

Ferenc Bódi / Gergely Fábián / Thomas R. Lawson (Eds.)

# **Local Organization of Social Services in Hungary**

Crises – Reactions – Changes







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Studies in Comparative Social Pedagogies and International Social Work  
and Social Policy, Vol. XXII



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Authors would like to thank to Dr. Rainer Greca, Professor of Sociology of the Katholische Universität Eichstätt in Germany, initiator of the European LOSS program, for his help, encouragement and continuous support for our research team during the past two decades.



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## **Blurb**

### **Local Organization of Social Services in Hungary**

This book is the result of an international comparative research collaboration which launched the *LOSS project* nearly two decades ago. The initiative goes in particular back to the Catholic University of Ingolstadt (Bavaria, Germany) and the University of Louisville (Kentucky, United States of America).

The Project *Local Organization of Social Services* was established to build a bridge among different social cultures and social politics which exist in the United States of America, Western Europe and the so-called transition countries of Central and Eastern Europe.

The purpose of the editors is to look at the current Hungarian social and socio-political situation and the transformations in order to inspire other research teams to create similar monographs about the LOSS in their own countries.

According to our hope more and more bilateral research collaborations are going to be launched in the near future. For example between Finland and Hungary and Austria and Hungary etc. These international comparative researches could form a bigger network in the Euro-Atlantic region. This book is an important step in the comprehensive process towards the international network. This book seemingly does not follow strict editorial rules, although there is an invisible logical line running through it, and linking all chapters. The intent of the authors, each specialist in the subject areas of their chapter, was to synthesize the social phenomena of the recent past. Some contributions provide also a wider historical perspectives. Essentially, this book is a part of a mosaic which will be deciphered by subsequent work. This is simply a compilation of the first studies and is to be followed with results of other collaborative research among the semi-peripheral Northern and Eastern European countries in the next years.

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## **I. Local Organization of Social Services**

## **1.1 A Socio-Cultural Model of the Evolution of the Welfare State**

*Eric R. Soelter – Thomas R. Lawson*

This chapter proposes to set the stage for the following chapters by providing a conceptual framework (theoretical model) heretofore not postulated in analyses of welfare states. A welfare state in the context of this paper not only includes the more traditional definition (western European or American) but is inclusive of any state that provides in some way for the welfare of its citizens. Most studies of welfare states and in particular cross-national analyses of welfare states typically emanate from constructs derived from either an economic or political paradigm and do not include socio-cultural aspects. In addition, many attempts to examine welfare states often have a deficiency resulting from a discipline specific preoccupation with favored theoretical approaches targeted on particular welfare state attributes, which has precluded analysis of the welfare state in its entirety.

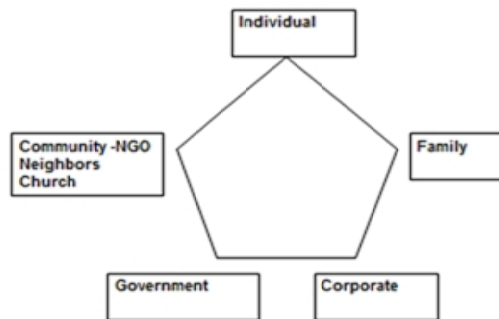
This model attempts to rectify these problems by incorporating history, ideology and culture (constructs rarely considered in international welfare research) and addressing the disparate perspectives within and between disciplines. Further, the model helps to account for the complexity of cross-national analyses that are rooted in unique cultural ideologies and historical experiences woven into the social fabric of each nation state. Finally, the tension resulting from the omnipotence of globalization and the changing complexion of civil society interacting with the history, culture and ideology of any nation state is examined and becomes a significant aspect of the dynamic process in defining the uniqueness of the “welfare state”.

Within any nation state there are typically 5 major goals that the society deems critical to be achieved at some level: (1) Education, (2) Safety, (3) Health, (4) Economic System, and (5) Social Security. The responsibility for achieving these 5 goals then can be parceled out to various segments within that nation state as shown in the diagram below (Fig. 1.1.1). Indeed, each nation state has its own unique way of determining the percentage of a particular goal assigned to any particular segment, for example government or sub-segment, for example, federal, state or local governmental levels. Furthermore, the assignment of any goal to any segment or sub-segment is likely to change over time. For example, the United States has since its inception been a nation state that places much

of the responsibility for these goals on the individual. However, during the crisis of the Great Depression of the 1930's much of the responsibility was shifted to the federal government. Looking more specifically at some of these goals, national security is primarily at the federal government level, education up to college at the local government level, but economic security has been placed primarily on the individual. It is not part of this paper to go into depth considering the percentages allotted to the goals of different nation states, nor to have a historical analysis of any or all nation states to see shifts in percentages. However, it is most important to recognize that these goals are common to nation states and culture, history and ideology play a significant role in determining who is responsible for welfare. While the word welfare is used in this paper and is also used by most other international scholars a preferred term of these authors is commonweal meaning the common good for the people in any given society.

*Fig. 1.1.1*

## Who is responsible for the Commonweal?

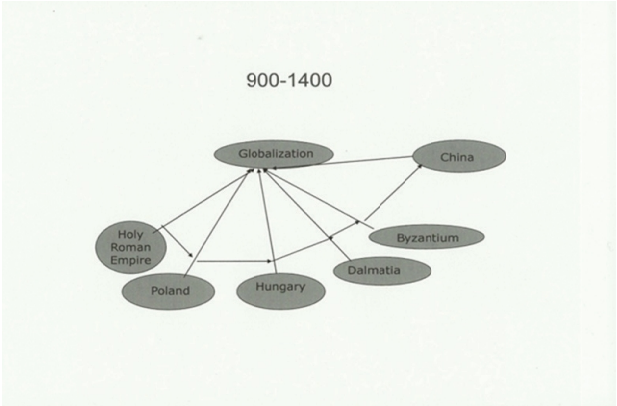


Now let us turn to the conceptualization of the Socio-Cultural Model of the Nation State and its impact on the commonweal. Nation states which included welfare states are land masses that have defined territorial boundaries within which the achievement of the aforementioned goals are attempted. Up until recently in the historical development of any nation state one could speak of such a state in two dimensions - the

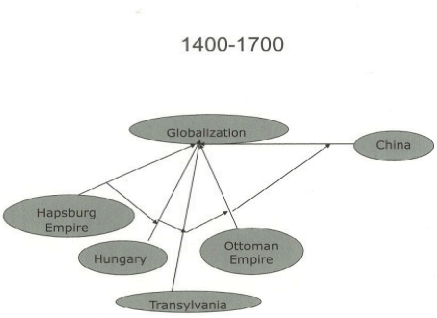
length and breadth of that state. It is only rather recently that the third dimension has been added and which will be discussed later. The dimensions of the state and the boundaries and barriers attendant to the nation state have a significant relationship with the effect of globalization upon any nation state. Recognizing that over time all nation states are in a constant state of expansion/contraction with respect to the boundaries we will assume for a moment that a given nation state is static in order to portray globalization. Furthermore, in this discussion note that globalization is ascribed neither a positive or negative outcome rather it is simply a process that occurs.

As an example of globalization, assume that there is nation state A that has one boundary that meets the boundary of nation state B. In addition assume that nation state B is in an expansive cycle compared to nation state A which means that B is pressing upon A with its culture, history, ideology, civil society, political and economic systems. This globalization pressure from B on the borders of A, first moved only on foot, then with mounted animals, ships, and then trains. This pressure and resultant transfer of culture not only occurred through direct physical contact but also through communication which initially required physically carrying the message from one point to another and indeed basically only in 2 dimensions. However, more recently messages and communication do not require physically carrying the message and now with global phones and the internet the borders of nation states no longer have only 2 dimensions. Globalization occurs within a third dimension. Inherent in this discussion is the exponential change in speed and reduction of distance between nation states as well as the change in the function of nation states such that intervening nation states or restrictive land or sea masses do not operate as border barriers to another nation state. Globalization can occur in such a way that there is an overall flooding from one nation state of their “culture” or “cultural product” into another culture on a grand scale or there can be smaller incursions. Also it must be noted that even when there is an incursion it is reshaped and adapted in some way into the nation state’s own culture. In some cases the incursion can be so assimilated, swallowed up and be transformed in such a way that it is no longer easily identified with the previous nation states culture. As an example of the process of globalization and the influence of history and culture on nation states a very brief and cursory outline of relationships for Hungary is shown in Figs.1.1.2,1.1.3,1.1.4,1.1.5,1.1.6.

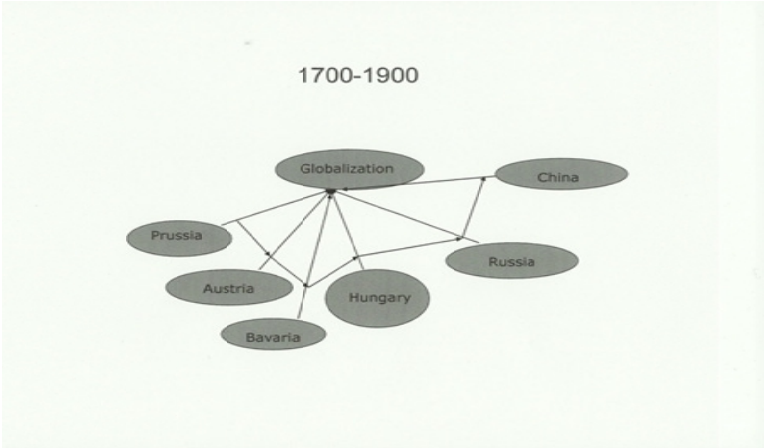
**Fig. 1.1.2**



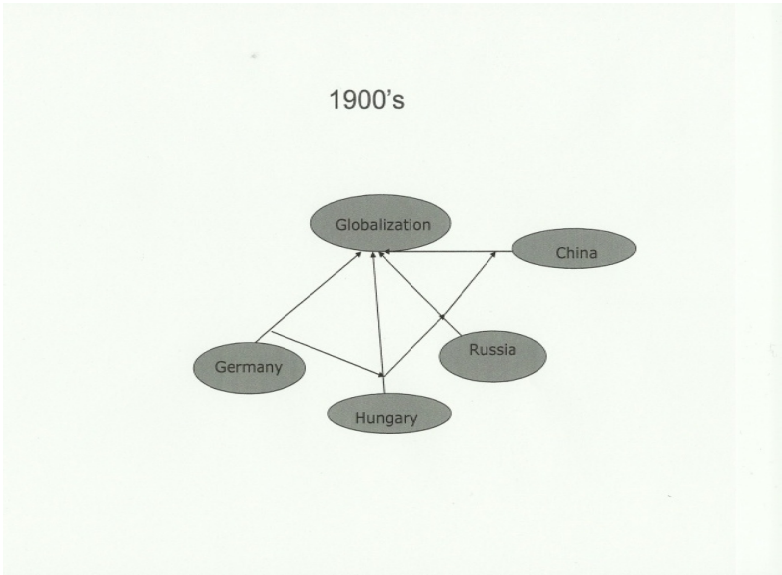
**Fig. 1.1.3**



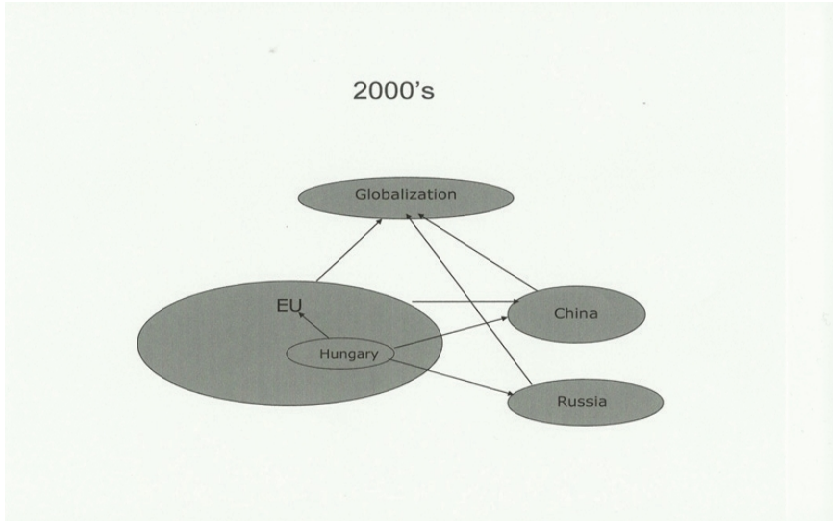
*Fig. 1.1.4*



*Fig. 1.1.5*



*Fig. 1.1.6*



The processes of globalization and the counter valence process of internal history, culture and ideology within a nation state create dynamic tension in today's global society. The purpose of this paper is not to thoroughly discuss globalization which will be forthcoming in another paper but rather to include it as one of the critical factors when examining a nation state and its welfare system.

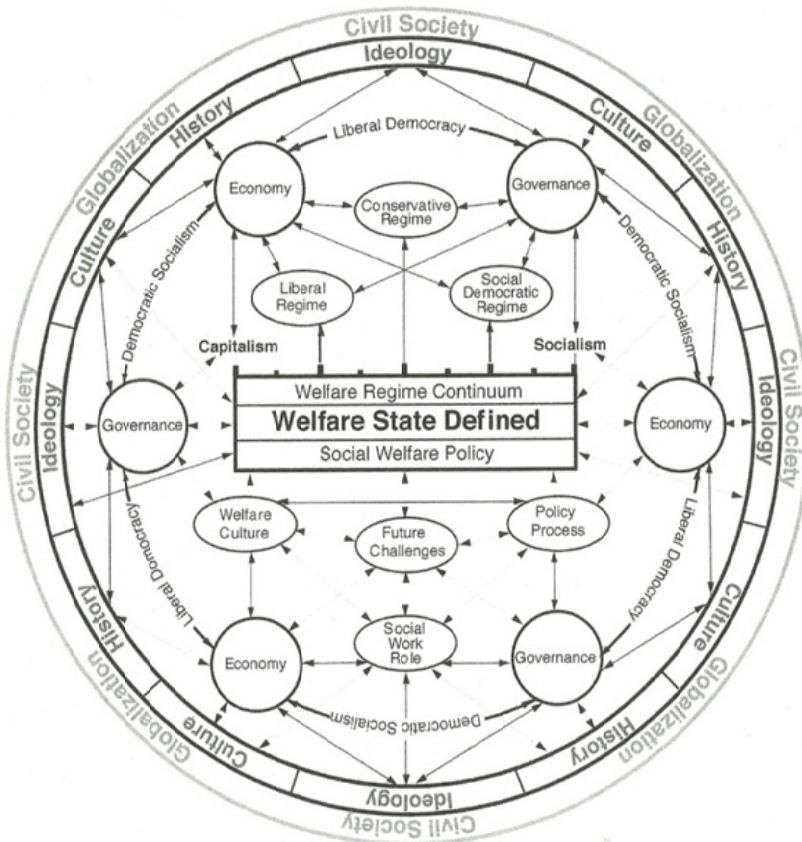
Each nation state has had its own civil society but with the speed of globalization and the penetrability of borders/boundaries civil society within a given nation state has radically changed. The advent of multinational organizations (NGO's, NPO's, QUANGO's etc.) working in most nation states has blurred and blended civil societies such that in many instances they are not so ideologically, culturally and historically bound to any nation state. The same can be said of multinational corporations which have operations in numerous nation states and their interests, profits and support of welfare operations must by necessity play out in the various nation states in which they are located. A much more complete discussion of the concept of transplanting of programs can be found in (Lawson 2000).

The conceptualization of the Socio-Cultural Model is an attempt to develop a holistic interpretation primarily for cross-national analysis of the welfare state but one that could also be utilized for analysis at lower levels of government which reflect differential patterns of

history/ideology/culture even within that particular nation state. To further look at the parts of the model the concept of the welfare regime was incorporated from the work of Esping-Anderson (1990, 1999). These works developed a widely used welfare regime hypothesis which utilizes a variety of socio-political indicators to classify a nation as a conservative liberal or social democratic type of welfare regime. Inclusion of parts of the socio-cultural perspective draws upon the work of economists Alesina and Glaeser (2004) who utilized an overarching socio-cultural perspective after they concluded that economics did not adequately explain the differences in anti-poverty programming between the United States and Europe. To be sure, the welfare regime hypothesis represents the most influential welfare state classification system in cross-national analysis (Kumar, et al., 2003). In the model proposed in this paper (Socio-Cultural Model) it can be said that these two different approaches to macro comparisons, welfare regime analysis (Esping-Anderson, 1990, 1999) defined *what* has occurred between welfare states in socio-economic terms. The descriptive analysis of Alesina and Glaeser (2004) distinguishes *how* these differences evolved cross-nationally in terms of socio-cultural interactions with political institutions. Consequently, this model blends these two important aspects into a broader but more comprehensive perspective of welfare state analysis. Thus, an appreciation for the circular influence of the interaction between politics economics and culture is significantly enhanced.



Fig. 1.1.7



Pfau-Effinger,s (2005) theoretical analytic framework provides a definition of culture as a “system of collective constructions of meaning by which human beings define reality”. This framework has also been contextually incorporated into this model by considering the influence of myriad cultural beliefs regarding family structure, social structure, poverty, work, inequality, government involvement etc. The macro analytical foundations of the model consider what differences welfare state regimes have presented in socio-economic terms but reinforced by means of how socio-cultural factors have interacted with the political arena. The inclusion of ideology and culture is therefore a substantive component that influences all areas of the nation state. The addition of

the personal level of social services within the conceptual framework addresses another of the inherent limitation of macro level analysis. For example, relatively unambiguous comparisons regarding social welfare systems including pensions, social security etc. is possible within the macro construct afforded by welfare regime theory (Esping-Anderson 1990, 1999). However, comparing social services at the individual level utilizing this framework cannot be successfully accomplished. Thus, the present model was developed to also correct the former problems and allow for analysis of social services and their delivery even to the smallest local level.

The model framework identifies the amalgamation of history, ideology and culture as a pervasive influence. Consider, at a fundamental level that the creation of most nation states was often a result of a conflict of between different ideologies and cultures inherent in dominant power. Ideologies which survived as noted in the section on globalization were incorporated and absorbed into the culture of the resulting “new” nation state. This coalescing of ideology ultimately became a “new” foundation (albeit resting on the basis of the former) for the politics of the nation. Ideology then represents the catalyst for the process through social policy has developed within the framework of the political system; based on an assortment of influences emanating from the economic realm. The variance between Germany, France, England, and the United States when only considering the cultural differences is highly dissimilar. Equally different in these welfare states is the inclusion of the foundational aspects from the past to include: Greek philosophy, Roman Law (Justinian Code), Christianity, later philosophy (social contract theory, moral philosophy, political economy), and history and perceptions of the poor (Hegel and Marx). The historical development of the welfare state and social policy has been predicated on the ebb and flow of such ideological tides. The complex interaction of theoretical perspectives which are apparent in the respective (a) economic (b) governance and (c) history, ideology and culture spheres of influence in the model are critically important to a holistic and comprehensive method for cross national analysis.

The Socio-Cultural Model of the Welfare State as shown in Fig.1.1.7 is rather complex, however an examination of each of the interaction parts and their contribution to the model is best understood if perceived in motion. The first aspect of the model reflects globalization and civil society which have been previously discussed. These model elements are

depicted in the outer ring of the model which moves in a clockwise direction.

**Fig. 1.1.8**



The outer ring should be visualized as reflecting the temporal aspect of the model. The pillars of civil society are often believed to have originated with the ancient Greeks some 2,500 years ago and as the clock turned so did society and civil society evolved. However, the authors anticipate that civil society will soon become a transnational construct, likely to transcend the governing ability of individual nation states. The speed of globalization has increased as a result of the significant growth of the global market economy. The global economy then significantly increases the velocity of the outer ring and consequently the constructs of globalization and civil society are becoming blurred. In such a situation the outer ring in the model would create extreme tension on the overall system and would be most easily seen in the friction between the changes resulting from globalization and international civil society and the ideology, culture and history embedded within any nation state. This tension is represented in the model by the counterclockwise movement of history, culture and ideology in opposition to the clockwise movement of globalization.

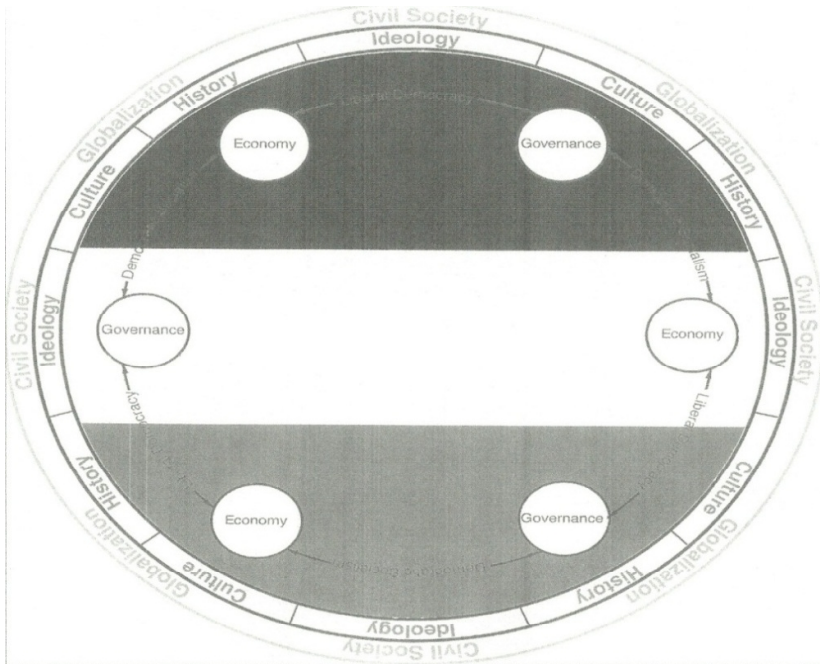
**Fig. 1.1.9**



History, culture and ideology are not only represented in this ring as counter to globalization but are found throughout the model. All aspects of a nation state - economics, politics and social institutions and indeed even personal interactions are impacted by these factors and thus they are molded by the history, culture and ideology. The complementary accord between the outer ring and the inner ring represents the developmental process of nation states and more specifically welfare states.

One way to represent the unique formation of individual nation states is to apply an overlay of color to the circular expanse of the conceptual framework. The symbolism for each nation's flag gives rise to a way to reflect in some measure the historical development of a state. The United Kingdom's Union Jack, the red, white and blue in the stars and stripes of the United States or the red black and gold reminiscent of the German emperors of the middle ages. As shown in Fig. 1.1.10 there is an overlay on the model of the unique aspects of a given nation state depicted by the design and color of their flag. If Fig. 1.1.10 was in color you would note that it is the red white and green of the Hungarian flag. The colors in the Hungarian flag which can be traced to the 12-13 century coat of arms represent strength, fidelity and hope. As used in the model the flag overlay provides the contextual history of the ideology and culture of that particular nation state.

**Fig. 1.1.10**

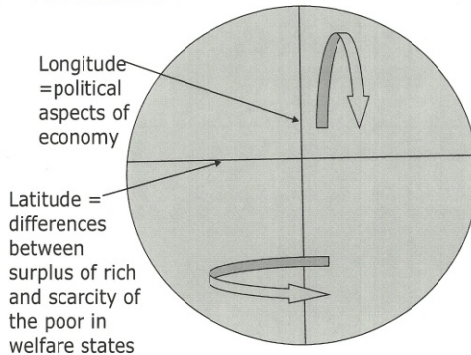


Having completed the basic discussion of the outer rings of the model we will now turn to the inner aspects which are designed to convey the pull that the spheres of governance and economy have on the defined welfare state. Upon inspection of the model there are two spheres in orbit, the sphere of governance and the sphere of economy which are depicted multiple times in the model simply to show that they are in a constant orbiting motion. These two spheres Figs. 1.1.11, 1.1.12 represent fundamental influences on each welfare state.

**Fig. 1.1.11**

## Economy Sphere

### ■ Rotations

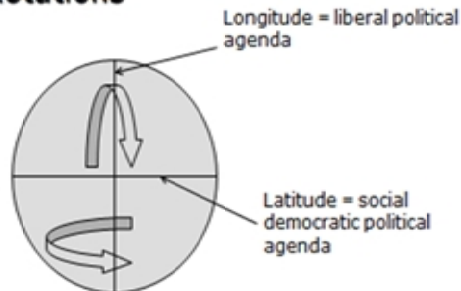


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**Fig. 1.1.12**

## Governance Sphere

### ■ Rotations



The economy sphere represents the political economy paradigm and is consistent with the globalization of the market economy. Political aspects of the political economy paradigm become a latitudinal representation on

the sphere and thus the differences between the enfranchised and disenfranchised can be considered. The economy is a longitudinal depiction (see Fig. 1.1.11) and represents the surplus of the rich and the scarcity of the poor. The economy dimension of the model's conceptual framework considers the levels of interconnections between these two aspects.

The governance sphere (see Fig. 1.1.12) is animated in terms of its gravitational pull on the welfare state. As with Newtonian assessments of gravity, politics may not be seen but the influence is irrefutable. Accordingly, the sphere of governance encompasses a mass of complex political factors. A simple way of viewing the governance sphere is to view the longitudinal aspect as a liberal political agenda and the latitude as a social democratic agenda. The influences of systems of government, and the means through which policy is formulated are incorporated into this political sphere of influence. Clearly, the overarching influence of history, ideology and culture within any nation state has significantly shaped both of these spheres. The force of these factors in molding aspects of the model can now more easily be recognized.

The omnipresence of the economy and governance in the model is reinforced by alternating the rotating spheres in an orbit around the Welfare State Defined quadrangle. The trajectory of the economy and governance constellation is defined by the alternating tethers of Liberal Democracy or Democratic Socialism. These links are forged by the history, ideology and culture of any nation state and can be identified in each nation state by examination of adherence to various political ideologies of social contract theory and the economic ideologies of Smith, Mill, Marx and others. These spheres then pull the Welfare State toward either a Liberal Democracy or Democratic Socialism. Therein, interpretations of human nature which vacillate between self-interest and altruism are found along this continuum. Liberal democracy reflects the belief in an economy based on the commercial activity of free individuals. Politically, a strong central government and a relatively paternalistic, representative political system are preferred. Democratic socialism is based upon utilitarian principles, which equates individual happiness with the happiness of society. Private control is seen resulting in the economic oppression of large numbers of people.

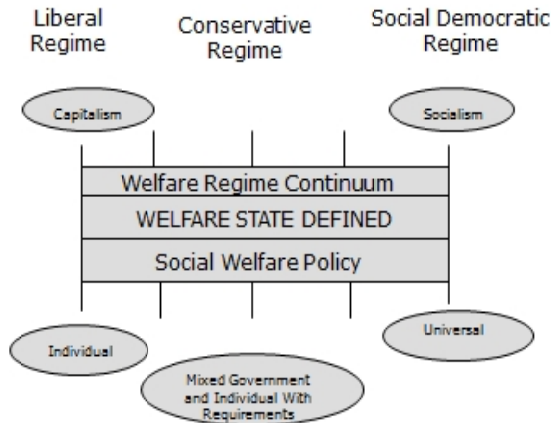
If the model is set into motion the fluctuation between these ideologies within a given country reflects a variety of socio-cultural factors. For example, in the United States the ideology of rugged individualism in the later 1800's influenced and was influenced by liberal democracy from the

heritage of the settlers. Results of the rampant use of liberal democracy which some have called social oppression was somewhat alleviated by the Progressive Era from 1900 to 1920 when the country turned to more socialistic principles. The Great Depression reflected a decisive move to democratic socialism. In the 1980's, again there was a pendulum shift in both economics and politics toward liberal democracy.

As noted earlier part of the foundation for defining the welfare state in this model rests upon the conceptual framework that has been established in the works of Esping Anderson (1990). In their work levels of de-commodification of the labor market and levels of stratification in terms of the effects on social structure defined variances between types of welfare states. Another broad perspective drawn in part from the work of Alesnina and Glasser (2004) considers the evolution of differences between welfare states (cross-nationally) in terms of various socio-cultural interactions with political institutions. The model's conceptual framework thus accounts for the amalgamation of these broad influences through the placement of the Welfare Regime Continuum at the top of the welfare state defined quadrant. The building block at the top defines the macro conceptualization of the welfare state in terms of systemic economic influences and the effects of political institutions. Additionally, the vectors emanating from the history, ideology and culture ring of influence further enhance the defining characteristic of the continuum. Welfare states are thus identified as a Liberal, Conservative or Social Democratic type of regime relative to where they fall on this continuum. Equally important to a comprehensive definition of the welfare state, the Welfare Policy block at the base of the quadrant captures the micro conceptualization of the welfare state. Consideration for the differences between welfare states services realized at the individual level in the context of the welfare state construct is thereby incorporated into the model's framework. Any welfare state is not only defined by how larger systems influence its definition and it overarching welfare state construction, but also by how the nation state implements ideological paradigms into actual services at the personal level. In Fig. 1.1.13 the macro—micro conceptualization of the welfare state is diagrammed. As shown at the micro level of policy there is concordance between social welfare policy and the regimes. The liberal regime (capitalism) is reflected in social policy that places the burden or responsibility for welfare on individual. Central in the model is a conservative regime which offers a mix of individual and government responsibility. At other end of the continuum is a social democratic regime which would offer universal policies equitable for all.



Fig. 1.1.13



The lower part of the model contains those elements that are related to the micro level of the welfare state model. One important aspect is the policy process. This action occurs in all welfare states when they move ideology from the economic and political spheres through the welfare continuum into the “real world”. The process of first creating and then implementing policy through programs is unique within every welfare state. Each welfare state has a different policy process based upon the differences in how the administrative, legislative and judicial parts of the governance structure in that state have been constructed, empowered and operate. This policy process is informed by the globalization, history, culture and ideology of that welfare state both indirectly from the definition derived from the welfare state and directly as shown in the model.

Another critical element in the model is the *welfare culture*. The welfare culture is a result of the interactions of the various aspects of the model and is the viewpoint toward, or definition of welfare that reflects globalization, culture, ideology, history, governance and economy of that nation state. In essence the welfare culture is what the people residing in that welfare state perceive as “welfare services” and the “individuals who receive those services” One needs only to look at any nation’s history to see how welfare and those receiving welfare has changed for example,

children, mothers, elderly, war veterans, disabled, and certainly the definition of a poor person. Are those included in this category seen negatively, neutral or positive? Clearly the impact of ideology, culture as well as the economic and political spheres is significant in defining welfare culture.

In today's turbulent economic and political times there are many challenges to nation states and specifically how any specific nation state will travel up or down the continuum to define their own status in the future. Movement is never ending, with nation states repositioning themselves as globalization, economic problems, migration/immigration, and ideological conflicts become greater. New challenges for example, population aging and environmental problems are forcing reevaluation of their position on welfare. Redefining the welfare state is happening and playing out in policy every day. What will constitute the commonweal in the future? Who will have the responsibility for it? While the model was not developed as a predictor it might offer a conceptual framework that could potentially be utilized to develop quantitative predictor factors. Finally, it is hoped that the model could be used for a more comprehensive and accurate cross national welfare state analysis.

## 1.2 The development of the welfare system in Hungary (Historical background and national characteristics)

*Ferenc Bódi*

### The interwar period

In the period between WWII and WWI and in the preceding age of Austro-Hungarian Monarchy in Hungary the legal and institutional background of social care developed in the same way as in Western Europe, however, at a different rate. Worker protection, pension and health insurance system evolved gradually, housing subsidy was introduced through actions and poor-relief was instituted. In this period preventive health protection had an important role, which was not specifically established to treat poverty but primarily to protect the active working classes. In today's terminology, public health was considered a success sector, which was well-organised and could fight infectious diseases, epidemics and infant mortality in a relatively short time.

In the Central European region, in the territory of the former Monarchy, after Austria, the Kingdom of Hungary, together with Slovenia and Western Slovakia, was the most favourable successor state concerning mortality indicators. However, in truncated Hungary there were significant regional differences. Northern Transdanubia and Danube-Tisza Interfluvium showed better conditions than the population of Southern Transdanubia, Budapest, Northern Hungary and Transisza. Statistical analysts of that time drew attention to the close relationship between the lower mortality rate and low rate of illiteracy.

In the analysis of the Count Paul Teleki Research Institute the following can be read: "In achieving a higher age, of the external conditions primarily health, housing, nutritional conditions, cultural advancement and the number of doctors and hospitals, of the internal features strong and resistant physical condition play a vital role. In this respect, external conditions seem to be more important, therefore, to some extent, mortality rate is considered as a measure of literacy and cultural advancement."<sup>1</sup>

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<sup>1</sup> Rónai, A. (1945): *Közép-Európa Atlasz*, Gróf Teleki Pál Intézet, Balatonfüred-Budapest. facsimile publishing (1993); Szent István Társulat - Püski Kiadó, Budapest. pp. 194.

The treatment of social issues was closely related to issues of culture, education and training particularly in the interwar period. *Jenő Czettler*<sup>2</sup>, scientist and politician, one of the best experts on the era, also linked the social question to the idea of improving cultural conditions. In the columns of the periodicals *Magyar Gazdák Szemléje* “Hungarian Farmer Review” and *Szövetkezés* “Cooperation” and in his parliamentary speeches, during his nearly quarter-century career he organised the social policy of rural areas around the following themes:

1. land policy issues (social land programs, land distribution),
2. handling the cultural character of small and tiny villages (protection of their culture and educational issues),
3. handling movements concerning rural areas (folk high school, youth and cultural movements).<sup>3</sup>

### *Social land programs and housing programs*

Traditionally, it was the land that provided the basis for the livelihood of the peasantry, which was the majority of the society. Nevertheless, beyond economic arguments, the land had a special status in the whole Hungarian society. Due to the hunger for land hundreds of thousands of wealthy and middle peasant families went overseas, various political movements were organised by farmers at the end of the 19<sup>th</sup> and at the beginning of the 20<sup>th</sup> century. The lost war, the Red and the White terror<sup>4</sup> tore the fabric of the legitimate political power, which was based

<sup>2</sup> Jenő Czettler (Szolnok 1879 – Budapest 1953) was a jurist, economist, professor, agricultural politician and organizer of an agricultural co-operation and several movements between the two world wars. In the communist era he was imprisoned on trumped-up charges in 1951.

<sup>3</sup> Czettler, J. (1995): *Mezőgazdaság és szociális kérdés*, Századvég Kiadó, Akadémiai Kiadó, “A Jászágért” Alapítvány, Püski Kiadó, Budapest.

<sup>4</sup> The concept of White and Red terror originated from the period of French Revolution that formed “White and Red” dichotomy. The term “Red Terror” was originally used to describe the last six weeks of the “Reign of Terror” of the French Revolution, ending on July 28, 1794 with the execution of Robespierre. Historically this period has been known as the Great Terror, to distinguish it from the subsequent first White Terror in 1815 (the House of Bourbon’s color was white). The term Red Terror means waves of violence which were committed by the followers of the communist movement (the Reds) on a large scale, motivated by politics and ideological conflicts in illegitimate forms against rival power groups. The original meaning of the term relates to the Russian Civil War, however, in Hungary, it primarily means the atrocities committed during the Hungarian Soviet Republic. In 1919, some groups known

on traditions until then, therefore, in some way, the society, including the largest social class, had to be provided with land, property and the damages of the war (war widows, disabled persons) had to be eased.

Two concepts of land reform competed with each other after 1919. One of them, related to *István Szabó Nagyatádi*<sup>5</sup>, was more favourable to the landowner peasants, essentially, the landless would have been excluded from the land distribution, because this proposal would have provided those farmers who were already more powerful and had the tools with economically cultivable farmland. The *Nagyatádi land reform* aimed to establish and strengthen viable estates. The other concept, related to *Gyula Rubinek*<sup>6</sup>, was built on decades of experience of the agrarian socialist movements. Its purpose was to quickly pacify the social storms aroused by Trianon and the Commune, but as far as possible save the large estates. The finally realized land reform allowed the pauper masses to acquire small parcels, hence, made them small land owners, and also calculated with the fact, that on the plots houses would be built, thus, cheaper housing conditions could be created for the lower peasantry. Furthermore, on the small parcels they could produce the necessary goods for their own nutrition. Although tens of thousands of non-viable estates were created in this way, masses were given a vision and living minimum without compromising the interests of the dominant elite of the society, the landowner classes.

Politically, the action was extremely successful, since, after that, the consolidation policy could most securely rely on rural Hungary. Altogether 6,273,198 thousand square meters of land were distributed within the framework of the land reform. From this area 427,059 pieces of tiny and small farms were established and 259,733 building plots were measured out of 328,149 thousand square meters. In 838 villages

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as the Lenin Boys formed a mobile detachment. They executed victims without trial. This caused a number of conflicts with the local population, some of which turned violent. The Hungarian White terror was an emotional reaction against the previous Red terror between 1919 and 1921 in Hungary. Regent Miklós Horthy ordered the disbanding of the battalion. The dissolution of the White Guard in January 1922 is considered to mark the end of the White Terror.

<sup>5</sup> István Szabó Nagyatádi (1863-1924) was an agricultural politician, party organizer, party leader, who formed his party under the name of *Nation Smallholders and Agrarian Workers Party*, which won the parliamentary election in 1920.

<sup>6</sup> Gyula Rubinek (1865-1922) was a politician, who served as minister of agriculture between 1919 and 1920. He was the creator of the *land reform* (Act XXXVI of 1920) which connected to István Szabó Nagyatádi.

873,079 thousand square meters were used for the purposes of small leases. Including these, as the final result of the land reform 7,143,069 thousand square meters were distributed.<sup>7</sup> A total of 411,561 individuals received land based upon some policy, according to the summary data of the *Országos Földbirtokrendező Bíróság* “National Land Distribution Court” of December 31, 1930, when closing the land reform.<sup>8</sup>

In this huge mass (at least 1.5 million people together with family members) not only peasants were represented. About 186,000 agricultural workers and other landless, as well as 115,000 tiny and smallholders benefited from the land reform.<sup>9</sup> The land reform had a major impact on the peasant society, in particular, on the tiny and smallholders, since their number doubled in the twenties and thirties.

In rural areas the state housing subsidy could be first observed at the beginning of the 20<sup>th</sup> century, in 1907 in Southern Transisza (the so called *Stormy Corner*). The real change, however, was brought by the land reform of 1920, as a result of which 260,000 building plots were distributed in villages between 1920 and 1939. This action was followed by the *Országos Falusi Kislakásépítő Szövetkezet* “National Cooperative for Constructing Small Flats in Villages”, which offered long-term loans. Due to the action, 41,000 houses were built in villages by 1938. The *Országos Nép- és Családvédelmi Alap* “National Folk and Family Welfare Fund” had an important role in moderating the housing shortage by providing effective assistance in building an additional 8,000 houses, especially for large families. By the end of the thirties, four-tenths of state industrial companies had housing estates. *Wekerle estate*, built in regular geometric order by 1927, can easily be found in the map of Budapest even today, and its 20,000 residents were mostly skilled workers, who could live in two-room, low-rent apartments in the suburbs. In the centres of the company estates schools, kindergartens, churches, libraries, cultural centres and health centres were built. Most of the estates have eroded (Diósgyőr, Ózd), however, there are towns which were able to protect these industrial monuments (e.g. the workers’ estate of the Hungarian State Railways in Dunakeszi).

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<sup>7</sup> Kerék, M. (1939): *A magyar földkérdés*. Budapest. pp. 198-199.

<sup>8</sup> Ib. pp. 199.

<sup>9</sup> Buday, B. (1930): *A földreform eredményei*. Az Országos Magyar Gazdasági Egyesület (OMGE) “Hungarian National Economic Association” által gyűjtött adatok ismertetése. Budapest. pp. 40.

### *Worker protection, pension and health insurance*

The first statutory laws on worker protection appeared in the 19<sup>th</sup> century (Act XIV of 1884 on Industry). The first self-help and company co-funds established in the 1890s were disability and sickness funds, which absolutely met the requirements of the age, however, these institutions provided services only for employees of the manufacturing and mining industries. The legislation of the age of dualism in Hungary in the field of health insurance affected those employed in agriculture for the first time in the framework of the Act XLV of 1907. To be precise, farm servants working on large estates living in communities of manorial centers were affected. In case of illness, this law provided them with free medical treatment for 45 days with the costs shifted to employers. In Bismarck's insurance system large-scale industrial workers were the first to be involved in the insurance (due to the pressure of the labour movements). Also in Hungary, the Act XIV of 1891 made health insurance obligatory for workers, which mainly large-scale industrial workers were involved in. As a result, between 1892 and 1896, many non-voluntary aid funds were established in the spirit of the law. The *Országos Gazdasági Munkás- és Cselédsegély Pénztár* "National Farm Workers' and Servants' Aid Fund" (established in 1900 had 727,000 members in 1913, in the last year of peace. In the interwar period despite the rapidly developing and expanding pension funds (National Social Security Institute and Institute of Insurance for Private Employees) the agri-rural population did not receive effective assistance and could not join in any funds on a voluntary basis. This situation was not changed significantly by the laws on pension and health insurance of 1936 and 1938, either. During the years before the WWII agricultural workers also had the opportunity to join in the old-age insurance fund of the *National Agricultural Insurance Institute*, but women and landowners who had less than two acres of land were excluded. It is important to note that in the interwar period Hungary was still a mainly peasant society, where 1.3 million agricultural workers, 600,000 farm servants, 1.8 million tiny holder and 750,000 *smallholder peasants*, 100,000 *skilled workers*, 1.9 million industrial and transport auxiliary workers, 500 craftsmen, the same number of clerks and 200,000 day-labourers lived. At that time the total population of the country was 8.7 million (according to tax statistics of 1930).<sup>10</sup>

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<sup>10</sup> Kovács, I. (1986) Magyarország – proletárország? In: *A Kelet Népe* (1935-1942) Kossuth Könyvkiadó, Budapest. pp. 146.

### *Social public health*

The Act XIV of 1876 declared public health as the responsibility of the state, obligations of the central government and the local administration were enacted. The act entrusted the official duties of health care basically to the latter. The local authorities acted effectively against infectious diseases and contributed to the increase in life expectancy of the rural population and the reduction in infant mortality. In relation to rural public health, the Green Cross movement is also worth mentioning, which began in 1934 and covered health care societies, lung and venereal disease institutes. In 1938, the service affected one and a half million people and in settlements with a population of less than six thousand it embraced all branches of health care. In larger settlements this activity was provided by the Stephanie Association, which was founded in 1916 as a social association, but later it took over official duties. In 1938, it maintained 169 mother and infant protection institutes in the major cities of the country.

In addition, since 1898 the state paid for the care of poor patients. After 1926, the *National Public Health Institute* had great success in controlling epidemics, particularly in reducing tuberculosis, rabies and venereal diseases. By the end of the thirties, a national network for the treatment of infectious diseases developed and more new hospitals were built or were enlarged with new wings and departments. In 1938, 304 hospitals worked with a capacity of fifty thousand beds, i.e., at that time the number of hospital beds per one thousand inhabitants was 54. Since the early thirties, health care operated under the authority of the Ministry of Interior. Its professional consultative body was the *National Public Health Council*.

### *Poor-relief*

In the legislation of the bourgeois society, the first administrative handling of poor-relief can be found in the act of 1871 on municipal law, which controlled begging. This act was later supplemented with an expulsion rule by the Minister of Interior, which prohibited begging along with vagrancy and prostitution. At the same time a regulation ordered municipalities to establish *poverty funds*. In the field of poor-relief various charitable organisations excelled, which were organised mostly on denominational basis and at the beginning of the century four hundred operated and the series of them was strengthened by the Hungarian Red Cross Society since 1897. In 1931 the Franciscan order,



which declared the *Eger norm*, undertook the lead in organising relief policy, which was accepted in many towns. However, the *Komárom norm*, declared in parallel with the previous one, which determined the minimum salary, family allowance and natural aid for the rural poor, many-childrened, servants and day-labourers, was not widespread. Also in this respect, the countryside was more unattended and uncared than towns. Summarising the events until WWII it is apparent, that agrarian-social policy in Hungary was remarkably underdeveloped as compared to social care in towns (Gyáni 1994). Towns had greater freedom than villages forced under the administration of counties and districts. At that age almost every industrialised city with a larger population could create a relatively independent urban policy. Pécs, which is the most important city in Southern Transdanubia, developed a progressive poverty policy. Lajos Esztergár, mayor of Pécs organised the first national work program for penury relief.<sup>11</sup> His name is associated with the *Pécs norm*, which, according to the principles of productive social policy, instead of aid provided the poor with a permanent source of livelihood and educated them to self-farming. Jobless who were able to work were employed within the framework of penury work programs at communal work in towns, while wealthy citizens, shopkeepers and workshop owners had to pay a so called begging redeem fee. Jobless graduates were offered work at urban municipality departments and professional offices with periodic changes, or they were employed in the administrative and practical management of the urban poor relief activity.<sup>12</sup>

### *Rural policy during the interwar period*

Rural policy in the consolidation period after WWI and the subsequent peace dictate was dominated by the alleviation of problems caused by the truncation of the country. The country, which previously belonged to one natural unit of the Carpathian Basin, fragmented into weak, premature nation states.<sup>13</sup> The remaining country lost its former market lines. Along the new borders peripheries formed. Budapest, which developed to the

<sup>11</sup> Esztergár, L. (2008) Első Országos ínségnyhítési program. In: Nyilas, M. (ed.), *Szociálpolitikai szöveggyűjtemény*. Budapest. pp. 249-263.

