 50% by 1998, and it peaked at a record high rate of 87.5% in 2015. Although Poland has a sizeable domestic market (and 3.6 times higher total GDP than Hungary), its export sector is still robust in size, being at 55.5% of GDP in 2019.

Hungary

The Hungarian development path, however, was also somewhat different from the Polish case in an important aspect. At the time of the regime change, Hungary had been one of the most indebted economies in the region; its development was highly dependent on external financing, which made privatization of Hungarian assets through direct sales to foreigners an appealing strategy at that time. No surprise that the unusually high degree of openness of the country, the strong reliance on foreign capital, the deep integration of domestic companies into global and European value chains along with the unaccountable strategy of "indebted development" of the 2000s under the socialist-liberal coalitions pushed Hungary to the brink at the onset of the 2008 global crisis; this made Hungary the very first victim of the crisis in the EU (Greskovits 2015).

The motivation might have been different, but a major concern for populists in both countries was the relatively high share of foreign capital in certain strategic sectors of their respective economies. The officially declared goal of Fidesz and PiS was to reduce the degree of dependence on foreign capital in these key sectors and reclaim national sovereignty over domestic policymaking (György and Veress 2016). In Poland, the process was called Repolonzation; in Hungary the phenomenon was officially acknowledged and endorsed under the label "system of national cooperation" (Batory 2016).

In Hungary, where Fidesz highly endorsed the idea of a workfare economy, relatively low wages were combined with a skilled labor force, thereby, serving the interests of both foreign multinationals and domestic capitalists (Scheiring 2020). On the one hand, the Orbán cabinet was highly critical with foreign capital in the nontradable sector as these companies were considered parasites that only intended to buy up the domestic market without bringing in new technology, know-how, or jobs. On the other hand, the government actively supported foreign investors in the manufacturing sector, especially in the automotive industry (Gerőcs and Pinkasz 2019). The government built an intimate relationship with such corporations, providing strong political support both in terms of financial means (e.g., tax reliefs, subsidies) and so-called strategic partnerships, offering an alliance with multinationals. Furthermore, the Labour Code was amended in 2011 in favor of these export-oriented companies. The new code has transformed the Hungarian labor market into a (much) more flexible one, subordinating employees' right to employers' interests. Individuals along with trade unions lost their bargaining power, work conditions started to deteriorate, and working hours were extended while neither wages nor benefits increased (Laki, Nacsa, and Neumann 2013).

Embedded neoliberal capitalism (Bohle and Greskovits 2012), therefore, did not disappear with the arrival of populists—just the opposite. Orbán and his government built up a regime wherein "good" FDI was welcomed but was complemented by a loyal national bourgeoise in the nontradable sector, where the presence of foreigners was no longer tolerated (Sass 2017). These newly born national champions became the winners of public procurements financed by EU funds feeding corruption on a broad scale (I. Tóth and Hajdu 2020). Fidesz was also keen on reshaping the ownership structure in the private sector. Generally speaking, the state plays a relatively active role in infrastructure and public services in most countries worldwide. At the height of the global financial crisis, states actively intervened in the financial sector by taking over failed banks. The crisis witnessed the nationalization of energy companies and even manufacturing companies in both Europe and the United States. That is, nationalization of private properties was not that rare at the global level that time. However, the state typically stepped in with only a temporary mandate. Hungary's experience following the populist takeover in 2010 was rather different from worldwide trends, both in terms of magnitude and, especially, purpose (Király 2016). Accelerated state activity did not simply serve the goal of crisis management as did taking over failing or bankrupted entities; rather, nationalization first and subsequent reprivatization has become an integral part of the unorthodox policy package of

incumbents (Voszka 2018).[10] The state emerged as a fully autonomous, omnipotent actor and, in turn, "the state's interests have become increasingly undistinguishable from the private interests of the governing elite" (Sallai and Schnyder 2019, 22). This trend was further strengthened by the emergence of financial nationalism, a unique, grand strategy of redefining the domestic rules of capitalism that returned control over the economy to loyal national players and that strengthened the financial means of political survival of the incumbents (Sebők and Simons 2021).

Rent-seeking, patronage, and cronyism have become system-specific features in Hungary (Mihályi and Szelényi 2019), where the border lines between the state and the market became unclear or nonexistent (Kornai 2015). As Prime Minister Orbán argued in a speech addressed to his loyal business elite: "You need a strong government, we need a strong business elite, and Hungary needs both of us."[11]

Poland

Right from its establishment, back in 2001, the Polish PiS vocally opposed the practice of privatization of the 1990s, calling it a "thief privatization," which resulted not only in the "sale of family silverware" to foreigners but also in the deepening of income inequalities.[12] With the declared aim of curing inequalities that had evolved during the neoliberal phase of transformation, PiS proposed a radical program of modern protectionism, also known as Repolonization. The term *Repolonization* refers to all those practices by which the governing populists tried to take back control over the assets of certain (typically privately foreign owned) companies in selected sectors in the economy.

The most evident and very first target of Repolonization was the banking sector, which had been intensively privatized to foreigners in the1990s (cf. Epstein 2017; Naczyk 2022; Pyka and Nocoń 2018). The issue of foreign ownership of banks was publicized during the global financial and economic crisis when the share of foreign capital in Polish banks exceeded 70% of total assets. Such a high degree of exposure raised concerns that in the face of growing financial difficulties, potential transfers from "daughter" banks to the "parent" institutions might have caused a drop in the credit supply thereby paralyzing Polish entrepreneurs. When a number of western European banks left the Polish market during the crisis and new mergers and acquisitions occurred, PiS deliberately sparked a debate on the negative consequences of the excessive dependence of Polish banks on foreign capital. The decision that commenced the process of Repolonization of the banking sector was the purchase of Alior Bank in 2016; this was followed by the merger of BPH with the already repolonized Alior Bank. One year later, Pekao was nationalized by two Polish entities, the state-controlled PZU and the state-owned Polish Development Fund, PFR. By the end of 2017, the ownership structure of the banking sector was significantly modified, and for the first time since 1999, the share of assets owned by domestic investors exceeded that of the share of foreign investors (PFSA 2018). By 2020, the state treasury became the main shareholder in the sector (owning approximately 40% of assets), while domestic private stakeholders controlled an additional 14% (PFSA 2020).[13]

Besides the banking sector, PiS initiated the Repolonization of other strategic sectors as well, such as energy and transportation. In 2017, state-owned power companies PGE (Polska Grupa Energetyczna) and Enea purchased a number of heat and power plants from the French EdF and Engie. In the same year, railway and mountain lifts operator PKL (Polskie Koleje Linowe) was purchased by the state-owned Polish Development Fund from Mid Europa Partners.

