

Zoltán Lehel Lakner

The Social Face of Security

“Without security, there is no freedom!”
(HUMBOLDT)

Zoltán Lehel Lakner PhD, Editor-in-Chief of *Szociálpolitikai Szemle (Social Policy Review)*

Abstract

The right for social security is guaranteed by the Constitution of Hungary. This gives the state the power to – depending on the economic performance – help strengthen the welfare of its citizens.

While addressing the issue of social security the author looks back at the time of political changes. At that time the key issues were the establishment of external freedom and the creation of the conditions for the new political and economic order of a social market economy.

Social crises and extreme poverty management had to be solved first. The Social Crisis Management Programs Office was established for that purpose. Then the region's first social law was born. The system of care for homeless people was formed. Many social innovations were implemented. Good examples are the social land program and the village caretaker service (*falugondnoki szolgálatok*). These are now mentioned among the best European practices.

Today, 25 years after the political changes, Hungary is among the countries with the least inequality in Europe; poverty shows a steadily improving trend, better than the European average. It remains a fundamental objective to improve welfare conditions, stability and strengthening the social face of security.

Keywords: social security, social rights, inequalities, change of regime social politics, social market economy, poverty, convergence

Se cura socialis

Our concept of security is determined by the social well-being of the individual. The uncertainty of everyday living, in connection with economic and financial uncertainty, is not

only a social issue that relates to our standard of life, affecting large social groups and also a personal social issue, but is also a factor indicating the operation, responsibility-taking and leadership abilities and solidarity of the state and of the governments with which the actors of public life can be kept under political pressure and is therefore an important determinant in public life stability which, in certain historic moments, can clearly weaken the external and internal security of a country.

The Latin origin of the concept of security points to life without any fear or concern. It refers to a situation where we can hope to avoid bad things, and that satisfying at least our fundamental social needs will not be at risk. The degree of fundamental social needs, i.e., sufficient quantity and quality food, housing, access to useful knowledge components in society etc. and the subjects the social security of which is the responsibility of the community and the state in terms of support and provision are also the subject of ongoing debate. Naturally, the degree of access to goods may also be interpreted within the context of individual responsibility, but the responsibility that can be attributed to the actors of complicated social relations and the initial inequality situations definitely raise the issues of equity and justice to a variable extent. However, if we also consider how much the social and social policy decisions adopted in certain historical moments and the income generating and income distribution mechanisms can determine the opportunities in life of not only individuals but of entire social groups, we can see that *the social face of security can really be interpreted in the context of public liability and common good.*

If we look back on the recent past, we must see that all European civic development, i.e. modernization processes, have shaped the life of societies and their members through widening and reinterpreting the concept of freedom. As civil society is growing, political and human rights appear and gain strength, including the freedom of religion, speech, gathering and thought through the freedom of choice and eligibility, free initiatives and enterprise to the economic, cultural etc. freedoms and the actual and exercisable rights thereof. The *social rights*, the contents, degree and the mere existence of which is extremely vulnerable and disputed, appeared in fact only in the last decades of the 20th century. That naturally also relates to the constant reinterpretation of the role of the state. We have reached a point that social rights have become part of a number of national, including the Hungarian, constitution.

Consequently, the right to social security is a guarantee component of the Constitution of Hungary. The disputes about its interpretation focus on the degree of social services, i.e., on the one hand, the size of support with which, when granted, the standard and quality as well as opportunities of life of the citizens concerned may become socially acceptable and, on the other, the quality of the commitment of the state according to which the state may only assume legal guarantees for the welfare of its citizens or it undertakes the obligation to create social security “only” as an objective of the state.

Pursuant to Article XIX (1) of the Fundamental Law, Hungary shall strive to provide social security to all of its citizens and provide services pursuant to the law. Obviously, in view of the cyclically appearing impacts of the crisis, the legislator relies on the empirical, everyday and practical, fact that social rights require a strong and long-term, predictable economic background and therefore the legislator cannot undertake to list the social rights one after the other, taxatively, resulting in subjective rights because an economic crisis may impede the enforceability of the social rights. At the same time, the definition of the

establishment and protection of social security as an objective of the state simultaneously imposes moral, legal and practical tasks to the state that has primary responsibility for creating the common good.

The definition as an objective of the state provides an opportunity for extending the concept of common good and of those taking responsibility for it and therefore democratic legal principles (may be) are enforced as the state implicitly shares the responsibility for common good between the individuals and their communities or extends that responsibility to them. Naturally, it is not only a right but is also a moral option and obligation of the citizens without being regulated in detail by the Fundamental Law.

To get back to the main question, the point is, in essence, that the new Fundamental Law grants the right to social security through the system of social institutions and measures, i.e. through the social and social security services. It may also be interpreted as a significant change in approach that the group of risks included in the list has also grown and now it also contains the protection of motherhood. Old-age benefits continue to be protected by the Constitution, although in an altered form of editing: "Hungary shall contribute to ensuring the livelihood for the elderly by maintaining a general state pension system based on social solidarity and by allowing for the operation of voluntarily established social institutions." (Article XIX)

Article II of the Fundamental law, according to which, "Human dignity shall be inviolable" also needs to be emphasized. In that context, it is also worth pointing out that the Fundamental Law has further extended the objectives of the state relating to social rights. Pursuant to Article XXII (1) "Hungary shall strive to ensure decent housing conditions and access to public services for everyone." As we live our everyday lives in the network of various social and public service institutions, one of the basic conditions of the security of a citizen's life is also defined there. However, the clause on dignity refers not only to protection against humiliation, but it goes beyond that and refers also to satisfying living, housing, health, etc. needs, thus strengthening the needs for social security. It is true that it "only" means commitment to relative security, at the same time it also indicates that in the life of a national community the principle of individual responsibility must also be maintained specifically because of dignity and the inseparable duality of freedom and responsibility.

The Taste of Freedom – Growing Inequalities

In order to understand the processes and our present social reality, we should go back to the beginning. Obviously, the regime change occurred with the highest speed in the establishment of external freedom and the sensitive and volatile implementation of the system of political institutions and economic policy freedom, we were soon disappointed by the development of the extremely wanted welfare conditions.