<sup>12</sup> *Magyar Katolikus Lexikon*, Pécsi Norma. (ed. in chief Diós, I.); (ed. Viczián, J.). Budapest: Szt. István Társulat, 1993-2010.

<sup>13</sup> According to the Coolidge Report the consequences of the Treaty of Trianon launched the spreading of economic problems, which led to an unstoppable social avalanche in the former Austro-Hungarian successor states. (Deak, Francis (1942): Hungary at the Paris Peace Conference, The Diplomatic History of the Treaty of Trianon, New York Columbia University Press, p. 45.

size and level of the Austro-Hungarian Empire was surrounded mostly by an economically underdeveloped, predominantly agrarian region, lacking of big cities. In 1930, every second settlement had less than five hundred inhabitants. The number of municipalities exceeded 3,400. 11 per cent of the population lived in tiny and small villages. 1.8 million people out of a population of 8.6 million were periphery residents, who lived in remote areas. Several county seats lost their counties (e.g. Sátoraljaújhely, Pécs, Szeged, as county seats etc) and several counties or certain parts of the counties were detached from their county seats (e.g. Abaúj, Bihar, Szatmár, Komárom counties, etc) after 1920. The industrial capacity which remained within the borders lost its base of raw materials and the world-famous Hungarian mill industry lost its market. The restructuring of agriculture began. Home-grown fruit, vegetable, herb, meat and dairy exports developed and at the same time fruit and vegetable canneries were built (Kecskemét, Nagykőrös, Szeged and Gyula). The elimination of import stood in the forefront of the domestic economic policy. For this purpose mining, heavy and machine industries were developed in the Transdanubian and Northern Mountains. The industrialisation of traditionally rural areas could not start due to the underdevelopment of local vocational training institutions or the total lack of vocational training (Kulcsar-Molnár 2000).

However, in the field of elementary education significant progress was made. Within the framework of the Hungarian Plain program the rural school network was established during the ministry of *Kuno von Klebelsberg*.<sup>14</sup> The countryside was divided into circles with a radius of five kilometres and authorities and landowners were obliged to establish elementary folk schools. In three years, five thousand rural classrooms were built with the architectural method common in the most modern states of the era, using bricks with large windows and slate roofs. Next to the schools modern flats were also built for the teachers. Compulsory education was raised to 14 years of age. In 1927, an adult education program was developed, since the proportion of illiteracy within the adult population was still significant (around 10 per cent) (Glac 1990).

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<sup>14</sup> Kuno von Klebelsberg (1875-1932) was Minister of Religion and Education between 1922 and 1931. His name is associated with the act on Hungarian Academy of Sciences, which provided the independence of the academy, he established the Council of Hungarian Public Collections, he built universities in Pécs, Debrecen and Szeged, he founded the Collegium Hungaricum, the Hungarian cultural institutions in large cities of Europe, he established legal basis for the eight-grade public education and renewed secondary education and teacher training.

## Basic characteristics of the socialist social policy

### *Ideology above all*

Winston Churchill had it that communism is the ideology of enviousness. The British politician did not have the opportunity to experience the society which was brought under the sway of this ideology, but the history of Eastern Europe in the 20<sup>th</sup> century has proved the truth of his statement. After 1948, Hungary's communist leaders, who had arrived to be in complete power, ordered everything according to their own ideology and social policy was no exception either. Running counter to the formation of modern social welfare states in post-war Western countries, in the small states of the Eastern region subdued by the Soviet Union, there were no attempts to ease the complicated problems of social injustice and inequality by meticulous legal and economic measures, but rather by a revolutionary way (without taking into consideration any legal continuity), they wanted to solve it with violence policy in the name of the primitively interpreted notion of equality.

Key words of those times were *nationalisation* of property, and *centrally planned bureaucracy*. On this basis, within the framework of land redistribution, each estate bigger than 560 thousand square meters was cut up into pieces, each company working with more than ten employees was brought under government management. People having lived in bigger flats were displaced into the countryside, people with upper middle-class family backgrounds were *redundancy listed*, clergymen and people politically unreliable for the communists were interned or taken into detention camps, etc. Richness and the "*exploiting strata of society*" were almost completely abolished within only a few years of time, but poverty and misery was not eliminated at all. Though, according to the official records, the "*triumph of the working class*" put an end to unemployment and poverty, in reality it could not become the proper owner of the expropriated productive and comforting goods.

The new administration, which owned almost the total of the country's productive property (98 per cent of it) could proclaim "*he who does not work neither shall he eat.*" The paraphrase of the Pauline wisdom meant that each one in this country did have the opportunity to get a job, moreover, this was not only an opportunity but a compulsion, as well. Whoever was poor was poor because of his own fault and because he was only avoiding work. All people in poverty should be punished or at least they had to be despised. Anyone was allowed to benefit from the

social supply system “equally”, but the principle, “*each man is equal, but there are more equal ones*”, as *Orwell* put it, was especially valid in the social sphere (housing allocations, hospital treatment, education, etc.).

*Life is not a whipped cream cake’ or else, ‘the proof of the pudding is in the eating*

Contradictions of the very differentiating, though supposedly equal redistribution have been discussed by many Hungarian sociology writers, which have become classics since then. *Ivan Szelényi* and *György Konrád*<sup>15</sup> found evidence of the fact that the majority of housing allocations treated as social provision had been obtained by either middle-class, high income or middle high social status groups, that is, mostly those who showed enough loyalty towards the workplace, the party, and the *People’s Democracy*. A characteristic of the centralised welfare redistribution, quoted frequently even in the cabarets of the era, was housing shortage. Otherwise, *deficiency* probably became the most characteristic word of the sixties and seventies (Kornai 1980). Beside low and secure prices, only deficiency was a more stationary factor. Purchasing items in short supply was a specific socio-cultural rite of the age: with selling from under the counter, bribery and slush-money. The whole system was built on a double moral standard, where everyone knew that the other person knew, but no one behaved as if they were aware (Hankiss 1983).

*‘Those beautiful happy days’ (Paternalism, redistribution and reciprocity – accessories of the state socialist welfare system)*

Beside prices, wages were low either, because in return for the low wages, many things were received in kind: schooling, health services, culture, etc. were taken as public property, that is, everybody could theoretically benefit from those without being charged, or charged only a little. However, equality worked only in principle because the goods mentioned were not only public property, but also quasi-market goods. Items or services in short supply could be received only on condition that man agreed to pay a surplus cost above the official price. It was not always about money, but sometimes another similar scarce material or service meant the means of payment. A rather considerable *market of reciprocity* developed, which kept working the whole social

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<sup>15</sup> Szelényi, I. & Konrád, Gy. (1969) *Az új lakótelepek szociológiai problémái*. Akadémiai Kiadó, Budapest.

redistribution system through as well established network hiding its shortcomings. Practically, this kept it alive, and was able to mobilise resources, through small or sometimes irrationally big investments, to where the primary redistributive system of the planned economy was not able to do so.

The most important media in this socio-cultural allocation was the power or the influence and at the end of these chains patrons of smaller groups, oligopolistic networks were sitting. The biggest godfather was *the Party*,<sup>16</sup> representing the state itself, like a *Hegelian absolute*, an abstract objectivation, though it became a flesh and blood player whenever a particular transaction started operating.

Despite all the perfidy of socialism outlined above, a social support system in Hungary got undoubtedly built up. Particularly since the mid-seventies, a European medium level social welfare system became its own. State health care and pension system were built up, free public education from nursery level up to universities, family allowance, child care allowance, and free inpatient as well as outpatient health care were introduced.<sup>17</sup> The social welfare system could never fulfil its task completely, and when the country got into an economic and moral crisis, inadequacy of the system became unambiguous.

The economist *László Bogár* pointed out in his work *Anatomy of a modernisation trap*, that having exhausted all possible domestic economic and social resources, the politics seeking to legitimise its power turned towards sources from abroad. The Hungarian State applied credits from 1973 with a moderate, then from 1979 with an increasing and from 1985 with an explosive growth primarily from foreign private banks at varying rates of interest, and as it turned out later, under very unfavourable conditions. The aim of the credits was to set the national economy on a quickly increasing track, while the latent aim was to strengthen political legitimacy (Bogár 1989).

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<sup>16</sup> In Hungary between 1949 and 1989 a one-party political system was formed, which was declared in the Constitution. The only party was the MSZMP “Hungarian Working People’s Party” until 1956, later under the name of the Hungarian Socialist Workers’ Party, of which at the change of regime the MSZP “Hungarian Socialist Party” was formed, which has won the elections three times: in 1994, 2002 and 2006.

<sup>17</sup> Despite all the contradictions of the era, the social welfare system that was created was unique in Europe both in East and West. Home care for the elderly, social catering, institutional system of child protection, full-day schools, orphanages, as well as general and compulsory full employment was organised.

**Table 1.2.1.: Foreign gross debt at the end of the year (billion USD)**

1970	1973	1979	1985	1989	1990	1995	2000	2005	2010
1.0	2.1	10.5	14.0	20.4	21.3	39.2	25.4	59.8	97.8

Source: Economic Survey of Europe in 1991-2011. UN. ECE.

Since 1979, the abnormal increase of national debt and continuous decrease of incomes was going on simultaneously in Hungary.

The *go-and-stop* economic strategy, the economic policy building on restrictions and developments in turns finally drove the country into a considerable and permanent economic crisis by the second half of the eighties. The political elite and the economic elite competing for investment resources could not any longer turn off the forced path created by the *plan-bargain*, the deficiency and the abnormal market conditions.

From the beginning of the eighties, new trends started in the ranks of intellectuals, which eroded the official creed of the former State-Socialism. The new political generation, announcing an increasingly powerful social criticism, created alternative movements and soon political organizations and also parties against the power of the state-party. The complicated factors of foreign affairs and also the domestic economic and moral crisis resulted in the collapse of the former socialist system in 1989-1990, leading to the Hungarian parliamentary democracy.

### **After the change of regime, the legacy of the past**

*God must have loved the plain people: He made so many of them.*

*(Abraham Lincoln)*

One of the most difficult challenges for the Hungarian parliamentary democracy and the institutional system of the slowly emerging market economy was to lead the unprepared country through the social and economic transformation, causing as little pain and sacrifice as possible. The task was not simple but risky, as several governments have not been able to cope with a number of social policy issues so far.

Politics at the national level could not satisfactorily share the duties with the local and the regional levels. It could not effectively and sustainably define the minimum authorities and competences necessary for local social services: the institutional network and the organisational

framework. It could not eliminate the legacy, which had settled in the former political system.

In the second chapter (Inequalities) we point out the maintenance crisis of the quasi-state-funded but locally administered education system (closing down of schools and kindergartens and educational output). In a separate chapter we discuss the operation of local social services, which are built into a patchworked and fragmented local government system and which meet illegitimate needs, and in the long-term do not strengthen the sustainable local society. (See anomalies of the aid system: the trap of a country of social allowance, spiral of usury, etc.) In essence, the former system failures survived the collapse of the socialism. The health care system has not changed much, or at least sufficiently. We are still treating diseases expensively, rather than trying to set up more efficient and cheaper preventive systems. In the following chapters, using the supply and demand (LOSS methodology) analysis, we point out the maintained and further widening inequalities in the local supply system.

We do not intend to evaluate through the example of Hungary the success or failure of the collapse and reconstruction of the system in Eastern Europe, which was unprecedented in history, but in a nutshell we outline the key factors which characterised the country in transition and the social and economic environment of the local organisation of social services. In the followings we rely on our *After Revolution Before Reform*<sup>18</sup> study, which was published by the University of Louisville in 1996. Social problems that had been hidden came to the surface after the changes (for example homelessness, drug addiction and unemployment, etc.) and new ones sprang into existence (for example war and economic refugees, low level of employment and increasing poverty, etc.). Strata of society diverged from each other, and even the chance decreased that from a lower social stratum someone could move higher up, or that the situation of a stratum improved over time. The impoverishment of masses of the society and the increasing lack of opportunities was due to serious economic processes, what is more, the potential performance of the society reduced year by year. The country's rate of aging was higher than the continental aging.

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<sup>18</sup> Bódi, F. & Fábián, G. & Giczey, P. (1996) Still Crazy After All These Years. In Lawson, R. T. (ed.), *Local Organization of Social Services*. University of Louisville, Kentucky, USA, Louisville. pp. 60–120.

**Table 1.2.2.: Proportion of people over age 60 and under age 15 within the total population (%)**

Age-groups / Year	1970	1980	1990	1998	2009
over 60	17.1	17.1	18.9	19.7	<b>22.5</b>
under 15	21.1	21.9	20.5	17.0	<b>15.2</b>

Source: KSH "Hungarian Central Statistical Office" settlement database: T-STAR 2009.

The unfavourable economic processes and more disadvantageous demographic facts were going together: due to the change in the age structure of the population, i.e., aging of the population, and the *ripening of pension* insurance systems, pension expenditures increased automatically. Furthermore, expenses of health care, which elderly people make much greater demands on than the average, were also in an inevitably sharp increase. It was obvious that if the welfare system was being kept unchanged and as a result of spontaneous processes the situation would sooner or later be *drawing to a crisis* – stated the *International Blue Ribbon Commission*<sup>19</sup> in their report of 1995 about the Hungarian welfare system reform.<sup>20</sup>

To browse the report further, poverty became significant in the eighties in Hungary and it didn't show a decreasing tendency any longer. What is more, after the change of regime, the decline in GDP and the increase in income inequality rose, which threatened the consolidation of a modern market economy and a democratic political system. It became clear, that if the democratic political system is to survive, a welfare safety-net is highly needed. Social policy inherited from the socialist era was inadequate to assure such a safety-net. Partly because welfare expenses in total were quite high and, on the other hand, Hungary had one of the highest social insurance contributions in the world (in respect of social insurance contributions the Belgians, of taxes the Danes and the Swedes are ahead of us), and rather high personal income tax, which hindered economic growth.<sup>21</sup> Economic upswing is eventually a basic precondition of moderating poverty and other social problems. Finally, the change of regime did not solve the former system failure, either, that a *significant*

<sup>19</sup> *The Blue Ribbon Commission* is an international initiative, which was set up at the beginning of the 1990s by Paul Maremek, professor of the Indiana University.

<sup>20</sup> Andorka, R. & Kondratas, A. & Tóth, I. Gy. (1995): Jóléti rendszerek jellemzői és reformjának lehetőségei, *Közgazdasági Szemle* XLII. évf. 1. sz. pp. 1-29.

<sup>21</sup> Ib.



*part of social expenditures was given to better-off social strata, that is, not to those and not to help those who most needed it* (Manchim & Szelényi 1988). In the nineties politicians were worried, that cutbacks on welfare expenditures in an aging country where the general state of health was worsening might trigger unpredictable and uncontrollable processes. The poor strata were completely excluded from the system of services when prices of services and medicines, quasi-free of charge or only symbolically charged before the change of regime, were raised. The number of those who had de facto no relationship with the health care system was some one and a half million people, as wages fell well behind prices.<sup>22</sup> The continuous decrease in real and nominal incomes, affecting the whole economy, narrowed down the domestic market, thereby further decreasing the country's economic performance and at the same time the revenue potential including social insurance contributions, as well.

The governments have still not led the country out of the debt trap, as a result of which the largest item of expenditure of public finance remains the items paid for external and internal debt (e.g. the whole of the net revenue from personal income tax entered in the budget of 2001-2002 was equal to the gross sum of debt redemption).<sup>23</sup> There has not formed enough money for stimulating the economy, for accumulation and for the reform of the social system and within public finance the population is still hit by high contributions and taxes.

The welfare system is indispensable, however, a reform of certain parts of the present system is necessary. According to the above-mentioned Blue Ribbon Commission, these reforms have to be shaped up as follows: 1) *Social expenditures have to be suited to the performance of the Hungarian economy.* 2) *Social policy should by no means weaken, rather strengthen the incentives of the market system, which stimulate members of the society to take up jobs, to make savings and to pay taxes.* 3) *The government should play a lesser role in the distribution of social allocations and supply of social services.*

<sup>22</sup> The population of the country spent seven times more on medicines in 1996 as compared to 1991, because products included social insurance support of 90 per cent, that is, the population did not consume according to market principles. The population was typically medicine over-consumer at that time.

<sup>23</sup> T/11020. számú törvényjavaslat a Magyar Köztársaság 2003. évi költségvetésének végrehajtásáról (XLI.) a központi költségvetés kamat elszámolási, tőke visszafizetési, adóság- és követeléskezelési költségei, Budapest. 2004. augusztus hó. "Bill T/11020 on Budget Implementation of the Republic of Hungary in 2003."

- 1) This means, that more money cannot be spent than that comes in on the source side, but at the same time, through the expansion of resources constraints need to be alleviated, that is, additional expenditures need to be fulfilled towards the society, but redistribution should by no means become a raw instrument for legitimising the power of the government of the day or any political elite.
- 2) Social allowances should not be allocated and returned to recipients through an expensively-maintained redistribution system with low efficiency (social insurance self-governments), but it has to be left where the earnings are generated, i.e., at families or small communities (enterprises, non-profit sector). Social tax policies should be applied, i.e., negative taxation for those who can take care of themselves and their families and actually support those who are incapable of self-care (the disabled, elderly and sick people).
- 3) The government should form only the main principles and the outline of the distribution, the implementation levels should approach to the recipients, i.e., to the locality and the individuals. Realizing through these a transparent and monitored public funds distribution within firm limits (Andorka & Kondratas & Tóth 1995).

*Low incomes, deteriorating living standards and inefficient operation of the social safety-net*

Real income index was 3.8 fold higher in 1989 as compared to 1950. However, improvement of living standards first slowed down then stopped, in some respect even worsened since the second half of the seventies. Real wage index reached its peak in 1978 and then was decreasing until 1998, whereas real income per capita fluctuated, even increased by 13 per cent in the eighties advanced by additional incomes coming from the *second (black) economy*. According to household researches of 1988, 81 per cent of adult men and 70 per cent of adult women were working in some sort of additional income activities. Time-balance surveys also revealed that adult people spent 1/3 of their working hours in the *second (black) economy* and only 2/3 of it in the *first economy*, namely in the “*socialist sector*” (Falussy & Harcsa 2000). The second economy evolved uniquely in the Eastern Block. The *Goulash Socialism* shaped Hungary to be the West of the East. It guaranteed for

the masses the relative upward mobility, in which they could proceed slowly but surely. However, there was a high price to be paid for this kind of development: *exaggerated overwork*, *stress* level far above the normal, *childlessness*, *falling apart of families* and finally, the loss of social norms, the *anomie*.

At the same time, a quick income differentiation started. A significant proportion of the population got below the poverty line. Ten per cent of the population lived in absolute poverty in 1982, by 1992 18 per cent, and by the spring of 1993 25 per cent (Andorka 1997a). After the millennium, three-tenths of the population lived below the poverty line (KSH "Hungarian Central Statistical Office"). Severely disadvantaged population can be found in the lower quintile. Their social profile may be described with the following characteristics: *low level of educational attainment*, *dependent housewife*, *temporary worker*, *unemployed*, *countryside resident*, *unskilled labourer*, *peasanthood*, *aged retired person* and *Roma* origin.

Real value of pensions of any category has decreased in all respects since 1980. Unemployment rate, which notion had been unknown before the changes,<sup>24</sup> reached 14 per cent<sup>25</sup> almost from zero in four years since 1990. Social benefits, such as child care allowance and family allowance paid in cash lost their value very quickly though the system was rather lavish and prodigal in spending money. Proportionally high initial pensions were paid quite early (they could even be 75 per cent of the average income in the preceding years), however, this did not allow the indexation of them. Therefore, the pension of those who had been retired for several years lost 15-20 per cent in real value every year in the nineties (Andorka 1997b). The indexation of pensions was realised only after the millennium. Even within the free health care system parasolvency, which divided the medical community extremely, caused great distortion.

By the millennium, unemployment decreased to the average level of European countries and the purchasing power of pensions was safeguarded (on the basis of the previous year) by connecting the annual pension increase to the rate of inflation. A slow rise in real incomes

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<sup>24</sup> Kulcsár, L. & Bódi, F. & Obádovics Cs. (2010) Unemployment in the Hungarian Villages. In: Kulcsár, L. & J. Kulcsár, L. (eds.) *Regional Aspects of Social and Economic Restructuring in Eastern Europe: The Hungarian Case*. Hungarian Central Statistical Office, Budapest, pp. 90-103.

<sup>25</sup> Bódi, F. – Obádovics, Cs. (2000): *Munkanélküliség a vidéki Magyarországon*, Területi Statisztika, 3. (40) évf. 1. szám. pp. 55-68.

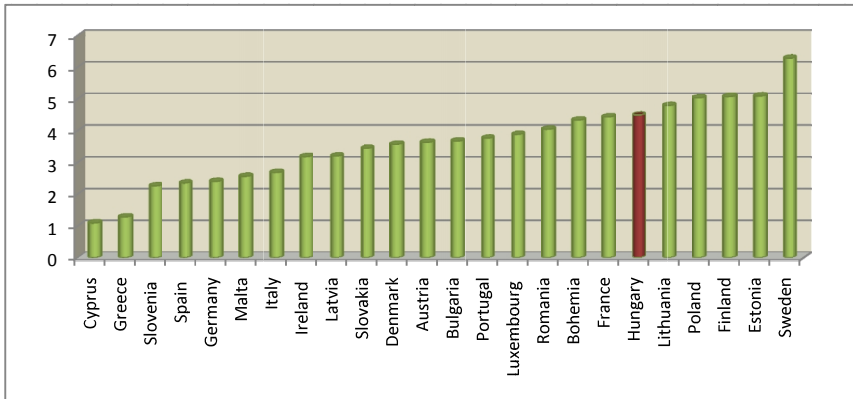
began after 2000. However, the difference between incomes continued to increase. Members of families with more children were especially characterised by low incomes. 63.4 per cent of children born in the nineties were born into the two lowest income quintile.<sup>26</sup> In 2008, approximately three million people lived below the poverty line published by the Hungarian Central Statistical Office (66.271 HUF / month / person). In case of families with children this value means 40 per cent, with three children 60 and with four or more children 80 per cent. Twelve per cent of the total population and 19 per cent of the children, i.e., 420.000 children lived below the poverty line (*KSH* “Hungarian Central Statistical Office” report).

Adding the problems of the education system, we find that 25-30 per cent of children living in poverty have no chance of any training that would give them equal opportunities by their adulthood. (UNICEF, 2005) Thus, poor childhood does not only mean the lack of material goods, but also that poor children’s opportunities, which would prepare them for a successful integration into society as an adult, are blocked. Thereby, poverty is reproduced and a downward poverty spiral develops. Child poverty is related to the parents’ poor living conditions, a major cause of which is the low level of employment. Today, 15 per cent of children live in a family where there is no active wage earner, while there is none in 35 per cent of families with four children which means 2 and 4 percentage points’ increase, respectively, since 2004 (*KSH* “Hungarian Central Statistical Office” report of 2008).

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<sup>26</sup> Andorka (1997) *Bevezetés a szociológiába*, Osiris, Budapest, 1997. pp. 322-323.

**Chart 1.2.1.: The disability pension recipients in the total population in countries of the EU (%)**



Source: EUROSTAT, calculated by Attila Fekete.

A significant part of the working-age population with inactive earnings is disability pensioner. In terms of the proportion of disability pensioners, the country has become a leading country among the OECD countries.

### *Human factors, educational attainment and vocational training*

The level of educational attainment within the total population increased until the seventies, but then the improvement came to a sudden halt. One of the reasons was the selfish and short-term education policy, which in fear of not being able to ensure a “writing desk” for the graduated masses, introduced *numerus clausus* at secondary schools and universities. The Western European and North American student riots of 1968 were in the background of these fears (Andorka 1995). In the 1980s, regarding both the tertiary enrollment rates and the proportion of higher education graduates within the young adult population, in Europe Hungary was only above Albania. The new administration managed to make a shift in this respect after the change of regime, as several new schools have been established (the number of schools maintained by churches has increased) and restrictions have been abolished but the effect of the former decades is still not eliminated. The significant reform of higher education was not followed by a larger capital investment. Hungarian universities and colleges are facing major financial shortage, as a result of which the large number of diplomas awarded, especially in

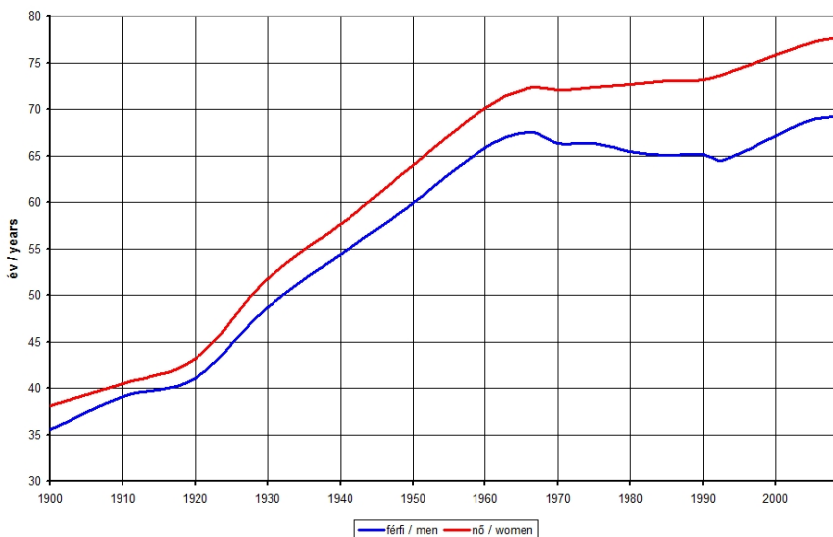
the case of self-financing degrees, may reduce the value of diplomas (Kiss & Szemere 2009).

In the Visegrad Group (V4) Hungary spends the most on social protection and the least on education, that is, firefighting absorbs the budgetary resources, rather than prevention. Social costs are beyond the level usual in the region, but their internal rates are also unfavorable. Public institutions of the welfare system have been closed down one after the other for the last decade, per-unit expenditures on them have been reduced, while the number of social benefits that can be obtained individually and the amount of money they involve has been increasing steadily (Bódi 2010).

### *Health state*

Mortality statistics showed improving tendencies regarding both sexes until 1965, however, male life expectancy started to decrease in the mid-sixties. The causes are as follows: mortality rate could be kept low through the reduction of infectious diseases, first of all among infants and the young (Józan 1994).

**Chart1.2.2.:Life expectancy in Hungary**



Source: KSH "Hungarian Central Statistical Office"

The causes of the deterioration after 1965 were that cardiovascular diseases and cancer became more common. An *unhealthy diet, addictions like alcohol, smoking and lack of exercise and too much stress* might be the social and lifestyle reasons for the deterioration of the mortality data. Mortality, which influences life expectancy, is rather high among males between 40-59 years of age and within this, especially high among people employed in agriculture and people living in rural or urban slums.

Regional differences are very diversified inside the country. Human Poverty Index (HPI) is the highest in Northern Hungary and in the sub-regions of Northern Hungarian Plain and lowest in the settlements of Northern Transdanubia.

### *Lifestyle, social relationships and anomie*

Talking about low incomes, it has already been mentioned that in order to improve their life, society in Hungary undertook overwork even after official hours. Time-balance surveys have been carried out in Hungary since 1965 and all that results prove that too much time spent for any kind of work-activity is a major characteristic of the Hungarian society. In the West, the Hungarians are considered to be hardworking, obstinate and individualistic people. Even an American saying alludes to this: *If you want an enemy, find a Hungarian friend.*<sup>27</sup>

However, their individual efforts were not followed, could not be followed by the strengthening of voluntary activities in favour of the local communities, because the civil organisations established frequently before the communism were forbidden or withered as undesirable “remnants of the bourgeois or clerical ideology.” The state-party, which expropriated even the smallest segment of everyday life, allowed only the very personal intimacy, as a result of which the former (before 1945) professional groups and corporations as well as any other bottom-up initiatives and movements, evolved and having operating in the local societies, were banned or decayed (Gergely 1977).

The annual suicide rate grew to 45.9 by 1984 from 17.7 in 1954. (Zonda & Veres & Juhász 2010) Alcoholism and depression became widespread ‘diseases’ in Hungary in the second half of the century. *Anomie*, source of more deviant behaviour, in *Robert Merton’s terms* emerges when the individual cannot achieve the aims highly appreciated in the society using socially acceptable means (Andorka 1997c).

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<sup>27</sup> This especially negative proverb was born in Hollywood in 1920s and 1930s years.

Hungary had a double moral standard, the official, the new one and the old one, limited to the private life. A vacuum and unreliability of social norms were created by the prosecution of old ideas at variable intensity and, later on, the forgiving tolerance of them, as well as by the condescending treatment of the age-old values (religion, tradition and national identity). The new generation growing up in this society had to *balance* between the official but unreliable authorities and private values of the family. The film *Megáll az idő* "Time stands Still" by *Péter Gothár*; *Géza Bereményi* can show us more about the "social psychological happy dispatch" of the era than any other sociological analysis. The inauthentic way of being created a total relativism in the values and formed a specific fake communication system, called role-masks (Hankiss, Á. 1984). Many distinguished Hungarian sociologists agree that it was anomie that overthrew the socialist era. In fact, the socialist political regime crashed not because of financial and economic crisis but due to the loss of values, i.e., the chaos of values in the society. Anomie was the ultimate cause of the collapse of the system (Andorka 1995).



### 1.3 The decrease of population, the vicious circle of poverty and development model<sup>28</sup>

*Ferenc Bódi – Mátyás Bódi*

Population policy has been of great importance in the past 150 years in Hungary. The first official population censuses that meet the requirements of the developed world made political decision makers aware of the fundamental national strategic problem that among the people of the Carpathian basin Hungarians have a lower increase in population than neighbouring nations. The reason for this is that the demographic transition in the 19<sup>th</sup> century (with a measurable influence throughout the whole continent) characterised by a sudden decrease of death rate and an abrupt increase of population (the number of births basically stayed at the same level) did not happen in the case of the people of Hungarian nationality. Thus, with France, Hungary was the nation that carried out a conscious population strategy during the second half of the 19<sup>th</sup> and throughout the 20<sup>th</sup> century, regardless of what ideology or regime directed the country, although shifts of accent could obviously be felt depending on these changes.<sup>29</sup>

The trends of the 20<sup>th</sup> century corresponded to the major trends of Europe and the world by and large, but after WWII several things happened that are specially Hungarian demographic features. In the second half of the 1940s the *baby boom* that swept through the developed countries after the WWII did not happen in Hungary, although the number of marriages abruptly grew as an aftershock of the lack of demographic events during WWII.

The Hungarian demographic processes differed from the main European trends were the result of a conscious governmental population policy, launched since the 1950s. Yet, after the first World War, the decline of Hungarian fertility rate was the highest after France (Tomka 2009), while during the WWII the number of births did not decrease as much as in

<sup>28</sup> INNOTARS2008 (MTA PTI) research results.

<sup>29</sup> „*The Silent Revolution*” which was published in 1937 after “Front of March” progressive folk movement had started. *Imre Kovacs* detailed and analyzed the deviant symptoms of the contemporary Hungarian society i.e. mass emigration, low number of children, radical sectarian movement. He could interpret (without criminalizing) and approach in an original way. The syndrome of the deviant rural population which could not break out of its poverty and which tended towards the inward destructive revolution. Further literature: (Fülep 1984) (Féja 1984)

Western-Europe. The lack of the so called *baby-boom* phenomena can be only examined with the above mentioned demographic factors and the governmental population policy actions (e.g.: prohibition of abortion). By the beginning of the 1960s Hungary returned to the main European demographic trends. When the so called *baby-bust* phenomena hit the continent right after the *baby-boom*, Hungary produced the lowest total fertility rate in 1963, which was a negative world record at that time. The fact that Hungary touched the demographic bottom was due to numerous factors. In the mid' 1950s the fertility rate was very high compare to the previous and the following years, which was caused by the strictest prohibition of abortion since 1952. This campaign was run for a short period (stopped in 1956), but caused young couples to have more children. According to some experts (Rédei 2006), the revolution in 1956 had a significant influence on the birth rate and demographic situation as a whole. In the fall of 1956, more than two hundred-thousand people left the country, mainly from the younger generations who could have started a family in the 1960s. Nevertheless mention must be made of the fact that the socio-economical circumstances of the 1950s and 1960s (long term commuting, expansion of heavy industry, collectivization of farms, etc.) were very unfavourable for families as well.

Recognising the gravity of the problem, the leaders of the country chose for a less direct way of population policy, and started to encourage childbirths by supporting families.

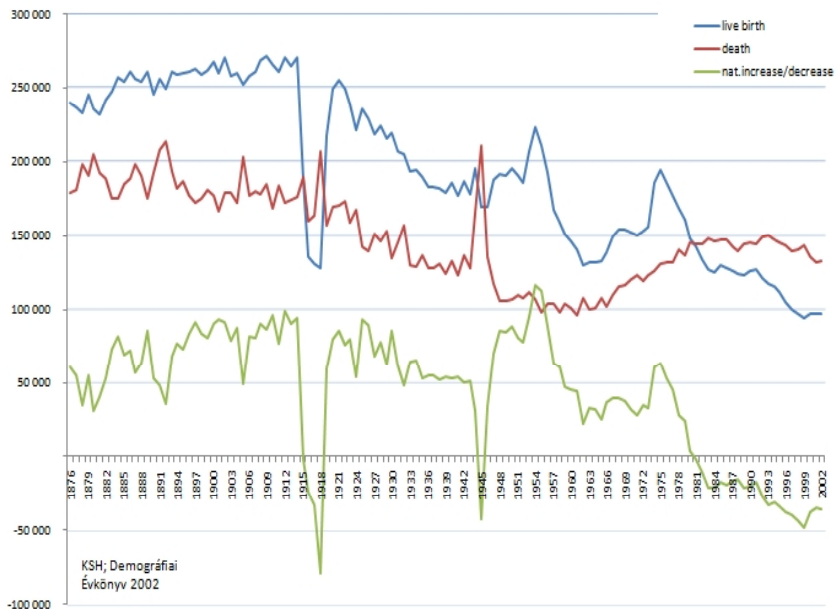
First, the amount of the family allowance was raised in 1965, then in 1967 the GYES "child care allowance" was introduced. Every Hungarian family was entitled to this allowance until the child reached the age of three. However, it was a relatively low and fixed amount of money (600 HUF) so was profitable more for people with low income. For this reason mainly the families from low income classes were the ones who increased the Hungarian fertility rate afterwards (Tárkányi 2003). The general child care allowance caused a sudden, large-scale increase in child birth rate, but only for a short period. Next to the demographic reasons the introduction of GYES was reasonable with respect to its timing (the huge cohorts of the abortion prohibition period had reached the employment age) and also to tackle the social conflict of women caused by the dual activities of women, raising children and working. Additional policy actions were launched in the 1970s, like the further increase in family allowance in 1973. Additional social provisions had been started so that finally they formed a complete population policy package by the mid' 1970s that affected the last wave of child birth in Hungary

In the 1980s, at the age of an open crisis of regime, the democratic opposition that was just taking shape introduced the issue of population crisis into public awareness, but at that time no overall measures could be taken like ones that were typical of Hungarian population policy earlier on.

The decreasing number of live births which caused a natural decrease of the domestic population (since 1980) is in tune with the Western-European demographic trends called the second demographic transition, which can be recognized in modern western societies.

After the fall of the communist regime, the issue of increase in population was taken off the agenda by politicians. During the election campaigns one seldom hears about one of the most pressing issues of the country.

**Chart 1.3.1.: Major indicators of population in Hungary (as for the present area of the country).**



Source: KSH Statisztikai Évkönyv 2003. "Hungarian Central Statistical Office Statistical Yearbook 2003."

Another demographic feature of the situation in Hungary is the very low rate of life expectancy (69 years for men, and 76 years for women). This rate is comparable to the typical rate for economically a much less developed group of countries (Romania, Albania, and Moldova). Life expectancy is also different over time from western trends. Life expectancy has not increased constantly since the 1950s in Hungary, and in fact, from the 1970s until the years after the regime change for example life expectancy for men decreased. This phenomenon led the demographic experts to forecast the beginning of Hungarian population decreasing trend later than it has really occurred.

This also played a role in the fact that demographers were unable to predict the start of the lasting consumption of Hungarian population (it was forecasted for later). The exceptionally low rate of life expectancy of the male population of Hungary is primarily due to the shockingly bad health state of mainly the middle-aged male population.

In the case of expected lifetime of male population the situation is getting worse because of the high rate of infant mortality, the terrible mental state of people, and last but not least the high rate of suicide (Zonda & Veres & Juhász 2010).

In the past 150 years Hungary has been a country permanently trying to catch up. It has not been able to adapt the modernity of the age completely, and to make its achievements available for the whole society across the whole of its territory. At the age of dualism two million people emigrated to America from the most productive counties. The immigrants were mainly well off but wanted to live even better which was not possible because of the lack of land (the pressing of large estates), industrial and urban development being far away, and the peripheral location of their town (Neményi 1911).

Between WWI and WWII a new order and ideology was created in the country, but this new road was broken by the biggest war ever. After WWII the country was not allowed to follow its own route, and due to the forced development of war industry nearly a million and a half people from rural areas moved to industrial cities and their agglomeration areas, but this initiated the ageing and emptying of villages. Society paid the high price of socialist industrial development by *early ageing*, the decrease of life expectancy, the highest rate of suicide in Europe, worsening disease rates, etc. Emigration to America was replaced by long-distance inland commuting, and the reproductive capacity of society was seriously damaged from the fifties onwards. The industrial development of the time was based on the results of

accumulating human resources WWII and slowly used that up as well. The human reserves of society ran out by the beginning of the nineties, and the renewing capacity of society entered into a crisis, with the most serious result being the decrease in population and impoverishment.

Related to the facts above, the “optimists” think that the country will be more liveable, since if there are fewer people, it will be more comfortable within our borders, and the pessimists think that the *predictions of Herder* will come true.<sup>30</sup>

The population of the country will probably never drop below 9 million; what may decrease is the percentage of native Hungarians, one third of whom will be pensioners by then.<sup>31</sup> The country might well be the home of even 12 million people, but in an extreme situation even twice as many as the current population could live here because its *water, agricultural land and renewing energy potentials* would support that number of people – calculated by the output of most modern and efficient agricultural economy.

According to our hypothesis the population of Hungary will never drop below 10 million permanently, as the people passing away will be replaced by others moving in, who may be Hungarians from the Carpathian basin, speakers or non-speakers from neighbouring countries, EU citizens, immigrants from Eastern Europe or from outside of Europe, and so on. We cannot think that the country will be an empty piece of land in the geometrical centre of Europe, where nine-tenth of the guest workers in Germany commutes regularly, several European continental roads and air corridors meet. Therefore there is no reason for the “optimism” that if we are fewer, there will be more empty flats, fewer crowds in the streets and trams, that is, our chances to access public goods will improve.

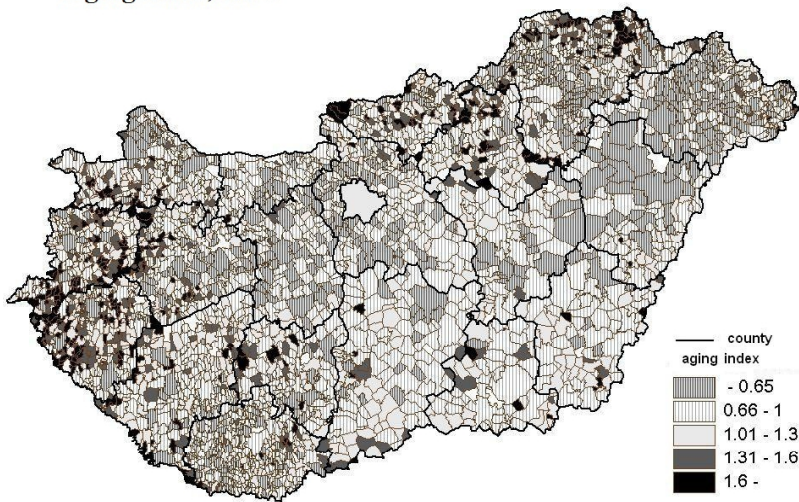
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<sup>30</sup> J. G. Herder (1744-1803) was Kant’s disciple, Goethe’s contemporary, an important figure of the German Enlightenment, who predicted the Hungarians would disappear in the sea of Slav and German.

<sup>31</sup> According to estimate of the 2011 UN the population of Hungary would fall to 9.2 million until 2050. The prognosis of the KSH “Hungarian Central Statistical Office” Demography Research Institution is more pessimistic, as according to their calculation the population of our country would fall under 9 million after 40 years.

*Figure 1.3.1.: Aging index in 1990*

**Aging index, 1990**



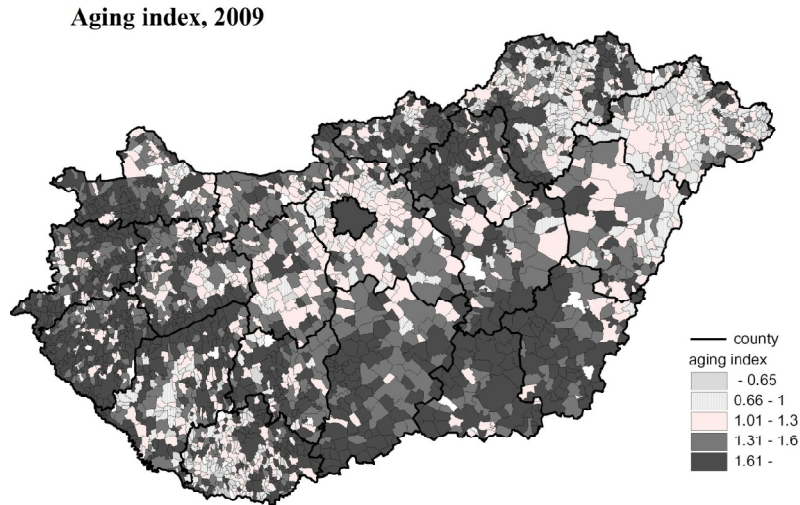
Source: TeIR data “National Spatial Development and Spatial Information System”, calculated by Mátyás Bódi.

However, there are already problems with access to public goods and services. The institutions maintaining public goods and services are underfinanced, since the operation of them is dependent on dimension efficiency, i.e., for their efficient and economical operation it is essential to have enough number of claims, adequate capacity in quantity and quality, and public funding to ensure the operation of capacities. Only societies that have an adequate number of citizens of active age can produce enough resources for the operation of public goods and services, and the economically active part of this age group operates in an economy whose taxes can acquire and sustain public goods and services.

One – if not the main – problem of Europe after the millennium is that its economic potentials were maximized as far as human resources are concerned, little is spent on the future, and more money is spent on the present than it could be afforded. That is why France and the United Kingdom have to make dramatic corrections, and even Germany may not be able to avoid a similar situation. In the West pension and welfare systems need reform. Countries with a life expectancy 8–9 years longer

than in Hungary make the steps so painful for the welfare society, and where individuals themselves also have substantial correction resources.

**Figure 1.3.2.: Aging index in 2009**



Source: TeIR data “National Spatial Development and Spatial Information System” calculated by Mátyás Bódi.

In Hungary social systems need a paradigmatic reform, that includes finding the right direction for economic development to deal with the demographic crisis and impoverishment because these problems cannot be separated. One single measure or policy cannot solve the intertwined social and economic crisis, (Bódi 2009) it requires a broad and long-term program, and lots of strength and strong legitimacy for the politicians to carry it out since it involves great risks. The macro- and micro-elements of the social and economic crisis, and the resulting questions are as follows:

1. There has been a mass and underfinanced education system (having been in that condition for a long time) coupled with a *low number of students*, and where in the past few years nearly four hundred schools and a similar number of kindergartens have been closed down. In the past twenty years 526,000 fewer school-aged children live in Hungary (2007), and 86,000 fewer kindergarten-aged children live in the country as compared to 1988. The number

of children of school age fell to 61.5% between 1988 and 2009 in the same period the pre-school age population declined to 83.5% in Hungary. Can the demographic crisis only be answered by a rough, defensive step?