The Polish PiS also endorsed the strategy of creating national champions that were hoped to be strong enough to compete in international markets. Normally, national champions can be both private and public entities. In Poland, the most influential champions came as state-owned and/or state-controlled companies. The most prominent cases were KGHM Polska Miedź SA (minerals) and PGNiG[14] (gas industry)—the state treasury owning 31.79% and 71.88% of their shares, respectively—and, most prominent of all, PKN Orlen, the largest company in CEE operating in the fuels and energy markets. The state treasury owned only 27.52% of PKN Orlen shares; nevertheless, the company was guaranteed special rights concerning the appointment of members to supervisory and management boards. Many members of both boards, including the company's CEO, have been de facto political nominees. The strategy of national champions, however, went well beyond the intention of creating powerful and internationally competitive regional players. Orlen, for instance, not only forged acquisitions (e.g., Polish Energa, Czech Unipetrol) and mergers (with Lotos and PGNiG) in the energy sector but it also extended its activity to other fields as well by the acquisition of Polska Press (in 2021), thereby, supporting the Repolonization of the media sector (an act that was communicated by PiS as a step toward media deconcentration). The case of Orlen is perhaps one of the most telling illustrations of fast-growing interdependencies under the PiS administration between political, economic, and social institutions.

Discussion: Hungary and Poland Compared

The three mini case studies above directed scholarly attention to the three main dimensions of economic policymaking in Hungary and Poland: (1) macroeconomic management, (2) welfare and social policies, and (3) market regulation. Based on our analyses, first, it can be argued that although populists took power at different stages of their respective business cycles, the two governments initiated rather similar *macro*economic policies. While Hungarian Fidesz assumed power at the height of the European debt crisis and, thus, inherited a weak and deteriorating macroeconomy and a population full of social distrust and discontent, no such negative tendencies were detected in Poland. In fact, the Polish case evidently defied the notion that populists seize power as a response to economic crises (see Funke, Schularick, and Trebesch 2016; Lindgren and Vernby 2016). Until the eruption of the COVID-19 pandemic, both Hungary and Poland managed to navigate their macroeconomies efficiently, without indulging in fiscal profligacy or monetary laxity.

Yet, a more nuanced analysis can reveal the importance and robustness of a set of unconventional measures in attaining solid macroeconomic performance, such as taxing foreign service providers, especially banks—an act that was considered to be highly abusive and discriminatory (Varju and Papp 2022)—or nationalizing the assets of the private pension systems. Respecting the budget constraints of the general government did not prevent populists from engaging in activities that led the IMF and the European Commission to heavily criticize both governments for being biased in their applied policies (e.g., IMF 2021b). By relying on the ideational approach, the comparative analysis showed that the two governments demonstratively divided agents into two: those who were forced to pay the bill of crisis management (in Hungary) and to maintain economic and financial stability (in both countries) and those who were protected from the negative consequences of macromanagement (e.g., increased taxes).

Second, by scrutinizing welfare and social policies, we have demonstrated that both countries embarked on large-scale income redistribution and managed to substantially redefine the composition of targeted groups. By and large, both governments deliberatively and actively promoted alterations to the incentive systems of their respective welfare regimes with the declared aim of rewarding the "pure" people and punishing the "rest." On the other hand, the two governments identified the groups of "us" versus "them" differently, and in turn, the two countries adopted dissimilar policy measures. In Poland, PiS relied on social benefits mostly as a general means to increase households' disposable income, independent of their economic and social status. More concretely, the "Rodzina 500+" program did not rely on any other condition than parents being ready to have (more) children. The Polish case was in stark contrast to the Hungarian workfare economy model, wherein adults could capitalize on the size of their families only if they had a decent job with relatively high (and taxable) salaries. By relying on severe conditionalities in social and income policies, the Orbán government did not simply generate an antielitist platform but created cleavages within much larger segments of the society, by splitting them into those who deserved the financial support of the state (the middle class and the well-off people) and those who did not (people without jobs). Thereby, the government aimed to reduce what Hungarian officials referred to as "dependence culture" (Enyedi 2016b); and as a corollary, polarization was substantially strengthened in the country, which discriminated mostly against the less-educated and unskilled segments of the population (Szikra 2014). In consequence, Hungary's explicit endorsement of a workfare economy served the government's double aim of social and economic restructuring rather well.

In the last COVID-19–free year, in 2019, total general government expenditure was at 45.7% in Hungary and at 41.8% in Poland (as a ratio of the respective GDPs). Although Polish public spending was well below the Hungarian level, PiS nevertheless dedicated a significantly larger share of public expenditure to social protection. In Poland, 16.9% of the GDP was spent on social policies, in contrast to Hungary's 12.7%. One of the main differences in social protection stemmed from the gap in pension payments—Poland spending 10.9% of its GDP on its pensioners compared with Hungary's 7.3%. Thanks to Family 500+, the Polish family and child benefits became one of the most generous such programs in the European Union, placing the country with its 30% (of the GDP) in the company of the Nordic welfare states. Hungary, on the other hand, spent only 1.9% of its GDP on the same purpose. The amount that the Hungarian cabinet managed to save on social protection was spent on recreation, culture, and religion (3.0% in Hungary versus 1.6% in Poland and 1.2% in the EU) and on economic affairs (8.2% versus 4.2% and 4.4%, respectively).[15] That is, income redistribution became a widely used tool in both economies, with the Polish case showing a (more) inclusive character and Fidesz propagating a rather exclusive and selective welfare regime.