The social policy and the demand and supply side of social services all went through regime change processes but due to the loss of the social balancing (in fact, reducing) structures that functioned at a low level, yet stably during the years of socialism, the overwhelming majority of the population experienced uncertainty, damage and loss *and the loss of security as their fundamental social experience*. Naturally, such processes also led to political distrust and instability; *the taste of freedom became bitter in our mouths*. What the

population previously dreaming about the Western quality of life could not expect at all was the immediate and incredible amount of new types of social challenges, such as the unexpected rise of high unemployment, the mass appearance of extreme poverty, the depressive patterns of homelessness and, naturally, the rising inflation perceived as an infinite process.

It only added to the bad atmosphere that, simultaneously with the restructuring and market transformation as well as economic decline involving the loss of markets, the revenues available for the state dropped radically when the needs of the population also increased radically, at least to the same extent. The household expectations towards the state continued to function and increase according to a kind of “socialist habit” without the continuation, at least at the beginning, of the ability of the state to satisfy such needs. The fact that the society was able to avoid drifting apart even despite the permanently emphasized predictions was, so to speak, an economic miracle, although the relatively fast development of new social policy of the changing regime also played a major role.

At the same time, radical and fast changes occurred in the structure of society, which pointed to the direction of split. Although the degree of inequalities never reached the classic levels as observed in South American or Southern European poor societies, the constant fluctuations, steps forward and backwards over the past twenty five years made the situation quite difficult. The society was not split, and no social background societies were formed. However, the very slowly developing changes in the lives of those living in deep poverty, especially of the Roma, still involve a threat of lagging behind and occasionally lead to ethnic and cohabitation conflicts.

Inequalities result in a bad feeling of social well-being especially when people see that the income position of certain groups of the population and occupations has improved spectacularly, while the majority faces difficulties making their ends meet. While in 1988–89 the difference between the average income of the lower and upper income deciles was 4–4.5 times (correlating with the inequality indicators of welfare Sweden), by the middle of the 1990s it rose to almost 8 times or even higher (TÁRKI) and has remained at that level since. The changes (fluctuations) have also continued in the recent period with some reduction or improvement. “Looking at the period between 2010 and 2014, what we see is that while in the first two years of this period the income inequalities grew significantly in Hungary (the ratio of the highest and lowest income deciles of per capital income rose from 7.2 to 9), in the second two years the above ratio fell to 8.1” (TÁRKI, 2016). However, the excessively re-politicized general public finds it difficult to accept reality, namely that in “A European comparison Hungary is one of the moderately imbalanced countries with the income inequality trends indicated above” (CSO, 2015). The same can be said about the Hungarian poverty relations and the poverty ratios. This explains how even despite some improvement the dominant experience defining social welfare continued to be social uncertainty and lack of prospects, constantly generating dissatisfaction across wide groups of society.

Looking back at the beginnings, we must understand that it was a major difficulty that the members of the public could learn about the new income generating techniques relatively slowly, and therefore the pressure on the state’s income substituting role continued to be great. In its social policy, the first free, conservative, government opted for “escaping forward” from among the limited options: it introduced social legislation (which then proved to be advanced even in European terms), and involved a considerable amount of additional resources that altogether led to living conditions, which were becoming more difficult with

the crises, to be kept at a controllable level. Although the income disparities and the rapid growth of poverty increased the demand for welfare services (Томка, 2015), despite a decline in the gross domestic product, the majority of entitlements for benefits was retained. The social security expenses were not reduced; in fact, serious efforts were made to extend family subsidies and introduce new benefits.

The first negative turn occurred in 1995–96 when major cuts were applied in almost all aspects of the welfare system. In the country that was struggling with demographic problems for decades, the most devastating cuts were applied in family policy benefits. All this happened without any positive impact on the economy or the national budget. The modest results of financial consolidation¹ did not stem from the social cuts but from the sale of the “family silver”, that is, the privatization transactions involving the sale of a considerable part of public services to foreign investors, generating one-off revenues.

Thus the majority of the Hungarian society felt deprived and the society remained poor even after the regime change. Although in some periods, including e.g. the extended reconstruction of the family subsidy system after the turn of the millennium, the income position of all groups of society improved significantly, the trend did not turn out to be long lasting. It was followed by *a radical decline, the increasing tendencies of child poverty, the new debt of the country and the doubling unemployment* and, according to the date, the actual turn occurred only from 2012–2013. The “external” signs of the turn occurred in the consumption potential and purchasing power as well as employment indicators of the households.

Paddock and seesaw

The changes in the structure of society helped certain groups achieve social stability and progress, and the members of such groups have slowly lost eligibility for social care. However, the situation of others, primarily the unqualified and undereducated groups and individuals living in small settlements and in the territories continued to deteriorate, only their social uncertainty and exposure became permanent. The ethnic face of poverty involved the threat of a certain type of social background society developing partly because of its increasing mass nature and the depth of its cultural and civilization deficits. The series of failed convergence-promoting programmes proved for a long time to be ineffective. The first comprehensive, complex and “*evidence based*”, i.e. scientifically founded, programme, free of any ideology yet willing to break the continuous transfer of poverty to new generations with organized, well-structured, institutionalized and significant resources was only launched at the beginning of the 2010s and it has now reached its implementation phase. In this area the unexpressed major question is whether the policy aimed at reducing poverty will be able to prevent bad situations by increasing the financial resources and using its professional convergence tools and to actually reduce poverty expressed in numbers and as ratios with the now digressively increasing demographic indicators of the poor population concerned. Without that we will only be able to see people struggling on the permanent

¹ The Horn–Bokros package.

seesaw of *existence – welfare – social emergency*. The concept of security and social security may be interpreted the least in this context.