2. There are *one and a half million less workplaces* than in 1988, and only one sixth of them were restored. At the end of the first decade of the millennium nearly 1.2 million people live on pension-like supplies although not of pensionable age, and 400,000 out of half a million unemployed are on long-term unemployment benefits, which basically means permanent social benefits in Hungary. Nearly 200,000 people live on regular social aid because they cannot be considered unemployed any longer but have not reached retirement age yet. Against *nearly two million people on social benefits, there are only 4.3 million tax-payers*. The number of pensioners is 1.7 million, which is not as large as the number of socially benefitted, but in the next decade half a million people from the group living on social benefits will become pensioners without any savings and only with a minimal amount of pension. The new group of pensioners will no doubt break the social network. The breaking of the social barriers does not only affect the submerged groups, but the whole of society is affected since everybody bears the costs of dealing with this social crisis (Bódi 2009 20). How can the large number of social benefitted and the increasingly large number of retired pensioners be maintained with so few working taxpayers? (Annex Figure and Table 7.)
3. *The country has split up into liveable and less liveable areas*, from which it is difficult to break out given the social norms. What makes the situation even worse is that the population of nine counties,<sup>32</sup> three regions in the traditionally productive zone of the country (Bódi–Fekete 2001 172) is the most affected by the high concentration of people living on benefits. Therefore, where the ageing index did not exceed the critical value of 1.0, and people living on social benefits dominate, i.e. their proportion to taxpayers is higher than 60%. Except for the agglomeration area of Budapest, where the age composition is favourable, and the proportion of people living on social benefits is under 20, or in the worst cases, 40% (depending on municipalities). Studies on schools in the most

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<sup>32</sup> County as a spatial administrative unit is equivalent with the EU's NUTS-3 spatial planning and regional development area. Hungary is divided into 19 counties plus Budapest.



productive counties (Gazsó 2008) provide some insight on the nature of social enclosures, and the connection between school performance and the social status of families. This kind of poverty results in bad school performance, not continuing one's studies, lack of qualification, and, later on, social dependency. In this social enclosure poverty produces poverty, of which there are no legal individual ways out, and anomy starts breaking the frame of elementary integration at the local level. Hungary broke apart in two: into the successfully catching up *blue banana* zone of Sopron-Győr-Kecskemét-Szeged, and into the gradually sliding regions of South-Danubia, and especially the regions of the North-Plain and North-Hungary. The *Kuznets-Williamson scissors* have remarkably opened between the regions mentioned above, and this forecasts the negative vision of a dual country, dual economy (Schumacher 1999), and dual society (Castells 1991). Just imagine the new housing estates, industrial wonders built on modern knowledge centres, but at least a row of modern factories, with workers traveling to their workplaces on a number of buses, children studying in well equipped schools, etc. on one side of the country. As opposed to this, people live in ghettos in the other half of the country, where even policemen are reluctant to go, there are regular fights, especially on the days after receiving the aids when usurers send in their executors. Instead of real teaching, schools are for social catering, the middle class fled from the towns, and the rest, the ones afraid of sliding down, organise extremist self-defence movements. Let's look at the situation and see what makes the *blue banana* zone successful, and why are areas lagging behind unsuccessful.

4. The country of *early ageing* has to face the drawback of its East-European nature after the cold war, the danger of splitting in two so typical of countries trying to catch up, and the global crisis of the West, the target area of catching up. How can it face the Western *patchwork culture* (Greca 2010), which was unable to socially integrate immigrants, and could not integrate peripheral groups either? Where can we find good examples, and what strategies need to be built?

### **Solution models and directions**

During the forced march, the transition to new capitalism, a specific transformation happened: the followers of socialist economics, which

was formerly emerged in accumulation, and was investment oriented, (Kornai 1980) found a good and understanding partner in the Hungarian representatives of interest groups of neo-Fordist spirit, capital-oriented, who concentrated on capital investment in any rate. The central issue of transition was the strongest possible capital absorption, and strengthening the capacity to attract investments, at any cost in many cases (whole sectors of the manufacturing industry were sold or eliminated). Many waited for outside capital as a cure-all that would solve all the problems at once. Developments that attracted capital (linear infrastructural investments) only raised the cost of living in disadvantaged areas, but new industry, new employers did not replace the closed-down former socialist factories and agricultural cooperatives. The emergence of gas, sewage, telephone and a cheap labour as cost advantages did not produce an investment boom.

Capital especially avoided the part of the country where the unemployment rate was more than double of the national average. Innovation expected from the outside did not even arrive in regions where production investments were made, for the majority of these investments were not factories that produced first class products (Lukovics 2007). The new capital did not result in such *trickle-down* that would have encouraged the knowledge production of the environment and its production system. Although the developments finally contributed to the strengthening of the export, they were not integrated into the organic system of local economies, but produced a certain *dual economy* in the localities (Schumacher 1999). In several cases they did not even improve local employment (long-distance commuters, bringing in workers from Slovakia or Romania), and, beyond this, the new companies did not contribute to the maintenance of local organisations of social services, as these new companies extracted several years of local tax reductions (of corrupt local decision makers in many cases).

After all, instead of the regions offering cheap work power, the developing companies producing knowledge and requiring high technology and knowledge settled in the more developed regions as far as human resources are concerned, in Vas and Győr-Moson-Sopron counties. They were looking for their place in the *blue banana* region where substantial innovation, creativity, knowledge and disciplined, qualified work power in industrial work could be found, and partners: schools, universities, and local governments. The basic principle of the Chicago school (Schultz 1971) was supported in Hungary as well, namely that instead of knowledgeable people going to where they find

work, capital settles in an environment where creative people live in large quantities, and this new capital helps the local creative capital to unfold (Florida 2004).

*Creative capital* looks for locations that have a high level of education of local inhabitants, high standards and flexibility of professional training, and the existence and effective operation of knowledge centres in the region. Therefore universities, if they work well, attract industry, and the industry is able to help maintain universities that develop in the region, as can be experienced in Győr as a positive example of the industrial capital's presence, or the Catholic University of Ingolstadt, built in Bavaria next to the Audi headquarters in the seventies.

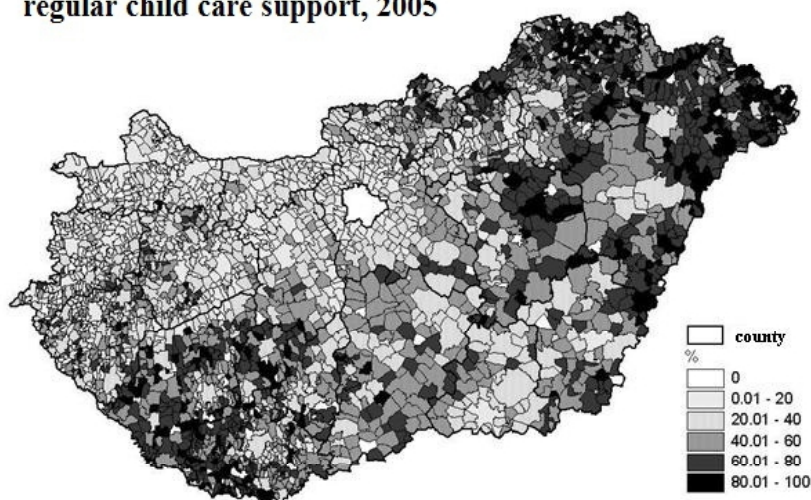
The fundamental question is: what can be done with the areas beyond the *blue banana* where a large number of active aged people living on social benefits live in the north-eastern counties of the country, and where the majority of young people grow up in families in which poverty and unemployment go hand in hand? (Figure 3.1.4.)<sup>33</sup>

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<sup>33</sup> After the child protection law of 1997 more than 60% of the under-age population qualified for a regular child protection support (calculated by settlement), i.e. the amount of total family income per head did not reach the 8/10 of the minimal pension.

*Figure 1.3.3.: The percent of people receiving regular childcare support in 2005.<sup>34</sup>*

### **The percent of people receiving regular child care support, 2005**



Source: Data from the Ministry of Interior, Department for the Management of Local Governments, calculated by Mátyás Bódi.

Capital avoided areas lagging behind, and in these regions the neo-Fordian development models could not be applied either; cheap workforce, tax reductions and good infrastructure did not provide enough attraction. In spite of the above – or because of that –, the governments in cooperation with local lobbies allocated a significant amount of public money: Kisvárdá, Mátészalka, Barcs, Marcali, Tokaj, etc. (Bódi 2010). Public investments were manifested in the development of public institutions and infrastructure, but these investments did not live up to expectations because they did not have a significant effect on local economies. The degree of development of the settlement, social dynamics (employment, businesses, and capital attraction) did not improve much (Csatári 2006) (Csatári & Farkas 2006) (Fekete 2010). Very often development aims could only occur if they were subordinate to political lobby games. Therefore public investments having taken

<sup>34</sup> Regular childcare support: available for every child who lives in family having a monthly income per capita less than 80 percent of minimum pension (26,000 HUF).

shape under a system of political conditions served privileged interests rather than local will or interest, and did not build on the better utilisation of indigenous resources. There are several examples of this development model built on networks (Pálné 1999) in international practice, especially in Latin countries, and the assessment and criticism of this practice is well-known (Camagni 2002).

### **Searching for feasible development paths – breaking the vicious circle**

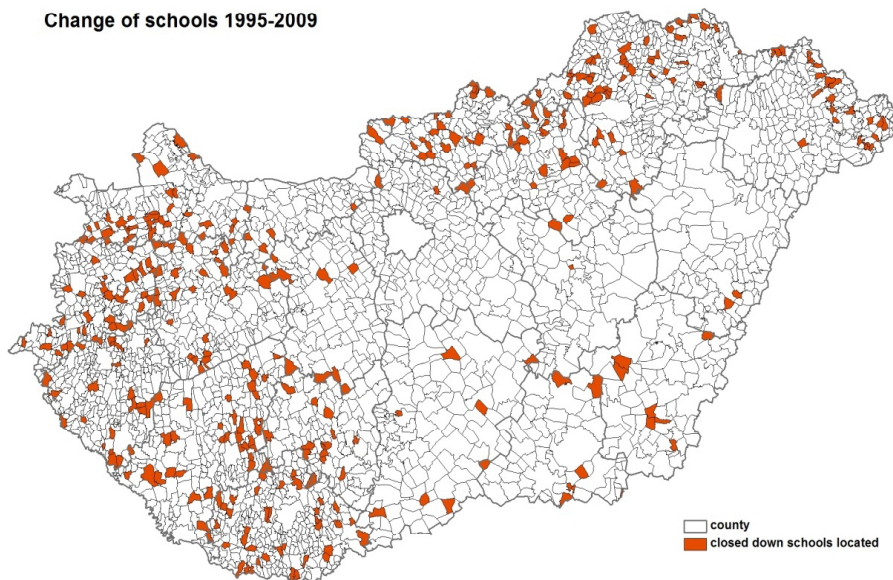
Two decades of experience has shown that market processes do not work in the areas lagging behind, and state and political expansions cannot deal with. This is problem. What kind of cause and effect chain ties down the areas in crisis, and restrains social and economic evolution? The economic crisis of social origin cannot be answered by economics in the classical sense, at least unfolding the catching up process has to be started not on the capital side, since cost advantages that seemed advantages are not really advantages even for the neo-Fordist development model. The workforce is not cheap, and it is unusable in its present form (uneducated, uncultured, and unskilled). The infrastructure is incomplete (bad state of roads), and even those existing prove to be expensive compared to European prices (gas, telephone). In addition, using gas pumped from as far as five thousand kilometres away increases our already high energy dependence far beyond the EU average: 52%.<sup>35</sup> There is a circular cause and effect system in the background of regional backwardness and this vicious circle closes down the path for moving forward.

*Social erosion* was further accelerated by the insufficient operation of the local organisations of social services. The reason for the peripheral areas lagging behind is not only due to fiscal reasons, but the social decomposition was speeded up by the bad, insufficient and ill-proportioned financing of schools, which led to the closing of small schools especially in rural areas. Local governments unable to maintain their educational institutions for a lack of their own resources (own income and local taxes), and moved their schools into forced school associations (Fekete 2009).

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<sup>35</sup> According to International Energy Agency (IEA) data the proportion of imported energy in the energy scales is 43% in the EU27.

**Figure 1.3.4.: Source: TEIR data “National Spatial Development and Spatial Information System” calculated by Attila Fekete**



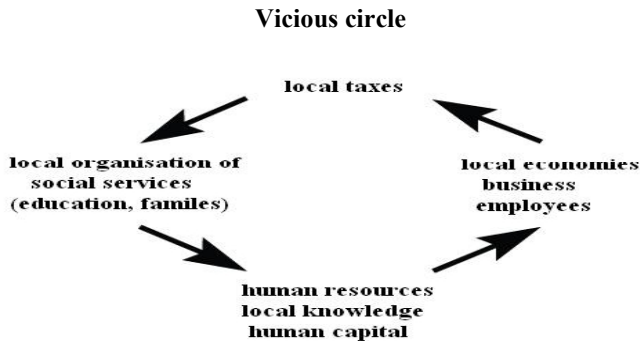
Institutions responsible for the development of local knowledge and human resources closed down and moved away from rural life spaces. Local environments became wantless and uneducated; and the reason for the downward spiral, in addition to the closing of schools, may be the disintegration and contra-productive operation of families. The lack of education at home and following norms, and the weak ties to culture produced a new generation where the vision of advancement involved getting along at other people's expense instead of studies and work.

Social transfers offered by the state (through the local governments or evading them) provided for a relatively broad access (benefits without correct reasons) for the active working age receiving pension-like benefits.

Community areas of social provision (kindergartens, schools, libraries) closed in large numbers, but the amount and quantity of social provision

(aids and benefits) available for individuals grew, and this distorted social system encouraged the mass of unskilled and uneducated people to not work or study (Bódi 2009). Even the most elementary conditions of work and study were not available in order to encourage working or studying. The aiding policy was a necessary but insufficient condition for the s disintegration of local communities.

*Figure 1.3.5.*



The complete falling apart of local economies and employment remains a basic problem. Besides the over-estimation of market processes and political will the lack of knowledge about local economic development is evident in many cases.<sup>36</sup> The lack of knowledge on regional and economic development did not improve by joining the EU, since the deficiency in local knowledge, creativity and real innovation was often concealed by the slogans of the EU.

The weakness of local economies induced two more factors: on the one hand, it did not produce enough local taxes (trade tax, tourism tax, communal tax, vehicle tax, etc.) that local governments could have spent on the better operation of local organizations of social services.

Due to further weaknesses of the economy, an insufficient amount of income tax was produced, which could have contributed to covering public spending (since a part of it would have been returned to the local governments). Family income from local work and business was not produced either, which could have initiated solvent demand, and would

<sup>36</sup> At the geography faculty of the leading university in Hungary, poor quality regional development plans are shown round among young regional analysts as bad examples, plans that have been copied from one another by tendering companies and handed on to small regions throughout the country.

have increased the market and social demand of families for better market and public services. The existence of social demand is not only the basis for the operation of local economy, but also a minimal condition of the operation of a democratic society, where public money is controlled by the demanding and critical social public.

There is only one question left: how can the vicious circle maintaining the social trap be broken, i.e., what can be done for the development of areas lagging behind?

### **The creation of development paths**

For a continent and even more for a country with a decreasing population the solution could be economic development built on quality and modern technology. The decrease of population today cannot be stopped purely by population policy, since its historical roots are deep and its reasons are many-fold.

Catching up, should not mean adjustment to the yesterday of the developed world from a technological aspect, even if we are behind of its day before yesterday. Catching up needs to be adjusted to the tomorrow, and to reach this, the whole of the R+D sector has to be reinforced, but especially those institutions and research groups which are able to develop the geographical and natural potentials of the country (water, soil, solar and geothermic energy) for industrial, agricultural, pharmaceutical, tourism and public utilisation in the most modern and environmental friendly way.

Training of engineers has to be developed, professional training needs to be reformed, present and successful capital investments need to be encouraged, but industrial investments based on cheap workforce should not be forced. Knowledge-based economic development does not only requires engineers and skilled workers, but also clever professional administration and effective local governments as well, who can be agents of a given region, but can also work in co-operation.

Instead of competing local governments, the horizontal administration system of the country needs agents to work in co-operation. As much as possible, developments should build on indigenous resources which, when introducing modern technology, has its ties to the land and homeland built in.<sup>37</sup>

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<sup>37</sup> The investor of a drying and conserving factory, or a modern factory making engines whose heating and cooling is built on renewable energy produced locally will think twice before considering moving away, for geothermal



Maintaining the research institutions today is independent of the result produced by the area in question. Institutions and universities bound to geographical units (e.g. *Lake Balaton*, *Alföld* “Great Plain”, *South-Transdanubia*, *Valley of Tisza*) should be linked to the societies and economies of the geographical units. They should be assigned tasks that serve long-term strategic aims in the areas of ecology, economy etc. A great number of technological patents, inventions, and local knowledge does not get transferred into the economy, because they get wiped off the horizon of the future by sectoral (formerly) and the interests of monopolies (today).

Economic development building on comparative advantages favours clever capital investments, which creates new development paths, (Schienstock & Hamalainen 2001) and an essential element of this is universities and research based on schools.<sup>38</sup> Schools perform a mission in areas lagging behind; therefore it is essential that they are physically close to families. The problem in several families is that the mother is illiterate that is why she cannot help her child. A social bridge is needed for the new generation with the help of which these people can escape of their out-cast position and move into the accepted society.

Schools in villages and the outskirts are also necessary for supporting talented students as early as possible, and, if needed, good students and their families, especially mothers should get extra support so that the children and young people would not be discouraged from continuing their studies for the lack of money. For talented people some careers are avoided by middle class children for comfort or prestige reasons although they are very important for the whole country, and need to be made especially attractive.

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energy can only be transported economically for a maximum of seven kilometres.

<sup>38</sup> The genius of state politics of the last century, Klebelsberg, built up a ruined country through education. He was accused by many for trying to carry out mad ideas, Balaton research institution, a university in Szeged, five thousand schools in small villages in buildings that look more elegant than aristocratic country houses; they said his lavish ideas would ruin the consolidation of the time. The deeds of the minister were justified by time: without the Balaton Research Institute there would be no Balaton now (blue algae would have turned the most beautiful shallow lake of the continent into marshlands). Without the University of Szeged there would be no biology centre, and perhaps no vitamin C, and no Nobel-prize to Albert Szentgyörgyi; and without the five thousand school rooms and teachers Hungary would not have survived the human loss of the Second World War.

Families in the regions lagging behind need employment to assure a living, where there are real businesses also producing profit, that are built on local resources (water, soil, using environment friendly solar and geothermic energy), with modern technology, and marketable products or produces replacing the importation of more expensive ones transported from a long distance (gas heating). Productive and economic units have a trickle-down effect, i.e. they are not only industrial parks closed behind barriers, which produce an isolated second economy in the landscape, but they organically grow into it. Creative capital processes raw material from the local environment, it employs a local workforce. The development of new technology has an impact on the region as it encourages studying, requires professional training, and its modernity makes local society more open. Last but not least, it contributes to the renewal and sustainability of local organisations of social services and local governments through paying taxes and modernising professional training.

## 1.4 Where are the voters?

*Ferenc Bódi – Máttyás Bódi*

### **Spatial dimensions of electoral research – premises (electoral geographic approach)**

There is not a wide range of academic literature on this research topic in Hungary, due to the fact that only a few researchers try to examine the political elections in accordance with its spatial dimension (Hajdú 2006) (Benkő 2008). During the communist era political geography like political study itself – did not belong to the studies preferred by the communist authority. In 1990, general and local elections were held, which meant the official fall of communism in Hungary. In the country's history, these were the first, pure democratic held elections, where citizens could express their political mind, Hungarian political research originated from that time.

After these first elections (1990), initial publications about electoral geography were published by the help of more experienced western European co-researchers. Later on, Hungarian researchers (Institute for Political Science of the Hungarian Academy of Sciences) started publishing their own volume, in which annual sociological and political reports can be found for every county and the capital Budapest. These reports are sociological reviews where electioneering methods, social background of local candidates, etc., are provided, but geographical approaches are also included. Historical-geographical works of László Hubai are also worth mentioning in this paper. He made an attempt to find a relationship between the results of elections of the early 20<sup>th</sup> century and the outcomes of recent ones. The territorial and ideological continuity of voting's outcome are described on a rich map appendix of his book which is called, the electoral atlas of Hungary in the 20th century. The author's works were also based on the research achievement of Péter Benkő, whose name was also associated with the idea of regional electoral geography. He examines the phenomenon of domestic elections in regional aspects, tries to find parallels between electoral results and socio-economic indicators of smaller territorial units (micro-regions). In Hungarian political yearbooks research on electoral geography by László Hubai and János Rechnitzer is also found.

In Hungary, political and electoral geographical works have been influenced by numerous factors during the past century. By the second

part of the 20<sup>th</sup> century, much more complex examinations had been published, in which causal relationships, and social background of voters were investigated instead of simple monographic works (Weiner 2010), although these latter works are still being created (Hajdú 2006). After the political changes, Hungarian researchers also wanted to find the hidden connection between the voting habits of citizens and their social background or even inherited cultural identity. As they found, there is no clearly defined answer. Experts still have an academic debate on how much historical continuity or cultural background of voters should be considered in geographic electoral research. Clashing opinions of experts can be seen in Zoltán Hajdú's papers. After his work, many examples (Europeans as well) show that there is no direct connection between previous results of elections and the present elections (Hajdú 2006). On the contrary, other authors pay all their attention on examining the results of elections from the 1920s or 1930s or even from the 19<sup>th</sup> century to find relationships between them. As far as the authors of this paper are concerned all political decisions (voting) are the result of a relatively long deliberation process. Everyone has their own way of living, their own life style that is based upon their own individual experience. All of one's individualized experiences are determined by many factors to include social, financial, and educational and last but not least, geographical ones.

Finally, a different kind of geographic approach must be mentioned that attempts to analyze the social background of the differences in voting (Angelusz & Tardos 2002). This work was published by the Hungarian Central Statistical Office and included in the research focus indicators that were expected to influence voting outcomes. Their research results draw attention to the role of education, age, and the type of municipality where voters live. This was confirmed by the report of Gábor Hegedűs (assistant lecturer at the University of Szeged) whose empirical urban research work showed that people with low income participate less than others.

The aim of the authors in this paper is to uncover the social background of the phenomena of voting, in essence what makes people vote. A major finding is that voter turnout in Hungary has a spatial feature that can be described year after year due to its spatial regularity (Annex 14-15). As it will be shown, voting results are not only explained by the unique hysterical atmosphere of pre-election campaign periods. All elections held since 1990 were examined to try to understand the spatial pattern and social characteristics of voting. The phenomenon which led the

authors to include the geographic feature as one of the primary factors in election research is the almost fixed spatial order of voting results with respect to participation in Hungary. This study examined the spatial feature of participation, the possible historical reasons for low participation, it will try to extend the authors' locality hypothesis to a national level (Hegedűs 2007) and finally try to justify another older hypothesis with quantitative methods (Bódi 2006).

### **Six elections with one result – low voter turnout in Hungary**

It is often considered that voter turnout is a significant feature of a society that is able to show how relevant political decision making is among the citizens of a certain territorial unit. From the politician's viewpoint a high turnout is generally seen as evidence of the legitimacy of the current system. One of the special Hungarian features of voting is the huge difference between general and local elections, in term of participation. Generally, citizens go to the polls much more in a general election than in a local election. This can be related to the size of towns – as it is presented later – where relatively high voter turnout is observed at the smallest settlements, where the role of local authorities is outstanding in social benefits. Even the local elections of 2006, which were characterized by the highest participation (53.1%) ever seen since 1990 did not reach the participation level of the general election of 1998, which had the lowest turnout in general elections (56.3%).

Within the aggregate national average, significant differences can be seen. These differences have geographical and other social dimensions. In the general elections certain types of trends stand out for observers year after year. In each general election the inhabitants of bigger cities (Budapest, cities of county rank) go to the polls in a higher proportion than the national annual average and curiously the same is true for the people living in the smallest villages. Those smallest villages belong to a rural type of municipality which does not have even 1000 inhabitants. When the smallest villages are not taken into consideration, the turnout of municipalities at general elections is directly proportional to the number of inhabitants. In connection with the politically active zones, it has been mentioned that municipalities in the metropolitan area of Budapest have a relatively high turnout. For this reason some towns with more than 10 thousand inhabitants have higher participation which causes the relatively high rate of this municipality group especially in 2006.

Municipalities with larger populations have higher participation in general (national) elections, and the smallest Hungarian municipalities behave the same way as the most populated cities. Thus, the social conditions of those smallest villages could be worth examining, in particular the distinct voting trends in rural areas. Another interesting fact is that, municipalities with urban status participate in general elections to a higher degree than rural municipalities having the same number of inhabitants. This may be due to the urban milieu of these smaller cities or the urban identity of their inhabitants which influences voter turnout.

According to the size of the population of Hungarian municipalities, trends can also be observed in local elections. Generally, rural municipalities have a higher participation in local elections than urban cities. In this case the citizens of the smallest villages went to the polls at the highest degree. There were no local elections since 1990 when the voter turnout of the smallest municipality group (less than 500 inhabitants) did not reach 70%. The fact that in the majority of the smallest villages, only one candidate was nominated for local elections makes it more interesting, because there was not any competition at all. Compared to this, the average of the urban city categories almost never reached the annual national average in the local elections.

The voter turnout of municipalities with rural status is in inverse proportion to the number of inhabitants (the smaller the population the higher the turnout). To sum up, voting in local elections is considered to be a more important way to make political decisions by the citizens of smaller municipality groups, while bigger urban cities are characterized by a higher participation in general (national) elections.

The fact that certain types of municipalities have no interest in local elections while they keep their eyes on general elections suggested that further examinations can be necessary (urban cities). Moreover, what kind of society is it, in which local affairs are more important than national ones (smaller rural municipalities). Finally, the societies of the smallest municipalities (with less than 1000 or 500 inhabitants) are also worth mentioning, where both local and national elections are followed with high attention by their citizens.

As shown the size of municipalities makes a huge difference between Hungarian cities and towns in terms of voter turnout. While reporting about the findings according to types of municipalities the spatial dimension of voting habits is also important to discuss. (Annex figure and table 14)

When the spatial patterns of political elections' turnout are examined, year after year distinct regions can be described as areas with high or low participation levels. This distinction can be seen clearly especially in the general elections of 2002 and 2006. Voter turnout as a special social feature has its own spatial pattern in Hungary, just like other socio-economic indicators. For delimiting the areas with extremely high or low turnout, aggregative methods were used in which every territorial unit (at municipality level) was rate *from minus 6 to plus 6* for each of the six general or local elections (Annex figure 14-15). Using a rough generalization, the northern (north-western) part of the country with its high participation can be distinguished from the southern (south-eastern) part which has a relatively low participation in general elections, however an exception to this generalization can be seen around the bigger regional center cities in the south.

**Table 1.4.1.: Voter turnout at the parliamentary elections 1990-2010 (%)**

	1990	1994	1998	2002	2006	2010
<b>Budapest</b>	<b>71,11</b>	<b>74,25</b>	<b>63,63</b>	<b>77,52</b>	<b>74,55</b>	<b>69,74</b>
<b>Towns of county rank</b>	<b>67,54</b>	<b>71,11</b>	<b>59,18</b>	<b>73,40</b>	<b>70,14</b>	<b>65,61</b>
<b>Towns*</b>	<b>63,63</b>	<b>68,66</b>	<b>54,63</b>	<b>69,30</b>	<b>66,82</b>	<b>63,37</b>
Towns over 10000	63,92	69,07	55,36	70,31	67,77	64,19
Towns under 10000	61,54	66,65	51,84	66,21	64,11	61,36
<b>Villages**</b>	<b>61,55</b>	<b>65,22</b>	<b>52,05</b>	<b>66,28</b>	<b>64,11</b>	<b>61,71</b>
Villages over 10000	60,99	67,51	56,74	67,26	71,45	69,38
Villages 3000–9999	59,39	63,37	49,42	65,19	63,33	61,92
Villages 1000–2999	60,8	64,51	50,82	65,38	63,25	60,79
Villages 500–999	65,31	67,77	55,6	68,23	65,53	62,03
Villages under 500	70,4	71,9	61,76	71,89	67,73	64,14
<b>Hungary</b>	<b>64,99</b>	<b>68,92</b>	<b>56,26</b>	<b>70,53</b>	<b>67,83</b>	<b>64,36</b>

Source: calculated by Mátyás Bódi from the data of the Hungarian National Election Office (\* without Budapest and towns of county rank, \*\* all the villages by legal status, \*\*\* calculated according to the votes on body of representatives).

Those municipalities that were in a politically active zone (the above mentioned smallest municipalities located on the North-Eastern and South-Western periphery) were basically suburbs of the relatively highly populated county centers in their broader agglomeration.

Some areas of Hungary can be described as politically active zones, whose relatively high participation rate is not related to the size or type of municipality. The western border land is a wide belted area characterized by a high participation in general elections. Additionally, a high participation rate occurs in the capital (Budapest) with its large agglomeration zone (especially the northern commuter-belt area). Here it is important to point out that Budapest had the highest turnout in every general election of all municipality categories (Table 1.4.1.). Last but not least the so-called Hungarian “sun-belt” which contains the municipalities around Lake Balaton is an area with a high participation.

As the opposite end of the participation rate, a huge, almost continuous area with low turnout can also be seen. This area covers the Great Plain, in which smaller active zones can be found around the regional centers, but the lack of concern towards the general (and local as well) elections is the typical social feature of this region. (Annex figure and table 15)

This outcome reflects the same thing when the local elections in different municipality categories were examined. The geographic and economic periphery of Hungary, where the least populated municipality groups are located show the highest participation. The municipality structure of those North-Eastern or the South-Western rural areas are dominated by small villages where both general and local elections have really high turnouts at every election. The Great Plain (East, South-East) area shows its political impartiality again, no matter what types of municipalities are included, but in case of local elections, the region of the capital (Budapest) and its agglomeration are part of the passive voting zone. The smaller municipalities of the western bend area also have a high participation but they are not a continuous area spatially. To sum up, there is no huge territorial continuous region with high voting turnout in Hungary, except for those smaller peripheral regions in which almost only small villages can be found. (Annex figure and table 16)

Finally, the aggregate score of every municipality were calculated (aggregate outcomes of general and local elections). The aim with this method was to look into the municipalities whose turnouts were above the annual average in every year at both general and local elections. In this way the so called *hyperactive* and *hyper passive* municipalities could be located with respect to political behavior. To make it clear, hyperactive means municipalities whose turnout was above the national average in every election (six general and six local) and hyper passive were those municipalities whose turnout was below the national average in every election. As it can be seen, particularly the groups of the hyper



passive municipalities form geographically distinct units on the Great Plain region, while only a few small municipalities appear as hyperactive scattered sparsely in the country. To conclude, municipalities with extremely low participation are concentrated in one certain landscape of Hungary (Great Plain) independently from the size of municipalities, while the location of municipalities with extraordinary high turnout reflects the spatial structure of small municipalities in the country.

In connection with the spatial pattern of election turnouts it can be deduced that socio-economic differences and inequalities exist in Hungary in its spatial order and the territorial feature of political behavior. These factors can be well measured and tracked by its geographic dimension.

Future research by the authors will be to further examine the relation of the social features of those municipalities whose voting behavior differs in any respect. What socio-economic indicators characterize the smallest municipalities in remote rural areas? Or conversely, what social or cultural factors are related to individuals voting in every election and also what factors are related to not participating? In this latter case, the geographic feature of the phenomenon is worth studying (see the *hyperpassive* Great Plain area). Since these municipalities' turnouts were below the national average in both local and national elections.

Hungarian society as a whole is featured by this duality, in which a long term rural-urban division is recognizable. The authors plan to develop studies to better understand of what social factors underlie this clear division that is evident in Hungarian voters.

## **There is no end of history**

### *Reasons for low voting turnout (socio-historical approach)*

In the political era before the 1990s the basic source of legitimacy was consumption based on pleasure and partial autonomy of private life. In the early 1980s the Institute for Social Sciences conducted a survey for the reigning state-party to find out whether workers were really loyal to socialism and if yes, primarily why they were faithful to the system. The research showed that the majority of the country was bound to the political system through consumption, that is, only one element of the criteria in the Weberian sense of legitimate validity could be shown in the society before 1990.

The legitimacy of *traditional* patriotism, based on the principle that *it has always been so*, could not work at that time, since the system aimed at demolishing the past. The legitimacy of the *passionate faith*, newly declared and exemplary, could not work, either, since in socialism it was soon clear even for egalitarians, that there were *more equal ones*. Legitimacy based on *value rationality*, the purest type of which is natural law, could not exist, either, since the politics building a socialist system cut back on its basic institutions. A *legality-based* system existed, and was considered legitimate on the grounds that the stakeholders agreed or they simply accepted it under constraint (Weber 1987: 63). Only the validity of the legality-based system could be shown in the socialist era. However, the welfare system (easily obtainable pension rights, free health care and full employment) underlying its legitimacy was built upon an extremely fragile economic basis.

The modern and so-called stable democratic societies and nations cannot exist permanently without *traditional bonds and value rationality*, because these hold together the old communities in the long-term and stabilize the modern states (Lipset 1995: 81).

Until the end of the 1940s, legitimate power could build on passionate faith (devastating the rules of natural law). Then, until the amnesty of 1963, the political system gained its validity through constraints, which gradually converted to a consensual legitimate system agreed on by the stakeholders from the 1970s, wherein there was a focus on relative welfare. The value-based legitimating of the political system prior to socialism was built upon life experiences and the institutions of the church, the school and the family. The socialist system first overtly and later covertly made attempts to eliminate or “revolutionarily” transmute and transubstantiate the former institutions. It was well known that to achieve overall success the changes had to be started in the “clerical and reactionary” countryside. Socialism abolished the basic institutions of the traditional local system in villages and in small towns, as well: the notary, representing the former legitimate state, the priest or pastor, representing the church, the teacher, providing education, and last, the free individual, the farmer (the so called *kulak*). After demolishing the institutions underlying the legitimacy of the former authorities, disintegration and disassembly of local communities occurred, the culmination of which took place in the 1970s, when local councils and agricultural cooperatives were merged by orders from above.

Socialism created a new society, which had no roots, but the almost forty years of its reign was enough that even those who transitioned from the

former pre-socialist time were not able to find their way back to that preceding era. The socialist system, which destroyed the previous system, failed, but left behind collapsing socialist large companies, districts of blocks of flats, ruined city centers (e.g. Miskolc), forgotten small towns (e.g. Balassagyarmat, Esztergom, Sátoraljaujhely or Abaújszántó) and hundreds of depopulated and aging villages. The integration of local communities was damaged, reshaped and sometimes even fell apart (see centers of tiny and small villages) due to the migration caused by the political and then the economic constraints (Enyedi 1980, Andorka 1979). The physical facts of an era are always easier to be remedied; however, the harmful legacy of the socialist era is much more lasting in the deeper layers of the society, in its spiritual components.

In the Central and Eastern European regions almost all states have successfully closed this period of their history. Czechoslovakia split into two countries putting an end to their shared and historically short path. Socially, politically and economically the Czechs and the Slovaks progressed in two different ways. Essentially, Prague (Czech) could stop being dependent on the East and could start westernizing in stronger and faster ways, finding the roots of its thousand years of statehood.

Poland could finish its long war of independence and in an integral manner it has developed to one of the most independent states of the European integration. Progressing in its own way, amending its electoral and administrative systems several times, it closed the Wojciech Jaruzelski and the Lech Wałęsa era. Based on the compromises of the round-table negotiations, Poland adopted a so-called *Small Constitution* in 1992, which was in force only until 1997, when the Polish wrote a new constitution, which was sanctioned by referendum. By this, they could close the socialist era after WWII (Szokolay–Tálas 2002).

Croatia was born in a bloody war; it could retain the integrity of its borders only this way. It adapted its first constitution and the related electoral system from a western (French) model. After the death of Franjo Tudjman, head of state representing independency, the Croats, based on their own political development, created a constitution, electoral system and administration, that is, the framework of a new-old state.

The world has changed a lot around Hungary, federations disintegrated, new state structures were built in more places, and in connection with this the relationship between the citizens and the state developed. The socialist era ended in the Central and Eastern European region, except for

Hungary, where the political elite was not able to and could not bear to change following the compromises of 1989.

After 1989 democracy in rural Hungary essentially left only little room for local societies, since people could vote on the parties or party representatives whom the national party above them put in place. The disinterest of rural societies was shown in the absence of crowds, who did not participate in general elections, even when the national turnout was close to the European (EU15) average.

Analysts often suggest "silent campaigns" as the reason for the lack of interest, as if the intensity of the electoral battle would be the only factor to influence participation. However, political sociology searches for the reasons for voter turnout not only in the techniques and expansion of campaigns, because several reasons for and components of electoral activity can be found outside the world of politics.

This study seeks to answer the question whether the willingness to participate in elections can be a feature of the society, especially in a geographically defined locality, i.e., in a local society. Voting behavior may be related to a number of social factors, such as religiosity, gender, age, income, educational attainment, etc. (Mészáros-Szakadát 1998). In addition, it may also express the relationship of a particular era to politics and society, provided that the institution of elections is an open system (direct and not excluding) and is based on free will, i.e., it is not obligatory. The following is a brief overview of socio-political factors which are likely to affect voter activity.

One of the components is *civic duty* (Milbrath 1981: 201), which originated in the archaic democratic culture, was derived from the ancient Greek democratic traditions, and is still in evidence in the modern age. *Aristotle* in his *Politics* considered dealing with public affairs to be the most manliest (today we would rather say the most human) act, in the forefront of which stood to serve the public good, at least in that fragile equilibrium which the Greeks called *politeia*. Aristotle, who synthesized classical Greek culture, put elections as the focus of the selection system for the governance, which is one subtype of the twelve political systems. More precisely, he wanted to answer the question of who fills the positions by whom they are elected and how they are elected.

Today in the United States a significant number of official positions are filled through election. Given so many elected officials representing the people, voting is one of the most basic civic duties concerning public

affairs, and it is a great shame to not vote. Therefore, the election of the presbytery, the school board, or the sheriff is a basic institution of democracy.

The ancient Greeks knew a number of principles and applied different methods to select office-holders. One of the principles was called oligarchy, when the whole was governed by a few, and a few of the whole could elect. The other principle was called *politeia*, when all the citizens could elect as a whole or a part of the whole, or even by lot (Aristotle 1984: 207). Those who took part in the elections were called politicians, i.e., practitioners of public affairs. Those who did not practice a politician's life, because they paid attention only to themselves and they were not interested in the lives of others and the society as a whole, that is, who were apathetic, were called *idiots* (Rohr 2001: 66).

Political science also considers *patriotic acts* as a factor influencing voter turnout (Powell 1986; Milbrath 1968). High turnout is particularly prominent in countries which have recently obtained their independence or made many sacrifices to preserve it. A good example is Western Europe, which suffered at least two world wars, where at least four out of five citizens in each country went to vote in the 1950s (Borg 1995: 441). After the wars, electoral habits in Europe were strongly influenced by the fact that in two large countries (Italy and France) women received voting rights at that time. As time passed after the war, electoral activity strongly declined in the decades of prosperity and security, as if the system of the *welfare state* might have lulled politics, as well. In the rebellious world of the 1960s the young become estranged from their inherited freedom. By that time voter turnout in many countries had already decreased to 75%. By the end of the 1980s electoral activity had decreased even further and was especially evident in Germany (77.8%) and in France (65.7%).

International political scientists do not ignore perhaps the most important factor the purpose of *impacting and influencing politics* (Verba-Nie-Kim 1978). Why would we go to vote if not to politicize? At this point it is worth mentioning how effectively voters can influence the chance of candidates or those elected to take office. In this respect, European voters are rational and consistent (similar to the United States) as local affairs including local elections have always been of greater public interest than regional or state-level politics, and notably exceeded voter turnout for European Union (or federal) elections. Oddly enough, Hungarian voters (like voters of Eastern European countries) are lazier concerning local affairs. Where the impact on the governance is greater, that is, concerning

local interests, far fewer people go to vote than in elections concerning national affairs. They do so despite the fact that their votes in general elections weigh much less than locally, where a small-town mandate can be gained even by a few hundred votes. Furthermore, members of the local government and their political decisions can be monitored more directly and can be called to account. The highest voter turnout in local elections has never exceeded the lowest voter turnout in general elections.

The explanation for this behavior is often limited to the fact that voters get tired during the general elections in the spring of an election year and by autumn they become apathetic about politics and simply do not want to go to vote. The reasons are certainly deeper and more multi-layered. Let us start from the assumption that electoral activity, whether local or national level, is essentially determined by three things:

- First, *patriotism, local patriotism and the experience of independence*. This is a major activating factor particularly in the case of the inhabitants of a country which obtained its independence and has now found freedom.
- Second, *civic duty*, the classic component of active politics, where citizens vote out of duty.
- Third, the *intention and faith of influencing the government*. In Western democracies, this factor includes rationality meaning a higher odds ratio in the ability to influence local power compared to affairs concerning state-level, federal or EU politics.

Slovenia, after having obtained its independence, in the first general elections 85.6% of eligible voters went to vote. The same occurred in Lithuania (71.7%), the Czech Republic (76.4%) and in Bulgaria (83.9%). In the first two general elections in Slovakia in 1994 and in 1998, voter turnout was 75.6% and 84.2%, respectively. Among all the Central and Eastern European states, only the Poles' electoral activity was weaker than that of the Hungarians. In Hungary in 1990, more than a third of the citizens did not participate in the moment of liberation at all - they did not vote.

Another explanation for lower turnout is that in Hungary, in contrast to the surrounding countries of the Eastern Bloc, a relatively soft version of dictatorship had evolved by the 1980s; therefore, the first free elections did not bring a real cathartic experience (Angelusz–Tardos 2002, 14). There is no hard or soft dimension or criteria for measuring a

dictatorship; rather its effectiveness or even the persistence can be assessed by the operation of the political system.

As a result of the socialist welfare policy the legitimate system based on violence slowly turned to a legitimate system based on the participants' acceptance. This generated gradually into the existence of a dual society, a strange Janus-faced one of private life and community venues, where the individual did not exist authentically in the social and political field (Hankiss 1980). For the purpose of individual prosperity, those in power even tolerated an individual attitude when people turned away from the community although they pretended to fit in to the expectations of the society. Masses of the society found refuge in the isolated freedom of private life, and in return, those in power accepted the society as a silent partner. At the cost of considerable extra work (second economy), people were able to obtain extra income, and although the production and consumption of it was limited by the people in control, it was allowed freely compared to other countries in the bloc; *the happiest barrack, goulash socialism*.

The change of regime did not essentially affect the influence and privileges of the political elite of the old order since political influence was converted to economic benefits. The disintegrating system along with the collapsing economy (wild privatization) accelerated the polarization of the society, and social differences became evident even spatially. In the first half of the 1990s the country split into three parts especially regarding income formation: *the urbanized and developed North-Transdanubia, the capital (Budapest) and around it, and rural North-Eastern Hungary* that was lagging behind (Bódi–Mokos–Obádovics 1999).

Elementary components of electoral behavior, the economy and society did not receive attention in the early stages of election studies, because scholars were unfamiliar with Hungarian voters. Elections were studied separately, since there was not enough experience to typify certain cases or to determine time series trends of intensities. By the time the joint analysis of more elections had become possible, attempts were made to form hypotheses of the types of the Hungarian voters with respect to spatial and municipal conditions (Bódi 2005). Later, the socio-economic background and reasons for electoral behavior behind the events of daily politics were also examined.

As it is clearly visible in the maps derived from the election data of the period between 1990 and 2010, voter turnout in general elections remained below the national average in the municipalities of the Great

Plain and in the rural areas to the south of Lake Balaton. Is it possible that the *patriotic factor* and *civic duty* occurred only in the counties to the north of Lake Balaton and in Budapest? Beside a passive Great Plain, a more active Northern Transdanubia, capital city (Budapest) and Northern Hungary can be generalized considering all the six general elections that have been conducted (Bódi & Bódi 2011; 382-393).

*Influencing the government* as a determining factor in electoral activity does not work the same way in Hungary as in the advanced democracies. Contrary to the rational Western voters, the Hungarian voter seems especially strange, even possibly irrational since in Hungary, regarding local elections about local affairs, a higher voter turnout can be expected even where the competitive spirit is low and where there is no real stake in whom to elect into a position. In many cases there is not more than one candidate for one position or at least the number of the candidates is considerably fewer than the national average (Bódi 2006b 309–310).