Third, market-constraining state interventionism came into fashion in both economies (Toplisek 2020), although actual policy actions and outcomes did show remarkable dissimilarities. With regard to market regulation and ownership structure, in rhetoric, both countries endorsed economic patriotism (Naczyk 2014). In reality, however, the two governments did not simply build up a system of economic nationalism (Bluhm and Varga 2020) but developed a system of patronage, wherein competition was put aside in favor of loyal business (and political) actors (Szanyi 2022). In Poland, the process was called Repolonization, underlining the national and antiforeign characteristic of the program (Klepczarek and Wieczorek 2023); whereas, Hungary endorsed the "system of national cooperation" (Batory 2016). In both countries populists targeted strategic sectors in their economies, such as the banking sector, the energy sector, and public utilities (IMF 2021b; Voszka 2018).

Furthermore, while foreign capitalists have been severely constrained by the Polish and the Hungarian governments, the presence of foreign multinationals remained rather massive in the export-oriented segments of these economies. In fact, export-oriented companies can safely rely on the financial and political support of authorities, acknowledging that their engines of growth have been solidly based on FDI (Sass 2017, 2021). The antiforeign rhetoric, along with antimarket sentiments, did not hurt those foreign corporations that have always been eminent sources of wealth and economic development in Poland and Hungary. While western politicians might have taken a critical tone against Fidesz or PiS, they proved to be much less strict with their own multinationals when it came to doing business with these regimes. As Bohle and Regan (2021) demonstrated in the case of Hungary, informal business-government relations remained basically untouched, which reinforced the FDI-based growth regime.

Yet, nationalization of foreign-owned private property became a persistent phenomenon in Hungary and especially in Poland, which went well beyond what other advanced economies saw during times of crisis. Nationalization was implemented with the ultimate goal of creating and/or strengthening state-owned or state-controlled enterprises in Poland; whereas, for Fidesz nationalization was only an intermediate stage in the allocation of assets to loyal domestic private actors. Furthermore, while Poland was eagerly looking to create national champions who could effectively compete on global markets, Hungary's Fidesz never had any such intention.

Conclusion

This article analyzed the economic consequences of populist takeovers in Hungary and Poland, two post-communist countries in the EU wherein populists not only enjoyed a majority in their national legislature but also managed to secure their respective reelections (three times in Hungary and one more time in Poland). Based on the ideational approach and its implications in the economy, three dimensions of economic policymaking have been scrutinized here, focusing on how Hungarian and Polish populists in power (1) managed their macroeconomies, (2) changed their respective welfare regimes, and (3) altered market regulation and ownership structure in their respective economies.

Generally speaking, the Hungarian and Polish incumbents showed a large degree of similarity with respect to the adopted economic policies. Fidesz took the lead role in 2010, while the Polish PiS, in several respects, followed the path laid down by its ally in the direction, pace, scope, and depth of populist measures. Fidesz and PiS used a highly similar policy-mix of cultural nationalism fed by anti-immigrant sentiments, heteronormative familiarism, and sovereignism, combined with political antiliberalism and nationally focused economy policy (Sata and Karolewski 2020; Toplisek 2020; Vadhanavisala 2020).

While the chosen illiberal path was the same, there were nonetheless important differences with regard to the selected economic policies and especially whom these policies favored. Both governments attacked foreign owners in the service sector and adopted several measures to force these companies to either contribute more to the cost of financing the domestic economy or simply give up on their possession and transfer assets to domestic actors. While Poland supported the nationalization of foreign private property to strengthen its state-owned national champions, Hungary used nationalized property only as a means to reward loyal domestic private actors. Regarding domestic cleavages, the Polish PiS was more reluctant to polarize society through its income policy, while Hungary overtly engaged in a workfare economy wherein people making a living on social entitlements were deemed to be highly inferior. The Hungarian case therefore has been more illustrative of a highly exclusive regime; whereas, Poland endorsed a more-or-less inclusive welfare program.

By and large, the Polish and the Hungarian cases underlined two major points. On the one hand, even without violating the budget constraint of the general government, populists can (and do in fact) divide their populace into two antagonistic groups (which however may change from time to time) and embark on large-scale redistribution programs accordingly by redefining who gets what under the populists' rule. Second, populists can dramatically redesign the regulatory framework and property rights structure in favor of home-grown capitalists without, however, deterring foreign investors from actively investing in these highly open economies. These findings are very much in harmony with the claim of the ideational approach that populism is after all a political and not an economic phenomenon.

Notes

1. Democratic backsliding has not been an exclusively CEE phenomenon; on a global level, see for instance Levitsky and Ziblatt (2018) or Haggard and Kaufmann (2021).
2. Hungarian Fidesz came into power in 2010 and was re-elected in 2014, 2018, and 2022. Polish PiS was voted into office first in 2015 and then again in 2019.
3. Dornbusch and Edwards (1990) developed their classical concept (or paradigm) of "macroeconomic populism" as a response to the stagnation and/or fall of Latin American economies in the 1970s and 1980s. Economic populism has been reconceptualized in several forms; see for instance Acemoglu, Egorov, and Sonin (2013); Csaba (2008); Franko and Witko (2017); Gnan and Masciandaro (2020); Kutasi (2018); and Moore and Laffer (2018).
4. For more detailed and in-depth country studies on Hungary and Poland, see Benczes (2024b) and Orzechowska-Waclawska (2024), respectively.
5. Civic Platform formed a collation government with the Polish People's Party (Polske Stronnictwo Ludowe, PSL) under the leadership of Donald Tusk.
6. Orbán: nem jóléti állam épül (Orbán: a non-welfare state is being under construction). Napi.hu, October 18, 2012. https://www.napi.hu/magyar-gazdasag/orban-nem-joleti-allam-epul.534599.html
7. The poverty rate of children under 18 went from 9% in 2015 to 4.7% in 2017; poverty rate was higher again in 2018 (6.0%) and in 2020 (5.9%). Data based on GUS statistics.
8. On the fourth Visegrád country, Slovakia, see Kollai (2020, 2021).
9. Medve-Bálint and Šćepanović (2020) added however that by adopting a transnational industrial policy, a combination of competition and cohesion policies, the EU managed to create extra space for national governments in articulating an inclusive form of industrial policy favoring SMEs. Their case on the Polish automotive industry seemed to underpin their argument.
10. In Hungary, the share of state-owned property increased by 250% in just half a decade, reaching 8.8% of the GDP, covering mostly but not exclusively the banking sector, the energy sector, and public utilities (Voszka 2018).
11. http://2010-2015.miniszterelnok.hu/beszed/hogyan_tovabb_magyarorszag_
12. Interview with Prime Minister Mateusz Morawiecki: "Plan już działa. Mam dowody," *wSieci*, March 6, 2017.
13. Similar tendencies emerged in Hungary. Domestic ownership in the banking sector declined from above 70% to below 50% in less than a decade (Voszka 2018). Nevertheless, the restructuring benefited the new domestic private capitalists as owners and not the state itself.
14. A merger between PGNiG and Orlen came into effect at the end of 2022.
15. All data was taken from Eurostat, COFOG data set.

