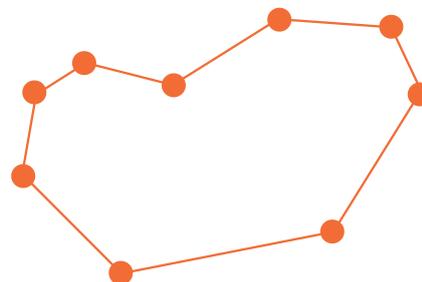




# COUNTRY MONITOR



## HUNGARY

# Social Rights Monitor 2019

---



Hungary is enjoying strong economic growth and very low unemployment levels. As a result, the number of people at risk of poverty and social exclusion has decreased and there is currently a shortage of skilled workers on the labour market. Unfortunately, not everyone is benefiting from this, as income inequalities are on the rise. In an attempt to combat the shortage of skilled workers, a number of flexibilisation measures, including what is known as the 'Slavery Act', have been introduced, leading to a deterioration of working conditions. The Hungarian education system is not able to keep up with the demands of the labour market and preserves already existing social divides between people of different socio-economic backgrounds and most notably between Roma and non-Roma. The integration of both Roma and migrants remains an issue. The government has recently ceased all programmes aimed at integrating immigrants and made it illegal for CSOs to assist refugees. This was part of a reform package that also restricts the freedom of assembly and has drastically limited civic space in Hungary.



**Gini Index:** 28.7

**Unemployment:** 3.7%

**Gender equality index:** 51.9

**Youth unemployment:** 10.2%

**AROPE:** 19.6%

**Social welfare spending (as % of GDP):** 14%

**Tax on labour as share of total taxes:** 45.3%

**In work poverty:** 8.4%

**CIVICUS civic space monitor:** Obstructed

## Equal opportunities and fair working conditions

Our National Strategy Group reports that occupational health and safety standards are regularly ignored by employers and working rights in Hungary are rapidly deteriorating, both as a result of legislative reforms and increased precariousness. A widespread form of precarious work in Hungary is undeclared work, which includes both fully undeclared work (black) and partially undeclared work, which is formal work for which the wages are supplemented 'under the table' (grey). It is estimated that up to 17 per cent of the workforce does undeclared work. The National Strategy Group warns that, although the labour inspection has been making efforts to decrease undeclared work, the enforcement of existing labour law is seriously lacking.

### Working conditions

The most striking example of undermining labour rights are the recent changes to the labour code, which are commonly referred to as the 'Slavery Act'. This act allows for employees to work up to 400 hours of overtime a year, equivalent to a full extra day per week. It furthermore extends the reference period over which the average working time is calculated to three years and gives the employer the pow-

er to unilaterally start using the extended reference period system. The adoption of this law sparked large protests all over Hungary. Nevertheless, it has been implemented in 2019, supposedly in an attempt to compensate foreign investors for the lack of skilled workers and the increasing wages.<sup>1</sup>

In terms of work-life-balance, Hungary has in place a generous maternity leave system that entitles a new mother to up to three years of (partially) paid leave.<sup>2</sup> However, because provisions for new fathers are far more limited, and good quality formal child care facilities are scarce, this also leads to gender inequality on the labour market. Hungary has the biggest adjusted gender pay gap of the EU<sup>3</sup> and a gender employment gap that is higher than the EU average.<sup>4</sup> Our National Strategy Group reports that the gender pay gap may even widen further in the near future.

### Education

Hungary's education system does not sufficiently facilitate social mobility. A student's socioeconomic background has a stronger influence on their school results in Hungary than in any other EU Member State. This distinction is also visible between students who go to vocational grammar schools (*szakgimnázium*) and those who go to vocational secondary schools (*szakközépiskola*). Drop-out rates are more than twice as high in vocational secondary schools and employment prospects and future earnings are lower, perpetuating the same socioeconomic inequalities over generations.<sup>5</sup>

Overall, the education system is underfinanced and does not produce enough high-skilled people for the labour market, which is desperate for more skilled workforce. At the same time, many young, highly-educated Hungarians leave the country to find work abroad, making the lack of skilled workforce even more pressing.<sup>6</sup> If recent graduates do



find work in Hungary, this is often under precarious conditions. In relation to this, our National Strategy Group has recently identified a new trend; companies are increasingly making use of skilled workers from Asia, most notably from Mongolia and Vietnam. This is causing social dumping, as these immigrant workers are willing to work for lower salaries and under worse labour conditions.