In rural local societies, especially in ones far from the towns, and not yet influenced by urban circumstances, the percent of taxpayers in the working-age population barely reached 50%. The percent of people living on social benefits was over 40%, thus, the majority of the working-age population got their minimum income by depending on the goodwill of the local authority. Therefore, control of local politics could not evolve from such a mass of people whose existence depended on the local authority. In summary, the local society has not become able to control the local power (Bódi 2009).

The quality of life of the local society, as well as the existence and quality of the local services depended largely or completely on the goodwill and “enlightenment” of the local elite. These rural societies also lived in a social dependence where the money, services and sources necessary for personal and family life were assured by the actors in local politics through benefits, public works and other ways for the majority of the working-age population living there (Bódi 2005).

It is only worth examining the operation of the local autonomies and the local elections when the above mentioned social factors are considered, as well as the knowledge of the referred social deficit. In municipalities with less than 10,000 inhabitants, because of noted reasons, it was not the existence of a strong nominating organizational background (i.e., parties, civil organizations) that dominated, but rather strong individual personalities. This is the reason why first the local employers (entrepreneurs, leaders of institutions) and persons with relatively larger economic potential, as well as *patres familias* of families having a greater



number of relatives and secondary social relations (i.e., people likely capable to arrange official affairs, or at least told to be capable to do so) became members of the executive bodies of villages and small towns (see research studies by Imre Kovách and András Csité).

In the majority of rural Hungary, the local governing body of a village has become an exclusive institution of the local elite and the advocate for the interest of a narrow group of patricians rather than a forum of the larger local society. As no other organization could undertake the articulation of interests of the local society (the lack of advocacy groups for the interest of local social organizations in rural municipalities), the general assemblies and sometimes the mayors themselves have become the almost unappealable and exclusive executive leaders at the top of the local societies (Bódi 2006). (Annex figure and table 7)

The higher activity of the villages in the elections, especially the ones with small population, does not suggest a greater need to have a larger social participation in public affairs, but it is simply the product of rural poverty. In the countryside, the fact is that people are more likely to go to vote because they do not want to be ashamed in front of their local mayor. The high voter turnout is neither the result of the campaign, nor the consequence of a larger electoral competition, but it is a kind of alignment with the expectations of the local authorities. Especially where the ratio of the people living on social benefits reaches or exceeds 40% of the taxpayers, there is a large possibility that these villages are ruled by powerful local oligarchies, as there is neither an alternative nor control of these local authorities. They have no alternative, for example, because there is a lack of local intellectuals. In just the last five years more than 500 schools and several hundred kindergartens have been closed and at the same time thousands of teachers have lost contact with the local societies (Bódi–Fekete 2008). The administrative exclusion from public affairs of the general practitioners can also be considered as part of the exclusion of intellectuals, those intellectuals who could help people see the problems or even organize alternatives to the local authorities. There is no local social control, since there is no one who can keep it alive locally, and the local governments have no superiors at middle level (i.e., at county or district level), either, where appeals may be lodged. In this way the local oligarchies could be limited or at least could be restrained by law.

Such a deficit in democracy which is currently experienced is a reminder of the dependent and subordinate relations of earlier ages; this *deficit in democracy* revives and sustains the antidemocratic traditions of historical

times. Here, especially in the impoverished rural Hungary, history has not yet been finished.

*Reasons for low voter turnout related to social factors*

When undertaking to summarize the relation between the local authorities and the first twelve years of the local elections, a hypothesis of the *deficit in democracy of rural societies* was proposed (Bódi 2006) using the electoral data sets by the types of municipalities and summarizing the local *in situ* experiences. Since then, this hypothesis has been applied in determinant handbooks (Pálné 2008, Enyedi–Pálné 2008) as a reference. The thesis, that the more the population of a municipality was socially defenseless, the more active it was in the local elections, could not be confirmed directly using quantitative methods although it was supported by tables in each election-year showing that electoral activity was higher in municipalities with lower population than in ones with larger population. However, lower population is not always associated with poverty and social defenselessness in all cases.

**Table 1.4.2. Percent of voter turnout in local elections (1990-2010)**

	1990	1994	1998	2002	2006	2010
<b>Budapest</b>	<b>42.13</b>	<b>39.33</b>	<b>43.69</b>	<b>52.68</b>	<b>55.89</b>	<b>43.59</b>
<b>Towns of county rank</b>	<b>33.76</b>	<b>31.23</b>	<b>37.64</b>	<b>44.87</b>	<b>48.76</b>	<b>37.87</b>
<b>Towns*</b>	<b>44.01</b>	<b>39.58</b>	<b>41.92</b>	<b>47.44</b>	<b>49.84</b>	<b>44.07</b>
Towns over 10000	36.32	38.11	40.86	46.5	49.52	42.37
Towns under 10000	50.32	46.41	45.97	50.3	50.62	48.30
<b>Villages**</b>	<b>59.34</b>	<b>54.61</b>	<b>53.79</b>	<b>56.92</b>	<b>57.34</b>	<b>56.06</b>
Villages over 10000	36.76	38.93	40.06	43.24	52.33	42.92
Villages 3000–9999	49.76	47.17	46.26	49.78	50.64	48.76
Villages 1000–2999	58.55	56.14	54.74	57.13	56.72	56.09
Villages 500–999	67.43	64.17	63.04	64.99	64.38	62.66
Villages under 500	76.22	71.51	70.59	73.04	71.54	70.83
<b>Hungary</b>	<b>45.95</b>	<b>43.44</b>	<b>45.66</b>	<b>51.11</b>	<b>53.11</b>	<b>47.12</b>

Source: calculated by Mátyás Bódi from the data of the Hungarian National Election Office (\* without Budapest and towns of county rank, \*\* all the villages by legal status, \*\*\* calculated according to the votes on body of representatives).

In connection with more recent research on the local organization of social services, the social and territorial context of social beneficiary status was explored, and through this analysis those local societies could be identified where the exact number of the social beneficiaries, i.e., the people receiving allowance could be determined (Bódi 2009; 19). The mass of people receiving social allowance (which reached about two million people in the nineties) is situated mainly in those parts of the country where participation in the local elections was high, but in the general elections was more moderate. However, the statistics on social allowance at municipality level have been available only for the last few years and represent only these recent years.

The other component of the allowance index is the number and spatial distribution of taxpayers for which data has been kept since the early 1990s, therefore, all the election years could be tested. The number of taxpayers (to be more exact the number of people submitting an income tax return) was compared to the working-age population in municipalities and in counties. In Hungary, there are a higher proportion of taxpayers in the northern counties of Transdanubia, in Budapest and in large towns in an enclave-like way, where a higher voter turnout could be shown in the general elections. The proportion of the taxpayers within the working-age population in 2006 was above 70% in the following counties: Vas, Győr-Moson-Sopron, Zala, Fejér, Veszprém, Komárom-Esztergom as well as in Budapest, while in Borsod-Abaúj-Zemplén, Szabolcs-Szatmár-Bereg and Hajdú-Bihar counties it was only 50-60%. The northern counties of Transdanubia are the most active in the general elections, the correlation between the indices of the voter turnout in the parliamentary elections and the ratio of the taxpayers was 0.63.

If we accept that a taxpayer's attitude is a part of *civic duty*, then we can also posit the hypothesis of the relationship between the Milbrathian civic duty and the activity in elections as a factor positively influencing the voter turnout. This hypothesis can be tested in those geographic territories of the country where the new economic system, which started after the change of regime, did not reduce employment for very long. The unemployment rate has remained low even in the critical 1990s in the counties in Western and Northern Transdanubia, in Budapest and in its agglomeration (Bódi-Obádovics 2000). In addition to the number of the taxpayers and their average income, income differences should be considered, also. It was shown at the end of the 1990s that in the regions and areas with lower average income, the regions of Northern Great Plain and Northern Hungary there was higher income polarization than in

the Northwest Transdanubian counties with high average income (Bódi–Mokos–Obádovics 1999). It can be supposed from the above mentioned facts that a higher voter turnout in the general elections can be found in municipalities where in addition to high local average income, a high ratio of taxpayers exists, income distribution is less polarized, and most important where the main source of income is wages from official employment (any legal income - salary).

**Table 1.4.3. Voter turnout (%) in municipalities where the personal income per person did not reach 60% of the national average.**

Elections	1994	1998	2002	2006	2010*
Municipalities where the income/person did not reach 60% of the national avg.					
General election	63.71	48.7	63.59	61.85	60.13
Local election	49.78	53.65	56.84	56.76	50.86
Hungary in total					
General election	68.92	56.26	70.53	67.9	64.36
Local election	43.44	45.66	51.11	53.11	47.12

Source: calculated by Mátyás Bódi from the data of the Hungarian National Election Office and of the TeIR database “National Spatial Development and Spatial Information System” (\* using data of the Hungarian Tax and Financial Control Administration in 2008)

The tax statistics of the last five election-years were compared to the voter turnouts in both general and local elections of the same years highlighting separately those municipalities where the personal income tax per person did not reach 60% of the national average. In each election-year the turnout in the general elections was lower by 4-8% than the national average in municipalities with low average income. In the case of local elections the tendency was just the opposite as the data was by 4-8% higher than the national average. The number of local governments examined each year in the study where the income per person was below 60% of the national average totaled about two thousand with approximately 2.5 million inhabitants. Derived from the data, the willingness to participate in general elections was highly related to the ratio of the taxpayers in a county. In the case of the local governments, the high ratio of people with lower income is related to voter turnout in the local elections.

Thus, the former statement should be modified: *the Hungarian voter – as the voter of any other country – is a rational social actor*. As it has been shown, a higher activity in paying tax at the state level goes together with

a higher level of participation in the general elections, while a higher social defenselessness results in a higher level of voter activity in the local elections. Surely, in the first case the rational attitude towards higher level political involvement is a feature of the citizens of the modern states, however, in the second case with respect to local level political involvement a pre-modern social phenomenon can be seen. It is held over from the past and is regenerated by a false system of local governance and by a rural existence that directs development down the wrong path, where there is no end of history.

## **1.5 Potential impacts of community problems and residential needs on local politics**

*Mihály Fónai*

### **Introduction**

Two questions are raised in this study, the answers to which enhance the understanding of the analysed phenomena. To this end, some knowledge about the structure of the Hungarian municipal system is necessary. The local council system is in closely related to local-territorial governance, which has two great models, the Anglo-Saxon and the European one. In the former, local governance is almost completely independent from central governance, and local authorities have a relatively wide range of competences, although this is primarily true for city councils. In Europe, the French (introduced by Napoleon), Scandinavian and (mixed) German models prevailed. The French model is based on the idea of “one community, one local council,” with city and county councils being responsible for most areas of competence. In the Scandinavian model, local councils enjoy extensive competences. The mixed model is characterised by a large number of councils, with a multi-level, hierarchical structure, in which village councils have considerable responsibilities. The Hungarian municipal system is also based on the idea of “one community, one local council.” In Hungary, apart from community councils, there is another form of local council: county councils. Community councils have a wide range of duties, and they are required to provide public services for the whole of the community. These duties and services are financed partly from state per capital subsidies, and partly from local revenues and local taxes. Community councils, especially smaller ones, are barely able to provide the required services and public goods. The competences of county councils are limited, they maintain institutions of health, public education, and culture (museums, archives, county libraries).

Another question to be addressed is the situation of the Roma in Hungary. According to Hungarian legislation, it is against to law to keep records of a person’s ethnic identity, and in censuses, the questions regarding ethnic identity are not mandatory to answer. Therefore it is only based on the results of scientific surveys that the number of Roma people can be estimated. It is also from such surveys that their social situation and medical condition are revealed. Today there are an estimated 750,000 Roma people in Hungary, while at the turn of the

millennium this number was 600,000. They comprise three main ethnic groups. The so-called “Hungarian Gypsies” (in Lovari language: “Romungro” people) – they are the biggest group, they speak Hungarian, and they traditionally refer to themselves as “musician gypsies.” The next group are called Vlach Gypsies (in Lovari: “Roma”) – they are the ones who primarily speak the Lovari language. The third and smallest group consists of Beas Gypsies, whose mother tongue is Old Romanian, but is only spoken by a minority of the group. Most of the Roma live in the poorest regions of Hungary, in the northeast and in the southwest.

This article, analyzes the results of empirical surveys conducted by the author during the first few years of the 21<sup>st</sup> century, focusing on what problem perceptions, needs and expectations were experienced. The primary aim of the research was to determine the social situation and health status of those living in a certain region or community. These questions, however, cannot be answered without considering the personal problems of individuals, as well as their expectations and opinions regarding the community in which they live. In a certain way and to a certain extent, these expectations and opinions influence local politics; therefore they need to be discovered. Obviously, they have to be taken into consideration by local politicians and authorities, regardless of how canonical or institutionalised they are, whether they rely on any organisation that undertakes to represent these interests and to pressure decision-makers, or they simply concern people’s mood, feelings and (dis)satisfaction. The research also provides opportunities to examine and test known theories and theses. As the surveys dealt with the living conditions, expectations and preferences of the Roma, during the analysis one aim is to compare the living conditions, expectations and opinions of Roma and non-Roma people. As a result, it can be determined whether there are any differences in the expectations and opinions of Roma and non-Roma people in an area where the proportion of Roma residents is high.

### **Possible Approaches and Theoretical Framework**

The impact of residents’ needs, as well as their problems and expectations of local politics can be interpreted and examined from several perspectives. These approaches may include the question of local society, the operation of local power, authorities, and councils, the examination of the actors influencing these, and the analysis of support systems and networks. A key question could be the analysis of poverty, social exclusion and discrimination. Of the above possibilities – in the

planning and evaluation of the empirical surveys – they were designed to concentrate on explanations of manifestations of inequality, such as exclusion and discrimination, and it is for this reason that ethnic identity was of special significance. The theoretical framework of this study is provided by local society and the related idea of “glocalisation,” local politics and power, as well as public services.

*Local society* can be viewed as a “middle group” that comes about in a community, which mediates interests, values and ideologies between individuals and society through primary groups, and it also preserves traditions, providing opportunities for creating local structures (Böhm, 2003: 193). Local society possesses mediation mechanisms and channels, integrating individuals from the unit of family to the whole of the community. It is of particular importance from the point of view of this topic that local society includes individuals with the help of participation, cooperation and integration, and for the individual these dimensions provide opportunities of contentment, a sense of belonging and a new perspective. The research results are channelled into these dimensions, as they are examined along the dimensions outlined by Böhm, primarily from the point of view of local social organisation, and less from the point of view of the individual analysing the contentment, expectations and problem perception of various groups, including ethnic groups.

As a result of the processes of globalisation, local society has undergone a change in meaning, and currently it carries more significance. These processes prevail in two areas: the duality of “think global, act local” suggests that as a result of global processes the importance of *local action* has increased. On the other hand, global processes – mainly economic and financial ones – have resulted in the appearance of problems on the local level. Apart from the globalisation of the changing world economy, which greatly determines the operation of national economies and their social-welfare systems, the processes lead to local impacts, with the strengthening of certain regions and the weakening and *impoverishment* of others. As a result of these processes, more and more “localisation” phenomena appear, and the broadly interpreted local social services systems find themselves in a new position – problems are becoming local (Ferge 2000, Fábíán 1998, 1999, 2004, Bódi 2011, 2008). This study will analyse the consequences of this process, as well as the phenomena and implications of unemployment and impoverishment.



The ideas of *local politics*<sup>39</sup> and *local power* are closely interconnected with the problems of local society and local government; political, regional and public administration studies all deal with these questions, therefore there are several approaches, interpretations and dimensions for analysis (some related Hungarian works include: Bódi 2001a, 2008, Horváth M. 1996, 2007, Kákai 2004, Pálné 1999, 2008, Süli-Zakar 2003, Szegvári 2001). It is accepted by experts that local councils are significant actors of local power, which is characterised by a certain independence from state government. The power of local councils is provided by the opportunities in the adoption of local legislation, the administration system and the levying of local taxes and fees (Szegvári 2001). In one model of local politics, in local councils based on community the dominant politicians are those who belong to the honoratiors, and practise “clientism.” In the institutionalised interests mechanisms of party-affiliated local councils the role of professional politicians is greater, who, together with parties, are interested in the operation of the “integration model,” therefore in such local councils (and communities), the impact of party and national politics is more significant (Szegvári 2001). There are various other actors of local politics and local power, including outstanding individuals, civilians, organisations such as trade unions and parties – and diverse forms, means and methods of interest representation have emerged. The present study is primarily concerned with the expectations and opinions of one such potential actor, namely residents.

The analysed “community problems and residential needs” are to a great extent present in *public services* provided by local councils (the scope of this study does not include the analysis of conceptual questions of public services) – and these public services or public goods may be interpreted as local policies, public politics, or the operational questions of politics. A unique feature of these is that they are actually influenced by local needs (Horváth M. 1996). However, the influence also works the other way round: for instance, modifications in services or service providers in themselves contribute to changes in the social situation of the local community, often resulting in needs that were not previously present in

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<sup>39</sup> In the present study, the term “local politics” may refer to one of two things: either local politicians – in this respect the analysis of local elites and the patron-client relationship –; or local policies, in connection with public services and public goods, as well as public policies and related expectations. This means that in the analysis not only is politics present as an institution, including its actors, but also as a reference to real and expected public services and public goods.

the given community.<sup>40</sup> In this present study, the focus is primarily on what residential needs emerged in connection with public services in the communities and regions analysed. Included in this work, is a discussion of the results of a number of empirical surveys – and what is unique about these is that in each case there is a comparison of the needs and expectations of Roma and non-Roma residents. In this respect, the dominant aspect of analysis is the impact of ethnic identity. The research does not deal with the question of ethnic classification, although there is reference to the classification methods used when presenting the empirical surveys.

### *Hypotheses*

The formulation of hypotheses relies primarily on the theoretical and perceptual frameworks outlined, and also considers the conclusions drawn from the authors previous research results. In certain cases, the available empirical results may only be used for *indirect testing*.

The current study examines the impact of community problems and residential needs on local politics. This provides an opportunity to utilize the model developed by Gabriel Almond and Bingham Powell regarding the types of interest groups and approaching decision-makers. (Almond–Powell 1992, 2003) In their model, the impacts on local politics and decision-makers are partly seen as an issue of networks, therefore in the case of this hypothesis the relationship-typology of Angelusz and Tardos can also be considered (Angelusz–Tardos 2006). Based on these models in the local societies of the region examined, in terms of interest groups and interest articulation one can expect to find that *the effects of patron-client relations and natural groups prevail* (Almond–Powell 1992, 2003). In the approach of decision-makers, the role of personal relationships is significant, rather than institutional relationships. From the perspective of networks, the impacts of *personal ties and the connections within patron-client relationships* should be seen (Angelusz–Tardos 2006).

One of the central questions of the theses concerning local government and local political decision-makers is the question of “who governs,” whether there is a local authority and if yes, who controls it. These empirical results are suitable to test to what extent residential needs and

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<sup>40</sup> During the first years of the 2000s, we experienced that small towns refused to develop a system to provide for the homeless – although they were required to do so by law – in order to keep the homeless out of their town. To achieve this, they were ready to go against their legal obligations.

expectations are present among potential actors, and how much locals can rely on various institutions when they encounter problems. In this context and within these test limits the expectation is to find that in the communities and regions examined residents' view of decision-makers *is based on an elitist interpretation, and they perceive the group of decision-makers as remote and homogeneous* (Ilona Pálné Kovács 2008) – which corresponds to the statement regarding the first hypothesis. The composition of decision-making social actors and the influence of actors were examined by Gábor Péteri, based on his empirical results. (Péter, 2007) The decision-making group of the social actors who determine local politics (the local budget) supports the elitist theory – according to Péteri's results, decisions are of an institutional nature, mainly associated with the body of representatives and the office (Péter 2007: 47). The elitist theory regarding decision-making is supported further by László Kákai (Kákai 2004: 129-147, especially 146) and Zoltán Ferencz & József Kiss (Ferencz & Kiss 1996: 392-393).

The third hypothesis of this study concerns *public services*. In the 1990s, the mandatory and voluntary duties of community councils underwent a significant change, and the scope of duties was extended (Horváth M. 1996). This change can partly explain the fact that residents are less satisfied with certain public services – they would like to see more money spent on these from the community's budget (Ferencz & Kiss 1996: 401-402). In connection with *public services* – using a broad interpretation that includes labour opportunities – it is expected that, similar to the results of national surveys, expectations concerning *health care, public safety* and *housing* stand out, while at the same time there are considerable expectations regarding the social situation that is in the center of the surveys, especially in the area of *labor opportunities*.<sup>41</sup> The authors' results regarding public services focus on problems instead of residents' satisfaction, therefore they are only indirectly applicable to test the hypothesis. In surveys conducted in the 1990s it was also examined how much money residents would spend on individual public services from the community's budget – i.e., what their expectations are directed toward. Similar results which were found, although in a somewhat

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<sup>41</sup> It is not a public service, but it is closely related to local labour opportunities that the people interviewed saw a strong correlation between the lack of job opportunities and income and poverty. It would be worth considering whether community councils and local politics should view the provision of labour opportunities as a public service, when there is clearly such a strong expectation in this respect. This suggestion is underlined by the extended system of public work, especially in disadvantaged regions.

different structure, can be compared with these. The residential expectations and satisfaction regarding public services are parallel with each other, as well as with the related problems mentioned – thus the hypothesis concerning public services is also valid in this area.

In these surveys, while studying social and other problems, the research also touched upon the issue of support systems (Fónai, Péntes & Vítal 2006, Nyírcsák 1999). What we found was that in the households examined, people primarily turned to informal support systems, and not so much to formal support agencies or institutions. This means that when they had problems, the respondents sought out relatives or friends belonging to their strong personal network, which suggests that there is a lack of trust when it comes to formal institutions. This is partly related to issues raised in connection with the first hypothesis: people approach formal institutions based on their personal relationships, which results in a form of patron-client relationship. The lack of trust in formal institutions can be attributed partly to their way of operation, and partly to “elitist” mechanisms. With regard to support systems and networks, a significant difference is predicted in the view and operation of various support systems between Roma and non-Roma residents. Based on the research carried out by Fruzsina Albert and Beáta Dávid, it is assumed that the personal network of the Roma is more extensive (Albert & Dávid 2006). On the other hand, the expectation is that both ethnic groups would prefer informal support systems to formal ones.

The empirical results of the research studies can also be applied to test the hypothesis regarding exclusion and disintegration. Zsuzsa Ferge interprets exclusion as damage to social integration and unity, which is a result and sign of disintegration (Ferge 2000). Another prediction is that for Roma residents exclusion is manifested, in both Roma and non-Roma communities norms are weakening, and the proportion of somatic and psychological diseases is significant, with a higher number of instances in Roma groups.

## **Methods and Samples**

This research consists of examining the potential impacts of community problems and residential needs on local politics on the basis of four surveys, and testing the hypotheses. using the data from the survey. All four surveys in which the author was the primary investigator formed parts of current grant projects, which were in the area of social studies and health care. These included health plan projects, service designing

tasks and projects, as well as micro-region projects. The participation of development councils in creating a regional strategy was also significant. The goals and criteria play a crucial role in the evaluation and results interpretation of the research studies. The research groups were commissioned by communities, micro-regions and county development councils to carry out *assessments* in order to determine development or strategic goals, and on the basis of these, to determine *strategic goals*. This means that the results from the research efforts, allowed the decision-makers to become aware of the problems in a given area, as well as the residents' opinions and expectations regarding these problems. Consequently, residents had the chance to indirectly influence the decision-making process in terms of determining goals and related tasks and means. The main characteristics of each survey are described below.

In 2003, commissioned by the Szabolcs-Szatmár-Bereg County Regional Development Council, one study examined the situation of households and residents by conducting a representative population sample. The sample included 1500 households, chosen on the basis of multistage sampling, which took into consideration micro-regional and community peculiarities, and then individual households were reached within communities through random sampling. The survey, carried out with the help of face-to-face questionnaires, focused on the composition of households, their income situation, income and expenses, problem perception and support systems, as well as respondents' education background, economic activity, health and mental condition. During this survey, a Roma subsample was created based on the categorisation of interviewers; the classification followed the similar method of Hungarian surveys (the classification based on the interviewers' categorisation was compared to respondents' self-identification, and only those were included in the Roma subsample who identified themselves as Roma).

In 2004, also in Szabolcs-Szatmár-Bereg County, a survey was conducted through questionnaires within the framework of a grant project among 500 Roma households, examining the situation of the households, and the household members' education background, economic activity, and health and mental condition – mainly on the basis of the dimensions of the 2003 survey. The sample was based on multistage sampling according to micro-regions and settlement types, and within communities a random sampling of households was carried out with the help of experts who know the Roma.

In 2004 in Tiszavasvári, in a survey coordinated by Szocio-East Association, the situation of the Roma population of the city was examined, visiting 300 households out of an estimated 400, and carrying out a nearly all-encompassing data collection process. In designing this study local Roma minority county leaders were included, as well as professionals in public education, and social and health care who are in daily contact with the Roma. During the data collection process, the household was designated the sampling unit, and the interviewers were able to conduct the questionnaire interviews in 284 households out of the planned 300.

In 2004 another survey was designed coordinated and administered in three small towns of Hajdú-Bihar County, relying on the experiences and questionnaires of the previous survey. The aim was to contribute to the community councils' service design concept. In the survey, the situation of households, their composition, social status and income position was investigated. In addition, the household/family members' education background, economic activity and health condition were analysed. In the three small towns – Hajdúhadház, Hajdúsámson, Polgár –, households were selected on the basis of representative sampling. Within the sample, a Roma subsample was formed, using the classification method employed in 2003. The method of the survey was that of face-to-face questionnaires.

## **Results**

It is clear from the description of the methods and samples that the potential impacts of community problems and residential needs on local politics was only one of the dimensions examined. . First, let us examine what personal problems were mentioned by the respondents (Table 1.5.1.).

**Table 1.5.1.: Personal problems mentioned by respondents (first ten mentioned, with the percentage of answers)**

2003, Szabolcs-Szatmár-Bereg County			2004, the “Hajdú” towns			Tiszavasvári, Roma
	Roma	Non-Roma		Roma	Non-Roma	
Low income	28.1	30.4	Financial	66.1	44.3	Low income – 25.1
Permanent illness	3.1	19.1	Illness	11.3	22.1	Unemployment – 19.8
Unemployment	18.8	13.0	Unemployment	11.3	13.0	Poverty – 19.8
Unresolved housing situation	18.8	5.6	Psychological	3.2	6.3	Housing maintenance – 10.3
Loneliness	4.7	4.8	Poor infrastructure	6.4	3.8	Clothing – 8.3
Disability	1.6	5.1	Public safety	0.0	3.0	Food – 6.1
Poverty	12.5	2.3	Family	0.0	3.0	Unhealthy housing – 3.2
Family conflicts	1.6	3.8	The Roma	1.6	2.6	Discrimination – 2.3
Husbandry	1.6	2.3	Entertainment facilities	0.0	0.02	Single parent – 1.7
Stress	0.0	1.5				Housing – 1.1

Source: Own survey.

The questions regarding personal problems were open-ended, to avoid influencing respondents by providing them with a potential list of problems. This accounts for the differences in the problem lists of the samples. In the case of the county and Tiszavasvári surveys, the areas that stand out are *low income, unemployment, poverty, illness and housing-related problems*; and while there are some differences in answers in the Hajdú towns, with higher percentages, due to the nature of

open-ended questions, the situation was found to be similar. The common denominator of these problems is *unemployment, the lack of jobs*, and the resulting low income, one of the reasons of poverty. The scope of personal problems in the regions and communities examined also determine in which areas local politics need to intervene, or at least what the expectations are. As *local councils, being major actors in local politics*, only have a limited influence on the operations of the labour market and the creation of jobs, the question arises whether local councils are actually responsible and have the power to take action in this regard. The surveys show that residents' expectations are not general: they expect the state and local councils to provide an adequate number of jobs. This idea is underlined by the surveys conducted, for instance by the list of problems enumerated as answers to the question: "What would you spend the community's budget on?" It is in relation to income and labour opportunities, as well as the housing situation and housing maintenance that a *significant social-political responsibility* expected from local councils is manifested. This indicates that there is an enormous pressure on local councils to counterbalance the problems stemming from low income, the lack of jobs, and the level of unemployment, including the problem of housing. This is a basic expectation from local councils. Such a paternalistic attitude is partly due to the nature of Hungarian social history – problems have always been solved by those "up there" –, and also to a feeling of powerlessness that people grew accustomed to during the state socialist era in Hungary. A further explanation is provided by the peculiar role of local councils: residents have still not accepted the idea of "I am/we are the local council," and although its name has changed, it still functions as a "tanácsháza",<sup>42</sup> i.e., it is merely the extension of the omnipotent state, concentrating on executive duties without any individual action.

The scope of personal problems of the Roma and non-Roma population shows significant differences in certain areas, especially to the extent these problems are present. Thus, it seems that the Roma consider poverty to be a more serious issue, while for non-Roma people it is

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<sup>42</sup> The verbatim meaning of "tanácsháza" is "council hall", councils being local administrative institutions under socialism. These hardly acted as real local councils, instead, they were the local bodies of the central state power. Community councils represented the lowest level of the hierarchy, in which county councils had a great deal of power, for example regarding the allocation of financial resources. In the relationship of these socialist councils and residents, the paternalistic attitude of "it will all be solved up there" was prevalent.



permanent illnesses, psychological problems and conditions that are more significant. This result can be attributed to differences in age structure, as well as in the actual income and housing situation. What this means is that local councils are pressurised by residents' personal problems in the areas of social and health care, and also employment. Who can and do the respondents rely on in dealing with their problems? This issue was examined with more than one method: first with the help of open-ended questions, and then with a list of potential supporting persons and institutions; in the latter case respondents were asked about the extent of reliance (Tables 1.5.2. and 1.5.3.).

**Table 1.5.2.: Is there anyone who cares about your problems? – first ten mentioned (with the percentage of answers)**

	2003, Szabolcs- Szatmár-Bereg County survey	
	Roma	Non-Roma
Only family	31.9	49.9
Has not encountered anyone	28.9	18.6
Friends, acquaintances	10.9	19.3
Mayor's Office	15.1	6.5
Churches	0.8	2.2
Professional of some institution	0.0	1.1
Minority council	10.9	0.0
Local council representative	0.0	0.7
Association, foundation	0.0	1.1
Member of Parliament	0.0	2.7

Source: Own survey.

In the total sample of the county survey conducted in 2003, both for the Roma and the non-Roma, it is family that is at the top of the list among those that people would turn to in case of problems. The frequency of the response family, however is somewhat surprising, as a half (50%) of non-Roma people, but only a third (33%) of the Roma mentioned family and relatives, despite the fact that a higher proportion of the Roma live in families, and significantly fewer of them live on their own. Friends were also more often mentioned by the non-Roma, although according to the research of Albert and Dávid (Albert & Dávid 2006) the Roma reported a

lot more extensive networks of friends. The number of people who have not encountered anyone helping them is really high. Based on the answers given to the open-ended questions, a lot of Roma people experienced that they were helped by the Mayor's Office and the minority council (Mayor's Office is the office of local councils). According to the answers of the Roma, a high percentage of the clients of Mayor's Offices and councils is of Roma ethnic origin, therefore the question arises: to what extent this more frequent client position influences the opinions and expectations of the Roma regarding local councils (i.e., what experiences they have in connection with the operation of offices, the treatment and accessibility encountered there). It is of great importance that the list of potential supporters, and local councils were associated with the Mayor's Office, suggesting that the local council equals the office that makes decisions about their issues. A related noteworthy fact is that both Roma and non-Roma people hardly, if ever, mentioned council representatives, the employees of institutions run by the local council, churches and non-governmental organisations. In this respect, the opinions regarding the extent of support seem consistent (Table 1.5.3.).

**Table 1.5.3.: Who can you rely on with your problems? (four-point scale)**

	2003, county		2004, the "Hajdú" towns		2004, county Roma survey
	Roma	Non-Roma	Roma	Non-Roma	
Family	1.72	1.29	1.61	1.42	2.23
Friends	2.48	2.06	2.24	2.24	2.85
Neighbours	2.42	2.20	2.17	2.20	2.83
Colleagues	2.83	2.50	2.78	2.62	3.23
Mayor's Office	2.29	2.58	2.76	2.81	3.05
Churches	2.89	2.78	2.82	2.86	3.27
Associations, foundations	2.89	2.92	2.89	2.95	3.32
Minority council representatives	2.53	2.89	2.83	2.98	3.08
Local party organisations	2.99	2.97	2.98	2.97	3.32
Local council representatives	2.87	2.89	2.94	2.94	3.25

Source: Own survey.

Of the potential support systems, respondents rely on *informal support systems* confirming preliminary expectations. Based on the scale averages and the frequency of answers to the open-ended questions, the answers and choices are indeed consistent, as non-Roma people would rather rely on family, while Roma people on their friends. Although this result confirms preliminary expectations, it is markedly different from the operation of Roma community networks outlined by cultural anthropologists. They emphasise that Roma communities operate on the basis of sibling and other family relations, and it is due to the exclusivity of these personal ties that a network of friendships is nearly non-existent in Roma communities (Szuhay 1999). Although this issue was not investigated in the surveys, it is probable that an explanation lies in the fact that concepts are interpreted differently. In the case of the surveys conducted by Fruzsina Albert and Beáta Dávid, it is possible that Roma respondents have a different understanding of friendship networks, for example considering the network of cousins to belong to this category. , Although this is countered by the fact that in the survey of Albert and Dávid, non-Roma friends were relatively frequently mentioned (Albert & Dávid 2006: 357). Regardless of the phenomena that are not easily explained, it can be seen that within informal support systems, based on the strength of relationships, the significance of family and friends is somewhat greater than that of neighbours and colleagues. In the case of the Roma, due to low employment rates, the potential role of colleagues is less important, but in terms of formal support systems the role of Mayor's Offices is significant, in certain samples even more significant than that of friends and colleagues – this corresponds with their answers to the open-ended questions. What is striking in both Roma and non-Roma groups are the attitude towards churches, non-governmental organisations, parties and local councils. Respondents feel that they can hardly rely on these when they have problems. This suggests a lack of trust in formal institutions and their representatives: this is how much we can rely on you, we do not trust you. As trust in institutions determines to a great extent the scope of actors influencing local politics, the lack of trust and of feeling supported suggest that people have an aversion towards (local) politics and its potential actors, which indicates that there is an attitude of scepticism regarding the (local) political system.<sup>43</sup> What is left to rely on? There are “natural groups” (Almond & Powell 1992, 2003), which could assist in interest representation, as well as well-known informal mechanisms, patron-client relationships and within

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<sup>43</sup> In late May 2010, the trust index of local councils on a scale of ten was 4.3, while that of the government was 3.9 (source: NetHangulat)

these, the often individual interest representation. Local politics and local authorities could be influenced by various factors: the problems experienced by the population (community), the problems that become topics of public discussions, the expectations from the council as an important actor – and these could be significantly different from the scope of personal or family-related problems (the question regarding community problems was also open-ended – Table 1.5.4.).

**Table 1.5.4.: Community problems – first ten mentioned by respondents (2003, Szabolcs-Szatmár-Bereg County survey – with the percentage of answers)**

	Roma	Non-Roma
Unemployment	20.3	19.2
Lack of labour opportunities	21.7	15.0
Lack and condition of roads	4.9	9.0
Sports facilities	4.2	6.7
The Roma	2.8	4.7
Lack of sewage system	2.8	4.6
Public safety	2.8	4.5
Entertainment facilities	2.8	3.1
Poverty	7.7	2.8
Low income	4.9	2.9

Source: Own survey.

In comparison with the list of personal problems, there are differences in the areas of *public goods, public services and infrastructure*. Unemployment is an issue mentioned in connection with both personal and community problems, and in the case of the Roma also poverty and low income. This means that *the lack of labour opportunities and unemployment* appear as general problems in the community. The people living in the area do not only experience it as a personal problem – it is one of the issues that expectations concern, putting pressure on (local) politics and one of its important actors, the local council: “to create job opportunities!” It is important to point out that *the respondents expect job opportunities mainly in the local area, and they interpret it as a part of public goods, almost as a public service*. This compels local councils to link labour opportunities to other public goods and public services, such

as social services, in two ways. First, job opportunities that are basically of a *public work nature* can *replace* financial and in kind benefits given to the permanently unemployed, as the financing of public work is not exclusively the responsibility of local councils. The other consequence is the long-lasting distortion of the local labour market structure as a result of public work programmes becoming permanent. The efficiency of such programmes is much-contested, as they are by nature not suitable to lead people back into the labour market, and they are not successful in reintegration, what is more, they can strengthen the system of patron-client relationships (see: Csoba 2010a, 2010b).

In contrast with personal problems, it is mainly the community problem list of non-Roma residents that shows the expectations regarding public services and public goods. Apart from “classic” infrastructural deficiencies, sports facilities have also been mentioned. What is especially noteworthy is the mention of the Roma as a potential source of problem, and also public safety as a problem – in this respect there is marked difference between the opinions of the Roma and the non-Roma. The list of problems given as answers to the open-ended question, and the seriousness of the potential problems also show similarities, even though the results analysed are not from the same survey (Table 1.5.5.).

**Table 1.5.5.: How serious do you consider the problems listed? (five-point scale, the “Hajdú” towns)**

	Roma	Non-Roma	Total sample
Unemployment	4.69	4.61	4.61
Chances to obtain housing	4.37	4.35	4.35
Future of youth	4.22	4.34	4.33
High utility bills	4.14	4.06	4.06
Alcohol consumption	3.84	4.03	4.02
Crime	3.88	4.01	4.00
Situation of families with more than one child	4.41	3.69	4.00
Situation of pensioners	3.62	3.75	3.74
Health condition of locals	3.37	3.58	3.56
Situation of Roma minority	4.19	3.35	3.42
State of the environment	3.19	3.29	3.28

Use of illegal drugs	3.02	3.28	3.26
Ageing	3.08	3.20	3.20
Traffic safety	2.59	3.09	3.08
Lack of public housing	3.34	3.05	3.07
Roads	2.98	3.06	3.05
Public transport	2.64	2.82	2.81
Air pollution	2.63	2.64	2.64
Homelessness	2.20	2.06	2.07

Source: Own survey.

In the assessment of how serious problems are, unemployment is at the top of the list, and the issue of obtaining housing is also considered a serious problem. These, together with the future of youth and high utility bills, outline problem areas which are – as suggested earlier – far beyond the control of community councils. As a result, local councils, as major actors in “local politics,” have pressure from two directions. . In a dual state or dual political system, local councils are pressured by government policies (Kákai 2004, Horváth M. 2007), for example in the areas of housing policies or that of utility bills, while at the same time the population who use these services and experience the related shortcomings also put pressure on them.

Apart from the evaluation of how serious the main problems are, the opinions of the Roma and the non-Roma population show significant differences. The former group considers high utility bills, the situation of families with more than one child, the situation of the Roma minority and the lack of public housing to be more serious. These issues are obviously in connection with the situation of the Roma, as a high number of them accumulate considerable utility bill debt as a result of lower incomes and more extensive poverty. As this debt is a result of overdue utility bills, it might seem that local councils only have a partial responsibility since they only provide a part of public services. Nevertheless, the residents in debt need to rely on the social services provided by the council. The situation of families with more than one child is also directly related to low incomes and housing, which is why the issue is ranked high as a problem for the Roma. Compared with the problem list put together on the basis of open-ended questions, the Roma see their own situation as a minority a lot more negatively than non-Roma residents living in the same community. They seldom mention exclusion and discrimination in

their answers to the open-ended questions, but when it comes to the scale question on the operation of the Mayor's Office, they consider these to be grave problems. It is because of their bad housing situation that the Roma view the lack of public housing as more serious a problem.

The non-Roma population has a rather different estimate of problems. The serious ones are in connection with deviance, the situation of pensioners and ageing. The deviances considered especially problematic are alcoholism and crime, and, to a lesser extent, illegal drug use. The situation of the local Roma population was evaluated as average by the non-Roma respondents. In their case, the situation of the elderly and ageing are relatively more serious problems, which can be explained by the fact that the population pyramid of the non-Roma shows an older population than that of the Roma. The difference in the opinions regarding health is also related to this fact. In communities where the proportion of Roma residents is high – in the case of the “Hajdú” towns this is between 10-25 percent – it seems that local councils encounter varying residential expectations and pressures; the population, as a potential (local) policy-shaping actor, expresses divergent needs and expectations. What is common is the need for local job opportunities and the possibilities to obtain housing: the Roma highlight the problems related to their social situation, which go hand in hand with the problems resulting from their ethnic background. The non-Roma residents experience differences as well as ageing-related problems, for instance in their personal health condition. These problems, expectations, and needs structures are markedly different, although there is some common ground: the need for social public services and public goods. For the non-Roma, it is public safety as a public good, or elderly care as a public service that appear, which indicates that the structure of public services and public goods also shows differences, because for the Roma they also include health care. These differences are also manifested in the preferences regarding public goods and public services, which was examined by asking residents how much money they would spend on various issues (Table 1.5.6.).

**Table 1.5.6.: If it was up to you, how much would you spend on the following issues, out of a thousand HUF?<sup>44</sup> (the “Hajdú” towns)\*.**

	Roma	Non-Roma	Total sample
Job creation	278	214	219
Medical treatment	194	189	189
Public utilities development	144	174	172
Social services	186	145	148
Housing	194	140	144
Public safety	104	140	138
Public education	113	132	131
Public space decoration	101	128	126
Culture	98	116	115
Public transport	97	105	105

\*Not to be added up – the question was not about dividing the sum, but merely how much a person would spend on the individual issues. Source: Own survey.

The amount of money that respondents would spend on these issues correlates with the personal and community problems that they named, and the gravity of these problems. This suggests that the public goods and public services expected from local governments are determined by the interpretation of life situations, the perception and understanding of problems, and also various needs – that is why it is so important for local councils as well as development councils and micro-regional associations to be aware of these needs, expectations and opinions. As in Hungarian local politics the role of local society in aggregating, outlining and representing interests is rather insignificant (except for local elites and groups with good interest representation skills, or influential personalities), especially when it comes to channelling interests in institutional forms, such expectations and needs are manifested in the direct pressure regarding specific needs.

What pressures do local politicians experience? Based on the survey, the pressures primarily include the need for job creation and health care, as

<sup>44</sup> The surveys were conducted in 2004-2006, when the exchange rate of the US dollar was between 180-200 HUF.



well as public utilities development. It is noteworthy that in the answers to open-ended questions regarding personal and community problems, the expectations concerning health care hardly appear – they are only featured indirectly, in the opinions about residents' health condition. The expectations in connection with social situation appear in the fourth place on the list of potential budget items – this confirms the statement made earlier: if respondents believe there are jobs locally, there is less need for social care. Local councils also experience a great deal of pressure regarding creation of housing and building support – this is the problem that they are the least capable of handling the problem, due to the changes to the number of public housing units or the housing support system, among other things.

The differences between Roma and non-Roma needs and expectations are also apparent in the case of budget allocation. Apart from labour creation, the Roma would spend more money on housing support and social services. This corresponds with their opinions given to the other questions. The non-Roma residents would develop public utilities, and would allocate more money for public safety, public education, the decoration of public spaces, culture and public transport. These differences are in line with the problems named by majority and minority residents, as these are the ones that require development and additional funding. In this respect it is of great significance what the direct relationship with the Mayor's Office is like, what people think about offices, their operation – as we have seen, the Mayor's Office more or less equals the local council in the eyes of the respondents (Table 1.5.7.).

**Table 1.5.7.: To what extent do you agree with the following statements? (on a five point scale)**

	the “Hajdú” towns		
	Roma	Non-Roma	Total sample
MO building is appropriate for its aims	4.50	4.46	4.46
The clerk is easy to locate	3.67	3.99	3.97
Administration is not impersonal	3.17	3.80	3.76
Respondent knows the client service of MO	3.37	3.60	3.58
MO provides clear information	2.96	3.59	3.55
Officials are able	3.03	3.56	3.52
Client satisfaction is important	2.73	3.43	3.38
There is equal treatment	2.61	3.33	3.28

Source: Own survey.

Those statements regarding the Mayor’s Office that are the most accepted concern the “physical” operation of the institution – although it is an important criterion whether a clerk is easy to find. The respondents themselves feel that they know the client service of the office. The ethnic background is manifested in the opinions: Roma respondents feel that administration is more impersonal, information is less clear to them, they feel that client satisfaction is less important, officials are less able – and what is the most significant, they believe that equal treatment does not really prevail.

## Summary and Remarks

In this study five hypotheses have been formulated, which are suitable to examine and test the impacts of community problems and residential needs on local politics.