Acknowledgments

The present publication is the outcome of the project entitled POPREBEL—Populist Rebellion Against Modernity in 21st-century Eastern Europe: Neo-traditionalism and Neo-feudalism. We would like to thank Zsolt Boda, Attila Bartha, Jan Kubik, Richard Mole, and anonymous reviewers for their insightful comments and suggestions made on earlier versions of this paper.

Disclosure Statement

No potential conflict of interest was reported by the authors.

Funding

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement [No. 822682].

ORCID

István Benczes http://orcid.org/0000-0002-7309-6213
Joanna Orzechowska-Wacławska http://orcid.org/0000-0003-3272-0857

References

Acemoglu, A., G. Egorov, and K. Sonin. 2013. "A Political Theory of Populism." *The Quarterly Journal of Economics* 128 (2): 771–805. https://doi.org/10.1093/qje/qjs077.

Ádám, Z., and A. Simonovits. 2019. "From Democratic to Authoritarian Populism: Comparing Pre- and Post-2010 Hungarian Pension Policies." *Acta Oeconomica* 69 (3): 333–355. https://doi.org/10.1556/032.2019.69.3.2.

Ágh, A. 2016. "The Decline of Democracy in East-Central Europe." *Problems of Post-Communism* 63 (5–6): 277–287. https://doi.org/10.1080/10758216.2015.1113383.

Aligica, P., and V. Tarko. 2014. "Crony Capitalism: Rent Seeking, Institutions and Ideology." *Kyklos* 67 (2): 156–176. https://doi.org/10.1111/kykl.12048.

Appel, H., and Orenstein. 2018. *From Triumph to Crisis: Neoliberal Economic Reform in Postcommunist Countries*. New York: Cambridge University Press.

Aslanidis, P. 2017. "Avoiding Bias in the Study of Populism." *Chinese Political Science Review* 2 (3): 266–287. https://doi.org/10.1007/s41111-017-0064-0.

Autor, D., D. Dorn, G. Hanson, and K. Majlesi. 2020. "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure." *American Economic Review* 110 (10): 3139–3183. https://doi.org/10.1257/aer.20170011.

Ball, C., F. Freytag, and M. Kautz. 2019. "Populism-What Next? A First Look at Populist Walking-Stick Economies." CESifo Working Papers No. 7914.

Bałtowski, M., P. Kozarzewski, T. Mickiewicz. 2022. "State Capitalism in Poland and Hungary." In *The Oxford Handbook of State Capitalism and the Firm. Oxford Handbooks*, and M. Wright, et al., 750-784. Oxford: Oxford University Press.

Ban, C., G. Scheiring, and M. Vasile. 2023. "The Political Economy of National-Neoliberalism." *European Politics and Society* 24 (1): 96–114. https://doi.org/10.1080/23745118.2021.1956241.

Bartha, A., Z. Boda, and D. Szikra. 2020. "When Populist Leaders Govern: Conceptualising Populism in Policy Making." *Politics and Governance* 8 (3): 71–81. https://doi.org/10.17645/pag.v8i3.2922.

Batory, A. 2016. "Populist in Government? Hungary's 'System of National Cooperation.'" *Democratization* 23 (2): 283–303. https://doi.org/10.1080/13510347.2015.1076214.

Benczes, I. 2022. "Taking Back Control over the Economy: From Economic Populism to the Economic Consequences of Populism." *European Policy Analysis* 8 (1): 109–123. https://doi.org/10.1002/epa2.1134.

Benczes, I. 2024a. "Taking Stock: Populist Governments and the Economy in CEE." In *Economic Policies of Populist Leaders*, edited by I. Benczes, 254–272. Abingdon: Routledge.

Benczes, I. 2024b. "The (Mis)use of Unconstrained Political Power: The Hungarian Economy." In *Economic Policies of Populist Leaders*, edited by I. Benczes, 63–83. Abingdon: Routledge.

Benczes, I., and K. Szabó. 2022. "An Economic Understanding of Populism: A Conceptual Framework of the Demand and the Supply Side of Populism." *Political Studies Review* 21 (4). https://doi.org/10.1177/14789299221109449.

BIG Infomonitor. 2021. "Opinie Polaków na temat programu Rodzina 500+". Warsaw. https://media.big.pl/informacje-prasowe/att/1881329.

Bluhm, K., and M. Varga. 2020. "Conservative Developmental Statism in East Central Europe and Russia." *New Political Economy* 25 (4): 642–659. https://doi.org/10.1080/13563467.2019.1639146.

Bogaards, M. 2018. "De-Democratization in Hungary: Diffusely Defective Democracy." *Democratization* 25 (8): 1481–1499. https://doi.org/10.1080/13510347.2018.1485015.

Bohle, D., and B. Greskovits. 2012. *Capitalist Diversity on Europe's Periphery*. Ithaca, NY: Cornell University Press.

Bohle, D., and A. Regan. 2021. "The Comparative Political Economy of Growth Models: Explaining the Continuity of FDI-Led Growth in Ireland and Hungary." *Politics & Society* 49 (1): 75–106. https://doi.org/10.1177/0032329220985723.

Bonikowski, B. 2016. "Three Lessons from Contemporary Populism in Europe and the United States." *Brown Journal of World Affairs* 23 (1): 9–24.

Buzogány, A., and M. Varga. 2023. "Illiberal Thought Collectives and Policy Networks in Hungary and Poland." *European Politics and Society* 24 (1): 40–58. https://doi.org/10.1080/23745118.2021.1956238.

CBOS. 2021. "Program Rodzina 500plus po pięciu latach funkcjonowania." Warsaw. https://www.cbos.pl/SPISKOM.POL/2021/K_029_21.PDF.