### Social protection and inclusion

Thanks to strong economic growth and a rise in employment, Hungary has seen a decline in the number of people at risk of poverty and social exclusion.<sup>7</sup> However, due to low wages and precarious work, in-work-poverty has been on the rise.<sup>8</sup> The National Strategy Group reports that many social programmes with the objective of poverty alleviation have been abandoned over the past years, and there has been a re-focus on work-related benefits geared towards (middle-class) families. Unemployment benefits remain inadequate, covering less than half of the unemployed population, for only three months with a replacement rate that is far below the poverty threshold.<sup>9</sup> Income inequality in Hungary is increasing<sup>10</sup>, at least partially because the flat income tax puts pressure on the lowest incomes.

Although Hungary was one of the first European countries to surpass its renewable energy goals for 2020, since 2013 the share of renewable energy has actually been in decline.<sup>11</sup> The National Strategy Group points out that energy poverty also remains a problem, with many people still heating their homes with wood and the prices of firewood tripling since the beginning of the decade. Wood is considered biomass, and therefore a renewable fuel, but burning wood is causing high levels of air pollution, both in urban and rural areas, leading to health issues including lung cancer and respiratory diseases.<sup>12</sup>

### Integration of migrants and Roma

Refugees are facing significant problems integrating into Hungarian society. Since 2018, the government has stopped all formal integration policies for refugees, leaving legislation granting equal rights as nationals as the only protection. Informally, state authorities cooperate with various Civil Society Organisations, who assist refugees with housing, finding work, language courses and access to social security and health care.<sup>13</sup> Especially housing poses a significant problem, as there is a severe lack of social housing in Hungary.<sup>14</sup> In contrast to finding housing, refugees tend to find work relatively quickly, mainly thanks to the fast-growing economy.<sup>15</sup>

#### Good practice CSOs helping migrants

As the Hungarian government has stopped all formal state assistance for refugees, Civil Society Organisations have stepped up. They cooperate with the state in an informal way to help migrants integrate into Hungarian society by assisting them in finding work, housing and medical care. They are also providing language courses and helping migrants get access to the social security they are legally entitled to.

Although it is formally illegal, both Roma adults and children also face severe discrimination. Our National Strategy Group for Hungary reports that for children and youth, this is apparent mainly from the education system that in practice segregates Roma (and other disadvantaged) students from others. The state allows church schools to refuse Roma pupils and a large number of Roma children unnecessarily end up in special needs schools.<sup>16</sup> Consequently, 80% of Hungarian Roma of working age have not completed eight years of primary educa-



tion, compared to 20% of non-Roma Hungarians.<sup>17</sup> Since the compulsory school age was dropped from 18 to 16 in 2012, participation of 17- and 18-year-old Roma in secondary education has declined sharply.<sup>18</sup>

Roma adults face very limited possibilities for upward social mobility. In 2018, 67.8 % of Roma were at risk of poverty or social exclusion<sup>19</sup>, almost four times as many as non-Roma Hungarians.<sup>20</sup> Although employment rates for Roma are on the rise, Roma are still overrepresented amongst the unemployed.<sup>21</sup> Only 30 per cent of Roma women are formally employed, compared to 59 per cent of non-Roma women.<sup>22</sup> A third of Roma who are employed work in the Public Work Scheme, which has been known to be ineffective at helping people back into the primary labour market. The wages for those in the Public Work Scheme have decreased significantly over the last years; in 2018 they constituted only 59.1 % of the minimum wage, exacerbating in-work-poverty.<sup>23</sup>

## Civic space

Civic space in Hungary is restricted; CIVICUS classifies it as obstructed<sup>24</sup> and Hungary has become the first EU country to no longer be considered 'free' in the Freedom House index.<sup>25</sup> In 2018, freedom of association was drastically limited by the 'Stop Soros' bills, which curtail Civil Society Organisations' funding and freedom to operate. They specifically target CSOs working with migrants and 'facilitating illegal immigration', which includes activities such as assisting with submitting asylum claims, distributing leaflets about asylum and organising a network. The bills also introduce a new 25% tax for CSOs financing 'acts that support immigration'.<sup>26</sup> Our National Strategy Group warns that the government furthermore provides funding for organisations that favour its policies and stigmatises other organisa-

tions, which becomes evident also from the name of the aforementioned bills. These developments are all the more worrying because Civil Society Organisations have stepped in and taken responsibility for a wide range of social services that are usually provided by the state.

In addition, a bill constraining the freedom of peaceful assembly was passed in 2018. It states that protests must not violate private life and peace of mind<sup>27</sup> and widens the set of conditions that can constitute a police ban.<sup>28</sup> The freedom of press has also been limited, with many press outlets being taken over by the government or friends of the government. Hungary currently has over 500 press outlets that have links to the governing party.<sup>29</sup>

Our Nation Strategy Group reports that there is no meaningful civil dialogue with CSOs and that the platforms which had been at the basis of such dialogue have disappeared. Trade union density in Hungary is low, with only 9% of the workforce belonging to a union.<sup>30</sup> The NSG deems the National Consultations that are organised occasionally manipulated to produce outcomes that favour the government.