The first hypothesis was about interest group types and approaching decision-makers. In this respect. The expectation was to find that the effect of patron-client relationships and natural groups would prevail, while in approaching decision-makers it would be the role of personal connections that stand out. The prediction was that in a relationship network it is personal ties and patron-client relations that dominate. This hypothesis was tested with the questions: “Is there anyone who cares

about your problems?” and “Who can you rely on with your problems?” These questions concern not only the examination of support systems, but also the trust in institutions and individuals. In terms of support systems, respondents frequently mentioned informal ones, while they distrust institutional support systems and feel that institutions and politicians are less interested in their problems or can only be relied on to a limited extent. In this respect, *the hypothesis was indirectly confirmed*, as the influence of natural groups and personal ties prevails. The patron-client relationship appears in the ambivalent attitude towards the Mayor’s Office – of the various institutions it is offices that are mentioned, especially by the Roma respondents. It is in their case that the patron-client relationship seems to be mostly present, as they say that the Mayor’s Office helps them solve their problems, and they can rely on it to a relatively great extent, while at the same time they experience that client satisfaction is of a lesser significance, and equal treatment is not always present.

The second hypothesis is closely related to the first one, but this statement concentrated more on the elitist interpretation of decision-making groups. In this area, expert theses are supported by the results of several Hungarian surveys. László Kákai’s survey results suggest that in three Hungarian cities people’s view of decision-making was that it should be done by someone who is able, responsible and has a strong personality (Kákai 2004: 146). Ferencz and Kiss examined the issue from the perspective of involvement in decision-making, and what they concluded is that decision-makers are aware of people’s needs to a certain extent, but they take it into consideration to a lesser extent – a contemporary national survey reached the same conclusion (Ferencz & Kiss 1996: 392-393). For the empirical testing of the “elitist” statement, the same questions were used as with the first hypothesis, but in this case the answers were interpreted as a sign of distrust, concluding that respondents do not rely on decision-makers and institutions because they do not trust them. They feel that those they could rely on to help with their problems – which, as we have seen, are basically not different from the problems of the community – do not care about these problems. Not only does this suggest the effect of personal networks and ties, but also that local political decision-makers – and even lower-level actors – are too remote (that is why patron-client relationships could prevail). Indirectly, the question regarding Mayor’s Offices as potential institutions of decision-making may also be used to examine the issue. The result is that the operation of offices is evaluated as average, by the Roma as barely average. These ambivalent evaluations, *confirming the*

*elitist hypothesis*, can be characterised by the paradox: “You deal with us professionally, but without us.”<sup>45</sup>

The third hypothesis is about public services. Expectations regarding health care, public safety and housing were predicted to stand out, and also for job creation to be a significant expectation. This hypothesis was tested using the lists of personal and community problems, and the latter was also compared with the opinions concerning the gravity of these problems. The area outlined by residential opinions, expectations and needs amply showed which public goods and public services are expected of local politics and its most significant actor, the local council. As this analysis suggests, it is indeed in these areas that needs are present. In the 1990s, Ferencz and Kiss examined residential expectations regarding the cities’ budgets – in their survey they did not ask about sums to be spent on job creation, and the structure of allocating costs was different, but all the same, the two lists of data are suitable to determine whether main trends have changed, and what public services residents would spend more money on (i.e., which areas are targeted by their expectations). Although the lists and rankings are similar, in our survey it is job creation that is at the top of the list (which was not included by Ferencz and Kiss), while in the 1990s survey the ranking was: health care (23 HUF),<sup>46</sup> social care (13 HUF), public safety (13 HUF), housing construction (11 HUF), public utilities development (8 HUF), environmental protection (8 HUF), culture (7 HUF), public transport (6 HUF), sports (5 HUF). Compared with this list, education and public safety were ranked lower, and public utilities development was ranked higher. *Therefore the third hypothesis was partly confirmed*, in certain areas residential expectations regarding public goods and public services have considerably changed. The hypothetical statement was confirmed regarding “the provision of local labour opportunities as part of public goods and public services;” there is considerable pressure on local councils to provide job opportunities.

My fourth hypothesis concerned support systems. Based on the authors previous survey experiences it was expected that in the households examined it is primarily informal support systems that respondents turn to, and only to a lesser extent to formal support systems and institutions.

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<sup>45</sup> In the wording of the paradox, I used the title of László Kákai’s book, *Önkormányzunk értetek, de nélkületek!* [Local Governing for you, but without you, own translation]

<sup>46</sup> How much of the city’s money, out of 100 HUF, would you spend on the individual issues? (Ferencz–Kiss, 1996: 402)

This is in correlation not only with the lack of trust in formal institutional systems, but also with patron-client relationships and “elitist” mechanisms. Significant differences between the answers of Roma and non-Roma respondents were expected: works of cultural anthropology emphasise the determining nature of family relations, while Hungarian network studies suggest the importance of the more extensive relationship network of Roma people. *This hypothesis was only partly confirmed*, as it was the non-Roma group who more often cited their family and friends in connection with their support systems. This means that, at least in the composition of people and institutions that help in dealing with problems of the Roma, it is the viewpoint of cultural anthropology that prevails. In the case of the Roma, the role of the Mayor’s Office is also significant, which means that – despite the ambivalent evaluation and attitude, see the evaluation of offices – the importance of formal support systems is greater (it is likely that this relationship is of a patron-client nature, according to the first two, indirectly confirmed hypotheses).

The empirical results of the surveys are also suitable to test the hypothesis concerning *exclusion* and *disintegration*. This can be done through the analysis of the lists of personal and community problems. The weakening of norms supports the hypothesis by the mention of crime, illegal drug use, alcohol consumption – apart from the mention, the extent of these problems is also significant. Similarly, the results concerning health condition, psychological condition, the lack of future perspectives for the youth, as well as ageing belong to this area, and also the suggestions on how to allocate the community’s budget. *The hypothesis was partly confirmed*, as in the case of the Roma there are indeed problems related to *exclusion* (unemployment, poverty, housing problems, utility bills, the treatment experienced in the Mayor’s Office) – on the other hand, it is only to a lesser extent that psychological and somatic problems and illnesses, or anomie and deviance-related issues are mentioned. Non-Roma respondents stressed the seriousness of the problems concerning *disintegration*, therefore in their case the expectations were confirmed. It seems that residents experience the same tendencies in distinct ways: for the Roma the exclusion effect is important, while for the non-Roma it is the disintegration effect.

### *Remarks*

In connection with empirical results such as the ones in this study, the question often arises: “Why do we have to research this at all? We know

what goes on in communities anyway.” This opinion is primarily shared by the active actors in local politics, and it reflects the doubtless considerable experiences of those involved in local political life. Still, it should be pointed out that although there are indeed several survey results concerning the operation of local power, local authorities and local society – which should not be ignored even when one has relevant personal experiences (locally) –, there are only a few surveys that carry out the comparative analysis of Roma and non-Roma communities (and this could justify the surveys presented here).

Another common question is: Whose competence is it to react to and deal with the problems outlined: local politics or national (state government) politics? This question also suggests that local politics has little say even in the shaping of local processes. On the other hand, the expectations of local society and its pressure and interest representation groups, as potential actors in local politics, are directed at local policies (and local authorities), instead of being “general.”

When it comes to local politics, one must also ask the question: what and who is understood by the term “local politics” – the local council (or the idea of self-governance, autonomy), local council representatives, the minority and its representatives, or the Mayor’s Office? The answer to this question also influences who the *actor* is, the one that should pay attention to the results (needs, expectations and opinions). Based on the survey results, “locally” it is the Mayor’s Office that is expected to react to and deal with problems, rather than local politicians – which means: “long live public administration” (as well as the state), and “long live those” who represent these organisations and institutions. Local society expects something from those who give something: this corresponds to the statist tradition of Hungarian social history, as well as paternalistic politics – these two often go hand in hand.

Yet another question to be raised concerns other actors, churches and non-governmental organisations, as these important institutions were hardly mentioned by the respondents in our surveys. This could have more than one explanation: respondents may not be sufficiently aware of the activities of church and non-governmental organisations, or such organisations can only take a modest part in the treatment of local societies’ problems, due to their limited human and financial resources. A further explanation could be that in the regions examined the role of non-governmental organisations is relatively insignificant, which might be in correlation with the state of the region’s society. Another possible correspondence is the above-mentioned statist tradition: as a result of

social historical experiences, respondents seldom have other institutions in mind, and therefore rarely rely on them.

Finally, it should be mentioned that opinions, needs and expectations, which constitute an inventory of societies' needs, can become factors of influence on local politics (and local authorities), therefore it is by all means justified that those involved in local politics should be aware of them. On the other hand, such awareness might *legitimise* the goals and actual operation of local politics and local policies, the priorities of (political) activities, and it might serve as a reference for aims, decisions and activities in areas such as social services, public work, local schools, public safety and public order.

## 1.6 Migration processes in modern Hungary and today<sup>47</sup>

*Ferenc Bódi – Péter Giczey*

### **A country at the edge and in the middle of Hungary**

Hungary is in the centre of the Carpathian basin and for centuries the chain of mountains surrounding the basin marked its northern and eastern boundaries. *St Stephen*, the founder of the state, accepted the western Christian idea of state and considered multilingualism and cohabitation of different cultures and ethnic backgrounds as an advantage.

The long lasting idea of the state symbolized by the *Crown of Saint Stephen I.* was helped by that geographic situation that the state (during the time of the Hungarian Kingdom - Hungary and Croatia formed one state for nine hundred years) can be found in Europe's absolute and relative centre.

It is situated in the center of Europe based on the distance measured from the seashores of the continent. Europe's relative centre can be found in the north-eastern part of the Hungarian Plain, between *Debrecen* and *Nyíregyháza* (Rónai 1945). On the other hand, if we want to find the absolute centre of the continent, that is if we pull diagonals among the four most distance points of the continent, even then the centre of Europe will be found in the territory of the historical Hungary. This spot as a geographical rarity is marked by a granite obelisk, that was placed by the Hungarian Geographical Society and that was confirmed by an iron plaque written in Russian from the Soviet times.

This geographical centre was at the same time the border of the different European developing zones as well. According to the French historian *Georges Duby* this region is located at one of the eastern borders of the European culture and the expansion of Europe is equal to the expansion of Gothic cathedrals.

Western-European Christianity that established the modern states and societies was born in this historic-cultural area (Duby 1976).

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<sup>47</sup> 13<sup>th</sup> LOSS Conference: "Migration – Chances and Risks of Diversity" 6th - 8th of March 2008 *Katholische Universität Eichstätt* –Ingolstadt (Germany) WFI - Ingolstadt School of Management Auf der Schanz 49 85049 Ingolstadt. Presentation: *Ferenc Bódi, Péter Giczey, Gergely Fábián: "Migration Issues from a Central-East-European Viewpoint"*.



Basically Huntington uses Duby's Europe-delimitation then when he answers the question: „Where is the Eastern border of Europe?” Where is that border that parts the „Western Christians” from the „muslin and orthodox East?” „The basis for this historic line can be found in the period between the collapse of the Roman Empire in the 4<sup>th</sup> century and the foundation of the *Holy Roman Empire* in the 10<sup>th</sup> century. The border had been there at least for five hundred years. It starts from north along that territory that today separates *Finland* from Russia and Russia from the *Baltic States*(*Estonia, Latvia, and Lithuania*). It crosses the western territories of (the contemporary) *Byelorussia* and *Ukraine*, parting the Greek-Catholic western parts from the Orthodox East. It goes across those areas of Romania where the Catholic and Calvinist and Unitarian *Transylvania* is situated with its Hungarian inhabitants, it goes along the ex-Yugoslavia and cuts it at that spot where *Slovenia* and *Croatia* borders the other (ex)republics. In the Balkans this border of course coincides the historic border line between the *Austro-Hungarian Empire* and the *Ottoman Empire*” (Huttington 2006, 257).

Hungary was one of the most or maybe the most “visited” part of Europe in the Middle Ages. Before and after the Hungarian conquest several nations/cultural groups crossed and entered the Carpathian basin and were expelled from here or settled down here. Some of them became parts of the Hungarians, taking their culture or mixing the two cultures like the *Avars, Cumans, Pechenegs* and *Jasz* (a group of settlers from Iran in the 13<sup>th</sup> century), and there were some whose languages assimilated but they preserved their specific entity (Germans, Jews).

Thus Hungary has a long history with the movement of peoples in its territory and this is why it is important to review its migration and immigration experiences (with limitations). Of course one must examine those events and external and internal causes that generated significant movement of people in the country.

The situation of migration and immigration is not only the case of one state as a result of the *Schengen Convention*, Hungary closes the south-western borders of the EU. Earlier it was a state of the *Iron Curtain* but it played a significant role in its destruction as well. In the Middle Ages it was called the bulwark of Europe as it separated the Ottoman Empire from Christian Europe from the 15<sup>th</sup> century, (the fall of Byzantium) to the ultimate weakening of the Turks in the Balkans, that is till the beginning of the 18<sup>th</sup> century.

## **The Carpathian basin as a population vacuum at the beginning of the 18<sup>th</sup> century**

Looking at the history of migration and immigration during more modern times it is enough to go back to the beginning of the 18<sup>th</sup> century when the central part of the country (the territory of Hungary today) was essentially liberated from the Turkish rule. The war of liberty against the Austrian monarchy was over and it was followed by a long peaceful modernization period with an unprecedented population boom. It generated such a large population movement that it can be compared with the population of North America in colonial times. *A. N. J. den Hollander* introduces the re-population of the Plain with the *moving border* towards the north together with the *American settlers* analogy. In the 18<sup>th</sup> century a special “population density belt” appeared along river Tisza from its headwaters to the lower part of Danube. The rate of increase of the population in this area was similar to that of the American colonies (Kövér 1982; 114).

The 18<sup>th</sup> century in Hungarian historiography is a highly controversial era because it was hard to establish how much the population of the country was after 150 years of war. According to some estimates it was 4 million but other estimates of the total population of the country was about 2.5 million (Kosáry 1991; 56). There seems to be only one agreed upon estimate, that Europe’s population increased about 60% between 1500 and 1700. However, the population of the Hungarian Kingdom did not change (according to optimistic estimates) but maybe it could have decreased by 40% as a result of the violent genocidal wars and the brutal terror of the imperial armies, for example Ottoman armies and the Mongols mainly on the Plain and in Transylvania. The liberating war was full of violence as well. It was not rare when in a county (from among two hundred villages) only the population of one or two villages survived the last stage of the war (*Pest-Solt and Heves counties*) (Wellman 1989; 26). At this time the density of the population was only 6-12 person/km<sup>2</sup>. During the war of liberty (1703-1711) several big cities were emptied (*e.g. Kecskemét and Debrecen*).

The 1708 nationwide plague epidemic killed 300 thousand, or according to other estimates 1.5 million people. Consider that at the same time (the beginning of century) the population of *France* was 18 million, the number of inhabitants in *England* could have been about 5 million, 1.6 million people lived in the *American colonies*, the population of *Sweden* was 1.4 million and it was 13 million in *Russia*. The increase of population in the *Hungarian Kingdom* was far behind Northern Europe

that was already then sending its significant excess of population to the colonies, mainly to North America. During the time of the liberating wars and the movements for independence it was sometimes impossible to find a single settlement in a territory as big as half of a county. In the new peace period it was a primarily goal to settle people in the deserted wilderness and the waterlogged areas, in the interior of the country, mainly to the Plain territories. Landlords needed peasants, the king needed contributions, thus the interest of the state dictated that the territories that could be defended permanently should be strengthened. They had to be safe and had to be able to maintain the army. A recruitable population had to be settled in the parts of the country that were recently liberated from the Turks. In this century significant population movement started on one hand within historical Hungary and on the other hand from territories outside the Carpathian basin.

The monarchy consciously pursued immigration policy. First of all it banned emigration and promoted immigration. Settling down, helped inner migration. Even though emigration was banned small groups left the Carpathian basin in the 18<sup>th</sup> century (mainly because of political reasons); after the *mádéfalvi peril* Transylvanian Hungarians escaped to *Bukovina*,<sup>48</sup> over the Carpathians. In addition, *Serbs* moved to *Russia* following the invitation of *czarina Catherine II*. The direction of the inner migration mainly occurred from north to the south. As *Felvidék* “Highland” (today belongs to Slovakia) was less hit by the war from here *Tot* “Slovak” settlers appeared in the south-eastern part of the Plain (*Csanád, Békés countries*) and they created connected settlements (*Tóthkumlós*). *Ruthenian* settlers arrived from the Carpathians and settled in parts of Northern Hungary, while the Romanians arrived from the Transylvanian *Rudohorie* and stayed at the eastern part of the Plain in the *Partium*. From beyond the borders of Royal Hungary following an organized recruitment, *Germans* arrived in several waves from the *Upper-Rhine* and the *Upper-Danube* area. *Austrians* arrived from the closest parts of Austria and settled in the western counties of Transdanubia and in the *Várföld*, that is *Burgerland*. From the east mainly *Ruthenians* (Carpathian Ukrainians) and in small amounts *Jews* arrived. From the south, Turkish-controlled parts of the Balkans, many *Serbians*, and fewer *Bulgarians* and *Greeks* immigrated to Hungary.

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<sup>48</sup> Mádéfalvi peril. 7. January 1764: the murder and taking to the forest’s prison of those who protested against the forceful organization of the Transylvanian customs officers. From before the violence the Transylvanian Hungarians escaped to Bukovina, over the Carpathians.

After 1829, when Greece was liberated from the Turkish occupation, many Greeks went home but left their churches and Baroque city houses behind (e.g. *Miskolc*, *Tokaj*). In the southern counties of *Bunjevci* and *Sokci*, Serb Catholic minorities settled in the southern part of the Danube and Tisza rivers (their influence can be mainly found in *Baja*). The unusual population of Transylvania was increased by those who arrived spontaneously mainly *Romanians* shepherds who came from the *Principality of Wallachia* and settled in the mountains. This was also the period when many *Gypsies* arrived from the Balkans to the Carpathian basin and settled in Transylvania and the *Felvidék* “Highland”.

The most typical example of an organized settlement of immigrants was the settlement of the *Germans* in Hungary. It did not happen in one place like in the 12<sup>th</sup> century (*Königsboden* “Saxon Land”) but included almost twenty counties in Transdanubia, in southern, northern and eastern Hungary. Names of several towns still have word for *német* “German” in their name (e.g. *Szatmárnémeti*). The new German settlers were collectively called *Swabian*. Their recruitment started in the Holy Roman Empire during the time of *King Charles III* and the imperial-royal recruiters promised tax relief and proclaimed: “Hungary is such a country where rye will turn to be wheat and gold will grow on vines.”

The second immigrant wave (1763–1771) started the population of the plains. Then more than 2,500 Swabian families immigrated and formed complete villages mainly in *Bácska*. Swabians coming from *Bavaria* often sailed down the Danube on rafts (this is why one of the Swabian towns in the plain was named *Hajós* meaning “Boatman”). They were the first pioneers who took part in the drainage of the marshes and the utilization of sand (planting vineyards), in the initial construction of the canals and river regulation. About the same time some *Italians* and *Spanish* arrived as well who started to grow rice on the Plain. *King Joseph II* had the biggest resettlement project (1782–1788), when nearly 9,000 Swabian families (85-90 thousand people) came to reside mainly on the Plain. Overall, the country was populated again. At the military census of 1790 the population of the Hungarian Kingdom (together with the soldiers stationed here) reached ten million. By the end of the 18<sup>th</sup> century Hungary became a developed agricultural country that was able to produce more food than its population required therefore it had significant agricultural exports, and it strengthened its educational system and its agricultural towns (*Szeged*, *Debrecen*, *Szabadka*) started to grow. At this time Hungary became a multinational multilingual multireligious country. In Hungary on the basis of the traditions of the religious peace

(the Transylvanian *Torda Diet* declared religious tolerance 1558)<sup>49</sup> even in one area or settlement Lutheran Slovakian, Calvinist Hungarian, catholic Swabian, Orthodox Serb and Romanian and ethnic groups from different nations with different languages and religions could live together. Nowhere to the west or to the east from Hungary could be find such a country where there were so many different churches reflect the many different religions around market places or in the main square with equal height and equal prestige. The official language of the country used in offices and in legislation was Latin. The language of education was the same as that of the church denomination. It was not rare that a Catholic noble built a *Greek-Catholic* church for his Russian serfs.

As a result of organized immigration by the end of the 18<sup>th</sup> century the population was 9.3 million and 3.5 million spoke Hungarian as their mother tongue (Wellmann 1989, 69). Thus although Hungarians were the majority they were actually a minority in their own country (38%) (Kosáry 1991, 59). The estimates of the ethnic/national background of the population was as follows:

- 1.5 million Romanians (who lived in the south-eastern part of the country)
- 1.25 million Slovaks (they mainly lived in the north)
- 1.1 million Germans (living scattered all over the country)
- 0.8 million Croats (in south-west)
- 0.6 million Serbs (in the south)
- 0.3 million Russians (in the north-east)
- 0.3 million Greeks and Armenians scattered across the country

Up to the 1848-49 revolution and war of independence Hungary was a place for people to go to rather than to leave from. Until then the Hungarians were not part of the international emigration processes. Hungarian emigrants, mainly ex-Kossuth soldiers and officers left in significant numbers. They fought in the Balkan liberating war (Bulgaria), the Italian unification and the American civil war in the union army.<sup>50</sup>

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<sup>49</sup> In the 1558 the Transylvania Diet of Torda declared free practice of both the Catholic and Lutheran religious but prohibited Calvinism. Ten years later the Diet extended the freedom to all religious. Therefore the Edict of Torda is considered by mostly Hungarian historians as the first legal guarantee of religious freedom in the Christian civilization.

<sup>50</sup> Gábor Bódy's film entitled *American Anziks* is a memory of these lives and fates.

After the years of the war many of them settled overseas while some returned home after the Compromise. General *Türr István* is an example of such a person. He fought in the Balkan wars, he was Garibaldi's general, occupied *Naples* and was its military commander and was the engineer who designed the *Greek Corinth Canal*.

## Emigration to America

Hungary became an issuing country after 1870. The destination of this emigration was over the sea, mainly to the United States. Based upon ships registers, between 1871 and 1913 2,039,223 people left the country. According to the calculations of *Gusztáv Tírring* up to World War I two million people left the country and about 30% of them were ethnic Hungarians. At the beginning the emigrants did not want to emigrate. *Bertalan Neményi* in his work entitled "The state of the Hungarian nation and the American emigration" clearly reveals the psychological motivations of the emigrants together with the sociological reasons and those social circumstances that finally caused emigration (Nemményi 1911). *Geheimes Weh* "is secret pain that fills up the hearts of the emigrants" he quotes *Max Nordau*, who summarized the response of the German emigrants. To stress the reason of the German emigration he reflects on the 1885 speech of Bismarck where one of the main reasons of the emigration according to the chancellor is that wealthy people living in the unfavourable economic conditions worried about their properties and thought it would be in safer in America. It is true that the Hungarians were not poor either. They were rather wealthy, they had money to buy expensive boat tickets and they were brave enough to leave the country. As works written at this time also confirm a basic motive for emigration was to save for purchasing land at home and/or repay past debts (Braun 1913).

Two third of the emigrants had lands, houses, nice homes and a good existence. However, most of them worried about becoming poor and intended to strengthen their well-being at home.

The feeling of *relative poverty* was a strong motivation, mainly in those villages where those who returned from America built big brick buildings and covered them with tin roofs and bought machines. It primarily motivated the young landlords to go to America. This distant employment was advertised by the agents of big shipping companies who, although banned by authorities, visited villages and recruited a young workforce. High national taxes and other monetary contributions

also were against staying at home. In America wages were higher, food prices were lower and what was most important taxes were favorably low.

From one-day's wage paid for unskilled work the worker could eat meat three times a day plus he could save one dollar per day. From this saving and way of life he concluded that the American worker lives like a well-paid citizen on the old continent. The high exchange rate of the dollar was a big help to relative well-being, since one silver dollar was equivalent to five golden *Krona*. In Hungary a day laborer working in agriculture could earn 400 Krona and he was not able to save anything, and it was only enough for him to eat meat once a week. In America, an unskilled worker could save one dollar per day that is 1.500 Kronas per year. Of course American freedom attracted many people, but from Europe and from Hungary also most of emigrants were not chased to the new world by the "oppressive tyranny", but the hope for a better life that most of them could find there.

Did small landholders and those with a very small amount of land go to work in American mines and metallurgical plants as apprentices because in Hungary railways and dams, mines and smelters were built extremely fast. Was the reason that there was overpopulation in agriculture that could not be absorbed by the domestic industry and urban development? It is true that by 1910 the population of the country was nearly 21 million (64 person/km<sup>2</sup>) but it was still not an overpopulated country like England or Germany.

In certain regions where industry was not developed, there was poor soil fertility and a high population growth rate (*Zemplén, Sáros, Szepes, Abaúj-Torna counties*) the motivation to leave could be clearly demonstrated. It could also be seen even earlier for example in the 18<sup>th</sup> century, that the population could wander to the south towards the plains. After the regulation of the big rivers (Tisza) arable lands blocked the path of the mountain population towards the Plain therefore because of the lack of the industrial workplaces they emigrated. The development of industry did not create significant inner migration – as opposed to the 18th century agricultural development. Domestic industry investments were capital improvements of foreign origin and because of the lack of the national training the investors, together with the machines brought their workers with the industry as well from Germany, Austria, Bohemia.

Industry did not attract so many industrial unskilled workers that it would have induced a suction effect from the mainly agricultural territories of the country.

Another peculiarity of Hungarian industry was that it could not absorb the increasing agricultural population. The few heavy industrial plants the large numbers of mills and sugar factories employed seasonal workers who worked in the industry in winters and in agriculture in summers (in day labour or/and in their own lands). That's why they did not or could not become industrial workers only seasonal day workers. Even in 1910 only one fifth or one fourth (23.7%) were employed in industry. Migration within the country was not helped by either the fact that seasonal wages and industrial day work wages were far behind the wages of the skilled workers and a rather predictable livelihood. The skilled workers in industry and technical staff could count on the owners' and the state's social care (housing policy, sickness and pension policy), but the casual laborers lived far away from the scope of supply (Szabó 1986).<sup>51</sup>

"There are no proletarians in America" writes *Tocqueville*. There are not similar late-capitalizing and a half-feudal social system. For the vast majority of the peasant society that formed the majority of Hungary's population, who could not find new opportunities in the industry and in cities, emigration opened the way for social mobility, social safety and modernization. Only those who emigrated did not know it.

The Carpathian Basin, with its fertile valleys, religious tolerance, multi-nationality and with state structure was able to absorb populations from the nearby European regions, however, by the 19th century it became a sender of its residents. One third of the emigrants were ethnic Hungarians, one fifth were Romanians, one sixth were Slovaks and another one sixth were Germans if one looks at the average of the decade prior to the WWI.

*Candellier* establishes a formula under which the population or the ability to retain population of a certain geographical territory depends on the ratio of the available resources and the social needs (Neményi 1919). If the resources of the territory are big and the need of the society living there is small then that area has a large population-maintaining ability and has an absorbing effect on other places where the decrease of resources and/or the increase of needs can be seen. Does this simple formula mean that Hungary's resources were exhausted? No, only that the new generation growing up in a society that tended to have a strong middle class had more requirements that could not be met by the earlier

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<sup>51</sup> Szabó Zoltán's social description in his work written about the *Ózd-Rimamurány Steel Plant*, entitled *Gaudy Misery* shows precisely the pyramid of the domestic industrial society structure.



source-dividing structure and emigration offered a better alternative. They would have needed bigger farms to have a better life but large estates were the barriers to the increase of small farms. These large estates – according to *F. Oppenheimer* - were not organized on the basis of economic principles but on authoritarian principles. The modernization spinner of the society was too slow and did not provide the new rural generation with the modern, safer and more comfortable industrialized urban life. Examining immigration from the point of view of the United States, immigration brought good business as mainly an active workforce left the old continent. In the States the Hungarians settled in and around Cleveland, Chicago, Bridgeport, and Pittsburgh. In the 1910 census nearly a half million Americans said they were Hungarians by birth.

**Table 1.6.1 Immigrants to the USA born in Hungary, 1870-1920**

Year	Person
1870	3,337
1880	11,526
1890	62,435
1900	145,609
1910	495,609
1920	397,282

Source: Szántó (1984; 47).

### **The reason and the effect of the Jewish immigration**

After the time of the expulsion of the Turks, Jews lived only sporadically in the territory of Hungary mostly along the western border on large aristocratic estates. By the end of the 18<sup>th</sup> century their number had reached eighty thousand. Most of the Jewish immigrants moved to the territory of the Hungarian Kingdom, mainly to the area of *Pozsony* (Bratislava) because of the Czech-Moravian marriage restrictions. After 1781 another immigration wave reached Hungary this time from the direction of Poland. In 1805 the Jewish population reached 100,000, in 1825 190,000, in 1840 242,000, in 1857 407,800, in 1896 542,000. In 1880 624,700 Jews lived in Hungary. In 1869 this number is more than the number in *Galicia* where the most Jews lived in the Habsburg Empire (McCagg 1992; 99).

By 1910 their number had reached 910,000 and they became the biggest minority but for a long time they were not involved in local governmental management. The first local rabbinate was formed in the 18<sup>th</sup> century and they soon realized the need to learn German. The latest immigrants who arrived from the east, from Galicia, were not open to the possibility of learning modern doctrines or learning the state language. In 1850 there were only 500 modern Jewish schools where there was elementary education only for two years. From the 400,000 Jewish living in Hungary 350,000 did not receive modern education. They knew only the Talmud and most of the Jews living here could only speak *Yiddish*.

The 1848 revolution had a particular effect on their life. The aversion of Eastern and Western diasporas calmed down and they consistently stood up for the revolution. In the summer of 1849 at the collapse of the revolution, legislation still in effect provided a legal basis for Jewish emancipation however, the Austrian authorities, enforcing the principles of collective guilt, punished the entire Jewish community. Because of their rebellious behavior severe fines were levied on their communities. Although they were collected, they were reluctant to pass it to the imperial authorities. At the beginning of the 1850 they managed to compromise with the authorities, under which the Austrians lowered the penalty but in return they ordered the Jewish communities to establish and build modern schools.

With the appearance of the modern schools Hebrew was made less important. Three hundred new modern schools were founded where children could be taught till they reached high school age. First they could learn only in German but after 1860 the Hungarian Jewish schools started to teach in Hungarian. As a result the second generation was “magyarized” and modernized. The emancipation of the Jews was accompanied by quick assimilation. It was unprecedented in contemporary Europe and strongly contrasted the Hungarian Jews to those who followed the Galician traditions and to those who kept aloof.

The reason for the immigration of the Jews can be found in Ukraine. There the Jews often were the targets of the anti-Semitic harassment or pogroms encouraged or tolerated by the local authorities. This caused many of them to escape and flee to Hungary. Many of them went to other countries but as Western-Europe was not an attractive, safe place for them either they stayed in the territory of the kingdom or they emigrated mainly to the United States of America. Between 1891 and 1914 320,000 Jews emigrated to the States with 85% being Galicia Jews.

Although there was some successful integration in Hungary before WWI the Jews were divided because the *Neologs* (Jews who followed the new doctrines) who mainly lived in cities, strongly assimilated to political and cultural norms and expectations. “The patriotic atmosphere (...) maintained by the religious leaders of the neolog Jews played a vital role in making the nearly euphoric Hungarian nationalism credible.” (McCragg 1992, 147) The orthodox Jews living mainly in the country watched this process with suspicious condemnation and worried that their communities that were still faithful to their traditions would assimilate.

## 20<sup>th</sup> century exodus

Between the two world wars from the small population of Hungary about 340,000 people emigrated during the *Great Depression* and in the years before the WWII. After WWI nearly half million fled from their place of birth, from the detached territories to the reduced size of Hungary.<sup>52</sup>

The former “large house” milieu was divided into small “co-tenancies” on the basis of national principles. The result was that the Transylvanian Hungarians in Romania, the southern Swabish in Yugoslavia, and the Galicia Jews in Hungary became minorities. These immature nation states were weak to develop strong alternatives against the two new powers in Europe, the expansion of the *German Third Reich* and the *Bolshevik* influence coming from the East. The Hungarian Kingdom, which did not have a king at that time easily drifted into the war, to the most horrific tragedy of the times. The military and civilian loss in Hungary compared to the total population approached that of Poland which lost the greatest percent of its population among the European countries in WWII.

For many decades Hungary officially was not able to face the amount of the destruction. Only the historical writing about emigration attempted to assess those losses, which, according to modest calculations reached one million. It was more than 10% of the population of the small Hungary. The number of refugees and those deported was more than 5 million, which is more than the half of the population. The war reached the

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As a result of the *Trianon Peace Treatment* two third of the Hungarian Kingdom was shared among Austria, the Croatian-Serb Kingdom, the Roman Kingdom and Czechoslovakia. After the peace treaty the Hungarian nation lost the one third of its population which from then on lived as minority in the territories of the successor states. Since then in all countries the proportion of the Hungarians decreased compared to 1920.

borders of Hungary in 1944 and the bombing of the Allied Forces began. From the operational areas according to estimates one and a half million people escaped, mostly because of the atrocities of the Russians, from the east to the west.

Apart from the “voluntary” refugees to the German and the Russian armies, that took away complete factories for military reasons or preyed on them for workers, nearly the same number of people were deported. Men and women were often taken to build military units and later these people were forced into labor camps. Many of the deported never returned home, mainly those who were taken to “malenkij robot” (forced labor).<sup>53</sup>

**Table 1.6.2.: The people lost and refugees of WWII (number of persons)**

Military population movement (war refugees)	1,500,000
Deported and forced to military forced work (by the German and Russian armies)	1,500,000
Moving back and immigrants to the retaken territories (1938-1943)	600,000
Polish refugees (1939)	100,000
Deported Jewish	700,000
Those who were forced to leave Czechoslovakia because of the Benes decree	200,000
Swabish relocation	190,000
Hungarian refugees who escaped here from the re-ceded territories between 1944 and 1948 (from 79.000 km <sup>2</sup> of territory lost again)	400,000
Total	5,190,000

Source: Für (1987) estimated data.

Before the war Hungary got back some of its territories (the southern part of the Highland, the sub-Carpathian region, North-Transylvania). Nearly as many people moved back to these territories as many moved away

<sup>53</sup> The Soviet officers recruited mostly men from among the inhabitants of Hungarian villages in East-Hungary for “small work” (malenkij robot) who were deported to gulag (labor camps) in the Soviet Union. Most of them returned back after several years, others were disappeared forever or died.

from here (600,000 people). When the war started (despite the strong demand of Germany) the Hungarians did not let the movement of the *Wehrmacht* in the territory of the Hungarian Kingdom. The country opened its borders for the Polish refugees and let them move freely all over the country. The Hungarian authorities did not put the Polish soldiers and civilians into forced camps. After the occupation of Hungary on 19. March, 1944 the Jewish living in the country were taken to concentration camps. Budapest remained a closed city but after the Nazi coup the Budapest Jews became completely unprotected against the Nazi brutality. Nearly 700,000 mainly assimilated neolog Jewish Hungarian citizens were deported. A part of the Holocaust survivors emigrated to Israel (115,000 people), another part stayed in Hungary.

In the spirit of the 1945 Potsdam meeting 200,000 Hungarians were expelled from the Highland of the Czechoslovak Republic in the so called *population exchange* referring to the collective war guilt that even up till now has not been taken off the legislation of either the Czech Republic or Slovakia. The Allied Control Commission called for the deportation of 450,000 *Swabish*, the Hungarian government contributed to the expulsion of 190,000 Germans. Most of them went to the territory of the *FRG*, only a smaller proportion of them to the *GDR* and there were some who found a new home in *Austria*. Most of the *Swabish* escaped home in spite of the fact that they have never got their properties back.

After the 1947 Paris peace treaty, Hungary was pushed back behind the Trianon borders, and 400,000 Hungarians moved back to Hungary. It was because they were not tolerated by the authorities of the new-old states, or right after the war they thought they would be safer to escape back to the now smaller Hungary. Many of those who remained in their living places in Northern-Transylvania, in the sub-Carpathian region or in the South became victims of ethnical cleansing. Only after 1990 was this made public. The number of victims of the “Hungarian Katyn” is more than one hundred thousand civilians.<sup>54</sup>

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<sup>54</sup> See the following case Szojva “Svaliava”: After the WWII a concentration camp was working near the town. Hungarian and German-born civilians (born between 1896 and 1926) were carried off by Soviet forces to the camp purely on the basis of their nationality. They were ordered to report for “malenkij robot” (a corrupted Russian for “small work”), but most of them – more than 10 thousands deportees were killed in the camp. Systematic genocide was committed by Soviet occupation force in Trans Carpathian region.

By other methods genocide was committed by Yugoslav partisans in Novi Sad region in 1944. In these cases innocent civilians were disappeared. The victims lie in unmarked mass graves. (Forró 2007)

## The 1956 revolution and the “dissidents”

After the Communist takeover and the creation of the Eastern-European blocks called the Warsaw Treaty it was almost impossible to leave the country legally. Those who wanted to leave the country because of political reasons or because their properties were taken away, could do it only illegally. They were called “dissidents”. Later in the 1960s, and 1970s, if somebody happened to get a passport or could go to Vienna as part of an organized holiday trip, or to any Western countries, they started to hesitate: “Shall I stay there?”

The biggest dissident wave of emigration was between the fall of 1956 and the spring of 1957 when after the revolution the borders were opened. Then 200,000 people left the country, most of the emigrants were young, with one third was under 20. Sometimes the members of a whole high school class found a new home. The high rate of the young can be explained by the fact that many young people under 18 took part in the fights and if they could they moved to the west. Twenty-eight percent (28%) of the refugees settled in the USA, but many went to Scandinavia as Sweden was among the first countries to open its border in to the Hungarians. Only a small part of the “dissidents” returned, most of them managed to assimilate successfully. Clearly, a positive reputation was formed in the public opinion in certain countries, and the foundation of this good reputation were the Hungarians who settled in those countries. Several members of the 1956 Olympic Games team were dissidents. The most prominent and well known Hungarian was *Ferenc Puskás*, who was known by everybody from London to residents of the Indonesian jungle.

After 1956, 2-3 thousand people left the country illegally regularly, that is till the opening of the borders in the fall of 1989, for a total of over 400,000, mainly young people. As the borders opened (arriving from the GDR, and opened the iron curtain at the Austrian border in front of the mass of people who did not want to go home) the direction of the migration changed. Hungary changed from an issuing country to a host country, that significantly contributed to the fact that the continuously decreasing population of the country did not go below 10 million for a long time. After the collapse of the Communist block and after the political change the country assumed a new role. As Hungary became a free country of the west, the political refugee status disappeared and it did not “produce” economic refugees either. The politics of the relative well-being rather attracts than repels the migrant social groups.

Hungary is a target country not only for the Hungarians living in the neighboring countries but economic and political refugees of far-away continents appear here as well, mainly illegally. From the far-away countries they arrive in Hungary with the intention to go further, to more developed western-European countries. This transit-type migration means new tasks, as today the border of the European Union is at the Ukrainian-Hungarian, Serb-Hungarian and Croatian-Hungarian borders.

## **The situation today**

### *Wandering to the centre of the EU – with the exception of Hungary*

After the political change Western-European countries worried about the attack that might come from the Central-Eastern-European workers against the labour-markets of the developed European countries, mainly after joining the European Union. The countries of the EU set up strong restrictions but this expectation proved to be unfounded mainly in case of Hungary. Fewer legal workers applied for permission, although it is true that illegally masses of people went to work to the West (although the situation was the same before the joining the EU as well).

According to the statistical data from the new EU states<sup>55</sup> the rate of those who work at least two month abroad, the Polish-Romanian-Slovakian trio is the winner. Hungary, far behind, is in last place. According to the data of the International Organization of Migration (IOM) at the end of 2007, 324,000 Polish, 230,000 Slovakian, 202,000 Romanian, 82,000 Bulgarian and 27,000 Hungarian citizens worked at least two month abroad.<sup>56</sup>

What can be the reason that the Hungarians are less active in working abroad? Of course one must take both the *push and pull* factors into consideration in the case of each country. From among the *pull* factors the most important is that in the developed countries there is a labor – shortage that produces two extreme cases. On one hand these countries wait for highly qualified workers (e.g. physicians, IT experts) whose education within their home country costs very much, this is why there are only few of them. On the other hand they want to get workers for the

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<sup>55</sup> In 2004 eight countries were accepted to EU: Czech Republic, Estonia, Poland, Latvia, Lithuania, Hungary, Slovakia, Slovenia, Cyprus and Malta. Most of them used to belong to the Eastern block. Later Bulgaria and Romania were accepted too.

<sup>55</sup> <http://www.vg.hu/gazdasag/milliardokat-hoznak-a-vendegmunkasok-205867>

<sup>56</sup> <http://www.vg.hu/gazdasag/milliardokat-hoznak-a-vendegmunkasok-205867>

lowest status work (e.g. plumbers, kitchen support staff etc.) because they cannot find workers for these jobs in their own countries.

The above data is only for the legal employees. The number of those who stay in developed countries illegally is much higher than the governments can even estimate. According to the consistent estimates of the Italian, Spanish and Polish governments 2 million Polish and 2 million Romanian workers work in these countries.

The contribution of the people working abroad to their homes' economy is additionally very interesting. From the data of the Polish and Romanian national central banks those who work abroad transferred more than 4 billion Euro to each of these countries in 2007, but the currency brought home in their pockets is estimated to be at least five times more than this amount.

To look at the Hungarians' willingness toward foreign employment and migration it is worth examining the *push* factors. During recent decades researchers and analysts dealing with the Hungarian society and migration questions have agreed that the Hungarian society is not mobile in a spatial sense.<sup>57</sup> It is not mobile within the country either, and not mobile especially internationally (TÁRKI research).<sup>58</sup> Although in the media from time to time daunting news appears about massive emigration in certain types of jobs.<sup>59</sup>

One of the primary reasons for not leaving is clinging to their own apartments, houses. Hungarians do not give them up. Emigration would be expected from the communities along the borders, where the *push* factor is very strong because of the lack of living possibilities, and lack of workplaces, because of the low level of services and the lack of future prospects, but their houses keep them from moving. Their houses are worthless, they cannot sell them or if they can get money for them it would not be enough for them to buy new houses anywhere else. It is a Hungarian particularity that one's own apartment or house has a special significance. The reasons can be traditional today because during the years of socialism having your own apartment was the only opportunity

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<sup>57</sup> „Magyar dölyffel...” Csepeli György, Kolosi Tamás, Pikó András (moderátor) és Vitányi Iván kerekasztal-beszélgetése. Mozgó Világ 2011. január. <http://mozgovilag.com/?p=4202>

<sup>58</sup> [http://www.tarki.hu/cgi-bin/katalogus/publikacio\\_hun.pl](http://www.tarki.hu/cgi-bin/katalogus/publikacio_hun.pl) and [http://es.hu/8222;mi\\_sem\\_megyunk\\_mashova\\_ide\\_se\\_jojjenek\\_masok8221;;2011-06-15.html](http://es.hu/8222;mi_sem_megyunk_mashova_ide_se_jojjenek_masok8221;;2011-06-15.html)

<sup>59</sup> <http://www.vilaggazdasag.hu/gazdasag/makrogazdasag/szerintunk-is-el-lehet-menni-sosem-latott-negativ-adat-348521>



to become wealthy and many people had no other opportunities even after the political changes. Today the rental property sector is almost non-existent and it serves as a barrier for inner mobility.

Migration occurs within the circle of those young people who are able to go to the high schools of the region and from there to colleges or universities and after graduation they do not return to their villages. It is the young who prefer undertaking either shorter or longer foreign employment and they mainly do service work and child care.

The next reason for not emigrating is the more generous social benefits (compared to those in Romania and Slovakia) which do not encourage the poorer inhabitants to find jobs abroad. In addition, the grey and black economy is very extended in Hungary and offers further opportunities to provide additional income.

In Hungary there is very little true entrepreneurship. Those who do business try to do it around the state orders – with the exception of the middle and small enterprises that support western and central Hungarian multinational companies – the *compulsive entrepreneur* is also at the mercy of certain graces. Enterprises linked to state orders are less exposed to market risks and to the continuous pressure of meeting the requirements of ideas, innovation, development, and quality assurance. There is less risk of losing of their own investment, that is the risk of capital competition, however, most are capital poor.

The same is valid for *forced business* as well since here applied *entrepreneur knowledge* is incomplete and can only be poorly capitalized in market conditions. A socialization problem appears here as the successful small enterprise -firms (the GMKs and the VGMKs)<sup>60</sup> were

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<sup>60</sup> GMK (Economic Working Community) without legal personality and working communities built on the unlimited liability of the members that were founded on the base on fan 1981 regulation with a partnership agreement. Its goal is to meet the requirement of the consumer and other service needs of individuals and providing, organizing and promoting small-scale production and additional services of the producing activities.

