

■ HUNGARY

Worsening Social Circumstances and Exclusion in Hungary

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After the capitalist transition of 1989, 1.5 million Hungarian jobs (out of 4.8 million) disappeared, and only 0.4 million have been recreated. In April 2010, there were 3.7 million jobs. The activity rate of the population is very low, only about 55% of the people aged between 18 and 62 are working. Unemployment is the main reason for the impoverishment of a considerable proportion of the population. The average real income per capita regained its pre-transition level only in the early 2000s. Income differences and social inequalities have increased, and a large proportion of Hungarian society lives in poverty. With the present economic crisis, the situation in Hungary has deteriorated further.

The vulnerable

Most of the poor in Hungary belong to one of the following groups:

- Permanently unemployed (48% of those permanently unemployed are poor)
- Roma population (there are 600,000 to 700,000 Roma people in Hungary, the majority of which are very poor)
- Families with children (41% of families with children, 60% of families with three or more children and 45% of single parent families are poor)
- Pensioners (50% of pensioners are poor); in the future, the aging population – without or with low pensions (as a result of having been unemployed and forced into illegal employment) – will grow
- People with disabilities and those suffering from permanent illness
- Homeless people

These groups are joined by the impoverished 'lower middle class', the members of which do their best to avoid poverty, but who, as a result of their low incomes, are increasingly vulnerable.

There are enormous regional differences in unemployment and poverty in Hungary. The poorest regions are located in Eastern Hungary, North-Eastern Hungary and Southern Transdanubia, which experienced the collapse of their former industry. Urban and rural slums have arisen in these regions, from which it is extremely difficult to escape. Most of the Roma population also live in these regions.

Poverty and the misery of children

Poverty in Hungary is defined using the subsistence level calculated by the Hungarian Central Statistical Office. According to the Central Statistical Office, 30% of the population, or about 3 million people, live at or below the subsistence level, approximately €270 per month. Using the EU's measure (which puts the poverty level at 60% of the average national income), the 'at risk of poverty rate' is 17%, approximately 1.7 million people. There are 1.1 million Hungarians (out of a total population of 10 million) who have permanently fallen behind and who live in social exclusion. These people are in deep poverty (Central Statistical Office 2008), which means, that their revenue is permanently low, and they are in a multi disadvantageous situation (in relation to job opportunities, education and so forth). According to charity organisations, the number of homeless people is estimated to be around 30,000 to 50,000. According to police data published in daily newspapers, about 250 people die of cold every winter, most of them in their own homes due to lack of heating.

Twenty per cent of Hungarian children live below the EU poverty line. This is about 440,000 if we take the population of children as 2.2 million. About 750,000 children are in a detrimental situation.¹ Most alarmingly, 20,000 to 25,000 children are suffering from hunger and 100,000 from structural malnutrition in Hungary today. Many of them are given hot food only at kindergarten or school (ADHAT 2002).

Most poor families spend a large proportion of their income on basic needs and education for their children. Maintaining flats and acquiring firewood pose serious difficulties for them. Nearly 25% of poor families have already taken up usury loans (Bass et al. 2008, p 16).

The problems of poor children are often exacerbated by the behaviour of privatised 'public service' companies, which turn off electricity, gas and water services in homes and, in some cases, even in kindergartens and schools administered by impecunious municipalities.

Roma and the poor in ghettos

The socialist era integration process, which was introduced to help Roma people and non-ethnic Hungarians with employment and social

adaptation, was stopped as part of the capitalist transition. During the socialist era, almost 90% of Roma men were employed; today, this rate has fallen to 20 to 25% (Kertesi 2005, p 61).² Roma people also tend to have lower education levels than the general population.

However, the majority of the poor are not Roma, as Roma people make up only 6 to 7% of the population. A great number of ethnic Hungarians are also poor. Roma families make up a quarter of those living below the subsistence level and about half of those living on social security benefits (for a different analysis by the Social Professional Association, see <3sz.hu>).

From the early 1990s, the results of the Government's Roma development projects were very poor. Since 2004, no new programmes have been started for the Roma people. Projects supporting the Roma have been integrated into projects for disadvantaged people in the labour market.

In times of economic crisis, racism and xenophobia usually increase. In Hungarian society, racism towards the Roma people is strengthening, especially since the crisis began. Racist paramilitary organisations march through Roma settlements, and, in 2008 and 2009, more than 10 Roma people were killed for racist reasons. In 2010, an extreme right party, barely hiding its anti-Roma attitude, gained 17% of votes in the parliamentary election.

The high rate of permanent unemployment among Roma people has led to social problems. Permanent unemployment mentally breaks most marginalised people; it increases alcoholism, suicide rates and can lead to crime. This further exacerbates their social exclusion.

Social protection system

In Hungary, the system of family allowances, which is based on subjective right and inherited from the socialist era, is more extensive than in other countries, although amounts paid are rather low. A family allowance (approximately €60 per children/month) is paid for almost two million children in Hungary. Families bringing up children under three receive higher amounts. The family allowance is complemented by social subsidies paid to poor families by the local municipalities.

Most of the poor in Hungary have no oppor-

¹ Legally in Hungary, children who are taken into protection by the parish of the local municipality and whose parents receive regular child protection subsidies are classed as being in a detrimental situation.