Dignity and Modernization

It will always remain a decisive question in what direction the subsidy policy, social philosophy and, of course, intellectual and financial ability of the individual political forces and government cycles will develop or distort the social conditions. Will people and groups constantly relying on the assistance of the community and unable to activate their own power and determination be born in generation after generation? Will we be surrounded by incapable groups, constantly using up welfare goods, living on efforts of others or abusing the freedom of the choice of fate, or struggling in an insensitive social environment surround us also in the future? This is a rather serious issue that relates to the both the moral maturity and moral sense of society. Is human life dignified like this and is it dignifying to be a Hungarian in our country? Will a world of majority develop who will be able to carry the former groups on their backs? Can the requirements of Professor Rudolf Andorka related to the five conditions of Hungarian modernization be fulfilled and where are we at the moment on the expected road? In other words, can we establish a growing social market economy capable of income generation, will the constitutional democracy be achieved, will a Hungarian society relying on the middle develop with a strong middle class and not too deep and not too large poverty, where school education grows and remains high on average and, for which it is truly significant, will a civic and civil knowledge lifestyle and attitude emerge and get strength and, of course, how much did and does the Hungarian social policy add to it?

The social processes affecting social security are issues of decisive significance for the whole nation. Perhaps no one else in Europe suffered so many losses, damages and so much humiliations as the Hungarians and the Hungarian society. The greatest damage may be measured in the shock to self-confidence and in the belief in the power of the national community. Cohesive, solidary Hungarian community also needs security in financial goods. However, besides the social fears of the population and the uncertain income positions, it also must be said that the Hungarian social protection is also able to achieve considerable results. The strength of our social policy include its highly sophisticated structure and variety; naturally, in certain components we lag behind others, but we also have a lot of *hungaricums* which also made a number of services of our social systems an example. During the review of the Hungarian social policy of the last twenty five years, we shall provide an assessment of the system as well as the development of some features of the Hungarian family policy, which are outstanding even in international comparison. This assessment is provided with the hope that the data and facts also reflect the increasing opportunities and power of our social security.

Loss of Security

Let us take a look once more what happened to us. We could not do anything else but to do what we could. After the regime change Hungary transformed radically socially,

economically and politically. Perhaps the formal framework of the political institutional system changed most rapidly. Multi-party parliamentary democracy was introduced, the municipality system was put in place and a new political class developed, *as a result of which the structure of society was significantly transformed with the hardly tolerable patterns of inequalities*. New production and economic structures evolved and became dominant and the competition-based market economy systems stabilized with the dominance of private property, while the globalization impact constantly weakened the independence efforts and employment capability of the Hungarian economy that changed in intensity according to the government cycles.

Freedom broke out. The country got rid of the occupying army and the longest and cruellest dictatorship of our modern history even if we include the concept of “goulash communism” in it. However, as the Russians moved out, the freedom of thought emerged and the chances for national self-determination opened, however, the expected nationwide euphoria across society never took place. The country was dominated by grievous search for ways and perplexity rather than euphoric celebration. The people, most of whom have lost interest in public matters, have been humiliated in their national feelings for decades and lost their self-determination, were pushed into the social vacuum that was created by the loss of 1.3 million jobs and the lack of income generating strategy. *Thus the first living experience of the country entering the world of freedom was determined by the uncertainty of the abandoned people and not by the individual and common progress and the hopeful achievement of public trust. It was difficult to offset that feeling with the efforts of the state and government focusing on care.*

With a social policy that has lost its self-determination, the essence of the welfare system inherited from socialism was still the price subsidies that supported full employment and the basic services and consumption goods. However, the first and most miserable, totally unexpected impact of the *ugly new world* that emerged around us at a hellish speed on everyday citizens was the loss the low-level yet predictable social security. The relatively secure jobs, the generally available housing and the modest yet certain outlook of living disappeared completely overnight. Consequently, security to which people got accustomed to and which was assumed by people partly due to their apathy and lack of criticism about the system and partly as something deserved and due in exchange for lives ruined by the forty years of socialism, was lost.

Dissatisfaction was therefore understandable. From the “existing” socialism we took a step into a *struggling capitalism*, about which we had completely different dreams and which, on this side of the iron curtain, was perceived as welfare, wealth and freedom. We were not aware at all of the efforts and personal responsibility that must be undertaken by an individual living in a market economy and we could not know either how time consuming the social process was with which the social societies reached the envied level at which we believed those people lived then. There were only a few who saw across the fence and understood that only a completely reorganized society was able to provide the balance that was in everyone’s dreams. The capitalist market economies often corrected their own welfare systems and created the efficient and protection systems of a social market economy specifically to reduce the attraction of socialism that they perceived as a remote regime. However, the countries change their regime were not immediately ready for the changes,

and Hungary was one of those countries. *Restructuring, especially the restructuring of the economy, is an extremely costly process. The price is mainly social.*

The Premature Welfare State and the Social Crisis

During the years prior to the change, János Kornai talked about a premature welfare state, referring to the “quasi social policy” that continued to be wasteful even besides the declining economic performance of the state socialism, i.e., the mass forced employment and the non-sustainable price subsidy system. He was talking about a state which was unable to create predictable and actual social security even with the unfounded relatively high expenditure, especially because the welfare attraction of the capitalist states near Hungary and the quality of life of their residents, which was obvious through the iron curtain, was not even comparable to the Hungarian situation. However, the crisis definitely arrived.

Among the transforming countries, the economic restructuring took place at the speed perhaps in Hungary. However, the price of speed was reflected in the magnitude of the suddenly emerging living problems, the mass appearance of *social crises*, including mainly the dramatic increase in unemployment. This resulted immediate, durable and mass income losses without the people being aware of preparing for the situation. They had to experience and learn new techniques of earning an income. But as nothing was ready, the people usually looked at the state, as it was their habit in the past. They looked to a state which inherited a rather high external indebtedness and had to account for losses in income that were even greater than the loss of income sustained by the population during the years of the economic transition amidst a simultaneous decline in economic performance and the revenues of the central budget. So the mass shortage of income appeared in the households when the revenues of the state willing to organize the social protection of its residents and to provide it in an ideal situation also reduced drastically. The civil and religious organizations re-established at that time were also rather weak in strengthening the social protection net of society. Social policy became a multi-sectoral policy in Hungary too, but the state took the main responsibility for the welfare of its citizens.