Cerrato, A., F. Maria Ferrara, and F. Ruggieri. 2018. "Why Does Import Competition Favor Republicans?" Conference Paper, APSA 2018.

CHES. 2020. "Chapel Hill Expert Survey 2019". https://www.chesdata.eu/speedches.

Csaba, L. 2008. "The New Kind of Macroeconomic Populism." *Public Finance Quarterly* 54 (4): 601–616.

Csaba, L. 2022. "Unorthodoxy in Hungary: An Illiberal Success Story?" *Post-Communist Economies* 34 (1): 1–14. https://doi.org/10.1080/14631377.2019.1641949.

Csehi, R., and E. Zgut. 2021. "'We Won't Let Brussels Dictate Us': Eurosceptic Populism in Hungary and Poland." *European Politics and Society* 22 (1): 53–68. https://doi.org/10.1080/23745118.2020.1717064.

Czeczeli, V., G. Kutasi, and E. Szabó. 2021. "The Assessment of Government Incentives on Savings, Hungary 2006-2019." *Acta Oeconomica* 71 (4): 569–585.

Dawson, J., and S. Hanley. 2019. "Foreground Liberalism, Background Nationalism: A Discursive-Institutionalist Account of Eu Leverage and 'Democratic Backsliding' in East Central Europe." *Journal of Common Market Studies* 57 (4): 710–728. https://doi.org/10.1111/jcms.12845.

Dent, C. 2020. "Brexit, Trump and Trade: Back to a Late 19th Century Future." *Competition and Change* 24 (3–4): 338–357. https://doi.org/10.1177/1024529420921481.

Dornbusch, R., and S. Edwards. 1990. "Macroeconomic Populism." *Journal of Development Economics* 32 (2): 247–277. https://doi.org/10.1016/0304-3878(90)90038-D.

Dovis, A., M. Golosov and A. Shourideh. 2016. "Political Economy of Sovereign Debt: A Theory of Cycles of Populism and Austerity." NBER Working Paper No. 21948, Cambridge, MA.

EBRD. 2005. *Transition Report 2005: Business in Transition*. London: European Bank for Reconstruction and Development.

Edwards, S. 2019. "On Latin American Populism, and Its Echoes around the World." NBER Working Paper 26333, Cambridge, MA.

Eichengreen, B. 2018. *The Populist Temptation: Economic Grievance and Political Reaction in the Modern Era*. Oxford: Oxford University Press.

Enyedi, Z. 2016a. "Populist Polarization and Party System Institutionalization." *Problems of Post-Communism* 63 (4): 210–220. https://doi.org/10.1080/10758216.2015.1113883.

Enyedi, Z. 2016b. "Paternalist Populism and Illiberal Elitism in Central Europe." *Journal of Political Ideologies* 21 (1): 9–25. https://doi.org/10.1080/13569317.2016.1105402.

Epstein, R. A. 2017. *Banking on Markets: The Transformation of bank-State Ties in Europe and beyond*. Oxford: Oxford University Press.

European Commission. 2009. "Five Years of an Enlarged Eu. Economic Achievements and Challenges" *European Economy* 1/2009.

European Commission. 2012. "Macroeconomic Imbalances, Hungary 2011." *European Economy, Occasional Papers 106*, Brussels.

European Commission. 2020. "Country Report Hungary 2020." SWD.

Fabry, A. 2020. “From Poster Boys to Black Sheep: Authoritarian Neoliberalism in Hungary and Poland.” *Journal of Australian Political Economy* 86:304–332.

Feldmann, M., and M. Popa. 2022. “Populism and Economic Policy: Lessons from Central and Eastern Europe.” *Post-Communist Economies* 34 (2): 219–245. https://doi.org/10.1080/14631377.2022.2029253.

Franko, W. W. É., and C. Witko. 2017. *The New Economic Populism: How States Respond to Economic Inequality*. Oxford: Oxford University Press.

Fuest, C. 2017. “2017: The Year of European Populism.” *Intereconomics* 2:2–3. https://doi.org/10.1007/s10272-017-0634-2.

Funke, M., M. Schularick, and C. Trebesch. 2016. “Going to the Extremes: Politics after Financial Crises, 1870-2014.” *European Economic Review* 88:227–260. https://doi.org/10.1016/j.euroecorev.2016.03.006.

Funke, M., M. Schularick, and C. Trebesch. 2020. “Populist Leaders and the Economy.” Kiel Working Paper No 2169. Kiel: Kiel Institute for the World Economy.

Gdula, M. 2017. “Dobra zmiana w Miastku. Neoautorytaryzm w polskiej polityce z perspektywy małego miasta.” Institute of Advanced Studies. Report. https://krytykapolityczna.pl/instytut/wp-content/uploads/sites/4/2017/10/Dobra-zmiana-w-Miastku.pdf.

Gerőcs, T., and A. Pinkasz. 2019. “Relocation, Standardization and Vertical Specialization.” *Society and Economy* 41 (2): 171–192. https://doi.org/10.1556/204.2019.001.

Gerő, M., and A. Vigvári. 2019. “Közfoglalkoztatás, redisztribúció és a helyi hatalom” [Public Work, Redistribution and Local Power].” *Esély* 2:3–30.

GKI (Gazdaságkutató Intézet). 2021. “2010 óta nem csökkentek a jövedelmi különbségek Magyarországon ” [Income Inequalities Have Not Declined in Hungary since 2010]. Press Release. Budapest: Gazdaságkutató Zrt.

Gnan, E. É., and D. Masciandaro. 2020. “Populism, Economic Policies and Central Banking: An Overview” SUERF Policy Note No. 131.

Gomułka, S. 2019. “Poland’s Economic Performance in Global and Long-Term Perspective: Surprises so Far and Risks in the Years Ahead.” *Central European Economic Journal* 5 (52): 109–117. https://doi.org/10.1515/ceej-2018-0015.

Greskovits, B. 2015. “The Hollowing and Backsliding of Democracy in East Central Europe.” *Global Policy* 6 (s1): 28–37. https://doi.org/10.1111/1758-5899.12225.

Guasti, P., and L. Bustikova. 2023. “Varieties of Illiberal Backlash in Central Europe.” *Problems of Post-Communism* 70 (2): 130–142. https://doi.org/10.1080/10758216.2022.2156889.