² Studies on Roma employment are also available on the website of the Hungarian Roma portal <www.romaweb.hu/romaweb/index.html>.

tunity to earn a living by working. In addition, the active labour market programmes have been gradually taken away over recent years. Less than 50,000 adults are involved in vocational adult education. About the same number of people are employed in public works for the minimum wage for 6 to 7 months per year (Ferge 2008). Employers are given support if they give a permanent work contract to an unemployed person, but when this support ends these people are often dismissed. The State spends billions of Hungarian forints (HUF) – most of it EU money – on projects supporting labour market return, most of them unsuccessful because of the low number of jobs created.

In many villages, social care services provided by local municipalities are limited. Subsidies from municipalities are at a low level – about 0.5% of GDP. Support is paid by municipal governments to local families in many forms including regular social benefits, regular or special child protection support, flat maintenance support, public health benefits and special subsidies.

According to the Hungarian Central Statistical Office, in 2008, 194,000 people (families) were paid regular social subsidies. In other words, less than 20% of the people living in deep poverty were given regular social subsidies. The average amount of such subsidies was HUF 26,600 (€100) per capita per month (Budapest, Central Statistical Office 2008).

Social subsidies are not a long-term solution, as they are not enough to live a decent life. Many of the poorest people are not aware of their right to social security benefits or know how to access them; some are just unable to fill in the application form.

Impacts of the economic crisis and mounting racism

In April 2009, to meet the conditions of the loans granted by the International Monetary Fund and the European Union, the Hungarian Government introduced 'austerity measures' including raising taxes and cutting public spending. In the public sector, nominal gross wages were frozen for two years, the 13th month wage and the 13th month pension were cancelled, the retirement age is to be gradually be raised from 62 to 65 years, sickness benefits were reduced by 10%, the amount of the family allowance was frozen for two years, the housing support system was suspended, VAT was raised from 20 to 25%, accession tax was also increased, and gas and heating support for the poor was reduced. The 2007, CXXI Social Act no longer guarantees the preservation of the real value of these subsidies. All of these measures hit the poor the hardest.

The official unemployment rate grew from 7.5% at the beginning of 2007 to 11.8% by April 2010. Half a million people are searching jobs through the government labour agency. The number of unemployed grew by 170,000 in two years from 2007 to April 2010 (Budapest, Central Statistical Office online database: <portal.ksh.hu>).

This growth in unemployment and restriction of social policies has undermined the livelihoods of a great number people. At the beginning of 2010, 1.7 million public service debts (for gas, heating, electricity) and housing instalment debts exceeding 90 days were registered – concerning a quarter of Hungarian families. In mid-2010, 90,000 families were directly threatened by the possibility of eviction (ADHAT 2010), at the same time the government announced a moratorium on eviction. It is impossible that so many people are at fault; the blame rests with the social and economic system for not providing an economic environment that enables these people to live a decent life, including the provision of work and an adequate social minimum.

Other labour market legal amendments introduced in spring 2008 in response to the crisis are also unfavourable to most of the unemployed and poor, and sometimes even to the municipalities. During the preparation for austerity measures, sociologist Zsuzsa Ferge wrote:

[E]xcept for the fifteen-day obligatory public employment every three months provided to one member of each family, all other supports for integration have been cancelled: the unemployment insurance benefit has almost disappeared; minor offences (e.g., black market work) may result in permanent exclusion from the subsidy system; and if a municipality is unable to organise public work (which often happens in small and poor villages), they will not be given support for subsidies from the national budget. (Ferge 2008)

Public opinion is moving right; this is reflected in the increase in the level of 'hidden' racism among white Hungarian nationals at the government (including municipal government) level, who give preference to non-Roma people in the distribution of resources and jobs. Instead of the former social security benefit paid to the unemployed by subjective entitlement, those considered capable of work get 'availability support', for which, in principle, they have to do 90 days of public work a year. However, the municipalities can offer little work and have very little money. The provision of availability support

is decided by the mayor based on his/her opinion of whether a member of a family deserves (e.g., owing to his/her lifestyle and other factors) the work opportunity. There are settlements where Roma and non-Roma people seriously compete for public work and availability support, and non-Roma people usually get the work. The name of the new system is also misleading: 'A Way to Work Programme'. According to well-known sociologists, the programme does not aim to lead those supported back to the labour market. Júlia Szalai points out:

[T]his programme] institutionalised and legalised a, roughly speaking, 'slave-like relationship' between the subjects of the programme and the municipalities, which violates basic citizen rights in a democratic state. [...] The text of the Act is almost openly directed at the Romas, making it a racist text. (Szalai 2008)

In addition, only one member of each family can be given availability support, excluding 30,000 to 35,000 people who earlier received social support (Szalai 2008).

Another sign of this prejudiced way of thinking is the so-called 'social card' already in use in many municipalities. Beneficiaries are paid support through electronic cards, and they are allowed to spend this support only in certain shops and on certain products. The card discriminates against marginalised groups such as the Roma because it is only used by those municipalities in which the poor people are Roma. Human rights activists believe that this card is unconstitutional in its operation because it restricts freedom.

Conclusion

According to sociologist Júlia Szalai:

[T]he subsidised groups may be the biggest losers of the crisis; it seems that no one is protecting them. The Roma people may become even more desperate. Eternal stigmatisation and continuous frustration may lead to depression or an increase in aggression. [...] Also, the maintenance of deep poverty is backed by hidden interests. It is worth considering that caring for the poor provides regular income and jobs to several thousands of people. And the majority in any society needs the poorer members: they are the cheapest source of labour for any kind of work. The poor are a readily available workforce. (Szalai 2008)

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