VGMK (Enterprise Economic Work Association) if the economic working society was founded by the employees of the same economic organization, company, then it is a company economic working association. In this form the mother company supported the working association because it let the members use its equipment and provided the room for working. The members of the VGMK were responsible only for the assets and their income obtained in the working association. For other obligations the company was responsible. So the entrepreneurs worked in such a company economic working association where market of the products or the services was given by the mother company.

linked basically to the properties of socialist industry and service. They did not have to risk their own properties – which is a basic part of a business – as they could produce with the means of the state enterprise and sure market contracts. The skills and attitudes learnt and applied here are no longer appropriate for enterprises under regular market circumstances, It is not surprising that also in this sector help is expected from the state in the forms of either capital, assets or market. Finally a big obstacle to working abroad is the lack of the appropriate language skills.<sup>61</sup>

Basically – and the above mentioned reasons stress it as well – the main reason is that the Hungarian society is *relation-sensitive*. It is not willing to give up its embeddedness in any social segment. It can be understood on one hand that it is not able to mobilize its properties, on the other hand its state, relation, family and individual economic systems provides to meet their needs and to have their incomes at not a high level (Sik 2011).<sup>62</sup>

#### *Attitudes in connection of immigrants and migrants in Hungary*

It is worth examining what attitudes and opinions there are in connection with immigration, and migration in the Hungarian society. One must take into consideration that the number of immigrants has been around 200,000 in Hungary for several years.<sup>63</sup>

The University of Debrecen Health Faculty together with some other Hungarian universities and research institutions were part of a research team that conducted a questionnaire survey among high school students entitled „school and society – school and democracy”. Altogether 7,000 students participated in the survey from all over Hungary. Those interviewed were students in grades 9-11 and were in the 14-16 age groups.

In one block of research the study examined how the Hungarian students related to the immigrants and migrants. It was an important question because the basic characteristic of a democracy is how much the members of the society are tolerant and demonstrate solidarity with other members of the society. It is particularly important to see how future generations relate to this question.

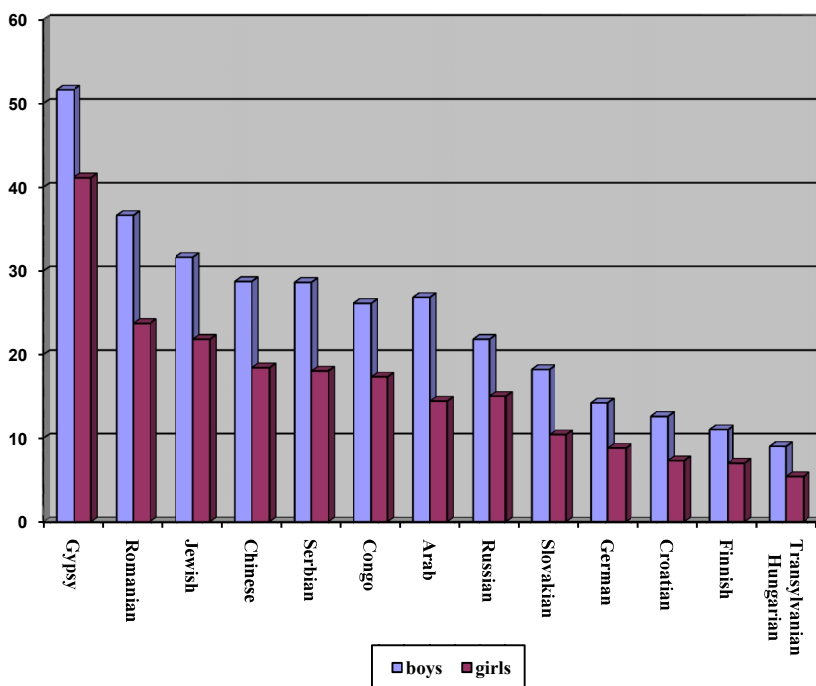
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<sup>62</sup> [http://es.hu/8222;mi\\_sem\\_megyunk\\_mashova\\_ide\\_se\\_jojjenek\\_masok8221;2011-06-15.html](http://es.hu/8222;mi_sem_megyunk_mashova_ide_se_jojjenek_masok8221;2011-06-15.html)

<sup>63</sup> <http://www.bmbah.hu/statisztikak.php>

A significant part of Hungarian high school students proved to be specifically against immigrants, and they do not accept the members of certain nations/ethnic groups at all. They have the most acceptance for the Hungarians living in Transylvania and the members of other nations/ethnic groups who have a linguistic relationship with Hungarians or who are close to the Hungarians on the basis of historic traditions. On the basis of other research results it is not surprising that the relatively large number of Gypsies living in Hungary were significantly rejected.

*Chart 1.6.1.: What would you say if your desk-mate would be a member of the following groups? (percentage of rejection according to gender)*



Source: own calculation.

There is a significant difference between the genders: boys are more prejudiced than girls, who are more accepting. Examining the members of any national/ethnic group it can be seen that there is a significant difference between girls and boys. Girls are much more tolerant than boys.

Significant difference can be seen regionally too. The closer the student is to the eastern part of the country (that is towards the areas neighboring Romania, Ukraine, Slovakia) the more prejudice is exhibited. The rate of the prejudice is much lower in the central or in the western part of Hungary.

Cluster-analysis was utilized to examine if the students can be grouped along the rejection-acceptance dimension and if homogeneous groups exist among them. The analysis differentiated the sample into three groups along the following dimensions:

**Table 2.6.3 (N=6559)**

	Number of people	The percent of the group within the sample
1. cluster	883	13.5
2. cluster	4,135	63.0
3. cluster	1,541	23.5

Source: own calculation.

The characteristics of the 3 clusters are the following: Cluster 1: massive prejudice, they are practically not willing to accept anybody (65.6% are boys, and almost half of them live in the eastern region of the country). Examination of age within the groups found a significant number of younger children in this cluster. Cluster 2 is the most tolerant group. Sixty percent (60%) of them are girls and they mostly live in the western regions of the country. Even though this is the most tolerant group, 25.7% are against Gypsies that is they are more tolerant toward immigrants than with the Gypsies living in Hungary. Cluster 3 is the considering group, that is prejudiced against certain groups while accepting other groups. For this cluster the least accepted groups are the Gypsies, Romanians, Jews, Chinese and Serbs. Other national/ethnic groups are more accepted. The percent of boys in the group is 56%, and regional differences cannot be seen.

Significant difference can be seen in the educational attainment of the students in the 3 different clusters however, the amount of the differences is only between 5 and 6 %. But it can be seen that in the very prejudiced Cluster 1 the percent of the parents with only elementary qualification is higher than in case of the other two clusters. The percent of parents with a degree is higher in Clusters 2 and 3.

These accepting or rejecting attitudes are very similar to those of Hungarian adults.

In Hungary for about one and a half decades the same methodology has been used to examine xenophobia among the adult population (Mihály Csákó's research). According to the data of the research of February 2007, three out of ten people would not let any immigrants into the country.

In the survey the following questions were asked of the sample: Should Hungary let any asylum seekers to its territory? Potential answers were (1) no one should be let in (2) everyone should be let in and (3) accept some and reject others. Twenty-nine percent (29% of those who gave measurable answer to the question chose the statement rejecting aliens, that is they think no asylum seekers can enter the country. Ten percent (10%) of the interviewers can be considered to be immigration-friendly in that they would let all asylum seekers into the country. The majority (61% of the interviewed) answered that they would accept some and reject others.

Those who answered this question were asked who they would not accept (from which national/ethnic groups). In their list provided to the respondents were Hungarians living in other countries, Chinese, Arabs, Romanians, Russians and a non-existing national/ethnic group, the *Pirez*.<sup>64</sup>

Compared to previous studies the rate of rejection increased with each potential immigrating national/ethnic group with the exception of the Hungarians living over the border.

**Table 1.6.4. The percent of those who would deny entrance from other national/ethnic groups into Hungary**

	2006	2007
Hungarians living over the border	4	4
Pirez	59	68
Romanian	71	77
Russian	75	80
Chinese	79	81
Arab	82	87

Source: TÁRKI, 2007.<sup>65</sup>

Pirez of course is a fictitious ethnic group. From a methodological point of view it measures the rate of xenophobia in Hungary, because the respondents do not know who they are but they reject their immigration in a high rate. What's even more significant is their rejection has been increasing during the past years.

This research result has attracted considerable media attraction in the country. On the basis of earlier research results it was more or less common that a big part of the majority society reject the Roma minority at a high rate, but it was definitely surprising that the public's widespread belief that the Hungarians are especially accepting is either a non-existing fiction or has disappeared in the past.

To protect the Pirez (basically against xenophobia symbolically) special civil initiatives were formed that recently have their own websites as well, like e.g. The *Hungarian National Pirez Society*. The special feature of these Internet pages is that it created a kind of encyclopedia (like Wikipedia) about the history of Pirezia, its national characteristics, its symbols and state, etc.<sup>66</sup>

<sup>65</sup> <http://www.tarki.hu/hu/news/2007/kitekint/20070308.html>

<sup>66</sup> It is worth shorty review how the Pirez protectors created some given characteristics of the nation. The name of the country is Pirezia. The country can be found somewhere in the Earth, its language is Pirez. Its population is heterogeneous. In Pirezia peacefully coexist the most irreconcilable conflicts: it is inhabited by women and men, small and tall ones, young and old ones. Its state is anarcho-syndicalist dictatorial God-King republican constitutional teocracy. Its flag is multiamorph polycolor mobile banner. The most important national holidays: Pirez Awakening Day, Pirez Sleeping Day. The most typical folk dance is pirouette. The Pirez nation gave many well-known sportsmen and artists

The protest movements mainly on the Internet suggest that attitudes of the a part of the Hungarians towards immigrants and migrants is positive and a reaction to the results of the empirical research reflect that there is strong xenophobia coupled with many people totally rejecting immigrants as well.

Of course further research is needed about the rejection of the Pirez. At the same time the results of earlier examinations show that there is a non-differentiated and very closed Hungarian perception as well. Its other feature is the state-nation type of nationalism that strongly predisposes one to the rejection of aliens and the assimilation efforts of the Roma. Perhaps it should be mentioned in connection with the 19<sup>th</sup> and early 20<sup>th</sup> century movements, e.g. the fall of the Council Revolution or other historic events (as the Gypsies were earlier also immigrants to the country this perception does not consider them „born as Hungarians” in spite of the fact they moved to the country long ago).

The closed Hungarian-interpretation emphasizes conditions that have exclusion features. They are supported by the results that say that these groups reject other groups not only on national/ethnic base but many reject anyone who is different from themselves. They generally reject other groups (e.g. homosexuals, handicapped). In this context the emergence and political consolidation of the extreme right wing organizations is not surprising. They appear mainly in the eastern regions of the country. The prejudicial attitudes in many cases may be explained by the characteristics of education and status of family background. To examine the relationship between the educational level of the parents and the prejudice of the youth we can see that prejudice (and the closed nation/ethnic group interpretation) is less typical in the children of the highly qualified parents (Murányi 2006).

At the same time the social-psychological interpretation is still valid that says that prejudice based on stereotypes is stronger the less we have concrete information, and personal experience with another certain national/ethnic group (Allport 1954).

Overall we can see that Hungary – despite its traditions – has become a more closed country during the past two decades. As a research subject

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to the world e.g. Pirene Papas actress, Maria Pirezia (the Queen of Pirezia), William Shakespeare play writer, Robert Pirez football player, Pamela Pirez (pirez-up actor) or Jenifer Lopirez singer.

said: “We do not go anywhere else, so others should not come here either.”<sup>67</sup>

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<sup>67</sup> [http://es.hu/8222;mi\\_sem\\_megyunk\\_mashova\\_ide\\_se\\_jojjenek\\_masok8221;;2011-06-15.html](http://es.hu/8222;mi_sem_megyunk_mashova_ide_se_jojjenek_masok8221;;2011-06-15.html)



## 1.7 The elements of the complex crisis, and its influences on the rural societies – the historical background of the disadvantageous situation<sup>68</sup>

*Ferenc Bódi*

The complex crisis is a malfunctioning of the society where previous balances (market and non-market deals) turn upside down, and they do not form a social consensus any longer, which is the legitimate resource strengthening the society.

The complex crisis can erode the powers that ensure the normal functioning of the society on four areas: *economic structure, financial system, political legitimacy, culture and/or morality*.

The insufficient operation of the above elements can provoke the slow deterioration of the institutions ensuring the recreation of society: *family, labour division system, and education system*.

In Hungary today the elements of the complex crisis constitute a special interference, strengthening one another, and it is not enough to pick and deal with one element in order to manage the complex crisis, as the other three will continue to prevent the successful handling and elimination of the crisis. Now let us see what is meant by the four elements of the complex crisis, and how they appeared after the WWII and in the four decades before the fall of the communist regime in Hungary.

### ***Bálanya* “the origin and the losers of the financial crisis”**

Hungary went through its first “crisis” in 1979, when the party state gave up controlling prices in the hope of dealing with the *financial crises* of

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<sup>68</sup> The article was written based on the manuscript of the studies „Area development” in the research „The socialising of settlement and regional development” supported by NKTH INNOTARS “Nation Innovation Office” Programme, and „The dynamics of local societies (Confinement methodology)” in the research supported by FVM-VKSZI “Ministry of Agriculture and Rural Development - Rural Development Educational and Advisory Institute”. Researchers participating in the research are Bálint Csátári (RKK “Institute of Regional Studies), Attila Fekete (PTI “Institute for Political Science”), András Vigvári (ÁSZ “State Audit Office”). I am thankful for their advice on correcting the original study to László Kulcsár (NYME “University of West Hungary”) and Lajos Marosi (KSH “Hungarian Central Statistical Office”). Published Bódi, F. (2009) A komplex-válság hatása a vidéki társadalomra “The influences of the complex crisis on local society”. In *A Falu* XXV. szám 2009. Ősz, pp. 11-22.

the 1980s, resulting from the indebtedness of the government and the deterioration of the exchange value. From that time on for twenty years the real income fell continuously, and at the same time the value of honest legal work depreciated. Everyone who could, transferred their activities for their main income into the second (informal) economy. The escape from the world of work was prepared by the income tax introduced at the end of the 1980s, and the labour taxes becoming more and more drastic. The government got into a debt trap, and in the loosening financial liberalism of the *post-Kádár* era the citizens spent their family savings from the 1970s and early 1980s on consumer goods (crypts, rock fences, holiday homes, consumer goods from the West). The economic policy of the period mixed up liberal financial policy with orthodox Leninist ideology, which resulted in a more open country as far as consuming is concerned, but its production structure could not be made more open.

Politics basically prohibited private ownership and private capital (up to 1988) – at least for the crowd, but at the same time on the side of economic consuming it made more and more possible to spend family savings in foreign currencies. However, on the production side of the economy the top management of the party state and their family members and relatives, to whom the socialist power shut its eyes, were an exception, and they could start the age of spontaneous (wild) privatisation, still unrevealed (Savas 1993, 287).

But let us look back to the first half of the 1980s, when the majority of common Hungarian citizens had no other choice but do overwork in the second economy in order to be able to cover the schooling of their children, or to buy a house. However, this surplus of overwork could not be indorsed into the production side of the economy; for the lack of enterprising spirit, for the lack of political will directing the economy at the time (legal background, financial security), and finally, for the lack of real market regulators (the domination of the supply market). Because of all the above, and in spite of the fact that the country's inhabitants did not spend one third of their time in the economy on "building socialism", a numerous social group of small capitalists and petty bourgeois could not be established (Falussy & Harcsa 2000, 14).

Why the factory worker growing tobacco, or the schoolteacher from the countryside producing beef-cattle for the slaughterhouse did not become independent, i.e. entrepreneur, has been well studied by Hungarian research. The age description of the strengthening local redistribution was also done at the beginning of the period, which predicts the special

growth of the local governments' power (Harcza & Kovách & Szelényi 1994), but we know less about the society after the collapse of socialist factories when in villages the main employer is not the agricultural cooperation any longer, and not the local landowner farming its lands either, but the local government, who maintains institutions and distributes aids.

### **The distorted economic structure**

Similarly to other historical East-European societies, the majority of Hungarian society was a peasant society and lived in rural areas after the WWII. However, peasantry was not “progressive” enough for the ideology of the communist era, and a stronger industrial background was required to fight the third world war. As a result of industrialisation, half of the economically active people were factory workers by 1973 (as compared to one quarter in 1930), the majority of whom worked in agriculture before, or it gave the living of their parents (Andorka 1982, 41).

In 1941 in Hungary the crowds employed in agriculture were not followed by industry workers but by self-employed people and small businessmen of small scale workshops and farms. (Andorka 1982, 35) Stalinist industrialisation remarkably reorganised this social structure. The new political order and the economic system taking shape on its tracks could not build organically into the natural structure of the country. The wrong intervention created “*medicina peius morbo*” by a forced shaping of the society which resulted in a bigger problem than the one it tried to solve. (Bibó 1986, 60) The country paid a high price for the forced modernisation. Non-adaptive economic development produced symptoms of crisis continuously (Bogár 1982, 1989), and its structural errors came to the surface as well (Kornai 1980).

After 1956 the ruling political powers tried to put an acceptable version of socialist economics on stage adapted to the Hungarian circumstances, in several acts. But the economy stumbling from one crisis to the other could not really be made fit for life, one reason for which was the forced development of heavy industry and the distorted economic structure resulting from it.

The main part of the credits taken in the seventies was invested in the energy-consuming iron and steel industry, which basically served the military backup industry production to fulfil the orders of the Warsaw Treaty organisation. Part of the industry was unable to meet the real

requirements of the society and the challenges of the world market (e.g. the oil crisis in 1973).<sup>69</sup>

After 1948 in Hungary a distorted economic structure and a fragile social system was created, due to the non-adaptive economic modernisation and the inorganic social transformation. The end of the socialist era was caused not only by an economic and financial crisis (debt spiral), but the social-economic system lacking markets and therefore legitimate negotiation procedures was the reason for its self-liquidation, which system basically collapses in 1989, and changes its regime without a revolution.

### **The antecedents of the political crisis**

After the revolution in 1956 the new-old power made efforts to build an order which showed that they did not need the direct help of Moscow, that is, they were capable of keeping the order in the country without outside military support. The main means of practicing the new power was the maintenance of a growing and widening consumption, i.e. the former accumulation oriented economic policy was substituted by focusing on the production of consumption goods.<sup>70</sup>

The legitimacy built on force and fear was gradually substituted by the acceptance of the power based on acceptance. Behind the new loyalty though a lot of tension was hiding. The country was double faceted: official and unofficial. Children learnt one thing about the liberation of Hungary at school, and heard different stories at home about the cruelties of the Russians; the events of 1956 officially named counter-revolution were called a revolution in almost all the families. The grandmother of the officially atheist party secretary took her grandson to be baptised. The social disguise created a “non-authentic existence” (Hankiss 1984),

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<sup>69</sup> The oil crisis was the result of the Israeli-Arab war that broke out on 6 October, 1973. As a response to the war, the oil producing Arabic countries decreased their oil production in the middle of November. The oil embargo eased by the end of the year, by that time oil prices doubled. Economic management in Hungary disregarded the economic changes due to the boom of the oil prices, and continued to force economic growth. Only after the second oil price explosion did the grave situation of Hungarian economy become evident.

<sup>70</sup> This policy was started in the age of “socialist green revolution”, i.e. the agricultural reform together with the creation of co-operations from the 1960s, where Hungary was to fill the same part within the alliance of the Soviet Union, as earlier in the Austrian Empire and the Third Empire, namely, it became or stayed a country with a marked agricultural and food production background, maintaining the primacy of heavy industry.

where everything was a lie and everybody lied who could not speak honestly, and every opinion was branded regressive and reactionary which did not go well with the icon of the official socialist Hungary. Consumption legitimated the system, which would have gone a long way based on a well functioning economic structure, but the economy based on false foundations struggled continuously with a lack of resources, and its forced growth was regulated by political powers instead of the powers of the market (Kornai 1980), where the investments of the big socialist companies were political prestige investments. The economic structure of the socialist era was characterised by insufficiency, the autocracy of the supply market, demoralising labour organisation, and declining work ethics.

The regime change that started in 1989 and was completed in 1990 renovated the fundamental institutions for the functioning of politics, created the parliament of the country, set up its government, and organised the public legal conditions of local governance. However it did not provide the foundations of the sovereign state, as it ignored the lack of the basic conditions for a free society (the existence of middle classes and capital, culture, financial capital, ability to enforce interests). The new political order could not, and did not want to deal with the society maintaining politics. The advantages of the moment of the regime change were wasted on small bargains instead of heroic struggle. Politics did not consider the social deficit left by previous ages, therefore it did not have a vision of society, and the attempt to change it, even if *social crisis* was in the centre of the deepening complex crisis (Andorka 1995).<sup>71</sup>

### **The social crisis**

As early as twenty years ago notable Hungarian scholars already called the attention to the social crisis (Andorka 1989) (Ferge 1995) (Csontos & Kornai & Tóth 1996); they pointed out *decreasing social solidarity*, the decline of the institution of marriage and family, the low tendency to marry, the falling number of births, growing children poverty, childless

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<sup>71</sup> Due to this latter crisis element, the lack of education (family and school) and work, the individual's integration slowly becomes paralysed. Therefore the signs of anomie appeared in wider and wider crowds of society (Durkheim 1893), which resulted in such a loss in norms that it endangered the normal functioning of the society (addictions, degenerations, crime, revolts). The norm system of the society cracked, and its handling may take a generation's period in the best case, and will surely be closed down with a change in generations (Dahrendorf 1990). The question is, when and who will start managing the social crisis.

marriages, the growing number of children born out of wedlock, etc. The social phenomena listed became typical of Hungarian society slowly and gradually from the sixties, and increasingly from the eighties. Together with social disintegration, the signs of social *anomy* were showing up: suicide, growing alcohol consumption, worsening state of health (cancer, lung cancer, cirrhosis of the liver), heavy smoking etc. *Alienation* was made worse by the overwork trying to balance falling real wages, the accompanying stress, and poisoning individualisation: selfishness.

### **The dangers of the complex crisis**

The abundance of money before the early seventies tempted the country to take loans. The leaders of the country put the outside finances in their own political service, a mistake made again after the millennium. They tried to hide structural defects with international funding, namely, the lack of competitive industry, competitive society, the fact that the majority of its social problems are dealt with by giving out allowances and aids instead of applying economic pressure and encourage long term saving (primitive accumulation of capital in the area of “*hardware and software*”, i.e. *saving and studying*) – investing in capital and human capital, instead it abandoned the country, flooded its citizens with poisoning loans, and weakened its education system.

The credit crisis itself does not lead to tragedy, but the distorted social and economic structure, due to which two million people from the blood circulation of the country was left out of labour distribution, and became annuitants through early age retirement – thus postponing but not eliminating the economic and social crisis. This “humane” economic policy made the welfare system unsustainable:

Firstly, the productivity of the economy is not in parity with the welfare expenses of the country (Kornai 1989). Secondly, in the aging society the growing number of retirement-aged pensioners overloads the welfare system (the institution of old-age pension as well as the health provision) (Andorka & Kondratas & Tóth 1995). Thirdly, the institution of early age retirement and easily and abundantly distributed aids and benefits, together with low salaries and high taxes demoralises the actors on the labour market and people on their way to the labour market (education, training and retraining), those who want to break out (Bódi 2009).

The regime change and its performers did not highlight the fact that there is no royal way, in market conditions the bargains are tough, and require serious efforts of the individual, which many people cannot even make

without the solidarity of the society. The society can only declare solidarity though with people who already stepped on that narrow road.

The extreme increase of unemployment and the resulting employment crisis burdening the whole of the country for two decades, but more seriously rural areas in the North-Hungarian, Northern Great Plain and the South-Transdanubian Regions. At the endpoint of the economic structural crisis a crowd of two million people constitute the “*country on benefits*”, the “*Social Jelly*”, with two principal physical features: for one, it is *not fluid*, i.e. it cannot change place, it is not mobile either horizontally (does not move house) or vertically (it does not take part in social mobility, which means it cannot step out of its own stuck situation. The other feature is, it has *no load-bearing capacity*, i.e. it cannot be taxed, does not take responsibility, it can easily be transformed into a voting machine (Bódi 2005), it cannot make decisions over his own life, does not participate in the social division of labour, does not follow the culture of the majority society or its system of norms. They do not send their children to school, they do not raise their children in the spirit of meeting the requirements of the society, their stress bearing capacity is low, they are inclined to extreme manifestations, they follow the behaviour patterns of their own crowd, they live far away from legal economy and legal labour market – the source of their income is unknown, and lives on state benefits and aids.

The social crisis relates back to the economic structure, as the inhabitants with a low level of education and culture (and it is not only about work culture)<sup>72</sup>, and the society with a weak morality cannot host an industry with high productivity, because it is unable to operate it; it is not skilled, disciplined or reliable enough. One of the main obstacles of a structure change today is the lack of trained and disciplined work force. The complex crisis can relate back to the political processes as well. A bourgeois social order, capitalism cannot be stabilised without a middle class with bourgeois virtues. Lacking bourgeois virtues, voters behave as a crowd, they cannot develop as part of thinking individuals’ organised communities who shape their opinions based on their values and interests, and who support or reject political aims and organisations articulating them based on these values.

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<sup>72</sup> Gates, B. (2008) *Business @ the Speed of Thought*. Penguin Books. p. 34.: „Like Merrill Lynch, Dell found out that an educated customer is a better customer.” This sentence especially makes one think after taking the poisoning credits. Was this really the philosophy of the commercial banks advertising and selling their loans?

The lack of middle class associations, the *lack of the bourgeois*, blocks the organisation of democracy: the lack of organised employees, independent people, and the lack of intellectuals independent of politics. In Hungary today two million people contribute to the public spending of ten million, while eight million people decide on how to redistribute public money. Politics becoming “mass politics” forecasts a Weimarisation which creates all the needs for populist politics: a workless crowd that gets the “benefits of society” in return for its votes, the “losers” are overtaxed workers without self-defence and the tax-payer class, and the political class also stepped on stage, which is corrupt, selfish, and it ignores the problems of the country in the midst of its parish-pump fights.

When the number of people on benefits in the society reaches the critical mass, i.e. they outnumber workers and taxpayers, it results in a level of discontent that can only be handled with great risks in a democratic framework, and whoever can manage it must surely apply a new type of politics. If this politics gets into power and will be able to break with the politics of the previous twenty years, starting to practice a social policy that is able to deal with the whole society, this power will have a difficult job facing two million people of voting age on benefits. The new politics will need more than one government period for the change.

If the really fair distribution policy will be introduced not only in the bottom but also carried out above, that is, the bourgeois policy of “even bearing of the burdens” will prevail, the non-Hungarian capitalist groups that have substantially profited from the country until now might easily be turned against them. The disappointed capitalists spoilt with advantages so far may “organise” the benefitted groups of society to go out in the streets, thus paralysing the whole country, as it happened in the autumn of 1990 when the powers of the regime change were discouraged by the deception of a much smaller group, but easy to organise, in the days of the taxi drivers’ blockade.<sup>73</sup>

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<sup>73</sup> Taxi drivers blockade: The Antall government announced a 65% rise of petrol prices on Thursday evening, 25 October, 1990. The reason for the rise was the rise of oil prices due to the Gulf War, and the stalls of oil transports from the Soviet Union. With this action the government was trying to discourage people from buying large quantities, since Hungary had enough oil reserves only for three or four days. The blockade caused a chaos for several days, and its real political background has still not been revealed.



## The country of the benefitted

According to the third wave of the ESS (collection of data in 2006) Hungary became especially pensioned as compared to the other countries of the former socialist block. Households in Hungary mostly depend on pensions and pension-like benefits. The difference is especially striking when Hungary is compared to two Visegrád countries of similar historical background. In Poland and Slovakia only a fifth and three-tenth of the respondents said that pensions are the main income of their households, as compared to four-tenth in Hungary (Bódi, F. & Bódi, M. 2008).

*Table 1.7.1.: What is the main income in your household? Please consider the income of all the members of the family...<sup>74</sup>*

		HUN	SVK	ROM	POL	EST	BUL
<b>Salaries and wages</b>		<b>47.3</b>	<b>66.2</b>	<b>51.5</b>	<b>54.6</b>	<b>71.2</b>	<b>53.8</b>
Business		4.2	5.5	3.9	6.0	1.9	3.5
Farming		1.1	0.3	4.6	4.0	0.2	1.7
<b>Pensions</b>		<b>41.3</b>	<b>18.9</b>	<b>32.0</b>	<b>30.8</b>	<b>23.7</b>	<b>34.2</b>
Unemployment benefits		2.4	1.7	1.0	0.3	0.3	1.2
Social benefits		1.9	2.7	1.8	1.2	0.6	1.1
Investment		0.1	0.1	0.2	0.2	0.1	0.4
Other		1.1	0.3	2.9	1.2	1.1	1.0
No response		0.5	3.2	2.0	0.4	0.5	2.5
Does not know		0.1	1.2	0.2	1.4	0.5	0.7
		100.0	100.0	100.0	100.0	100.0	100.0

Source: ESS 2006 data, calculated by Mátyás Bódi.

In spite of the public opinion, the proportion of pensioners of retirement age in Hungary is not significantly larger in villages (not even in small and tiny villages, i.e. in settlements with a population under 1000) than in towns. Ageing today is not only a phenomenon in villages. If we take the localisation of pensioners of retirement age according to the data of 2006 (see Table “Rate of earning a living”), 0.4 pensioner falls on one

<sup>74</sup> European Social Survey (ESS) 2006 – Institute for Political Science, HAS – Institute of Sociology, HAS, Research leader: László Füstös. (SVK: Slovakia, HUN: Hungary, ROM: Romania, POL: Poland, EST: Estonia, BUL: Bulgaria)

taxpayer – in the national average. This means that 2.6 taxpaying citizens “produce” the goods that a pensioner of retirement age can buy.

In the case of tiny villages standard deviation is significant, i.e. there are settlements where the proportion of pensioners of retirement age is very low compared to taxpayers, while in other places twice as many pensioners of retirement age live as taxpayers. The situation of settlements with a population of 3 000–10 000 is relatively the best, where 2.8 taxpayers pay for one pensioner of retirement age.

All in all, although the proportion of pensioners of retirement age as compared to taxpayers is high in the whole country, it cannot be exclusively linked to the size of settlements, or to the life world of rural societies.

Today ageing is not an exclusive feature of rural Hungary, as our only metropolis, Budapest is also aged. The proportion of pensioners of retirement age as compared to taxpayers almost equals to that of tiny villages.

**Table 1.7.2.: “Rate of earning a living” in 2006 in Hungary in different municipalities**

Municipality size	number	Pensioners and disability pensioners/taxpayers	Pensioners/taxpayers	Disability pensioners (head)	Pensioners (head)	Tax-payers (head)
<=500	1033	0.87	0.47	36,672	43,492	101,689
501-1000	672	0.76	0.40	61,375	72,036	184,835
1001-3000	943	0.70	0.37	202,435	230,627	641,497
3001-10000	353	0.66	0.35	209,369	254,580	723,823
10000<	144	0.62	0.36	676,033	1,069,197	2,695,516
Total	3145	0.62	0.41	1,185,884	1,669,932	4,347,360

Source: TeIR “National Spatial Development and Spatial Information System” data, calculated by Attila Fekete.

The data above make one think, but to get a broader picture, let us examine other kinds of pensionability. At the end of 2006 the number of old age pensioners was 1.67 million, with and additional by 350 thousand of disability pensioners of retirement age, 451 thousand disability pensioners under retirement age, and a further 385 thousand people

received pension-like benefits in Hungary by other rights (benefits for persons with an altered ability to work).<sup>75</sup> In total, 2.86 million people received pensions or pension-like benefits, while the tax authorities registered 1.5 times as many taxpayers, i.e. 4.347 people. The situation changes significantly if we take the total number of pensioners and people on pension-like benefits, and compare it to the number of taxpayers (or, to be more precise, the number of tax returners).

*In Hungary nearly one million two hundred thousand people receive some kind of disability pension or retirement allowance by some other right, beyond pensioners of retirement age. In the nineties many people opted for receiving disability allowance, when tens of thousands of active aged people escaped from unemployment to retirement allowances, after losing their jobs and failing to find new ones, or they changed to pension from their usual social benefits (unemployment and income substitution allowances). During the few years of the economic system change, one and a half million jobs were terminated, and the new economic system could only create one third of new jobs instead, due to which employment practically collapsed especially in the peripheral regions, i.e. the employment level of 1990 shrank to its half or third (Bódi 2006).*

**Table 1.7.3.: The number and proportion of people on pension or pension-like benefits<sup>76</sup>, and the number and proportion of people under retirement age within old-age pensioners (according to the size and legal status of municipalities) in 2006**

Municipality size and legal status	People on pensions and pension-like benefits (head)	Pensioners of retirement age (head)	Pensioners under retirement age (head)	Proportion of pensioners of and under retirement age (%)
Budapest	555,085	359,436	195,649	35.2
Town of county rank	587,095	354,804	232,291	39.6
Towns	827,239	477,407	349,832	42.3

<sup>75</sup> Bódi, F. & Bódi, M. (2008): A szociális ellátórendszer örökölt különbségei "Inherited differences of the organisation of social services." In Bódi, F. (ed.): *Helyi szociális ellátórendszer* "Local Organisation of Social Services", IPS HAS, Budapest. p. 99.

<sup>76</sup> People on pension or pension-like benefits = old-age pensioners + people of retirement age receiving disability pension + disability pensioners under retirement age + persons receiving an allowance of changed ability to work.

Villages	886,397	478,285	408,112	46.0
<500	80,164	43,492	36,672	45.7
501-1000	133,411	72,036	61,375	46.0
1001-3000	433,062	230,627	202,435	46.7
3001-10000	463,949	254,580	209,369	45.1
10001-<	1,745,230	1,069,197	676,033	38.7
Total	2,855,816	1,669,932	1,185,884	41.5

Source: TeIR “National Spatial Development and Spatial Information System” data calculated by Attila Fekete.

The ideal of full employment in the former, socialist era could not return – but the vision of the system changers could not come true either, which wanted the surplus of workforce “liberated” from the system of constrained employment to become the cheap labour of new capitalist economy, since the majority of this workforce was inappropriate to adapt to the new business organisation, or the group of adaptable people could not reach the new jobs because of the peripheral situation of their place of residence (Laki 2001).

The other vision of the system changers was *to create self-employment*; at the very beginning of the nineties a large number of small businesses were set up, which went quickly bankrupt by the middle or end of the decade. The simple reason for their short life was the lack of solvent demand locally, and very often the constrained entrepreneurs did not have the necessary enterprising attitude (Bódi 2001).

The political system change did not really bring the failure of the employment system of the previous economic system to light (inner unemployment), and by setting up the “allowance system” it practically prolonged the elimination of the crisis.

A fundamental change happened where after the privatisation the capital wound up welfare employers hidden before. Thousands of state or community owned companies went bankrupt and/or got sold off, and for their former employees the “allowance” system meant a compensation for the loss of their job, and a quiet forgetting of the former socialist system.

In the early nineties the unemployment benefit was relatively high, and was granted for a long time without any serious control or requirements (education or training), in favour of social peace (Csoba 2009). Among the reasons for coming to terms silently with losing jobs and living on

allowances are the low interest assertive capacities of the former employees, and low salaries.<sup>77</sup>

The present is paying the price of the lenient pension policy of the nineties, and this social deficit does not only afflict people living on allowances, but also everyone in the country paying rates and taxes, and getting involved in the welfare system, especially those who have to rely on the local organisations of social services (LOSS), and/or cannot “free themselves” from paying general rates and taxes (they live on wages and salaries).

It is especially people unable to change from cheap communal services to more expensive, fee-paying services who fall back on communal welfare services, and also those who could afford using fee-paying goods but due to their location they are not available, get in a disadvantageous position. This way people who do not have (enough) income to use “private” schools and healthcare services just as well suffer from huge drawback as ones whose residence (local government) do not allow them to reach low fee-paying or free of charge, high quality communal services.

The situation is especially hard on those who have to take on constantly growing burdens due to *free raiders*<sup>78</sup> or worsening public management, and they only get deteriorating communal services in return (see the bad state of public transport in urban and rural spaces), but due to their geographical or social status they have no alternative choice.

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<sup>77</sup> Adler, Judit: A munkavállalási korú inaktív népesség motivációja, munkaerő-piaci távolmaradásának okai (The motivations of the inactive population of employment age, and their reasons for staying away from the labour market) (OFA research)

G. Fekete, Éva: A munkavállalási motivációk időbeni és térbeni változásai (The changes of the motivations for employment in time and space) (OFA research)

Mészáros, Zoltán: Vissza a munka világába - vagy kitérés előle? Az inaktív állomány és státusz jellemzése a munkaerő-piaci attitűdök függvényében (Back to work – or avoiding it? Describing the inactive population and status in the light of labour market attitudes) (OFA research).

<sup>78</sup> A “free rider” (or freeloader) is someone who enjoys the benefits of an activity without paying for it. The free rider may withhold effort or resources, or may impose the costs of his or her activities on others. The free rider problem is the question of how to limit free riding (or its negative effects). One consequence of free riding is the excessive use of a common property resource: because people do not take into account the impacts of their actions on others, they take too much from the common pool. In public economics, free riding can lead to the non-production or under-production of a public good. In both of these cases, free riding leads to Pareto inefficiency. Barr, N. (2004). *Economics of the welfare state*. New York, Oxford University Press (USA).

In tiny villages in Hungary 1.3 taxpayers (101 thousand people submitting tax return) support each old-age pensioner or person receiving pension-like benefits (80 thousand people on allowances). It happens that in some villages the number of people on allowances is three times as big as the number of taxpayers, but in some villages nobody lives on allowances. In villages with more than five hundred but less than a thousand inhabitants the rate of people on allowances is better, around the national average. Settlements with over ten thousand inhabitants are in the most favourable position, where the proportion of people on allowances is 0.6 compared to taxpayers, i.e. 1.5 taxpayers support one person on allowances. Paying taxes does not cover the effective income or economic output, but since legal economy is the foundation of the pension-like benefit system, the question can be asked: what are the limits of this fragile system? To what extent can the rate of people on allowances grow compared to taxpayers without:

- the emptying of the resources of allowances,
- losing their basic function of fairness,
- and finally, the remaining bearers of common charge would break completely under the burdens.

What is even worse news is if such visions appear on the horizons of the future which cause make people to leave the world of legal economy “desert”, seeing the thinning of allowances (crowds of them transfer to grey or black economy), i.e., the decay will not be a process but a quick collapse. This does not exclude the growth in frequency of widespread crime and violence (against property or life), local riots, and, consequently, mob justice in areas and villages under less state control.

So we can look at the question from the other side: the problem is not the high number of people on allowances, but the low number of taxpayers, and it is the economic system change in 1990 and the economic structure that was shaped due to the forthcoming economic policies to blame for the phenomenon; and which also creates the definitive factors of the economic system at the same time:

- a large number of self-employed people (forced entrepreneurs), with an interest in minimalising public charges,
- closing down the state and community sectors, and the wide society on allowances,

- the relatively low number of new big employers strengthening the export capacities of the national economy and with a large profit, and their disproportional geographical position.

The rate of taxpayers compared to the permanent active aged population in different settlement types is more favourable in towns and settlements with a bigger population. The weaker economic potential of villages and settlements with a small population is essentially not caused by the lower rate of taxpayers compared to the permanent population, or by the higher number of old-age pensioners due to the less favourable age composition (the latter is not only typical of rural areas recently). The reason for the weaker economic potential of rural areas is more likely to be found in the larger proportion of people on allowances compared to the permanent population, which received under-age pensions or other social allowances as “compensation” after being closed out of the former socialist employment structure. This crisis has to be emphasised; it was not solely caused by the new credit crisis, but for the present crisis the delayed, concealed complex crisis ripened from social problems of the post-communist era can be blamed, which now came into a special interference with the new crisis, and which will be a serious security policy problem in the worst case, and even in its most modest form the now ordinary redistribution systems become unsustainable (pension, healthcare, education, social benefits).

The question then can be asked, if back in the nineties the crowds of people did not have escape route of allowances (e.g. disability benefits), they would have had to be paid unemployment benefits or other social benefits. The answer to this question can be found in the neighbouring former socialist countries, where in some countries there has never really been a social welfare net (see the Balkan states: Romania or Bulgaria). But if we take the examples of our southern and northern environment of similar social culture, they encouraged employment with low living labour taxes, instead of finding a quick solution to social problems they concentrated on creating new jobs. As a result of their effective and trustworthy economic policy, they encouraged new investments by attracting immigration and foreign capital, and the people retained in the labour market were absorbed by the new capitalist businesses. In Croatia touristic investments, seasonal work and working abroad, in Poland agriculture and working in Western Europe (United Kingdom and Ireland) meant a breakout of the crisis, and Latvia and Lithuania chose a similar way. Slovakia tried to improve the situation of jobseekers mainly by settling down multinational companies. The world changed around us,

but we did not change with it. In Hungary unconditional care without expectations created such a large jobless crowd that led to the need to import labour from Transylvania, Sub-Carpathia and Slovakia, to do jobs from agricultural harvest through construction work and hospital assistance to assembly work, while it kept ten thousands of potential workers at home or in pubs and gaming rooms with allowances much higher than the minimum wage.<sup>79</sup>

### **The consequences of a country on benefits**

A serious defect of the adolescent democracy is the essential lack of the life foundations of local and community autonomies. In a society without independent existences it is impossible to self-govern, and to organise and sustain the social organisation of services founded on community basis on the long term.<sup>80</sup> In the history of our local governance the tendency that the forms of welfare services organising in community spaces emptied, and that institutions got further from people using the services, while the number of services for individuals grew, and the amount of money paid went up, became general.

Along with this, public policy organising the system of social care weakened on a national level, community spaces deteriorated in the individualised local societies, or they diminished. In the meantime, the wrong welfare policy increased the number of social allowances, made its availability easier (practically without any social requirements or control). The system of automatically, normatively paid allowances took resources away from the local community scenes of culture and education, and all this happened without taking care of their substitution or alternatives, and without promoting the animation of local, self-motivated alternative systems (Krémer&Gyulavári 2006).

In the years following the millennium, 414 local libraries were closed down in settlements with a population of less than 500, and we can say they are not needed in the digital world, or, to be more cynical, “one fifth of the adult population of Hungary cannot read on the level of

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<sup>79</sup> In 1996 and 1997 a research that cannot be published revealed that the number of game and slot machines was highest in the areas most struck by the social crisis. The state then rightly brought gambling back under state control, and at least the profit from gambling could be more controlled and taxed.

<sup>80</sup> For more details see Bódi, F. (2005) A falusi önkormányzatok demokrácia deficitje (The democracy deficit of local governments of villages). *A Falu* XX. Fall, pp. 73-88.



comprehensive reading anyway, so why storing books” in settlements where surely a quarter of the adult population is quasi illiterate.<sup>81</sup>

After the millennium, nearly four hundred and fifty schools and over two hundred and fifty kindergartens were closed down mainly in the small settlements. The educational institutions drift further and further away from families, especially in the rural areas with small and tiny villages, where nearly eighty thousand school-aged and twenty-three thousand kindergarten-aged children live. The lack of school minimises the chances of social mobility, and this is especially dangerous where families do not bring up their children according to the social norms, and young people are not introduced to the culture of the society.

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<sup>81</sup> SIALS international research, based on the surveys of International of Reading Association (IRA).

## II. Inequality

## 2.1 Shadows and ghosts in rural welfare system

*Ferenc Bódi – Zsuzsanna Horváth*

### **Basic health care on the local - community level<sup>82</sup>**

In Hungary, basic health care includes crèches (day nursery)<sup>83</sup> health visitors, primary care physicians, and pharmacies. When in 2000, in the framework of the *Strategic Research Programme of the Hungarian Academy of Sciences*, penetration and availability of basic health care in the country, especially in the village communities was investigated (Bódi 1999a), it was found that there was a significant discrepancy between supplies in towns and villages.

The welfare slope regarding accessibility of basic health care has become even steeper, as penetration of care has improved in urban areas but deteriorated in rural areas. Nation-wide, local interviews and follow-ups of statistical analyses demonstrate that the fact that the nation has split into two parts, one with supply and the other without supply is owing to the care of health visitors and primary care physicians, retaining their prestige and esteem especially in the countryside. These care providers, working in the rural social environment generally have low wages and difficult work conditions.

The silent split of the country has also started in the areas of public health, and as shown by the disproportional territorial distribution of pharmacies, crèches and pediatrician practices. The present survey will focus on the differences between municipality types in basic public health services.