It soon became obvious that among the social problems unemployment was the most important one that created different and increasing public expenditure demands. The country also had to face phenomena that had been almost completely hidden from the public before, such as extreme poverty, and homelessness, which was perhaps the most disappointing side product of the initial phase of the regime change. Facing a large number of homeless people and the misery of their living conditions was the greatest loss of illusion in the moment of the emerging freedom. It is not accidental that in the *National Renewal Programme*, the first strategic document issued by the first independent government after the regime change, a separate chapter was dedicated to homelessness and the government immediately established a Social Crisis Management Programme Office led by a government commissioner, reflecting the seriousness of the task.

The establishment of this office, which was unprecedented in Europe, operated with a small staff, yet had relatively strong powers and disposed of a relatively large amount of funds, created unique opportunities in Hungary to respond fast to unexpected social catastrophes.

- *This is how homelessness became the first target area of social crisis management.* Obviously, at the beginning the problem could only be managed rapidly and temporarily, this was the new, almost unprecedented area of service that was able to present the most result in the shortest possible time. A complete institutional network to support the homeless was practically established in two years, starting with the establishment of a research and methodology institute, followed by the multi-step service levels all the way to the establishment of the financing and legislative environment. This branch of social protection was the first to also activate religious and civil assistance, successfully integrating them into the social protection network. The new network of services, established from “nothing” in just a few moments, still effectively assists homeless people, although it is now ready for improvement.
- Another area of intervention of *social crisis management* was the strengthening of *sub-regional protection in rural small settlements and agricultural areas.* The nationwide programme took place in the spirit of dissemination of new services that lacked any precedents but were able to respond to the actual situation and were able to strengthen the local protection systems. The village and hamlet management services, the social land schemes and numerous other solutions assisting in individual cases, such as interconnection of local economic development with employment, with local production and public services that filled the gap in the public services of small settlements, but are now considered among the best practices in Europe emerged in this depressive rural districts that were hit by excessive unemployment. The primary goal of the sub-regional convergence programmes affecting more than 160 settlements in 11 counties was to strengthen the infrastructure of the local social service system and the social load bearing and protection capacity of the small settlements as well as to bring a balance in service shortfalls.

Consequently, the social policy of Hungary during the regime change began with the elaboration of the social crisis management techniques and their operation, the organization of services aimed to improve extreme poverty and the introduction of new innovative services. The crisis management tools functioned constantly over the last twenty five years due to the sustained needs and service shortages, but the modernization of the service system and its organization into a transparent structure as well as ensuring its operability took place in the first years of the rebirth of the Hungarian social policy.

Regime and Change

At the beginning of this paper, I already referred to the first and also most important step, i.e., that *the social rights of citizens were confirmed by the Constitution*, and therefore the conditions of *the social rule of law* were all put in place. The Hungarian social policy took the next step by adopting an act on municipalities and an act on employment and the unemployment benefits. They specified the tasks and responsibilities of the social policy services of the multi-level public administration system and introduced an advanced Hungarian institution and service system of the employment policy without practically any background.

These actions were followed by the first social act of the region, which entered into force in 1993.² Referring to the provisions of the Fundamental Law, this act interpreted the right to social security as a constitutional fundamental right and regulated it at legislative level, thus laying down the tool set and organization of the multi-sectoral (public, market and civil [NGO]) Hungarian social policy. Just as in welfare states, the law applied the principle of *subsidiarity, labour and responsibility distribution* with a primary state responsibility assumed for the welfare and social security of the citizens.

- defining exactly the levels of services, the tasks and obligations,
- organising the services into a consistent structure, and
- introducing the system of guaranteed service minimums, which also served as an example in Europe; as well as ensuring the concept of social legal remedy.

With a separate procedure it created and, by introducing a *sector neutral normative* financing system, made the operation of the Hungarian social administration system secure and predictable. That act in fact started a process of social legislation, with which Hungary took major efforts towards introducing a solidarity-based *social market economy*.

Following the establishment of the funds and a lot of development and modernization, the Hungarian service system is still significantly more advanced and better structure than that of many rich Western European states in many aspects despite certain backlog, occasional underdevelopment and infrastructural inequalities. A good example for that is the effective structure and professional regulations of the *day care system of old people*,³ the *support services assisting those living with disabilities and family assistance and child welfare services* etc. The state plays clearly and almost exclusively the main role in financing and in the responsibility for operation. That is the consequence of partly the special Hungarian heritage, different from the other former socialist countries, and the re-distribution practice of the governments after the regime change, which kept the social expenditures at a relatively high level in a European and regional comparison. However, we must add that in certain service areas, such as the services to the homeless, the services aimed at people living with disabilities, the care for the elderly and services and primarily interest protection of the people with a health damage and the special services and charitable activities offered to them as mentioned above, the presence and role of civil organizations, religious and other service providers continued to increase over the twenty five years. These activities added a great deal to the efforts of the state aimed at establishing security. The targeted expenditures and re-distribution ratios are a good indicator of the performance of the obligations of the state at least at the level of intentions.

² Act III of 1993 on Social Administration and Social Services

³ With approximately a thousand service units.