## Comparison to Country Specific Recommendations

The country specific recommendations for Hungary focus on improving social inclusion and investing in research and innovation. Although the recommendations also mention the state of the judiciary in Hungary and the issues with corruption, both the recommendations and the Country Report fail to address the limitations the current government has put on civic space and the freedom of the press. The acceptance and integration of refugees into Hungarian society is also ignored, despite skilled migrants being a possible solution to Hungary's lack of skilled



---

labour force. Finally, the Country Report claims that there has been an increase in the use of renewable energy in Hungary, whereas data from Eurostat clearly show that the share of renewable energy sources has in fact been in decline since 2013.<sup>31</sup>



---

## References

- 1 Karasz, P. & Kingsley, P. (2018). What Is Hungary's 'Slave Law,' and Why Has It Provoked Opposition?: <https://www.nytimes.com/2018/12/22/world/europe/hungary-slave-law.html>, Tarján, Z. & Laribi, K. (2019). New controversial rules on overtime and reference period in Hungary: <https://www.twobirds.com/en/news/articles/2019/hungary/new-controversial-rules-on-overtime-and-reference-period-in-hungary>
- 2 Mutual Information System on Social Protection – MISSOC (2019). Comparative tables: <https://www.missoc.org/missoc-database/comparative-tables/results/>
- 3 World Economic Forum (2018). The Global Gender Gap Report: [http://www3.weforum.org/docs/WEF\\_GGGR\\_2018.pdf](http://www3.weforum.org/docs/WEF_GGGR_2018.pdf)
- 4 European Commission (2018). 2018 Report on equality between women and men in the EU: [https://ec.europa.eu/newsroom/just/document.cfm?doc\\_id=50074](https://ec.europa.eu/newsroom/just/document.cfm?doc_id=50074)
- 5 European Commission (2018). Youth Guarantee country by country - Hungary: <https://ec.europa.eu/social/BlobServlet?docid=13641&langId=en>
- 6 Serdült, V. (2016). Brain drain damaging Hungarian economy: <https://budapestbeacon.com/official-brain-drain-damaging-hungarian-economy/>
- 7 Eurostat (2019). People at risk of poverty or social exclusion: [https://ec.europa.eu/eurostat/databrowser/view/t2020\\_50/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/t2020_50/default/table?lang=en)
- 8 Eurostat (2019). In-work at-risk-of-poverty rate: <https://ec.europa.eu/eurostat/databrowser/view/tespm070/default/table?lang=en>
- 9 European Commission (2017). European Semester Thematic Factsheet: Unemployment Benefits: [https://ec.europa.eu/info/sites/info/files/file\\_import/european-semester\\_thematic-factsheet\\_unemployment-benefits\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/file_import/european-semester_thematic-factsheet_unemployment-benefits_en_0.pdf)
- 10 Eurostat (2019). Gini coefficient of equivalised disposable income: [http://appsso.eurostat.ec.europa.eu/nui/show.do?wai=true&dataset=ilc\\_di12](http://appsso.eurostat.ec.europa.eu/nui/show.do?wai=true&dataset=ilc_di12)
- 11 Eurostat (2019). Share of energy from renewable sources: [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg\\_ind\\_ren&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg_ind_ren&lang=en)
- 12 Euronews (2019). Air pollution in Hungary accounts for thousands of premature deaths a year: <https://www.euronews.com/2019/01/21/air-pollution-in-hungary-accounts-for-thousands-of-premature-deaths-a-year>
- 13 National Integration Evaluation Mechanism - NIEM (2019). Asylum Seekers and Beneficiaries of International Protection in Hungary: <http://www.forintegration.eu/pl/pub/asylum-seekers-and-beneficiaries-of-international-protection-in-v4-countries-updated-report/dnl/32>
- 14 Field, R. (2015). Habitat calls for more social housing in Hungary: <https://budapestbeacon.com/habitat-calls-for-more-social-housing-in-hungary/>
- 15 National Integration Evaluation Mechanism - NIEM (2019). Asylum Seekers and Beneficiaries of International



---

Protection in Hungary: <http://www.forintegration.eu/pl/pub/asylum-seekers-and-beneficiaries-of-international-protection-in-v4-countries-updated-report/dnl/32>

16 Rojahn, M. (2018). Tackling Educational Segregation of Hungarian Roma children: A Journey with Many Challenges: <http://www.euroviews.eu/2018/2018/04/25/tackling-educational-segregation-of-hungarian-roma-children-a-journey-with-many-challenges/>