### **Crèches – health visitors**

The crèche network is a basic social care system available predominantly in the urban areas. Today, small and micro villages (municipalities with less than 1000 inhabitants), where the population between 0-3 years exceeds thirty-two thousand, have a total of 19 crèches and nearly twenty-five thousand available crèche places. Thirty-one thousand (31,000) children were taken care of in the crèches. Ninety-four per cent

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<sup>82</sup> Because of the heavily fragmented municipalities and local government structure of Hungary, the local social system and the types of care will equally be analyzed on the micro-region (LAU-1) level.

<sup>83</sup> Crèche (day nursery): nursery care system for children aged 0-3 years.

of the crèches are operated by the local governments. The total available places in the crèches have been dramatically decreasing. In 2009, the total number of crèche places was only 59 % of those registered in 1991.<sup>84</sup>

Closing of the crèches has been continuing even though the number of the children enrolled regularly exceeds the number of the available places. Since the establishment of the local government system, the turnover of the crèche places has continuously exceeded the total capacity of the childcare institutions. One third of the crèche places are in Budapest, one third in county seats and more than one fourth in small towns. Municipalities with less than 10 000 inhabitants had less than 10% of the total crèche places although they were the home to more than 42% of the children under 3.

There are 101 crèches in villages, 146 in Budapest, 152 in cities with county seats and 226 in small villages. Considering size, in 2009 nearly 25% of the crèches are found in urban areas with more than 10,000 inhabitants. (Annex: Figure and Table 1)

Almost 5,000 health visitors in the country worked in the following network: 80 % as health visitors, and 20% as either full time school health visitors or in family care centers. Today, as many as 100,000 pregnant women are registered, out of which 38 % are high risk pregnancies, because of health, social and environmental reasons. Health visitors saw 628 thousand patients. The number of visits to pregnant women and infants was 1.5 million.<sup>85</sup> Every fourth case they visited were infants who needed higher level care. In addition, they saw a total of 3.6 million families.

In 2009 the number of health visitors working in Hungary was 4943. In municipalities with fewer than 1,000 inhabitants, (1717) there were 280 health visitor posts filled and in the same villages there were as many as 32,000 infants and 2-3 year old children. In the medium size villages and

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<sup>84</sup> The majority of the crèches were closed at the beginning of the 1990s, as there was no available normative financial support in the budget of the local governments. According to the ideology of the time, and the so-called Childcare Aid - a measure introduced at the end of the 1960's, mothers had been advised to stay at home till the age of 3 of the children. Following 1990, this Aid became a labor market function, as it was used to keep mothers at home (300,000 mothers staying at home with the Aid) and away from the otherwise overloaded labor market. Crèches, for this reason, had not been a preferred welfare network.

<sup>85</sup> *Társadalmi ellátórendszerek 2006. "Social Service Systems 2006."* KSH, "Hungarian Central Statistical Office", (2007) p. 36.

in small villages (936 with 1,001-3,000 inhabitants) 855 health visitors worked with 63,000 children under the age of 3. In 365 larger villages and small towns (with 3,001-10,000 inhabitants per municipality), 885 health visitors worked with 70,000 children under the age of 3. In towns (146) with more than 10,000 inhabitants and with approximately 230,000 infants to 3 year-old children were served by 2922 health visitors.

**Table 2.1.1.: Percent of health visitors per municipality type in the country in 2002 and 2009**

Municipality type by number of inhabitants	Filled health visitor posts (2002)	Filled health visitor posts (2009)	Distribution of children under 3 years
<500	1.0	1.0	2.6
501-1,000	4.8	4.7	5.6
1001-3,000	17.1	17.3	16.2
3,001-10,000	16.6	17.9	17.8
10,001 +	60.5	59.1	57.8
Total	100.0	100.0	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by Attila Fekete and Dániel Bódi (\*data from 2009).

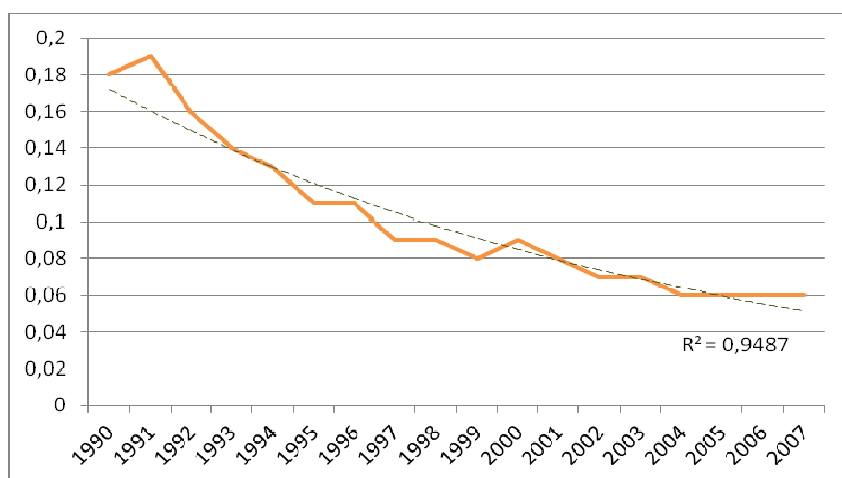
The distribution of health visitors has been independent from municipality size as it follows rather the distribution of the small children. Demand-supply has been balanced in the areas of the country as opposed to the location of the General Practitioners and General Pediatrician Practitioners (primary care physicians who specialize in treating children), pharmacies and crèche places which clearly provide benefits to municipalities with more than 10,000 inhabitants. The distribution of the client-rated health visitor service may be explained by the following two reasons:

- First, despite the practices of the other institutions in primary health care, health visitors are still centrally financed (local governments do not have to pay to meet the government requirements that is, instead of becoming a market practice, it has remained a free service. Furthermore, pregnant women have to be registered by the health visitors.
- Secondly, one of the fundamental objectives of the health visitor network created early in the 20th century (between the two world

wars) was to organize and insure health care for infants and small children living in rural areas that were difficult to access.

Infant mortality in the past twenty years had an exponential decrease, in every type of municipality. This improvement is the direct consequence of the maintained health visitor network fulfilling its function despite all hardships, thus demonstrating that it can be efficient due to the local availability of the service. Because of the decrease in infant mortality, the country has reached the level of Spain and Portugal in the mid-1990s, although the indicators in small and micro Hungarian villages have not improved since the end of the 1990s.

**Chart 2.1.1.: Infant mortality in Hungary (‰)**



Source: TelR data “National Spatial Development and Spatial Information System”, calculated by Attila Fekete.

## Pharmacies

The number of pharmacies was 2,414 in 2009, two thirds more than was available for the patients in 1991. This number primarily increased during the privatization process of the pharmacies in the 1990s. Since the turn of the millennium, their number has remained practically the same. Their spatial distribution, except for the small and micro villages is proportional to the population distribution. Only 1.5 % of all pharmacies can be found in the villages with less than 1,000 inhabitants, home to 7.6% of the population. In 1,717 local government villages, 36

pharmacies can be found, that is, two villages per hundred have a pharmacy. The situation is better in the medium size municipalities (1,001-3,000 inhabitants) where 356 pharmacies can be found in the area controlled by 936 local governments. In 353 larger municipalities (3,001-10,000 inhabitants), there were 435 pharmacies, and in 146 even bigger towns (more than 10,001 inhabitants) there were 1585 pharmacies. In 23 towns that were county seats there were 596 pharmacies, and in Budapest alone, the number was 430.

Between 1991 and 2009, the number of pharmacies in Budapest, in the county seats and in the towns doubled, while in the villages the number decreased from 630 to 565. Basically, the previous disadvantageous situation of the villages kept deteriorating while the situation of the towns improved dramatically, and the gap between the villages and the towns exponentially widened. (Annex: Figure and Table 2)

Seventy percent (70%) of the local governments (2,272) do not have a pharmacy, meaning that in more than two thirds of the municipalities, inhabitants have to travel to another municipality in order to obtain prescribed medication, if the village caretaker is not immediately to help. A village caretaker service (a person who will travel to another municipality to obtain things for the people residing in the small municipality) is available in only 27 % of the local governments, because it can only be organized in municipalities with less than 600 inhabitants and normative financial aid could be required up to this number of inhabitants.<sup>86</sup>

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<sup>86</sup> Efficiency of the mobile pharmacies or the sale of medication by General Practitioners as a solution to the lack of pharmacies in rural areas have not been the objects of the current investigation.

**Table 2.1.2.: Distribution of pharmacies (by legal status and size of municipality) in Hungary, in the period between 1991-2009 (units, residents)<sup>87</sup>**

Legal status and size of municipality	1991	1997	2002	2009	Permanent residents*
Budapest	204	328	352	430	1,694,942
Town of county rank	253	419	432	596	2,025,698
Town	397	598	618	821	3,255,026
Village	630	620	607	565	3,171,116
<500	8	4	2	2	281,624
501-1000	53	44	39	34	487,333
1001-3000	403	381	368	356	1,649,555
3001-10000	317	378	387	435	1,753,598
10001<	317	378	387	1585	5,974,672
Total	1484	1965	2009	2412	10,146,782

Source: TEIR data “National Spatial Development and Spatial Information System” calculated by Attila Fekete and Dániel Bódi (\*data from 2009).

## **General Practitioners and General Pediatrician Practitioners**

In 2009, 4,971 General Practitioners and 1,548 General Pediatrician Practitioners were employed by local governments<sup>88</sup> who provided medical care to 8.18 million adult and 1.96 million minors up to the age of 18.

<sup>87</sup> Shrinking of the medication fund, limitation in the circle of the subsidized products will likely induce a serious crisis among the pharmacies. Small pharmacies mainly in smaller settlements are expected to be the losers in this crisis. Prevention is not widespread in our country, so the consumption of medication is high. Transformation of attitude – from treatment to prevention is a slow process, but it could help the survival of pharmacies in smaller settlements, especially if they are converted into health and prevention centers. This conversion requires, other than the change in attitude, extra financing – but would certainly be a good investment in the long run.

<sup>88</sup> Basic health care practitioners are financed by the National Health Fund, but former regional basic health care practitioners, transferred to modern basic care practices, operate on the basis of territorial care supplying contracts, and receive their subsidies from the local governments.



Nearly 58 million office or home visits were provided by General Practitioners. In the case of General Pediatrician Practitioners nearly 13 million minors visited their doctors or were visited by the practitioners. In the municipalities with less than 1000 inhabitants (1717 municipalities) there were 343 adult General Practitioners while there was only 1 General Pediatrician Practitioner. The distribution of adult patients across General Practitioners is equally proportional. In the case of minors living in small and micro villages the difference is significant because 8% (158,000 children) of the minors live in small villages and only one General Pediatrician Practitioner can be found there. According to the data from the Hungarian Bureau of Statistics, pediatricians treat 1.5 million minors (half a million minors gave their cards for registration to General Practitioners who do not specifically deal with children). On average 1,267 patients belong to one General Practitioner. Thus, this is the reason why it is not economical to have General Pediatrician Practitioners in small and micro villages and this is why several villages form a “pediatrician district” (General Pediatrician Practitioners have patients from the area around offices). In rural areas the General Practitioner’s office is usually in the biggest village and it determines how many villages belong to him.

The General Pediatrician Practitioner network could be exceptionally important in districts and in areas with a high density of minors. The proportion of minors is above the national average in larger villages and in smaller villages (with more than 3001 inhabitants). In county seats it is equal to the national average (18.8%). The rate of minors in Budapest is below the national average; all other population categories are around 20 %.<sup>89</sup>

In contrast to the countryside, Budapest has 20% of the primary care pediatricians and almost one third of them work in towns with a county seat. Half of the General Pediatrician Practitioners work in big cities while only one third of the potential patients live in such places. Continuing the investigation, it can be observed that almost 80% of the pediatricians operate in bigger or smaller towns, despite the fact that only 55.6 % of the total youth live here. Of the total minor population, 44.4% live in municipalities with less than 10,000 inhabitants and they are treated by 22.4 % of the total primary care pediatricians. (Annex: Figure and Table 3)

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<sup>89</sup> Bódi, F. & Bódi, M. (2008) A szociális ellátórendszer örökölt különbségei. In Bódi, F. (ed.) *Helyi szociális ellátórendszer. “Local Organization of Social Services”* MTA PTI, Budapest, pp. 93.

The distribution of those who visit the pediatricians' office is even more distorted. Of the nearly 13 million visits 73% took place in the towns, out of which 20.4% were in county seats and 39% were in smaller towns. The greater number of patients and number of visits can be explained by the fact that the pediatricians' district exceeds the borders of the towns, or maybe because the pediatricians are more accessible within towns, therefore patients visit them more often.

In the villages and towns, the primary health care of adults taking service indicators into consideration show inverse rates compared to the primary care of minors in the towns and villages. Almost six tenths (59.7%) of the total adult population live in municipalities with more than 10,000 inhabitants, yet almost half (48.2%) of all the doctor-patient took place in municipalities with less than 10,000 inhabitants. In the villages and small villages, inhabitants visit their general practitioners more frequently because they are in close proximity to them. A higher amount of patient doctor visits can result in a more common connection between patient and physician and can overburden the workload of rural general practitioners.

At the beginning of the 1990s, following the privatization of the general practitioners' practices, the number of active general practitioners grew significantly. Although in 1997, their number had increased by 653 compared to 1990, the number decreased by 2009, however they were still 434 more than in the base year. The significant growth in the number of the general practitioners was observed only in municipalities with more than 1,000 inhabitants because in small and micro villages this number actually decreased (64 general practitioners between 1991 and 2009). Up to 1997 a real increase could be seen in the territory of local governments with more than 10,000 inhabitants. In county seats, this growth continued until 2002. In the villages the initial zeal was followed by a decrease, so that today, the number is approaching the 1991 level.

The practices of general practitioners primarily transformed according to market mechanisms by following the distribution of the adult population among the various types of municipalities. The cornerstone of organizing general practitioner care is the way of living of small and micro villages, forming a continuous belt in several areas of Northern Hungary, Northern Great Plain and Transdanubia. The distribution of primary care pediatricians in municipalities with 3,001-10,000 inhabitants has improved the most. It was a great achievement when within this municipal category 81 of the 106 new practices were started there. The distribution of minors in this municipal category is 19.4%, and 19.1% of

primary care pediatrician's work there. This ratio is much higher than the 13.7 % in 1991.

The distribution of patients and doctors has basically not changed in the other categories of municipality sizes. Regarding legal status, a slight improvement can be observed in the villages. In the category of Budapest and county seats a slow convergence of the patient-doctor distribution can be observed, but in the case of smaller towns there is high stability.

### **Social assistance and support<sup>90</sup> at local-community level**

Social assistance within the framework of the local government system has not been efficient as it has not been a comprehensive system that included units of work, health, lodging and education. It did not encourage people living in marginal conditions to find jobs or solutions to self-care. The social-political system has retained social disadvantages and put an excessive financial burden on local governments. Municipalities with social assistance accounting for more than 10% of their annual budget were compelled to close kindergartens and schools in growing numbers. Education of children in socially disadvantaged families was not organized locally but in distant institutions lacking the control of the local communities. Local social work in small and micro villages was limited to a routine type of allocating financial assistance. Basic institutions of the micro world, which were able to deal with poverty, totally disappeared from the local society. The poor were abandoned, ghettos were formed and there was no way out of social exclusion and societal isolation. Chances of social mobility, ascension and prominence were lost forever. "Social expenses have grown so significantly that today the income of an average household originating from state subvention is higher than it was during the socialist period." (Róna 2008) Several types of social assistance and allowance have come into existence during the local government system, and have undergone transformations since the introduction of the social law. Below, a series of assistance and allowance types will be examined that best illustrate the unsustainability of the social support system.

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<sup>90</sup> The types of social support discussed below do not cover the totality of the nearly 50 types. Public therapeutic benefit for example counts as a type of benefit in kind; the other types of support are monetary. Types of assistance included hereafter are typical and a precise accessible database on them can be found in the system of KSH T-STAR "Settlements Statistics Database System of the Hungarian Central Statistical Office".

## **Public health care**

A public health care certificate can be issued to socially disadvantaged people to decrease the expenses in connection with preserving and restoring their health. The group of beneficiaries of public health care on the basis of civic rights and on a normative basis is defined by the social law. Local government can also justify entitlement on an equity basis. In 2009, a public health care certificate was given to 268.000 people with one third on the basis of equity. Every twentieth adult citizen has a public health certificate but this rate is smallest in country seats. In smaller municipalities this rate is higher where nearly every tenth inhabitant has such a benefit. (Annex: Figure and Table 4)

The number of beneficiaries of public care is greater in smaller municipalities because health conditions and the state of health of the inhabitants are worse than the condition of the inhabitants in bigger municipalities. This is especially true for small and micro villages. Investigation by the Hungarian Central Statistical Office has demonstrated: conditions associated with the level of the municipality, (endowment of institutions, accessibility of health care institutions, etc.) are worse in villages than in towns. However, this same investigation points out that the health condition of the village inhabitants depends primarily on the composition of the rural society (level of education, types of occupation, income, living conditions, etc.)<sup>91</sup>

The analysis of the territorial distribution of the recipients demonstrates that their distribution was proportional to the population in 1997, but in 2009 more recipients lived in villages. The total number of recipients has decreased in the country but this happened to a lesser extent in the villages than in the towns.

## **Regular social assistance, public service employment and housing allowance**

In 2009 a total of 143,000 people became recipients of regular social financial assistance amounting to an average of 23.800 HUF per month per person. The number of recipients living in the North-Eastern and North Great Plain regions of the country that are highly affected by

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<sup>91</sup> Társadalmi ellátórendszerek 2006. "Social Service Systems 2006." 2006 KSH, "Hungarian Central Statistical Office", Budapest. (2007) p. 26. Income situation is exceptionally important as it serves as the basis for the justification of equity: low pension, unemployment, broken families, where expenses on medication can exceed the justification threshold defined in the equity rule.

unemployment keeps increasing year after year. The group of recipients include active age adults (those in adult years 18-59 who could be employed) who are no longer eligible for unemployment allowance, and who are not receiving other income support for ensuring the minimum standard of living.

Of the total active age population 2.4% are recipients of regular social assistance. This figure is 7.2% in the micro villages, 5.9% in the smaller villages and 3.3% in the medium size municipalities. In larger municipalities the rate of those who get allowance is much lower. In big cities it is about 1% and in Budapest it is less than 5%. (Annex: Figure and Table 5) Half of the recipients of regular social assistance participated in public work in a given year although this employment does not signify a return to the regular world of employment. Temporary employment is a detour that can provide a basis for the justification for aid in the future (if you have a temporary job then you can qualify for social allowance again). This particular characteristic of support and public employment can be best observed in small villages where seven tenths of the recipients circulate among various forms of regular social assistance and temporary employment (Bódi 2009).

***Table 2.1.3.: Annual average number of recipients of regular social assistance and their distribution among municipal types (by legal status and size of municipalities 1993-2009)***

Legal status and municipality size	Average annual number of recipients of regular social assistance provided by local government				18-59 year permanent residents in 2009
	1993	1997	2002	2009	
Budapest	2128	2276	4232	3782	1007527
Town of county rank	4003	3922	13890	13173	1233579
Town	4003	3922	13890	45821	1958683
Village	4003	3922	13890	80431	1874650
<500	1916	1545	9644	11605	161648
501-1000	2513	1967	13063	16629	284831
1001-3000	6604	5355	34278	41663	967281
3001-10000	6536	5254	26681	30557	1058961
10001<	12553	12879	41594	42753	3601718
Total	30122	27000	125260	143207	6074439

Source: TEIR data “National Spatial Development and Spatial Information System” calculated by Attila Fekete and Dániel Bódi.

The number of recipients who received regular social assistance has continuously increased as more and more people were excluded from receiving unemployment benefits and the income supplement assistance.<sup>92</sup> The number of those who received regular social assistance was 30,000 in 1993 and this number increased to 125,000 by 2002 and to over 143,000 by 2009. The group of recipients who receive regular social assistance has increased more than 5 or 6 fold in every municipal category, which was disproportional “overweight” when compared to the active adult age and the taxpayer populations.

The distribution of recipients of regular social assistance has not been proportional to the distribution of the 18-59 years population. In the small and micro villages only 7.4% of the active age adults live, but 19.7% of the total number of social assistance recipients live there which is exceptionally high. In the 1990’s the recipients of regular social assistance were already overrepresented (13% in 1997 and 14.7% in 1993), in the municipalities with less than 1,000 inhabitants. Regarding the legal status of small towns, 56.2 % of the recipients of social assistance lived in these areas in 2009, while only one-third of the active age adult population lived there.

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<sup>92</sup> The majority of the beneficiaries of regular social assistance had earlier been on unemployment benefit and after losing eligibility they started to receive an income supplement, and when they were excluded from the second phase, came to be eligible for regular social assistance.

## Public benefit employees<sup>93</sup>

Public benefit employees are the former long-term unemployed persons, who are provided the opportunity of public employment (the local government organizes public work for these people). In 2009, 137,564 people were employed in this manner with one third of them living in municipalities with less than 3,000 inhabitants. When the number of recipients of regular social assistance in micro-, small and medium size municipalities are added up and compared to the active age adult population in the same municipalities, it can be observed that in the circle of *micro villages, every eighth, in the small villages every twelfth and in the medium size municipalities every sixteenth active age person is a recipient of this assistance*. As only one member per family is entitled to

<sup>93</sup> In Hungary public benefit employment has been by local governments – a practice not general in other countries. Starting from 2011, the National Program of Public Benefit Employment stipulated by the 375/2010. (XII.31.) Government Decree on Support on Public Benefit Employment terminates the former public benefit employment programs, the public benefit employment subsidized by the regional labor agencies and the traditional centrally organized public benefit employment program. The explicit objective of the program is to reduce bureaucracy by the introduction of a simplified application system. Availability support accorded to THE active age unemployed persons will be replaced by wage supplement support, requiring stricter eligibility conditions and more active participation on behalf of the persons in search of employment: they have to certify min.30 labor days per year, and whoever applies for this type of support, must accept the public benefit job offered.

Types of public benefit employment: 1. Local government Short term employment (4 hours per day): support in order to facilitate rendering daily public duty by local governments, eligible candidates can be employed for max. 4 hours per day, for a period of min.2 to max 4 months, and be paid minimum wages or equivalent of half of the guaranteed wage minimum. Applicants must provide 5 % of the financing themselves 2. Long-term public employment by local governments (6-8 hrs . daily). Programed support of public benefit objectives: employment term may be 2-12 months, and 6-8 hrs daily. The Intensity of the support may be 70-100 %, based on the disadvantageous situation and economic power of the settlements. In addition to the wages and supplements, other costs associated with the employment can be vindicated up to a max. 20 % of the support. 3. Public benefit support to the enterprises: SME's, upon application to the labor agencies may receive support, when they employ unemployed entitled to income supplement for a max. term of 12 months, and the rate of the support can reach as much as 70 % of the combined amount of wages and supplements. 4. Public duty programs of national scope: they relate to programs reaching over several sectors of industries and several years with the objective of significant benefit to the national economy and considerable savings. Wages and wage supplements are financed.

regular social assistance, it can be estimated that in the *micro villages almost every fourth, in the small villages every sixth, and in the medium size municipalities every eight head of family is an „employee” of the local government.*

**Table 2.1.4.:Number of persons employed in public benefit programs in 2003 and 2009**

Legal status and size of municipality	Employed in public benefit programs in 2003	Employed in public benefit programs in 2009	18-59 year permanent residents in 2009 (%)
Budapest	1365	3626	16,6
Town of county rank	4715	12654	20,3
Town	14138	44192	32,2
Village	29799	77092	30,9
<500	4929	10931	2,7
501-1000	5490	15901	4,7
1001-3000	14302	29461	16,0
3001-10000	10512	39903	17,5
10001<	14784	41368	59,9
Total	50017	137564	100,0

Source: TEIR data “National Spatial Development and Spatial Information System” calculated by Attila Fekete and Dániel Bódi.

The number of those who have need for a housing allowance has been increasing: 128,000 claimed this allowance in 2003 but increased to 339,000 in 2009. The reasons for this growth have been the unification of the housing allowance system and persons benefiting from debt consolidation service became eligible for this allowance. Local governments were allowed to determine eligibility based upon more favorable terms than those stipulated by the relevant law. In the country 4%, in the micro villages 6% and in the small villages 7% of the citizens received housing allowance. The clear picture of the exact distribution of the recipients of the housing allowance has dissolved the myth that the demand for housing maintenance was less in the villages than in the larger towns. While village life has become more expensive because of the installation of telecom services, gas heating, sewage and other infrastructure, modernization of villages has not been followed by an



increase in family income. Linear infrastructure services developed by state subsidies and personal loans in the 1990s started to be increasingly difficult for the population to pay for.<sup>94</sup>

The part of the urban population that started to decline on the economic slope still had the opportunity to sell valuable housing in town and to buy a house with a garden in a rural area and live within their income. The rural population did not have a place to retreat to. Unlike Latin America or Western Europe in the 19<sup>th</sup> century, where people in poverty escaped from the rural areas to the cities and towns, here the situation was the poor escaped toward the villages and rural areas. From the villages there is no further escape for those who became poor in the cities and towns and moved to the village or for those who were born in the village and are poor. (Annex: Figure and Table 6)

**Table 2.1.5.: Recipients of housing allowance, 2003 and 2009** <sup>95</sup>

Legal status and municipality size	Recipients of the housing allowance, 2003	Recipients of the housing allowance, 2009	Distribution of the adult population, 2009 (%)
Budapest	20736	29028	17,3
Town of county rank	34133	59874	20,3
Town	61710	113964	31,8
Village	31653	136028	30,6
<500	3789	13961	0,7
501-1000	3332	24356	1,2
1001-3000	14118	69102	15,1
3001-10000	23374	69797	17,7
10001-<	103619	161678	59,6
Total	148232	338894	100,0

Source: TEIR data "National Spatial Development and Spatial Information System" calculated by Attila Fekete and Dániel Bódi.

<sup>94</sup> After 1996, gas supply and electric supply companies were sold to Western European companies, which, realizing EU prices, managed to make significant profits. Today, an important proportion of the low income families are spent on basic utilities and services.

<sup>95</sup> The housing allowance, although it may be altered by local governments, amounts to an average of 2000 HUF. The cost of the payment slowly reaches the value of the determined allowance, which in many cases is not real assistance but a part of the local legitimacy game.

## **Social Policy Allowances and pecuniary allowances in the local governments' budget**

Social allowances in bigger towns comprised only 3% of their budget but in small and micro villages they amounted to 11% of the budget. The biggest problem is not in the balance of the local governments' budgets but in the balance of the financial sources of household subsistence.

The assumption is that in municipalities where the number of recipients of social allowances (unemployment allowance, regular social allowance, reduced capacity to work, people on disability pensions) is higher than the number of taxpayers, a social welfare ghetto is formed. (Annex: Figure and Table 7) The map shows the territorial distribution of the municipalities with 40-60 % recipients. They are considered to be temporary municipalities, and are neighboring or surrounded by the 60 % or 80 % 'allowance-ridden municipalities, which are social welfare ghettos in our assumption.

Local authorities do not have much more to do than to distribute allowances. Uniquely in the European Union, the employment is the lowest in two Hungarian regions, in the Northern Great Plain and in Northern Hungary – such a low level of economic activity can be observed only in the regions of Sicily and Calabria.<sup>96</sup> Income generation in the rural municipalities is very poor, many are not able or are not willing to be employed. In those municipalities where there are no local employers, transportation is difficult, and wages are low, the rate of low qualified, uneducated and long term unemployed people is high. The Allowance Map displays regions and counties where local governments cannot manage poverty and the complex social problems associated with poverty. The following counties and regions require special government attention: (1) Counties in the South Transdanubian Region: Somogy, Baranya, Tolna counties (2) Counties in Northern Hungary: Borsod-Abaúj-Zemplén, Heves, Nógrád counties, (3) Counties in the Northern Great Plain Region: Szabolcs-Szatmár-Bereg, Hajdú-Bihar and Jász-Nagykun-Szolnok Counties.

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<sup>96</sup> EUROSTAT Unemployment report 2008

## **2.2 Territorial inequalities of economic and welfare situation in rural Hungary – similarities and differences<sup>97</sup>**

*Csilla Obádovics – Emese Bruder – László Kulcsár*

### **Introduction**

Territorial, social, welfare and economic inequalities have significantly increased following the political transit period in Hungary (Nemes Nagy 1998). Certain territories have started to develop whereas others have become impoverished. Difference can be observed in the welfare situation as well as in the economic performance.

Territorial analysis has continually been, and it is still in the focus of attention in Hungary. (Francia 1976, Dövényi & Tolnai 1993, Faluvégi & Komjáthyné 1995, Kertesi & Ábrahám 1996, Kovács Tibor 2002, Nemes Nagy 2003, Kulcsár 2009, Beluszky & Sikos T. 2007). Analyses in sociology and sociography – by showing specific characteristics of the regions of the country as well as ways of living of locals – emphasized the inequalities which are interpretable in a territorial aspect. Some of the best examples of this approach are the works of Ferenc Erdei (1974, 1977) or other influential sociographic works (Matolcsy 1933). Since then, territorial inequalities have not been moderated significantly, with the economic output and the condition of human resources have remaining strongly differentiated (Enyedi 1996, Nemes Nagy 1998, Ritter 2009).

The Hungarian economy was characterized by strong regression following the political transit period. Regions with different local characteristics and uneven levels of economic development have experienced the introduction of the new system in different ways (Kovács T. 2002). The eastern part of the country and the Southern-Transdanubian areas became the most disadvantaged areas, while the socio-economic situation of North-Western Transdanubian regions became much more developed. (Szörényiné 1997). This typical scenery has not changed in the subsequent period (Malakucziné ed. 2007).

Nemes Nagy (1998) points out the necessity of considering various approaches in the process of territorial comparisons, as analysis of

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<sup>97</sup> An earlier version of the paper appeared in 2011. vol.2. of *Gazdaság és Társadalom* in Hungarian.

territorial inequalities cannot be limited to a few dimensions or indicators. It can be said that dimensions refer at the same time to social and economic characteristics; therefore their operationalization explores a multidimensional field of territorial inequalities. Quadrado et al. draw the consequences in their research that analysis of welfare based on simply one factor, neglecting other social factors result in the undervaluation of territorial inequalities. (Quadrado et al. 2001) However, the results of András Nagy (2011) demonstrate that it is per capita income which has the strongest correlation with a complex development ranking, which theoretically means, that one could be satisfied with this indicator alone. Of course, this decision implies a certain risk factor, since it might raise the problem of reliability and validity. Concerning reliability, it must be considered whether or not the per capita income indicator is representative of the entire society. In other words, could the application of this indicator be consistent or possibly entail more difficulties or is it impossible. The other problem related to reliability is the difficulty of considering the non-monetary income in the area of informal economy. The question of validity may arise when we limit the indicator of territorial inequality to the single income variable. Although the correlation demonstrated by András Nagy is rather convincing, considering the difficulties of reliability, it is advised to improve the income variable, since the degree of reliability of the indicator can differ not only by social layer, but by territory as well. Scholars must deal with this problem sooner or later.

In one of his papers, Nemes Nagy (2003) analyses territorial processes using the population and economic gravity centers methodology. He calculated the gravity center of four indicators in the country: population, income, unemployment and telephone supply. His research justified the dominating position of the capital as well as a strong west-east division of the country. By analyzing several gravity centers, he also showed that within the different socio-economic segments, different processes can be experienced. The move of the unemployment gravity center illustrates the problematic situation of the Eastern part of the country – where, according to Nemes Nagy, the labor market has become hopelessly rigid. Based on the phrase of “one who is poor is the poorest”, it can be firmly stated that disadvantages further reinforce each other, and regions with unfavorable economic and geographic situation suffer from serious welfare and social problems. Unemployment, the income situation and the level of human development also demonstrate territorial inequalities and contribute to the drift of disadvantages. Therefore, this paper examines regional differences from different aspects on a micro-regional

level. The objective is to demonstrate certain regional inequalities and parallels.

### **Economy and human resources: territorial disparities of unemployment**

Nemes Nagy (2003) clearly demonstrated the expansion process of the unemployment in Hungary, as well as the changes of regional disparities on unemployment. He noticed that a massive number of unemployed people appeared first in the north-eastern regions after 1990, then unemployment became more equal over the whole country, and finally by the early 2000s it returned to the original territories. Regional unemployment was examined in depth by Laki (1997:39). "It is well known that domestic unemployment is different by territory and by settlement categories. The new form of unemployment was concentrated in economically underdeveloped areas and in rural settlements. Its massive dispersion was remarkable especially in its *eastern-western* shape. Later on, economic and labor market developments ... had not altered the situation, rather they had rendered them, and consequently the territorial inequalities intensified. The unemployment rate is significantly higher in the eastern and north-eastern regions of the country than in the capital or in western counties - reaching almost the double of the national average. Kertesi and Ábrahám (1996) in their survey (dealing with the reasons of territorial disparities) identified the low level of education and the higher proportion of gipsy population as the reasons for higher unemployment rate in the north-eastern regions. Unemployment remained very high in the eastern and north-eastern regions of Hungary between 2001 and 2005, where the unemployment rate is twice as high as it is in more advantageous regions. Dövényi and Tolnai (1993) indicate similarly significant territorial disparities at the beginning of the 1990s. Their micro-regional level analysis was based on the number of unemployed people per job vacancies. They divided micro-regions into three categories. The first group was the micro-regions in crisis situation with higher unemployment rate, and according to their findings this category comprised almost all districts of Northern Hungary. The second typology included micro-regions with moderate situation, where the unemployment rate was around the national average. This group is not entirely homogeneous; it includes micro-regions of different situations. The third group is the smallest group with lower risk of unemployment, not reaching half of the national average. This typical polarization has not changed after the millennium; higher unemployment rates can be

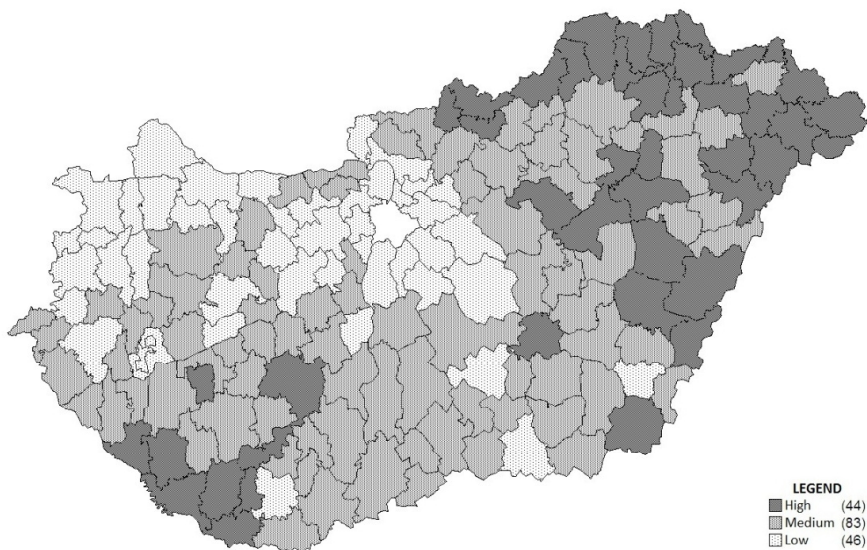
observed in the regions of South Transdanubia, Northern Hungary and Northern Great Plain (Fejes et al. 2006).

In our own calculations, using the unemployment rate timeline series from 1993 to 2009, we formed 3 categories of micro-regions with:

- 1) Typically high unemployment rate;
- 2) medium unemployment rate in most of the times;
- 3) typically low unemployment rate.

We classified the micro-regions based on which unemployment group they have belonged to in more than half of the cases within the time period: low (long-term low), medium, or high (long-term high) unemployment. The unemployment rate is defined as the proportion of unemployed within the 18-59 year-old population. The source of our time series data on unemployment has been the database of the National Labor Office (1993-2009). Territorial inequalities are shown in Map 2.2.1.

**Map 2.2.1: Categories of long-term unemployment in Hungary between 1993-2009**



Source: authors' own construction.

Three unemployment categories were linked with the categories of rurality. In the classification of rural micro-regions we followed the OECD methodology<sup>98</sup>.

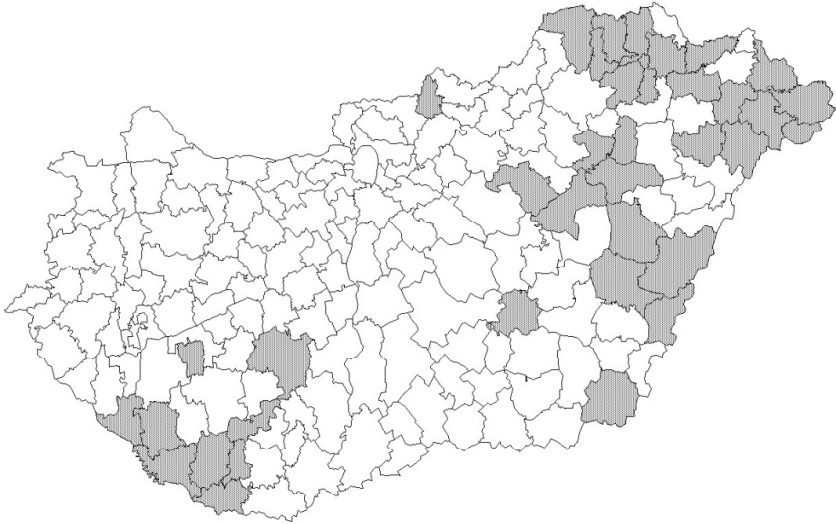
In this paper classification is based on the 2009 data of the Hungarian Bureau of Statistics. The data shows a typically long lasting high unemployment rate in the predominantly rural micro-regions and low unemployment rate in the urban micro-regions. Eighty eight and a half percent (88.5%) of rural regions can be characterized by a medium or high unemployment rate and only 11.5% shows a stable low level of unemployment. Between 1993 and 2009 73% of the urban regions had a substantively low level of unemployment rate.

It is foreseen that, due to the lack of job vacancies, the distance from towns, and to the disadvantaged demographic conditions, the situation of the predominantly rural micro-regions with long-term unemployment will not change in the near future. Therefore, rural micro-regions with permanently high unemployment rate are classified as most disadvantageous regions. The territorial distribution of the 37 most disadvantageous micro-regions is shown in Map 2.2.2.

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<sup>98</sup> According to OECD definition, *predominantly rural micro-region* is identified as an area where the proportion of the rural population (120 inhabitants/km<sup>2</sup>) exceeds 50 %; *typically rural* where the proportion of the rural population is between 15%-50 %; and, *predominantly urban*, where the proportion of the rural population is less than 15 % (OECD 1994).

*Map 2.2.2: Predominantly rural micro-regions with permanently high unemployment rate*



Source: authors' own construction.

Comparing Map 2.2.1 and Map 2.2.2 shows many similarities, but some differences prevail. Thus, (in this approach) rurality in its own sake does not necessarily signify disadvantage, since there are a dozen of micro-regions with long-term low unemployment rate among the predominantly rural micro-regions.

The unemployment rate was observed to be higher in the more thinly populated regions than in the settlements with higher density at the beginning of the 1990s. The significance of the distance from towns is not evident, but unemployment rates had a strong correlation with population density. However, following 1992 the impact of the town distances becomes more significant. The underdeveloped regions had to withstand emigration, as well as movement towards urban settlements (Kertesi 1997).

Spatial attributes (distance from towns) had different impact on employment in three regions of Hungary; the Great Plain, Transdanubia and in Northern-Hungary. In the more developed regions of Transdanubia the unemployment rate was not only lower than in the other two regions, but the effect of the distance from bigger towns was also different. Association between the unemployment rate and the



distance from bigger towns was stronger in the less urbanized, infrastructural underdeveloped Great Plain and in the Northern Region - classified as an industrial crisis zone - than in the Western regions of the country (Madarász et al. 1998, Bódi & Obádovics 2000). Test of association between unemployment rate and migration rate showed that a higher out-migration rate can be found in regions with higher unemployment rate and low population density.

*Table 2.2.1: Association between unemployment and migration balance in the micro-regions, 2009*

Number and percentage of micro-regions		MIGRATION BALANCE				
		important migration loss	slight migration loss	slight migration gain	important migration gain	Total
<b>LONG-TERM UNEMPLOYMENT</b>	<b>Low</b>					
	Count	2	16	15	13	46
	%	4.3%	34.8%	32.6%	28.3%	100.0%
	<b>Average</b>					
	Count	20	48	15	0	83
	%	24.1%	57.8%	18.1%	0.0%	100.0%
	<b>High</b>					
	Count	24	20	0	0	44
	%	54.5%	45.5%	0.0%	0.0%	100.0%
	<b>Total</b>					
	Count	46	84	30	13	173
	%	26.6%	48.6%	17.3%	7.5%	100.0%

Chi<sup>2</sup> sig=0,000

Source: authors' calculations.

None of the 44 micro-regions with a stable high unemployment rate showed positive migration balance, however, the 65% of regions with low unemployment rate showed a positive migration balance. Csátori (1999) also found a correlation between migration and unemployment, in his opinion, this phenomenon leads to a slow depopulation of the regions.

However, available statistical data do not allow tracking the amount of emigrants whose reason for changing domicile is the high unemployment rate in the region (Obádovics 1997). Although, migration to a more

developed region can be preferred by the unemployed from a labor market perspective, but at the same time there is a high risk in moving. Migration conditions of economically disadvantaged regions were analyzed by Kertesi and Ábrahám (1996). They showed that the rate of gipsy population in disadvantaged regions is outstandingly high. They explained this on one hand by the better employment opportunities of migrants with higher education attainment. The gipsy population has lower education attainment in general, this leads to a weaker chance to be employed in more developed regions, therefore they would rather stay. On the other hand, lower real estate prices in declining economic regions undermine migration chances, however, they can enhance settling down. All these reasons can result in the rise of gipsy population in the economically disadvantaged regions. People living in disadvantaged regions with low education attainment population have little chance to change their domiciles. Lichter (1993) and others raise the question: Why the undereducated and the unemployed, the people who are in unfavorable situation, those, who belong to certain ethnic groups are so immobile? The answer is not simple, part of the reason is that there is no point in moving, since the benefit of changing domicile is not significant and the return rate of invested energy is low. On the other hand, the difference between the stability offered by the welfare state and expected income is slighter than it is expected. As a consequence, indicated by Brown, poor and undereducated people “fell in the trap of the labor market” (1993:47). This labor market keeps the poor inside the region, and leads to the spatial concentration of poverty (Spéder 2002).

Research on the relationship between social networks, network systems and migration highlighted that beyond the above mentioned specialties of the economic and welfare system, the existence and the absence of human connections between the original place of residence and the targeted area play an important role as well (Kritz et al. 1992; Massey, 1990; Massey et al. 1993; Donato et al., 1992). The positive reaction of social networks has an influence on migration decisions. The absence of networks increases the risk of migration, at the same time, negative feedback advocate the decision of staying.

### **Income inequalities and poverty in rural Hungary**

Income disparities and poverty increased following the political transit period in the countries of Central and Eastern Europe (Andorka et al. 1997). Analyzing the relation of these two factors are of great importance, in order to understand society and dynamics of social

processes. Tóth and Gábos (2006) examine the connection of these two factors in a European context. Using the Gini-coefficient to calculate income inequalities, and one of the Laeken indicators (income lower than 60% of the national median income) to measure poverty. They demonstrate that relative poverty rates show a strong correlation with the income inequality indices, and that there is a positive correlation between them in 29 European countries. This section of the paper examines the validity of this in relation to Hungarian micro-regions.

Many research studies dealt with the problem of income inequalities in the micro-regional level in Hungary. Kiss and Németh (2006) for example, analyzed income inequalities within the micro-regions between 1988 and 2005 using the Hoover index<sup>99</sup>. Their results show a continuous polarization within the country.

The other group of social indicators also raises complex theoretical problems, and this is poverty. Hajdú (1997) summarizes subjective and objective approaches of poverty. The majority of the research on poverty has concentrated on economic resources, like income based on absolute or relative measures or on analyzing the consumer basket.

Limitations of the approach based on the calculated indices and functions of income inequalities not solely lie in the uncertainty and incompleteness of the available information, but in the fact, that these indicators are based on the categories of market economy, which do not take those transactions into account, which are based on informal (not illegal!) reciprocity. (Brown & Kulcsár 2001). In addition, poverty indicators neglect the aspects of human factors of quality of life, although research on relative deprivation signifies a step forward from the limited material approach. Measuring human factors of the quality of life is not equal with measuring the subjective feeling of poverty. Neglecting human resources factors from poverty indices might lead to the failure of interpretation and validity. Coromaldi and Zoli (2011) analyze the extent of poverty in Italy by a complex index from which they exclude income as an indicator, and include factors like the ability of self-sustaining, consumption, health situation and variables related to lodging. These data are available in the EU-SILC database.