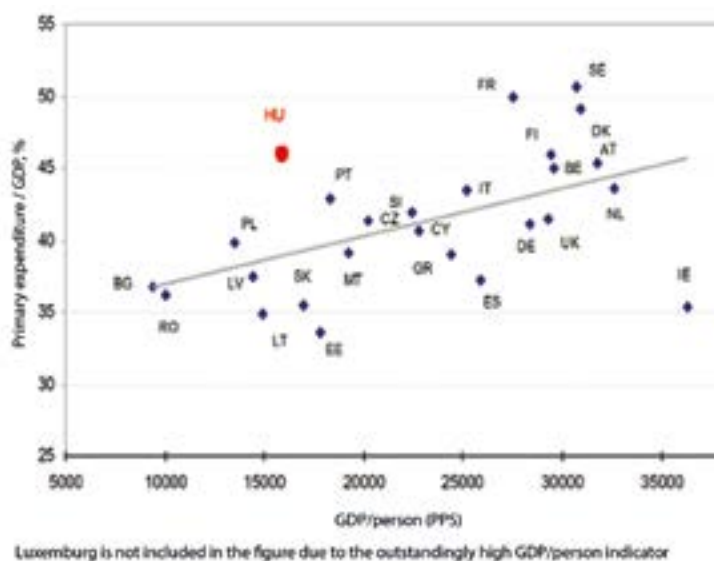


Figure 1

High re-distribution compared to the development of the economy: primarily expenditure/GDP in 2007

Source: Eurostat

However, the high re-distribution ratio itself is not a condition or a guarantee of an effective societal and social policy. It still indicates though to what extent the state intends to share its revenues with the society.⁴ At the time of the regime change, the country already had child and adult protection services, a multi-level structure of institutions for old people, offered extensive services to people living with disabilities and had a wide and differentiated, although often truly inadequate assistance system that were significantly more advanced than those available in the neighbouring countries and covered the entire social sector. Especially the Hungarian family support system, with its great deal of variety and versatility was ahead and is still ahead of the European average. Naturally, it involves a higher than average degree of re-distribution by the state, which imposes a special burden and, in many cases, an excessive burden on the state budget. At the same time, it contributes a great deal to the fact which is less recognized in Hungary that *our social protection efforts significantly reduce the vulnerability of the population*. Accordingly, the Hungarian GDP-proportionate redistribution practice of the state is close to the European average and the same also existed before the regime change.

The years illustrated in diagram 2 reflect the situation prior to the global economic crisis of the first decade of the new millennium, which hit Hungary especially severely. The tendencies of that situation did not change significantly even during the years of the crisis (2008–2011).

⁴ The re-distribution ratio itself does not indicate the social commitment of a state because it may also be the case that it is unable to control the budget processes.

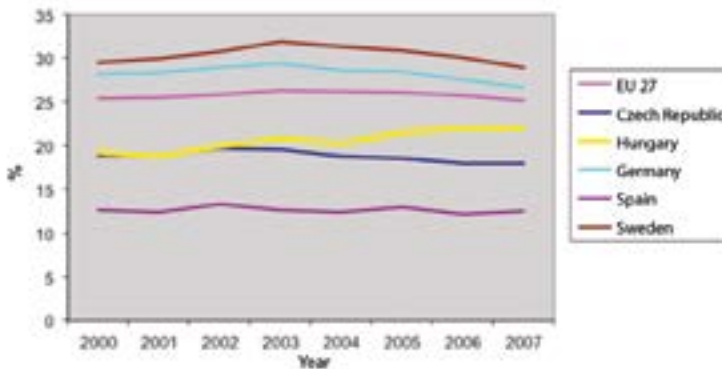


Figure 2

Social protection benefits (as a percentage of GDP)

Source: Eurostat

The high level of re-distribution entailed a relatively high level of welfare expenditures. The country continued with the tendencies that prevailed prior to the regime change without being able to significantly improve productivity or the national income generating capacity. However, the social conditions of large groups of the population did not change significantly. *The middle strata existed on the verge of the social threat zone constantly and with uncertainties,* their lack of independence in income generation and existence kept them depending on the state and maintained their employee status. At the same time, the inequalities increased significantly with a dynamic improvement in the situation of the upper income groups, while the situation of the lower income quintile and especially *of the Roma population living in deep poverty* and predominantly without any jobs, continued to be bad. Measurable and certified changes in their situation appeared only in the past three years. The low level and also doubtful stability of their social relations was the result of their permanent socio-cultural disadvantages and the crisis of the social policy practices that lacked socialization and convergence programmes until the beginning of the 2010s. Since then promising changes appeared in the situation but their durability and continuity still show some uncertainties.

Nonetheless, in relation to the poverty indicators, it is important to note that in terms of the poverty reducing impact of social benefits, Hungary is in a very good position in an EU comparison. In comparison with the other EU Member States, the financial benefits in Hungary are an important income supplement. Those with low incomes earn a considerable part of their revenues from financial benefits. In terms of the poverty rates calculated with and without the social benefits, the Hungarian indicators are much higher than the EU average and are comparable to those of the Scandinavian countries.

Consequently, the effective targeting of benefits and their poverty reducing impacts are obvious even with the known fact that the share of the most widely spread social incomes in the revenues of the households in need were decreasing already in the first decade of the regime change. It therefore seems to certify the position according to which the performance and targeting of the Hungarian assistance system is clearly remarkable. In the heat of the arguments, the Hungarian general opinions on social policy usually disregard that fact.

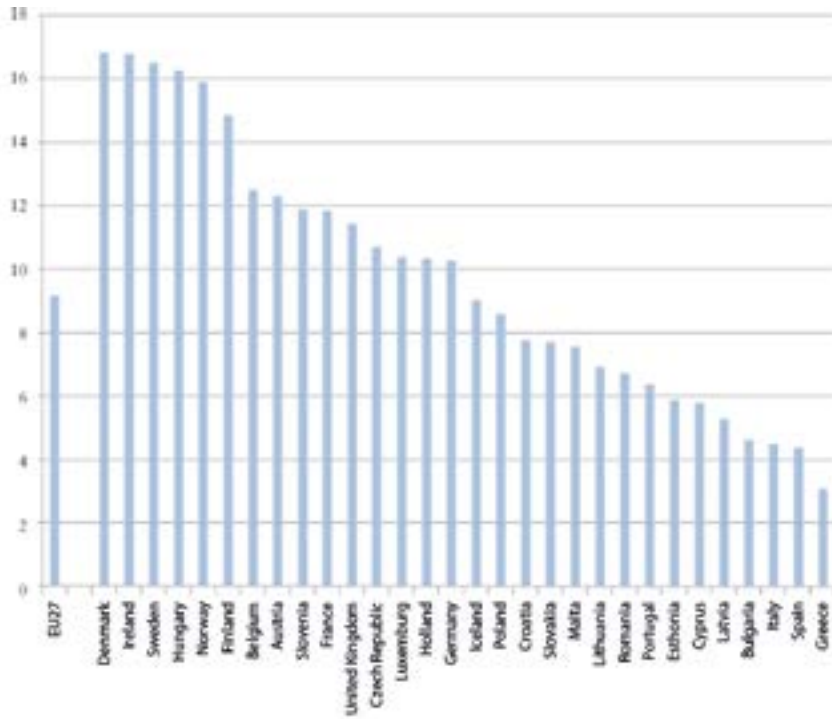


Figure 3

Five-year average of the differences in the poverty rates calculated with and without the social benefits, 2005–2009