Guiso, L., H. Herrera, M. Morelli, and T. Sonno. 2017. “Populism: Demand and Supply.” CEPR Discussion Paper No. 11871.

Guriev, S., and Papaioannou. (2022). “The Political Economy of Populism.“ *Journal of Economic Literature* 60 (3): 753–832. https://doi.org/10.1257/jel.20201595.

Guriev, S., and E. Papaioannou. 2020. “The Political Economy of Populism.” *Journal of Economic Literature* 60 (3): 753–832.

Győrffy, D., and J.P. Martin. 2022. “Legitimacy and Authoritarian Decline: The Internal Dynamics of Hybrid Regimes.” *Problems of Post-Communism*. https://doi.org/10.1080/10758216.2021.2023579.

György, L., and J. Veress. 2016. “The Hungarian Economic Policy Model After 2010.” *Public Finance Quarterly* 61 (3): 360–381.

Haggard, S., and R. Kaufmann. 2021. *Backsliding. Democratic Regress in the Contemporary World*. Cambridge: Cambridge University Press.

Hartwell, C. A. 2021. “Populism and Financial Markets.” *Finance Research Letters* 46 (B). https://doi.org/10.1016/j.frl.2021.102479.

Havlík, V. 2019. “Technocratic Populism and Political Illiberalism in Central Europe.” *Problems of Post-Communism* 66 (6): 369–384. https://doi.org/10.1080/10758216.2019.1580590.

Herke, B., M. Medgyesi. 2020. “Jóléti állammal kapcsolatos vélemények Magyarországon és az Európai Unióban” [Perceptions on the Welfare State in the European Union]. In *Társadalmi Riport (Social report)*, edited by T. Kolosi, I. Szelényi, and T. I. György, 478–499. Budapest: Tarki Zrt.

Holesch, A., and A. Kyriazi. 2022. “Democratic Backsliding in the European Union: The Role of the Hungarian-Polish Coalition.” *East European Politics* 38 (1): 1–20. https://doi.org/10.1080/21599165.2020.1865319.

IMF. 2021a. “Republic of Poland: 2020.” IMF Country Report No. 21/35. Washington D.C.

IMF. 2021b. “Hungary. Selected Issues.” IMF Country Report No. 21/36. Washington D.C.

Inglehart, R., and P. Norris. 2019. *Cultural Backlash: Trump, Brexit, and Authoritarian Populism*. Cambridge: Cambridge University Press.

Johnson, J., and A. Barnes. 2015. “Financial Nationalism and Its International Enablers: The Hungarian Experience.” *Review of International Political Economy* 22 (3): 535–569. https://doi.org/10.1080/09692290.2014.919336.

Király, J. 2016. A magyar bankrendszer tulajdonosi struktúrájának átalakulása (The evolution of the ownership structure of the Hungarian banking system). *Közgazdasági Szemle* 63 (7–8): 725–761. https://doi.org/10.18414/KSZ.2016.7-8.725.

Klepczarek, E., and A. Wieczorek. 2023. “Ownership Transformations in a Post-Transition Economy: Which Institutions Matter? Evidence from the Polish Banking Sector.” *East European Politics and Societies* 37 (4): 1384–1401. https://doi.org/10.1177/08883254221132288.

Kollai, I. 2020. “The Traditionalism-Modernism Value Conflict in Hungary and Slovakia – A Comparative Analysis from a Longue Durée Perspective.” *Journal of Contemporary Central and Eastern Europe* 28 (1): 29–44. https://doi.org/10.1080/25739638.2020.1812942 .

Kollai, I. 2021. “Developmental or Impoverishing Urban Cores? The Case of Slovakia.” In *The Post-Crisis Developmental State: Perspectives from the Global Periphery*, edited by T. Gerőcs and J. Ricz, 197–216. Cham: Palgrave Macmillan.

Kornai, J. 2015. “Hungary’s U-Turn: Retreating from Democracy.” *Journal of Democracy* 26 (3): 34–48. https://doi.org/10.1353/jod.2015.0046.

Kovács, L. 2012. “Bank Taxes in the European Union.” *Public Finance Quarterly* 57 (3): 332–346.

Kovács, K., and K. Lane Scheppele. 2018. “The Fragility of an Independent Judiciary: Lessons from Hungary and Poland – And the European Union.” *Communist and Post-Communist Studies* 51 (3): 189–200. https://doi.org/10.1016/j.postcomstud.2018.07.005.

Koźmiński, A., A. Noga, K. Piotrowska, and K. Zagórski. 2020. *The Balanced Development Index for Europe’s OECD Countries, 1999–2017*. Cham: Springer.

KSH. 2012. “Lakossági lakáshitelezés ” [Household Lending]. *Statisztikai Tükör* 6 (24).

Kutasi, G. 2018. “Macroeconomic Populism. The Baltic Current Accounts.” *Journal Global Policy and Governance* 7 (1): 21–32.

Kutasi, G., and E. Szabó. 2020. “Hungarian Government Incentives and Structural Breaks of Savings.” In *Társadalmi fenntarthatóság (Social Sustainability)*, edited by P. Smuk, 2851–2865. Budapest: Ludovika Kiadó.

Laki, M., B. Nacsa, and L. Neumann. 2013. “Az új Munka Törvénykönyvének hatása a munkavállalók és a munkáltatók közötti kapcsolatokra ” [The Impacts of the New Hungarian Labor Code on the Employee-Employed Employer Relationships]. MTA KRTK KTI Discussion Papers 2013/2.

Lendvai-Baiton, N., and D. Szelewa. 2021. “Governing New Authoritarianism: Populism, Nationalism and Radical Welfare Reforms in Hungary and Poland.” *Social Policy Administration* 55 (4): 559–572. https://doi.org/10.1111/spol.12642 .

Levitsky, S., and D. Ziblatt. 2018. *How Democracies Die?* New York: Crown Publisher.

Lindgren, K.-O., and K. Vernby. 2016. “The Electoral Impact of the Financial Crisis: Evidence Using District-Level Data.” *Electoral Studies* 44:214–224. https://doi.org/10.1016/j.electstud.2016.08.007.

Maciejewski, G. 2020. “Zmiany na rynku pracy w aspekcie realizacji programu Rodzina 500+.” In *Współczesne wyzwania rynku pracy*, J. Witek, et al., 171–187. Łódź/Warszawa: Wydawnictwo Społecznej akademii nauk.