17 Spike, J. (2016). Hungary's Roma still well behind in education and employment, statistics show: <https://budapestbeacon.com/hungarys-roma-falling-farther-behind-in-education-and-employment-statistics-show/>

18 Educational Authority (2018). Végzettség nélküli iskolaelhagyás: [https://www.oktatas.hu/koznevelas/veg-zettseg\\_nelkuli\\_iskolaelhagyas](https://www.oktatas.hu/koznevelas/veg-zettseg_nelkuli_iskolaelhagyas)

19 European Commission (2019). Country Report Hungary 2019: [https://ec.europa.eu/info/sites/info/files/file\\_import/2019-european-semester-country-report-hungary\\_en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-hungary_en.pdf)

20 Hungarian Central Statistical Office (n.d.). Indicators of poverty or social exclusion by reference year (2010–): [https://www.ksh.hu/docs/eng/xstadat/xstadat\\_annual/i\\_zaa007.html](https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_zaa007.html)

21 Hungarian Central Statistical Office (2018). Munkaerőpiaci helyzetkép, 2014–2018. November 2018, Budapest. <http://www.ksh.hu/docs/hun/xftp/idoszaki/munkerohelyz/munkerohelyz17.pdf>

22 Spike, J. (2016). Hungary's Roma still well behind in education and employment, statistics show: <https://budapestbeacon.com/hungarys-roma-falling-farther-behind-in-education-and-employment-statistics-show/>

23 European Commission (2019). Country Report Hungary 2019: [https://ec.europa.eu/info/sites/info/files/file\\_import/2019-european-semester-country-report-hungary\\_en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-hungary_en.pdf)

24 CIVICUS (2019). Live rating, Hungary: <https://monitor.civicus.org/country/hungary/>

25 Freedom House (2019). Freedom in the World 2019: Hungary: <https://freedomhouse.org/report/freedom-world/2019/hungary>

26 National Integration Evaluation Mechanism - NIEM (2019). Asylum Seekers and Beneficiaries of International Protection in Hungary: <http://www.forintegration.eu/pl/pub/asylum-seekers-and-beneficiaries-of-international-protection-in-v4-countries-updated-report/dnl/32>

27 CIVICUS (2018). "Stop Soros" Laws Followed By Restrictive New Protest Law: <https://monitor.civicus.org/newsfeed/2018/08/01/Stop-Soros-Laws-Passed-by-Hungarian-Parliament/>

28 Civic Space Watch (2018). HUNGARY: New bill on the right to assembly: <https://civicspacewatch.eu/hungary-new-bill-on-the-right-to-assembly/>

29 Kingsley, P. and Novak, B. (2018) The Website That Shows How a Free Press Can Die: <https://www.nytimes.com/2018/11/24/world/europe/hungary-viktor-orban-media.html>

30 ETUI (2019). Industrial Relations In Hungary: Background Summary (Update March 2019): <https://www.etui.org/ReformsWatch/Hungary/Industrial-relations-in-Hungary-background-summary-update-March-2019>

31 Eurostat (2019). Share of energy from renewable sources: [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg\\_ind\\_ren&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg_ind_ren&lang=en)



# solidar

Rue de Pascale 4-6  
1040 Brussels  
Belgium

Contact  
T: +32 (0)2 500 10 20  
F: +32 (0)2 500 10 30  
E: solidar@solidar.org

Twitter: @SOLIDAR\_EU  
[www.solidar.org](http://www.solidar.org)



**Responsible Editor:** Conny Reuter

**Authors:** Jedde Hollewijn, Laura de Bonfils, Beate Beller with the support of SOLIDAR's members and partners and SOLIDAR National Strategy Groups.

SOLIDAR's Social Rights Monitor 2019 has been developed in the framework of the Together for Social Europe programme co-funded by the EU Programme for Employment and Social Innovation (EaSI). It provides an insight into the state of social rights in 16 European countries. The Monitor assesses the state of social Europe in terms of equality of opportunities, fair working conditions, social protection, inclusion and civic space based on the observations of Civil Society Organisations working on the ground in combination with statistical data and scientific findings. The Monitor also analyses to what extent these aspects are reflected in the Country Specific Recommendations of the European Semester process. For the successful implementation of the European Pillar of Social Rights and the UN's Sustainable Development Goals, it is of utmost importance that the policy recommendations of the European Commission to the Member States are in line with and conducive of achieving these social and sustainable goals.

SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



This publication has been produced with the financial support of the European Union. The information contained in this publication does not necessarily reflect the position or opinion of the European Commission