Source: Eurostat, Statistics database, <http://epp.eurostat.ec.europa.eu>

In order to avoid social political disputes, we should continue our discussion by assessing the processes that are sufficiently supported with data. Due to its relativity, security and everyday social security is primarily a subjective feeling, yet we have social indicators and data that indicate both the strengths and weaknesses of social protection. As our welfare security is based primarily on the independent income generation options, let us take a look at the unemployment and employment data of the period since the regime change.



Figure 4
Number of employed and unemployed (thousand people)

Source: CSO, 2016

The absolute figures illustrate well the importance of the phenomenon and its impact on social well-being and, of course, on income earned from work. In this case, it is also worth paying attention to the statistical proportions and their tendencies.

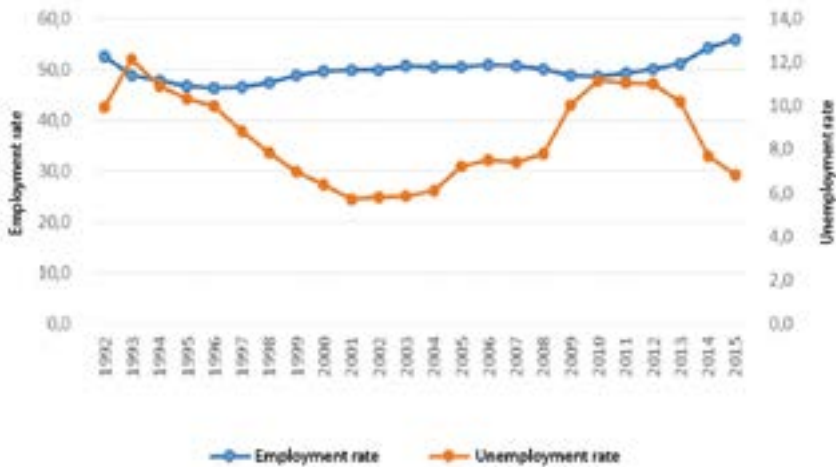


Figure 5
Employment and unemployment rates (%)

Source: CSO, 2016

The figures serve to illustrate well that, following the initial dramatic processes, the employment ratios were extremely low until 2012–2013, making Hungary lag behind the European average. In this context we can talk about a real turn because the improvement of the data was not only due to the extension of the public employment scheme as a partial reform of the assistance system, but also a dynamic increase in the primary labour market. At this point we must also note that at least part of the group of public employees, in the past living only on social benefits with very low labour intensity and predominantly inadequate education left behind total passivity and more than 10% of them found legal jobs in the primary labour market.

The same picture is also confirmed by the unemployment data, i.e. the data indicate a real turn. After the long and lean years, we experienced continuous improvement following the negative peaks in 1993 and in 2010. The 2016 August figures indicate 5.1% unemployment, which was close to the favourable figures of the turn of the millennium, but with which Hungary is still below the EU average. It is a question whether the dynamism of economic growth will be enough to employ more people and whether the increase in the employability of the undereducated groups can maintain the current base.

Poverty (also the poverty of others) has rather unfavourable impact on our social well-being and weakens our security awareness. The economic crisis that broke out in 2007 hit the Hungarian economy and the national budget in a rather weak condition and therefore the social impacts appeared in Hungary exponentially. The 1995–1996 phenomena seemed to be repeated when the unsuitable management of the fall in the performance of the economy triggered severe social consequences, growing inequalities, fast dissemination of poverty and another shock to the position of the average income. The improving economic and welfare results of the years of the turn of the millennium were almost lost after 2005 and the lack of social security was dominant across the country again. Poverty began to rise dynamically again, including especially child poverty, and Hungary lagged behind the regional averages with almost all indicators. Although the discussions and messages of the daily political arena make it more difficult to see clearly, the figures show that also in this area the turn occurred in 2012–2013.

The TÁRKI Monitor report indicates that “besides the income poverty, the other two elements of the EU2020 three-component poverty or social exclusion indicator showed some improvement” (SZIVÓS–TÓTH, 2015: 4.). The ratio of *those living in severe financial deprivation* fell from 37% to 28%, and the ratio of *people living in very low work intensity households* dropped from 15% to 9% between 2012 and 2014. Consequently, the ratio of those living in poverty or in social exclusion defined in the EU2020 indicators decreased significantly: while in 2009 and 2012 approximately two fifth of the population fell in that category, the respective figure was only 35% in 2014. The CSO research also matches the above. The fault lines of improvement have strong contours and indicate tendency-type processes.

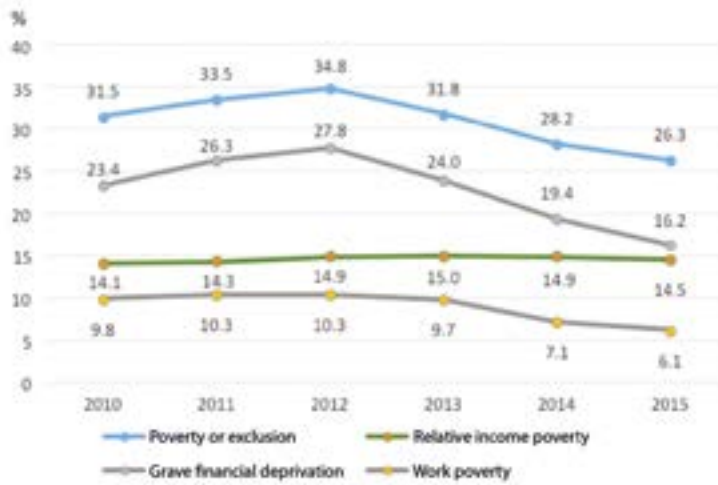


Figure 6

Ratio of those exposed to the risk of poverty or exclusion in certain types of households

Source: CSO, 2015

The details speak more than the data of the full population. They indicate that the poverty ratios continue to be very high, approximately 77%, among the unemployed, but there is obvious improvement in each type of households with and without children and among the pensioners.