Mares, I., and L. Young. 2019. *Conditionality and Coercion. Electoral Clientelism in Eastern Europe*. Oxford: Oxford University Press.

Markowski, R. 2016. “The Polish Parliamentary Election of 2015: A Free and Fair Election that Results in Unfair Political Consequences.” *West*

European Politics 39 (6): 1311–1322. https://doi.org/10.1080/01402382.2016.1177305.

Medve-Bálint, G., and V. Šćepanović. 2020. “Eu Funds, State Capacity and the Development of Transnational Industrial Policies in Europe’s Eastern Periphery.” *Review of International Political Economy* 27 (5): 1063–1082. https://doi.org/10.1080/09692290.2019.1646669.

Mihályi, P., and I. Szelényi. 2019. *Rent-Seekers, Profits, Wages and Inequality. The Top 20%*. London: Palgrave Pivot Series. Palgrave Macmillan.

Ministry of Family and Social Policy (Ministerstwo Rodziny iPolityki Społecznej). 2021. “‘Rodzina 500+’ 5 lat programu” [Rodzina 500+ First Five Years]. Warsaw. https://www.gov.pl/web/rodzina/raport-5-lat-programu-rodzina-500.

Moore, S., and A. Laffer. 2018. *Trumponomics: Inside the America First Plan to Revive Our Economy*. New York: All Points Books.

Mudde, C. 2004. “The Populist Zeitgeist.” *Government and Opposition* 39 (4): 541–563. https://doi.org/10.1111/j.1477-7053.2004.00135.x.

Mudde, C. 2022. “The Far-Right Threat in the United States: A European Perspective.” *The ANNALS of the American Academy of Political and Social Science* 699 (1): 101–115. https://doi.org/10.1177/00027162211070060.

Mudde, C., and C. Rovira Kaltwasser. 2017. *Populism: A Very Short Introduction*. Oxford: Oxford University Press.

Mudde, C., and C. Rovira Kaltwasser. 2018. “Studying Populism in Comparative Perspective: Reflections on the Contemporary and Future Research Agenda.” *Comparative Political Studies* 1 (13): 1667–1693. https://doi.org/10.1177/0010414018789490.

Müller, J.-W. 2016. *What Is Populism?* Filadelfia: University of Pennsylvania Press.

Naczyk, M. 2014. “Budapest in Warsaw: Central European Business Elites and the Rise of Economic Patriotism since the Crisis.” July, 15 2014. https://ssrn.com/abstract=2550496.

Naczyk, M. 2022. “Taking Back Control: Comprador Bankers and Managerial Developmentalism in Poland.” *Review of International Political Economy* 29 (5): 1650–1674. https://doi.org/10.1080/09692290.2021.1924831.

Nölke, A., and A. Vliegenthart. 2009. “Enlarging the Varieties of Capitalism. The Emergence of Dependent Market Economies in East Central Europe.” *World Politics* 61 (4): 670–702. https://doi.org/10.1017/S0043887109990098.

Olejnik, M. 2020. “A New Model of Corporatism in States Governed by Populist Political Parties: The Cases of Poland and Hungary.” *Czech Journal of Political Science* 27 (2): 178–195.

Orenstein, M., and B. Bugarič. 2022. “Work, Family, Fatherland: The Political Economy of Populism in Central and Eastern Europe.” *Journal of European Public Policy* 29 (2): 176–195. https://doi.org/10.1080/13501763.2020.1832557.

Orzechowska-Waclawska, J. 2024. “Economic Populism in Poland: New Economic Policies and Their Beneficiaries.” In *Economic Policies of Populist Leaders*, edited by I. Benczes, 84–104. Abingdon: Routledge.

PFSA. 2018. “Raport o sytuacji banków W 2017 roku.” Warsaw. https://www.knf.gov.pl/knf/pl/komponenty/img/RAPORT_O_SYTUACJI_BANKOW_2017_12_61471.pdf.

PFSA (Polish Financial Supervision Authority). 2020. “Report on the Situation in the Banking Sector in 2019”. Warsaw https://www.knf.gov.pl/knf/en/komponenty/img/Raport_roczny_EN_70883.pdf.

Pirro, A., and B. Stanley. 2022. “Forging, Bending, and Breaking: Enacting the “Illiberal Playbook” in Hungary and Poland.” *Perspectives on Politics* 20 (1): 86–101. https://doi.org/10.1017/S1537592721001924.

Pyka, I., A. Nocoń. 2018. “‘Repolonization’ Process of Domestic Banks. Analysis of Conditions and Opportunities.” In *Contemporary Trends in Accounting, Finance and Financial Institutions*, edited by T. Choudhry and J. Mizerka, 139–154. New York: Springer.

Rodrik, D. 2018. “Is Populism Necessarily Bad Economics?” *AEA Papers and Proceedings* 108:196–199. https://doi.org/10.1257/pandp.20181122.

Rooduijn, M., S. Van Kessel, C. Froio, A. Pirro, S. De Lange, D. Halikiopoulou, P. Lewis, C. Mudde, and P. Taggart 2019. *The Populist: An Overview of Populist, Far Right, Far Left and Eurosceptic Parties in Europe*. www.popu-list.org .

Rovira Kaltwasser, C. 2018. “Studying the (Economic) Consequences of Populism.” *American Economic Review Papers and Proceedings* 108:204–207. https://doi.org/10.1257/pandp.20181125.

Rovira Kaltwasser, C. 2019. “Populism and the Economy: An Ambivalent Relationship.” International Policy Analysis. Friedrich Ebert Stiftung.

Rovira Kaltwasser, C., P. Taggart, P. Ochoa Espejo, and P. Ostiguy. 2017. “Populism: An Overview of the Concept and the State of the Art.” In *The Oxford Handbook of Populism*, edited by C. Rovira Kaltwasser, P. Taggart, P. O. Espejo, and P. Ostiguy, 1–24. Oxford: Oxford University Press.

Sachs, J. 1989. “Social Conflict and Populist Policies in Latin America.” NBER Working Paper Series 2897.

Sallai, D., and G. Schnyder. 2019. “What Makes Authoritarian Capitalism Authoritarian? The Double Erosion of the Private-Public Divide in Illiberal Hungary.” *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3373637.

Sass, M. 2021. “FDI-Based Models in the Visegrád Countries and What the Future May Have in Store for Them.” *WIIW Monthly Report* No. 2/2021, 18–26.

Sass, M. 2017. “Is a Live Dog Better than a Dead Lion? Seeking Alternative Growth Engines in the Visegrád Countries.” In *Condemned to Be Left Behind? Can Central and Eastern Europe Emerge from Its Low-Wage Model?*, edited by B. Galgoczi and J. Drahokoupil, 47–79. Brussels: European Trade Union Institute.

Sata, R., and I. Karolewski. 2020. “Caesarean Politics in Hungary and Poland.” *East European Politics* 36 (2): 206–225. https://doi.org/10.1080/21599165.2019.1703694.

Scharle, Á., D. Szikra. 2015. “Recent Changes Moving Hungary Away from the European Social Model.” In *The European Social Model In Crisis. Is Europe Losing Its Soul?* edited by D. Vaughan-Whitehead, 229–261. Cheltenham: Edward Elgar.

Scheiring, G. 2020. *The Retreat of Liberal Democracy. Authoritarian Capitalism and the Accumulative State in Hungary*. New York: Palgrave MacMillan.

Scheiring, G. 2021. “Varieties of Dependency, Varieties of Populism: Neoliberalism and the Populist Countermovements in the Visegrád Four.” *Europe-Asia Studies* 73 (9): 1569–1595. https://doi.org/10.1080/09668136.2021.1973376.

Sebők, M., and J. Simons. 2021. “How Orbán Won? Neoliberal Disenchantment and the Grand Strategy of Financial Nationalism to Reconstruct Capitalism and Regain Autonomy.” *Socio-Economic Review* 20 (4): 1626–1651.

Stankov, P. 2022. *The Political Economy of Populism: An Introduction*. New York: Routledge.

Szanyi, M. 2016. “The Emergence of Patronage State in Central Europe.” Centre for Economic and Regional Studies – Institute of World Economics, Wp. 222. Budapest.

Szanyi, M. 2022. “The Emergence of Patronage and Changing Forms of Rent Seeking in East Central Europe.” *Post-Communist Economies* 34 (1): 122–141. https://doi.org/10.1080/14631377.2019.1693738.

Szent-Iványi, B. 2017. “Conclusions: Prospects for FDI-Led Development in a Post-Crisis World.” In *Foreign Direct Investment in Central and Eastern Europe: Post-Crisis Perspectives*, edited by B. Szent-Iványi, 241–257. Cham: Palgrave Macmillan.

Szikra, D. 2014. “Democracy and Welfare in Hard Times: The Social Policy of the Orbán Government in Hungary between 2010 and 2014.” *Journal of European Social Policy* 24 (5): 486–500. https://doi.org/10.1177/0958928714545446.

Taggart, P. 2000. *Populism*. Maidenhead: Open University Press.

Toplisek, A. 2020. “The Political Economy of Populist Rule in Post-Crisis Europe: Hungary and Poland.” *New Political Economy* 25 (3): 388–403. https://doi.org/10.1080/13563467.2019.1598960.

Tóth, I. J., and M. Hajdu. 2020. “Factors Affecting the Corruption Risk and Intensity of Competition in Public Procurement at the Level of Local Government.” Working Paper Series CRCB-Wp/2020:1, Budapest.

Tóth, G. C., and P. Virovácz. 2013. “Winners and Losers” *Public Finance Quarterly*, April, 2013.

UNCTAD. 2020. “World Investment Report.” Geneva: UNCTAD.

Vachudova, M. 2020. "Ethnopopulism and Democratic Backsliding in Central Europe." *East European Politics* 36 (3): 318–340. https://doi.org/10.1080/21599165.2020.1787163.

Vadhanavisala, O. 2020. "Democracy Towards Authoritarianism under Illiberal Populist Leaders in Hungary and Poland." *Central and Eastern European Review* 13 (1): 31–48. https://doi.org/10.2478/caeer-2020-0002.

Várhegyi, É. 2012. "A magyar bankszektor szabályozása és versenyhelyzete a válságban" [The regulation and competitive status of the Hungarian banking scetor in the crisis]. In *Verseny és szabályozás 2011* [Competition and regulation 2011], edited by P. Valentiny, F. Kiss, and C. Nagy, 210–238. Budapest: MTA KRTK.

Varju, M., and M. Papp. 2022. "Sectoral Special Taxes in Hungary as Instruments of A Populist Fiscal Policy: A Legal Analysis." *Review of Central and East European Law* 47 (1): 60–83. https://doi.org/10.1163/15730352-bja10061.

Voszka, É. 2018. "Nationalisation in Hungary in the Post-Crisis Years: A Specific Twist on A European Trend?" *Europe-Asia Studies* 70 (8): 1281–1302. https://doi.org/10.1080/09668136.2018.1457137.

Vukov, V. 2020. "More Catholic than the Pope? Europeanisation, Industrial Policy and Transnationalised Capitalism in Eastern Europe." *Journal of European Public Policy* 27 (10): 1546–1564. https://doi.org/10.1080/13501763.2019.1684976.

Weyland, K. 2017. "A Political-Strategic Approach." In *The Oxford Handbook of Populism*, edited by C. Rovira Kaltwasser, P. Taggart, P. O. Espejo, and P. Ostiguy, 48–72. Oxford: Oxford University Press.

Zgut, E. 2022. "Informal Exercise of Power: Undermining Democracy under the Eu's Radar in Hungary and Poland." *Hague Journal on Rule of Law* 14 (2–3): 287–308. https://doi.org/10.1007/s40803-022-00170-0.

Zingales, L. 2012. *Capitalism for the People: Recapturing the Lost Genius of American Prosperity*. New York: Basic Books.

ZZP (Związek Przedsiębiorców i Pracodawców). 2021. "Skutki wprowadzenia podatku od sprzedaży detalicznej od 1 stycznia 2021 r." https://zpp.net.pl/wp-content/uploads/2021/01/12.01.2021-Raport-ZPP-Skutki-wprowadzenia-podatku-od-sprzedaży-detalicznej-od-1-stycznia-2021-r.pdf.