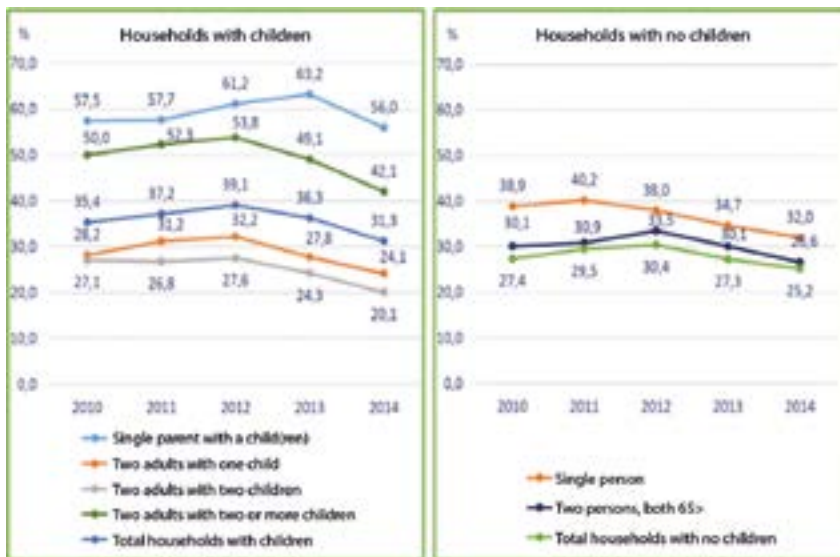


Figure 7

Ratio of those exposed to the risk of poverty or exclusion in certain types of households

Source: CSO, 2015

Situation of the Roma

With the establishment of the National Social Convergence Strategy (NTFS) in 2011 and the controlled and planned implementation of the programmes, Europe's most significant Roma convergence programme started in Hungary. The recognition of Hungarian professional and partly political circles as well as the fact that the EU used the Hungarian programme as an example to be followed by the community, all illustrated the recognition of the strategy. However, the results came slowly, yet among the social policy tasks Hungary faces, perhaps the promotion of the convergence of the Roma, is the most urgent task. In order to make up for the lag of many decades not only in a national programme laying on the basis of the social well-being of the full population is required, which could be fully satisfied by a strategy, but it also needs the wide acceptance and understanding the fact that the internal peace, stability and also security of the country depends on the successful work performed in that area.

Table 1
Some poverty indicators of the Roma population (%)

	Roma	Non-Roma
Relative income poverty ratio	63.1	13.7
Ratio of those living in severe financial deprivation	67.8	18.1
Ratio of those living in very low work intensity households	26.7	6.6
Ratio of those exposed to the risk of poverty or social exclusion	83.8	26.8

Source: CSO, 2014

The data estimated by TÁRKI “for 2014 shows the reduction of occurrence of poverty [...] among the Roma. Consequently, the difference between the Roma and non-Roma reduced, although it is still more than four-fold.” As an explanation of the major decline, it can still be stated that “the transformation of the risk character of the traditionally higher risk and lower status groups is likely to be interconnected with one of the most significant employment and/or social policy transformation of the past and the significant extension of the public employment programmes (as well as the cuts in the unemployment benefit system.” The disputes relating to the extended public employment programmes can be slowly closed by the facts because the research revealed that “almost 50% of the resulting income goes to the poorest 20% of the population and 37% to the second poorest twenty per cent. With that the public employment income is better targeted than the job search allowance” (TÁRKI, 2015). What is perhaps more important is that for many decades it has been the only solution with which those living in rather low work intensity households can leave behind their passivity and some of them can even enter the world of legal employment.

However, we must add that despite the improvement, with the still unfavourable and slowly changing data, a turn in the convergence policy can be brought by the approach to the strategy and thoroughness and continuity of implementation, i.e., that could form the basis of social security among the population concerned. In the implementation of the strategy, it deserves special attention that the measures aimed at breaking the spiral of reproduction

of poverty reach the Roma community from early childhood. Aimed at overcoming the disadvantages of socialization in early childhood, the work from the Secure Start Children's Homes through the kindergarten attendance, lowered to the age of three years, the second chance-type programmes of primary and secondary schools to Roma special colleges in higher education will sooner or later bring the expected results. The involvement of the majority of adult, mainly untrained Roma, workforce into activities combined with training is expected to generate results slowly with additional social benefits, measurable also in the easement of cohabitation conflicts.

Territorial Inequalities

The territorial data of social security in Hungary are rather thought provoking. The social spatial structure of the country has traditionally shown an East-West type asymmetry. Within the framework of this study, the data cannot be analysed in detail, only a few important characteristics can be highlighted.

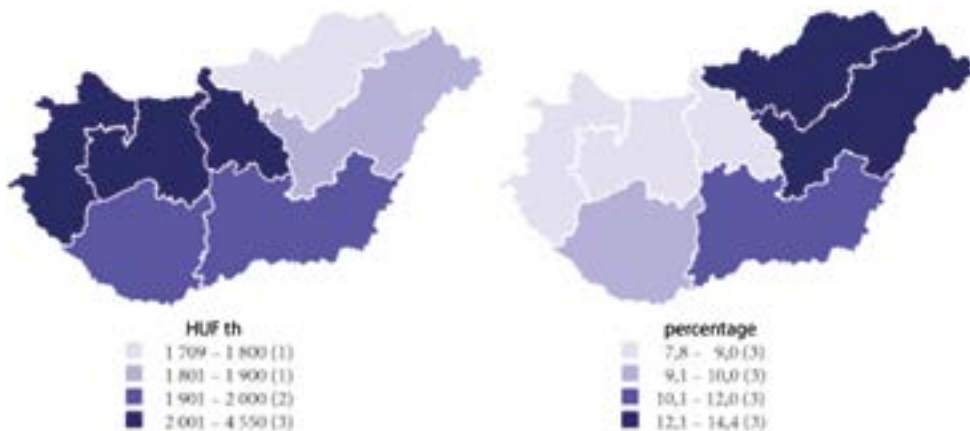


Figure 8

Per capita GDP (HUF thousand) and the unemployment rate (%)

Source: CSO, 2013

The *inverse ratios of economic performance and unemployment* have determined the directions of economic development and social convergence planning for decades. In that respect intensive and targeted work and the allocation of EU development resources bring results only slowly. Without those the territorial aspects and hopes of social security will not change. However, it must also be taken into account that at the end of 2012, 93 of the 175 small regions in Hungary were in disadvantaged situations, of which 47 belonged to the least favoured areas (LHH). In addition, approximately 10% of the total population live in those small regions. They face increased poverty risks due to their accumulated regional disadvantages and therefore their chances to exit may only be increased with targeted, complex and organized state intervention. The territorially targeted programmes of NTFS are also present and emphasized in the LHH small regions.

Summary

Putting in place social security is one of the main conditions of the security feeling and stability of the Hungarian society as well as avoidance of social conflicts. This requires a predictable and accessible effective care and service system, capable of responding flexibly to various situations in life. Hungary is not in a bad position because, with continuous development and modernization, our nationwide social systems organized in networks can usually cope with the various intensity load imposed on the social net. The Hungarian social security operating with state responsibility also operates the health services and services designated for old people at a level, which complies with the general European standard. Owing to the continuous enforcement and enlargement, our family support systems also function at a level that significantly exceeds the European level both in terms of diversity and quality. It may sound slightly shocking but, in agreement with the demographic experts, I must say that their efficiency may be measured primarily in the fact that despite the negative expectations the demographic crisis has not intensified even more and, in fact, the data have indicated a positive turn recently.

The degree of organization and targeted nature as well as quality and efficiency of the Hungarian social institutions and services are among the important factors of the occasionally shaking security feeling of the Hungarian population. Nonetheless, we should also conclude that social security cannot be achieved with merely social policy instruments. It can only be achieved by a consistent social policy that also protects the middle classes and is complemented with family and demographic policy protection measures and which acts against poverty and the reproduction mechanisms of poverty by (also) forming a complex economic and employment tool set.

Humane economy, humane society – This is the main principle and basic objective of the social market economy, i.e., a Hungarian economy, strong in employment abilities and equitable economic and social operation covering also market conditions can constitute the basis of our progress. In relation to that principle, an independently strong policy can contribute to the improvement of our quality of life, to security and stability and to the achievement of a social rule of law, defined in the Fundamental Law.

References

- A háztartások életszínvonala 2014.* (2015) KSH, Budapest.
- ANDORKA Rudolf – KONDRATAS, Anna – TÓTH István György (1994): *A jóléti rendszer átalakulása Magyarországon: felépítése, kezdeti reformjai és javaslatok.* Kék Szalag Bizottság Alapítvány, Budapest.
- BARR, Nicholas (2001): *The Welfare State as Piggy Bank: Information, Risk, Uncertainty and the Role of the State.* Oxford University Press, Oxford.
- CERAMI, Alfio (2009): Változó Közép-Európa: a jólét és a szociális segélyezés kialakuló modelljei. *Esély*, Vol. 20, No. 1. 28–50.
- ESPING-ANDERSEN, Gosta (1996): *Welfare State in Transition: National Adaptations in Global Economies.* Sage Publications, London.

- FERGE Zsuzsa (2000): *Elszabaduló egyenlőtlenségek*. Hilscher Rezső Szociálpolitikai Egyesület, Budapest.
- GÁBOS András (2000): A családok helyzete és családtámogatások a kilencvenes években. *Társadalmi Riport*, KOLOSI Tamás – TÓTH István György – VUKOVICH György (eds.), TÁRKI, Budapest.
- JUHÁSZ Gábor (2004): A szociális védelem megújítása az EU szociálpolitikai programjában. *Esély*, Vol. 15, No. 2. 64–83.
- JUHÁSZ Gábor (2015): Államcélok, paradigmaváltás és aktuálpolitikai alkotmányozás. A szociális jogok védelme az Alaptörvényben. *Esély*, Vol. 26, No. 1. 3–31.
- KOLOSI Tamás (2000): *Terhes babapiskóta*. Budapest, Osiris.
- KORNAI János (1992): Posztszocialista átmenet és az állam. Gondolatok fiskális problémákról. *Közgazdasági Szemle*, Vol. 39, No. 6. 489–512.
- LAKNER, Zoltán (2012): *Szociálpolitika*. PPKE–Szent István Társulat, Budapest.
- NYILAS Mihály (ed.) (2009): *A jóléti állam a 21. században*. Hilscher Rezső Szociálpolitikai Egyesület–ELTE, Budapest.
- SZIVÓS Péter – TÓTH István György (eds.) (2015): *Jól nézünk ki (...?)! Háztartások helyzete a válság után. TÁRKI Monitor jelentések 2014*. TÁRKI, Budapest.
- TOMKA Béla (2006): Rászorultsági elv vagy általános szociális jogok? *Esély*, Vol. 17, No. 5. 20–42.
- TOMKA Béla (2008): *A jóléti állam Európában és Magyarországon*. Corvina, Budapest.
- TOMKA Béla (2015): *Szociálpolitika. Fejlődés, formák, összehasonlítások*. Osiris, Budapest.
- TÓTH István György – CSABA Iván (eds.) (1999): *A jóléti állam politikai gazdaságtana*. Osiris–Láthatatlan Kollégium, Budapest.