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<sup>99</sup> The Hoover index signifies the proportion of one of the factors examined (in the case of Kiss and Németh this is income) needed to be redistributed among the settlements in order to have an equal distribution with the other factor observed (population). The Hoover index is measured in a scale of 0-100, and it is expressed in percentage.

Since 1997, the international poverty indicator (UNDP<sup>100</sup>)- due to former criticism – has been largely lean on HDI<sup>101</sup> methodology (Nyitrainé 2001). The methodology of the poverty indicator is identical for developed and developing countries in three components (long and healthy life, level of knowledge and a decent standard of living). In the case of developing countries the measure of social exclusion is added. (Human Development Report 1999, 2000). It can be observed that these modifications include several human elements of the quality of life, originating from earlier methodology of HDI. For the purposes of future application of HDI calculations in Hungarian micro-regions, the social exclusion element should be considered.

Poverty is not only the question of money or material aspects; poverty affects several areas of life. There are a large number of approaches and methods for measuring it. The objective of our research on poverty is to build up a Poverty Index (PI), and to calculate it for rural population, as well as to demonstrate micro-regional inequalities using the HPI methodology. HPI can be interpreted as one of the indicators of standard of living in any given country. HPI includes not only material or financial measures. There are other types of indicators in developed countries than in developing or underdeveloped countries, as not all of them are relevant (e.g. rate of illiteracy show minimum variance).

Our PI relates to four dimensions of a disadvantaged situation, each of them are basic elements of human well-being: (1) the lack of long and healthy life, (2) the lack of basic knowledge, (3) low intensity of economic performance and (4) social exclusion.

A possible application of the PI elements for Hungarian micro-regions:

- Lack of long and healthy life ( $P_1$ ): an opposite index derived from the life expectancy at birth, where the higher value means a shorter life (Hungarian Bureau of Statistics average, 2002-2006)
- Lack of basic knowledge ( $P_2$ ): proportion of adults completing maximum 8 years of education (2001 Census, Hungarian Bureau of Statistics)
- Disadvantaged economic situation ( $P_3$ ): proportion of taxpayers in the lowest income level (0-300 000 HUF/year)(Hungarian Tax Authority 2009)

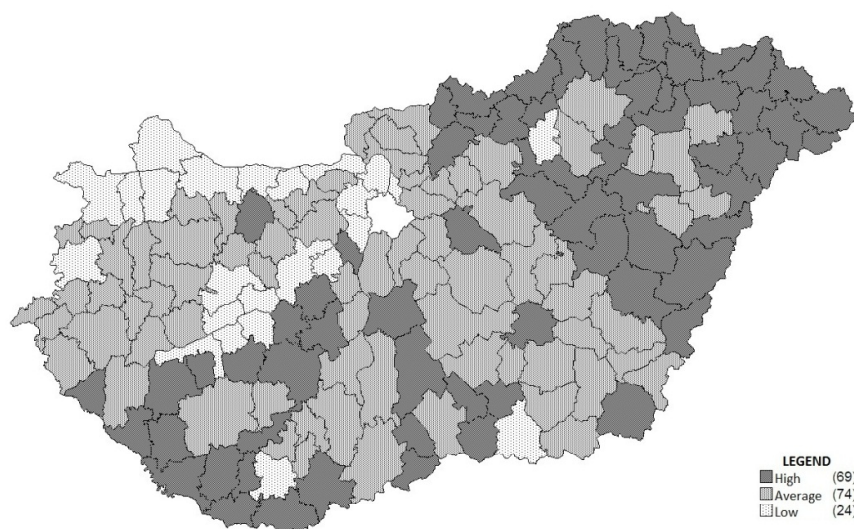
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<sup>100</sup> United Nations Development Programme

<sup>101</sup> Human Development Index

- Social exclusion: proportion of long-term unemployed within the registered unemployed population (minimum 180 days of unemployment) (Employment Service, 2009)

***Map 2.2.3: Poverty Index in Hungarian micro-regions***



Source: authors' own construction.

**Table 2.2.2: Association between the Human Development Index (HDI) and Poverty Index (PI)**

Number and percentage of micro-regions		POVERTY INDEX			
		Low	Medium	High	Total
<b>HDI</b>	<b>Low</b>				
	Count	0	1	42	43
	%	0%	2.3%	97.7%	100.0%
	<b>Medium</b>				
	Count	3	57	27	87
	%	3.4%	65.5%	31.0%	100.0%
	<b>High</b>				
	Count	21	16	0	37
	%	56.8%	43.2%	0.0%	100.0%
	<b>Total</b>				
	Count	24	74	69	167
	%	14.4%	44.3%	41.3%	100.0%

Chi<sup>2</sup> sig=0,000

Source: authors' calculations.

It is not surprising, that micro-regions with low human development levels (Obádovics & Kulcsár 2003, 2004) have a high poverty rate (with one exception). In addition to this, micro-regions with high HDI can be characterized by low poverty rates.

**Table 2.2.3: Association of rurality and Poverty Index**

Number and percentage of micro-regions		POVERTY INDEX			
		Low	Medium	High	Total
<b>RURILITY</b>	<b>Predominantly rural</b>				
	Count	5	36	60	101
	%	5.0%	35.6%	59.4%	100.0%
	<b>Typically rural</b>				
	Count	12	31	9	52
	%	23.1%	59.6%	17.3%	100.0%
	<b>Urban</b>				
	Count	7	7	0	14
	%	50.0%	50.0%	0.0%	100.0%
	<b>Total</b>				
	Count	24	74	69	167
	%	14.4%	44.3%	41.3%	100.0%

Chi<sup>2</sup> sig=0,000

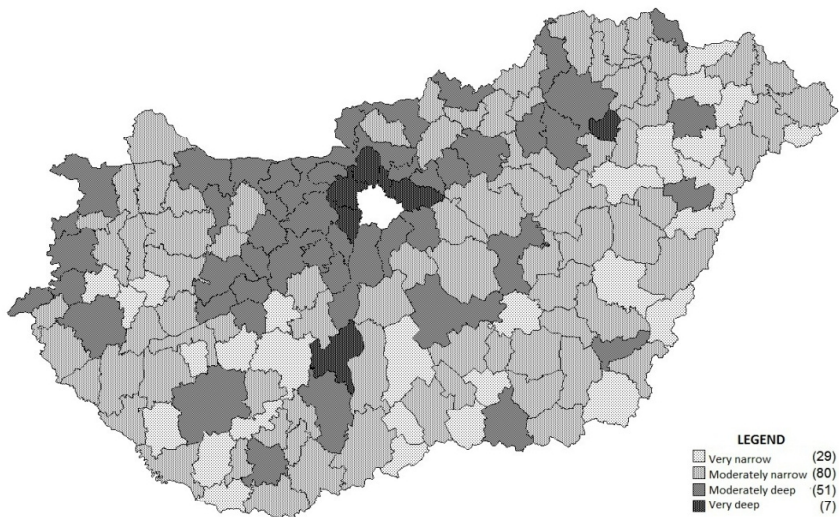
Source: authors' own calculations.

A strong association can be observed between poverty and rurality as well. Predominantly rural regions are more frequently characterized by being poor, while among urban micro-regions, none belong to the highest poverty category. Even so, we could not state that rural situation results in poverty or the contrary, urban living prevents poverty. In this case as well, we should avoid excessive generalizations.

### **Income inequality**

Income inequalities have been examined by using the income per taxpayer indicator within the country. Based on this indicator, an income gap has been calculated for all of the micro-regions. The income gap has been defined as the distance between the first decile (lower 10%) and the ninth decile (upper 10%). The source of data for calculating income gap was the 2009 data of the National Tax Authority on income-tax return.

*Map 2.2.4: Income gap in Hungarian micro-regions*



Source: authors' own construction.

Map 2.2.4 clearly illustrates the income disparities being present within the country. Among the Hungarian micro-regions seven can be characterized by very deep income gap. Five among these regions can be found in the close neighborhood of the capital region. In the more distant agglomeration areas of the capital, there are only regions with moderately narrow income gap. Micro-regions with very low income gap are typically found in the North-Eastern, South-Western and Great Plain regions of the country.

### **Joint analysis of the Poverty Index and Income Gap**

This section compares the three poverty categories (PI) with the categories of the income gap. The levels of poverty index were the following: high poverty index (meaning very poor micro-regions), medium poverty index, and low poverty index, (meaning not poor micro-regions). Income inequality or income gap has been divided into four categories: very narrow income gap, where the income per taxpayer variable can be characterized by low standard deviation, moderately narrow, moderately deep and very deep income gap, where the standard deviation of income per taxpayer is very high.



**Table 2.2.4: Association of Poverty and the Income Gap**

Number and percentage of micro-regions		INCOME GAP				
		Very narrow	Moderately narrow	Moderately deep	Very deep	Total
POVERTY	<b>Low</b>					
	Count	0	5	15	4	24
	%	0%	20,8%	62,5%	16,7%	100,0%
	<b>Average</b>					
	Count	4	36	32	2	74
	%	5,4%	48,6%	43,2%	2,7%	100,0%
	<b>High</b>					
	Count	25	39	4	1	69
	%	36,2%	56,5%	5,8%	1,4%	100,0%
	<b>Total</b>					
	Count	29	80	51	7	167
	%	17,4%	47,9%	30,5%	4,2%	100,0%

Chi<sup>2</sup> sig=0,000

Source: authors' own calculations.

The table above represents a strong relationship between the income gap and the poverty index. The poorest rural regions show lower income inequalities. On the other hand, moderately, or very deep income gap can be observed in 79.2% of the *rich* micro-regions. Significant income inequalities are found in only 7.2% of the poor micro-regions.

The relationship between income inequalities and poverty provide room for diverse interpretations. Further research is needed for the execution of deeper analyses, for example to define typologies. Time series analyses would shed light on developments: Are micro-regions able to move from one category to another, or, can any negative change be observed? Would the development of any micro region result in the deepening of the income gap, and the contrary: would the decline of regions issue in the moderation of income inequalities?

## Summary

Processes following the political transit period had reinforced socio-economic disparities in each of the transit societies of Central and Eastern Europe. Disparities, as we have seen, revealed a strong regional concentration showing a *traditional* Western-Eastern inequality of the country. The impact of the regional disparities of human resources on unemployment has been demonstrated in our analyses. Predominantly rural micro-regions can be characterized by long-term unemployment rates while there is a much lower unemployment rate in the urban micro-regions.

Association analysis between unemployment rate and migration has shown typically high migration rates in regions characterized by high unemployment rates.

A poverty Index (PI) of the Hungarian micro-regions has been calculated based on the methodology of the Human Poverty Index (HPI), introducing one of its possible adaptations for micro-regions. Polarized regional disparities can be demonstrated using the Poverty Index analysis, thus, most of the poorest micro-regions are found among the North-eastern and South-Western regions of Hungary.

The PI has been compared to the income gap index of the micro-regions, showing the distance between the first decile (lower 10%) and the ninth decile (upper 10%). A significant association was found between PI and income gap indicators, low income discrepancies are found in the majority of poor micro-regions. However, in the majority of *rich* micro-regions there were high income inequalities.

By measuring economic, social and income inequalities on micro-regional level, our objective had been to demonstrate, that the association between economic, societal, income and welfare phenomena are not simply cause-effect correlations. Data illustrate that tempering regional-social disadvantages is still a hope, and it is not a short-term but a long-term task.

## 2.3 Recession and inequalities – local findings

*Gergely Fábíán – Péter Takács*

### **Background and significance of the study**

In 2008, the Bureau of Social Affairs of Municipal Government of Nyíregyháza Mayor's Office and the Department of Applied Social Sciences of the University of Debrecen, Faculty of Health launched a series of research studies to examine the citizens' living conditions and to present and analyze the changes over time.

This survey is based on national and international examples and utilizes the methodology of household panel survey. The household panel survey collects information on households in towns and their characteristics. Typically, changes are studied in the same sample over time using the same questionnaires. Investigators visit the same sets of households at annual intervals.

The household panel survey has used this standardized methodology both in the European Union and Hungary. The European Community Household Panel (ECHP) can be regarded as one of the antecedents of this survey. The ECHP is a survey that ran from 1994 to 2001, and was based on a standardized questionnaire and interviewed the same sample population (namely 60,500 European households – i.e. approximately 130,000 adults). The standardized methodology yielded comparable information across countries with a multi-dimensional coverage of a range of topics including income, poverty, economic activity, and health. From among the EU members Austria joined the survey in 1995, Finland in 1996, and Sweden in 1997. Hungary took part in a kind of a continuation of the ECHP survey. A renewal in the series of surveys became necessary since much of the original survey population was lost to attrition.

The losses due to attrition of the sample households and persons (moving out, death, other mobility problems) who were followed over 8 years' time was enormous, so in contrast with the original plans interviewing was stopped in 2001. However, the necessity of collecting similar data was still needed so that data from the new EU Members could be compared to all EU members.

Thus, in 2000, the chairmen of Social and Demographics Statistics of EU Members decided to continue the ECHP survey under the new title of Statistics in Income and Living Conditions (EU-SILC). A regulatory

framework bill needed for launching the new series of survey was approved by the European Parliament in 2003. The EU-SILC basically provides two types of data:

- cross-sectional (referring to a period of time or a point in time) and
- longitudinal data (studying changes of the individuals in the sample followed over time at annual intervals for 4 consecutive years).

Collecting comparable and cross-sectional data of excellent quality was a high priority. The sample size for longitudinal data and, as a matter of fact, the information on income and other factors are much more limited. This data focuses on the incidence of long-term poverty and social exclusion, as well as the changes over time in some subgroups of the population. It is important to mention that the standardized questionnaire used for the EU-SILC collects almost the same information as ECHP did previously. The first cross-sectional micro-data base of the new 10 EU Members has been available since 2005. The EU-SILC has been, over time, introduced into the recently joined countries (Bulgaria and Romania), and the candidate ones (Croatia, Turkey) and Switzerland.

The Hungarian national antecedents of the Nyíregyháza survey was the TÁRKI's<sup>102</sup> survey Hungarian Household Panel (HHP) survey and later the Household Monitor from the 1990's onward, both studied the changes in living conditions of the Hungarian households and were conducted using the same methodology as the international ones. The Nyíregyháza household panel survey was based on national and international surveys taking its advantages and drawbacks into account, not only in applying the methodology, but using the questionnaires of ECHP, EU-SILC and HHP; therefore, local information is comparable to that of Hungary as well as to other countries.

## Methods

The questionnaire used in this study was compiled by colleagues from the Bureau of Social Affairs of Municipal Government of Nyíregyháza Mayor's Office and lecturers at the Department of Applied Social Sciences of the University of Debrecen, Faculty of Health. With the aim to study the living conditions of the citizens, the final version of the questionnaire grouped the questions into comprehensive sections:

1. Characteristics of the households (household composition, housing, problems, quality of accommodation, income);

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<sup>102</sup> TÁRKI Social Research Institute

2. Economy activities (employment characteristics);
3. Health (health condition, long-term diseases);
4. Social relationships (family and personal relationships, extensity, intensity);
5. Elderly people (65 years of age and above);
6. Support systems – social problems (characteristics of natural and built-out social safety networks, allowances, opinion about the system of allowances and social care);
7. The Bureau of Social Affairs (clients' opinion);
8. Biography (personal data about of the respondents).

In selecting a sample, the methodology of HHP was used. Adults over 18 with permanent address in Nyíregyháza were placed into the sample pool. The sample population, as used earlier in the national survey and instructed by the researchers, was chosen in a randomized way from the database of the Central Office for Public Administration and Electronic Public Service. In the first round, a database of 2000 persons was chosen. Later a database of 400 persons was added to provide the investigators with extra addresses to supplement the original sample if someone was unwilling to answer the questions.

To check the representativeness of characteristics of the sample population, it was tested on the gender variable because detailed information on citizens is only available from the census figures, while data on the sample population, due to data confidentiality, includes only gender and addresses. The latest census was held in 2001 and includes data on age, education, etc. however, they might have significantly changed in 9 or 10 years' time; therefore it seemed logical to test it on the relatively constant gender variable.

All together 1848 usable questionnaires were collected to be analyzed, meaning that information was received from 1848 households and includes a total of 4866 persons living in the sample households; 4% of the total population of Nyíregyháza. As a comparison, the other national research studies have collected information from 2000 to 3000 households; thus such a large local population has not been studied before.

The first wave was in 2008, while the second in 2010. As a matter of fact the representative sample may be varied, since the investigators, just like in any other panel research, were instructed that the person most versed

in household matters and most likely to be able to answer the questions should be asked first, then followed by the questionnaires asking information about persons. In a significant part of the households women answered to questions about the household. The next table shows the differences.

**Table 2.3.1.: Characteristics of the sample**

	Gender from 2001 Census	Gender of the citizens from sample pool	Gender of participant respondents
Men	46.8	46.7	38.9
Women	53.2	53.3	61.1

Similarly to any database the confounding factors may be corrected with weighting by to match the original incidence. The following table shows data after weighting.

**Table 2.3.2.: Characteristics of the sample – weighting**

	Gender incidence of the citizens (2001 Census)	Gender incidence of the citizens (from the sample)	Gender incidence of the citizens (in the primary database after the interview)	Gender of participants after weighting
Men	46.8	46.7	38.9	46.8
Women	53.2	53.3	61.1	53.2

In harmony with the panel research methodology, information on households is shown on the basis of the unweighted primary database, since the respondent's personal characteristics cannot be regarded as relevant information. The unit of analysis is not the person but the household itself. However, information on the individuals is taken from the weighted database.

## Findings

### *Recession, employment and economic activity*

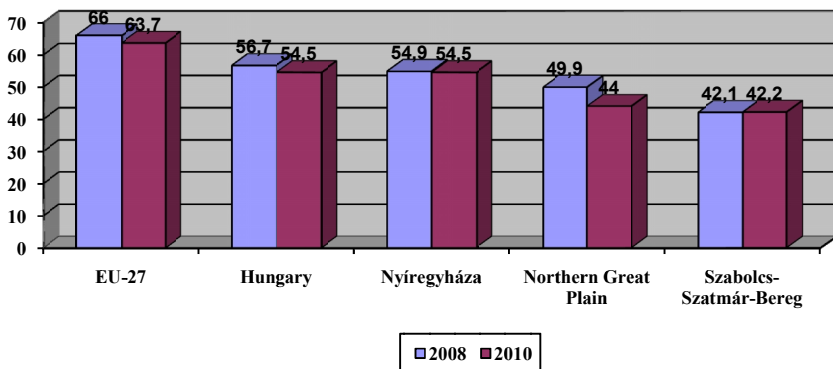
The recent economic recession has greatly affected manufacturing which has led to a decrease in employment. When asked “*Are you working at*

*the moment?*” 54.9percent of the respondents gave a positive answer in 2008 whereas 54.5 percent in 2010. According to the National Employment Service, the employment rate in the Nyíregyháza region was 54.2 percent in 2008, and 54.2 percent in 2010, so different surveys resulted in similar data.

The methodology of this survey differs from that of the KSH (Hungarian Central Statistical Office) survey of the workforce. Employment is typically studied among the 15-74 and 15-64 age groups, while in this panel research 18-year-old adults or above was targeted. However, the employment rate is quite similar to the national one with its 54.5 percent among the 15-64 age group. The rate partly reflects the fact that a significant part of the 15-18 age group is still at school and does not belong to the labour market. The rate measured in the Nyíregyháza region exceeds the rate in the neighbouring Northern Great Plain Region (Észak-Alföldi Régió) and Szabolcs-Szatmár-Bereg County. The region had 44 percent, while 49.9 percent in 2008 and in the County it was 42.2 percent.

The above mentioned rates lag behind the EU27 average which is 63.7 percent. However, a decrease in employment has been seen in the EU as well since 2008, when this rate was some 66 percent. Hungary and Nyíregyháza are lagging behind with some 9.2 percent.

**Chart 2.3.1.: Employment rate (%)**



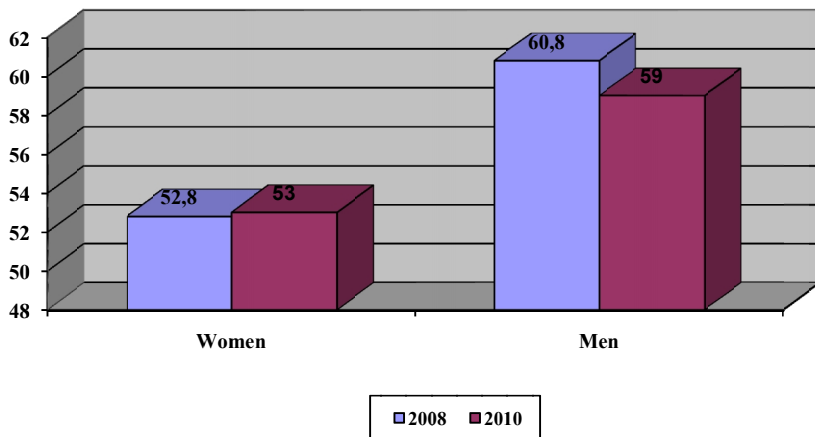
Source: National and international data source: KSH “Hungarian Central Statistical Office”, 2011a.

A decrease in employment is observed in the European Union, Hungary and in the Northern Great Plain Region as well. Surprisingly no

difference has been measured in Szabolcs-Szatmár-Bereg County since 2008 and even Nyíregyháza seems to have avoided the economic crisis. This picture however, is fairly misleading, since in contrast with the same rates in 2008 and 2010 the number and rate of unemployment has increased.

As for men and women a significant difference can be seen in employment in both periods, though a decrease is shown in the case of men.

**Chart 2.3.2.: The rate of employment of the citizens by gender, 2008-2010 (%)**



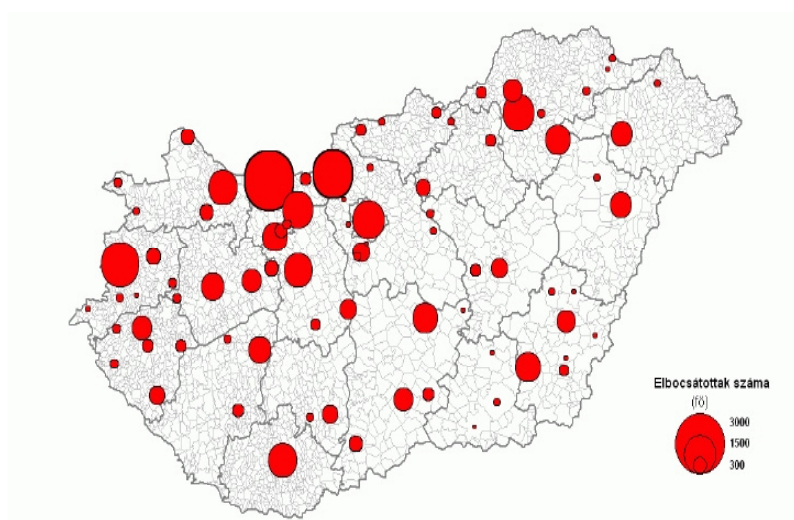
Source: our own data.

For women hardly any changes can be seen, while among men some decrease can be seen which also reflects the national tendencies. In the third quarter of 2010 the rate for women in Hungary was 51 percent, for men it was 61.2 percent. In the same period of 2008 the rate for women was also 51 percent while for men it was 63.9 percent, some 3 percent decrease has occurred.

It can be explained, both locally and nationally, by the impact of economic recession on industry leading to a great number of laid off; and the loss of jobs affecting losing men in the first round. The difference in employment between men and women is rather significant. Losing jobs also happened in towns, though the number of laid off people and the rate of lagged behind other regions.



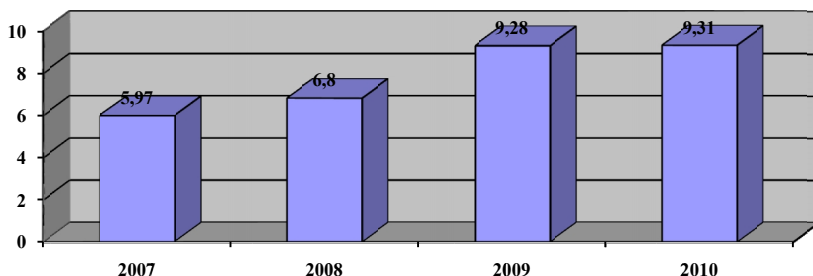
**Chart 2.3.3.: The number of laid off people between March and October 2008**



Source: GKI 2010.

The map above *shows the business sphere in regions of high economic activity suffered the biggest fall*. Large export-oriented manufacturing factories and their suppliers, set up within the last 10-15 years in the Northern-Western part of Trans-Danubia, found themselves in a critical situation. Naturally, it does not mean that towns of the north-east region, Debrecen or Nyíregyháza, were not affected by difficulties, but to a lesser extent and the rate of unemployment is still much lower than in other regions of the country.

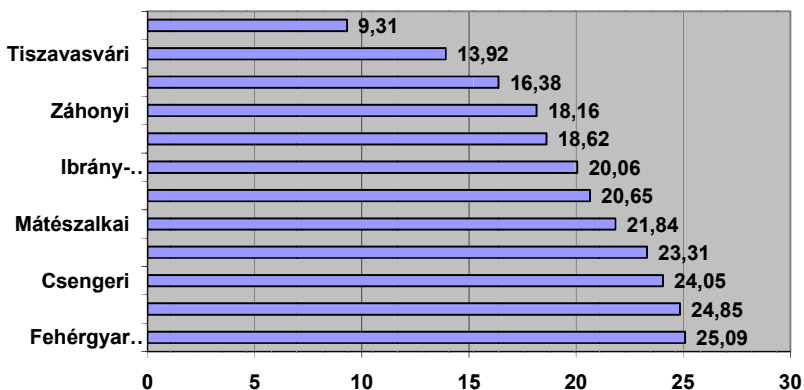
**Chart 2.3.4.: The rate of unemployment in the Nyíregyháza small region, 2010, (%)**



Source: National Employment Service, 2011.

The increase in unemployment in the small region shows the impact of economic recession, since the rate increased between 2008 and 2009 and has stayed steady since then.

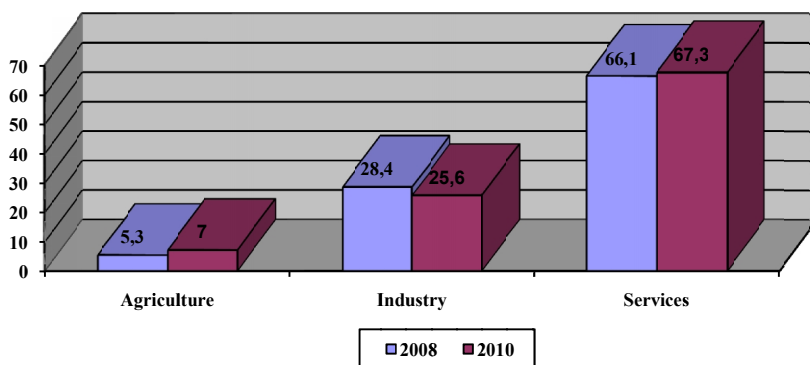
**Chart 2.3.5.: The rate of unemployment of small regions in Szabolcs-Szatmár-Bereg County, 2010, (%)**



Source: National Employment Service 2011.

It can be concluded that the employment situation of Nyíregyháza region became worse, the rate of unemployment has increased (from 6-7 percent to 9-10 percent), though comparing it to other regions the situation is still better. Due to the recession some inner transformation of employment is also visible.

**Chart 2.3.6.: The distribution of job holders of different sectors in the town, 2008-2010 (%)**

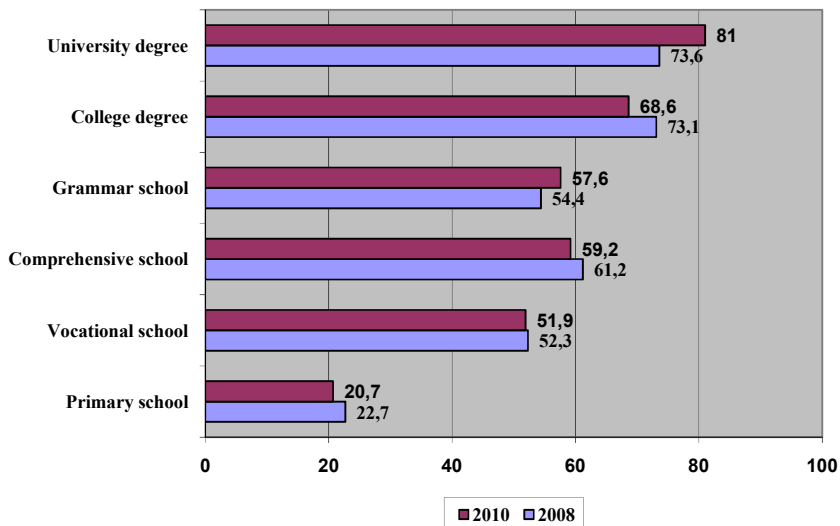


Source: Own data.

The loss of jobs in industry was compensated by the slight increase in agriculture and services, even though it slowed down still did not decrease the number and rate of unemployed people, however, the impact of the loss was buffered for a while.

Naturally, with regard to education significant differences can be seen and from earlier studies it widely accepted that the more educated you are the more favourable your employability. As a matter of fact, some inner transformation can be seen in this field, too.

**Chart 2.3.7.: Employment rate with regard to education, Nyíregyháza, 2008-2010 (%)**



Source: Own data.

The indicator of the inner transformation can be seen first of all among people with 8 grades of primary school or less with a 2 percent decrease since 2008. There has been a slight increase among people having a final exam at secondary school without qualification, and a slight decrease among college degree holders with an increase among university degree holders.

These changes follow the national tendencies, since according to the Hungarian Central Statistical Office (KSH) the number of employed people with college degree has decreased nationally, while there is an increase among university degree holders. The rate of employment for those with the lowest education lags behind all other groups.

As a matter of concern for those who have completed only 8 grades of primary school or less is quite problematic, as it is written in the KHS report: *“One explanation of the very low employment rate in Hungary in comparison with the EU is the extremely bad employment situation of people with low education. Only 27.2 percent of people with completed primary education were employed in Hungary in 2008, while the EU27 average was as high as 48.1 percent. Some 63.3 percent of the 15-64 age-group with secondary professional educational attainment worked in*

*2008 which lags behind the EU27 average with about 8 percent. Although the employment rate of people with higher educational attainment (79.5 percent) is closer to EU average, Hungary is the next to last in rank.” (KSH, 2011b)*

Those employed in Nyíregyháza work in smaller organizations and businesses that typically belong to micro or medium-sized businesses and only 11.4 percent of them (2008:12%) worked for firms or organizations employing more than 500 people.

Some transformation was seen both in the public and private sector, since the rate of those working in the public sector was 58.1 percent in 2008 and fell to 56.5 percent in 2010. However, the number of people working in the private sector slightly increased from 41.9 percent to 43.5 percent.

About 10% of those employed in Nyíregyháza, apart from the wage or salary from their main job, had extra earnings from a second job. This rate rose to 13.4 percent in 2010. Though the difference is statistically not significant, it is worth focussing on this data since (having known the data above might not be surprising) the number of men with a second job exceeds that of women. It also can be regarded as a trait of the educated ones because it is typical to those having higher educational attainment. The number of those with extra earnings (as well as opportunities) is extremely low among people with low educational attainment who, being unqualified, are often crowded out of this secondary job market.

### **Incomes, income distribution, inequality**

This survey, like other panel research studies, examined the characteristics and distribution of the net household disposable income, but has no information on the gross income or the relation of gross and net incomes.

In 2008, the average net household income in Nyíregyháza was 177.000 HUF, the median<sup>103</sup> income 160.000, while in 2010 it was 184.000 and the median remained steady. Though there is a slight growth in the monthly net household income, the steadiness of median already indicates the impact of the crisis, namely the “frozen” wages or salaries. The increase could not keep up with the inflation, thus a decrease in real income was about 7 percent.

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<sup>103</sup> Median is the numerical value separating the higher half of a sample from the lower half. The list of numbers arranges all the observations from lowest value to highest value and picks up the middle one. If there is no single middle value the median is defined to be the mean of the two middle values.

Several indicators can affect the monthly net household income; such as the number of persons living in the same households, the number of persons with an earned income, and the number of dependents. When analyzing incomes, it is practical to take the income per capita into account, since this indicator serves as a basis for calculating inequality and poverty.

The average difference of 69.552 HUF measured in 2008 in Nyíregyháza differs only to a small extent from the national one. In order to be able to analyze and compare data deciles were created on the basis of the per capita income.

The income average of certain deciles are very similar at national level, thus no significant difference was measured. It must be noted, however, that the difference between the 1<sup>st</sup> decile and 10<sup>th</sup> decile is slightly higher. The difference at national level is 6.8 times and 7.2 times in the town. While no significant difference between the national and local data was measured in 2008, both the local average and the situation of some deciles became more unfavourable compared to the national data.

The average in the case of the 5 less favourable deciles remained steady, slight changes were measured in the cases of the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> deciles. The top income decile suffered the most apparent decline. In a cross-country comparison, both the national and local data show a medium level of inequality. This is analysed best using the Gini coefficient<sup>104</sup>.

**Table 2.3.3.: The Gini coefficient in the European Member States (%)<sup>105</sup>**

Sweden	22.5
Denmark	22.7
Slovenia	23.7
Finland	24.9
Netherlands	25.1
Germany	25.5
Slovakia	25.8

<sup>104</sup> Gini coefficient measures the inequality among values of a frequency distribution. 0 expresses perfect equality, 1 expresses maximal inequality among values, that is one person owns all the incomes. Gini index is a measure of inequality of income and wealth in a village, town or country, and is an internationally accepted measure.

<sup>105</sup> International data from 2004, national from 2007 and local from 2008

Czech Republic	26.0
Luxemburg	26.0
Austria	26.0
Belgium	26.3
France	27.6
Cyprus	28.4
<i>Nyíregyháza</i>	28.5
<i>Hungary</i>	28.8
Spain	31.4
Ireland	31.8
Italy	32.1
Greece	32.6
Estonia	33.4
United Kingdom	34.0
Poland	35.2
Lithuania	35.5
Latvia	35.9
Portugal	38.0
<i>EU</i>	35.0

Source: Eurostat – EU-SILC database, 2008.

According to the Gini coefficient, the Scandinavian countries and Slovenia can be characterized as having the lowest rate of income inequality compared to the EU average. Slovakia and the Czech Republic are the seventh and eighth in the ranking with Gini coefficients of 25.8 percent and 26 percent. Portugal, with a Gini coefficient of 38 percent, and the Baltic countries, with Gini coefficients of above 35 percent, stand out as the countries with the highest inequality. Hungary and Nyíregyháza can be found among those with mid-level inequality.<sup>106</sup>

Some rise in income inequality can be observed both at local and national levels between 2008 and 2010. The rise in Hungary was 0.288-0.292 with a similar tendency in Nyíregyháza, of 0.285-0.290. The share

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<sup>106</sup> Middle-sized inequalities become more understandable in international context. Researchers regard as extreme income difference if above 0.4 that is 40 percent solely observed in countries in Middle and Southern America, e.g. Mexico: 46.1; Costa Rica: 49.8; Argentina: 51.3; Chile: 54.9.

of total income for the top decile fell from 23.6 percent to 22.6 percent in Hungary and similarly from 23.6 percent to 22.2 percent in Nyíregyháza.

In contrast to the decreasing national tendency the share of total income for the lowest decile slightly increased. However, the share of the fifth and sixth deciles increased from 17.7 percent to 18.0 percent, while in Nyíregyháza it fell from 17.2 percent to 18.6 percent. Other studies have also found that income inequality grew slightly.

**Table 2.3.4.: Empirical estimate for the number of different income categories, 2008-2010 (income per person by selected income categories using percentage of median income %)**

	Hungary		Nyíregyháza	
	2008	2010	2008	2010
Upper socioeconomic status (more than twice the median income)	7	8	4.6	5.4
Upper middle class (120-200% of median income)	25	27	25.2	26.5
„Middle class” (80-120 % of median income)	36	31	32.8	29.1
Lower middle class (50-80%-of median income)	22	22	28	27.6
Poverty level (below 50% of median income)	10	12	9.4	11.4

National Data: 2009. Source: TÁRKI, 2010.

If calculations are compared to the European Union based on the EU median income, the income gap and poverty level of some recently joined countries (Hungary) can be easily observed. Poverty rates were 68 percent in Latvia, 63 in Poland, 60 in Greece, and 50 in Slovakia and Hungary. Following Hungary, the next was Portugal with a proportion of 28 percent of those living in poverty. The most favourable situation was in the Scandinavian countries, from among our neighbouring countries in Austria with a proportion of 1-2 percent. (Lelkes et al, 2009.)

The changes in income both in Hungary and Nyíregyháza show some income polarization. The proportion of poor and upper level groups increased at the expense of the middle class. A 2 percentage point rise in poverty was typical. In this sense one cannot talk about exclusive impoverishment but rather a growth of income inequalities which



resulted in growing impoverishment of certain social classes, and weakening of the middle class, while the upper level group saw income gains; thus the social polarization.

According to national data, two population groups showed significant differences. The number of upper income or wealthy people was lower, while the proportion of those in the lower middle class grew. This phenomenon among this latter social level is of concern. They lack earning or property reserves that could prevent further decline in income, therefore any unexpected event (loss of job, decreasing income, a prolonged illness) could easily drop them into a lower income category.

With respect to the data above it is worth comparing some poverty indices typical to Nyíregyháza. One of the simplest ways of calculating the poverty rate is to take half of the average income per person as threshold (14.7 percent of the population reportedly is of poverty level). Taking 60 percent of median income per person as threshold, the rate increases to 18 percent. If the 60 percent of equivalent median income is used as threshold, the standard statistic typically used by TÁRKI, the rate of poverty is 14.6 percent.

After accepting the suggestions of the European Union (Eurostat) on changing the methodology used to calculate poverty, it is advisable to make the new calculations in order to get comparable data<sup>107</sup>. Thus, the official poverty rate in Nyíregyháza is 13.8 percent which equals data measured nationally in Hungary.

**Table 2.3.5.: Poverty rate in Nyíregyháza and Hungary**

	Nyíregyháza	Country
Average income 50%	14.7	No data
Median 60 %	18.0	18.0
Equivalent income 60 %	14.6	No data
OECD II scale	13.8	14.0

National data: 2009. Source: TÁRKI, 2010.

<sup>107</sup> The official poverty rate, measured by OECD-modified equivalence scale, is 60% of the median income. This scale assigns a value of 1 to the household head, of 0.5 to each additional adult member and of 0.3 to each child. The difference between this scale and the old OECD scale is, the latter one assigned bigger value to any additional member of the family, to a child as well.

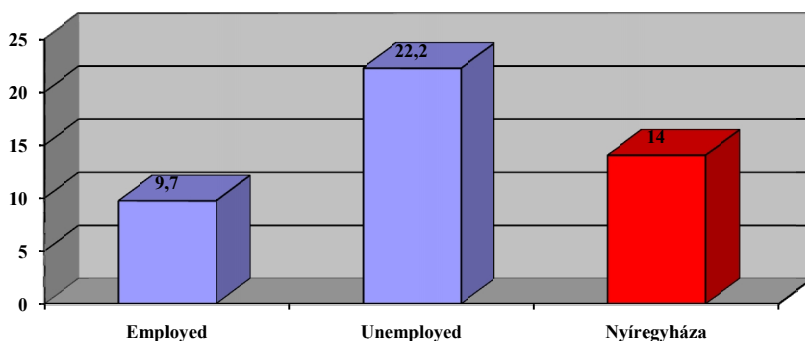
Calculations using the OECD II scale confirmed that the poverty rates, both at local and national levels, rose by 2 percentage points in the last two years.

Similar tendencies can be observed in the EU with 79 million people living in poverty in 2007 and 81 million in 2008; a growth rate similar to that of in Hungary. However, significant changes can be observed in some EU Member States. The pace of growth is slower in some older Member States (under 1 percent), while in three new Member States it was well above the average. The proportion of poor people grew by 6 percentage points in Bulgaria and by 4 in Latvia and Romania (Eurostat, 2010).

It is a well-known fact in Hungary that, in terms of poverty, education plays a significant role. This can also be observed in Nyíregyháza, since the rate of unemployment among degree holders is only 2 percent, while among those with uncompleted primary school attainment amounted to 53 percent.

Although the difference is not significant, it is clearly trend ( $p=0.07$ ), indicating the poverty rate is higher for women. Examining households with children shows similar tendency. In general, the poverty rate for households with children is higher. This correlation is also seen in Nyíregyháza. As for employment, a similarly strong correlation can be observed both at national and international levels; with the poverty rate for employees much lower than for unemployed individuals.

**Chart 2.3.8.: Poverty rate among employed and unemployed people, 2010 (%)**



Source: Own Data.

The above mentioned correlation is true for Nyíregyháza as well, since the rate for inactive workers exceeds the average by 8 percent. At the same time, the fact that the rate for job holders, receiving income, is almost 10 percent should be highlighted. They are the working poor. This rate is close to that of the European Union, including all Member States (with a total of 8 percent).

A 2007 survey of the European Union indicated:

“Being in work greatly reduces the risk of poverty. Nevertheless, in the European Union, 8% of the employed population fell into the category of ‘working poor’ in 2007, in the sense of having an income below 60% of the national median. The proportion varies markedly across countries and social groups. In most countries, the issue of working poor is not a policy priority of either the government or the social partners, although it can be included in general policies to combat poverty and social exclusion.”<sup>108</sup>

However, significant differences arise among the individual Member States. For example, Greece (14%), Poland (12%), Spain (11%) as well as Italy, Latvia and Portugal (10% each) show the highest in-work poverty rates. While the Czech Republic (3%), Belgium, Denmark and Malta (4% each) show the lowest in-work poverty rates. In Hungary, the risk of poverty rate for people who were employed was 6% in 2007; which has presumably increased due to the economic crises.

The international survey highlighted that:

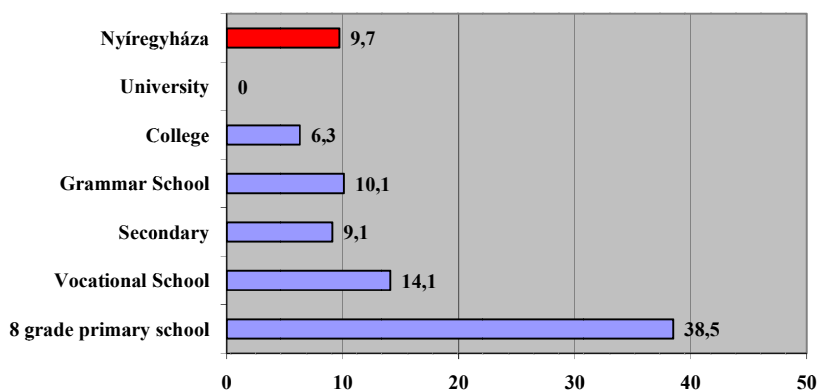
“the specific characteristics that increase the risk of being more or less likely to be among the working poor include personal (gender, age and education), household (single person, households with dependent children or without) and occupational factors (months worked in year, professional status, full-time or *part-time work*, type of employment contract). Single men and younger workers are the most vulnerable and lower education is typically associated with a higher in-work poverty risk as opposed to high education, increasing the risk of poverty by five times”.

These factors are worth examining in Nyíregyháza. As for personal characteristics there is no significant difference between genders or age groups, but low education is the greatest risk factor.

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<sup>108</sup> National Source of Data: The working poor in Europe, 2010.

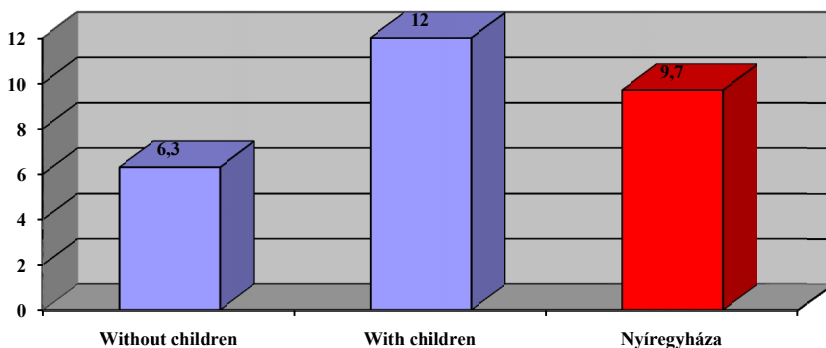
**Chart 2.3.9.: Rate for working poor by education level, 2010 (%)**



Source: Own Data.

The level of education seems to be an influential characteristic in Nyíregyháza. Moreover, the situation is significantly influenced if there are children in the family.

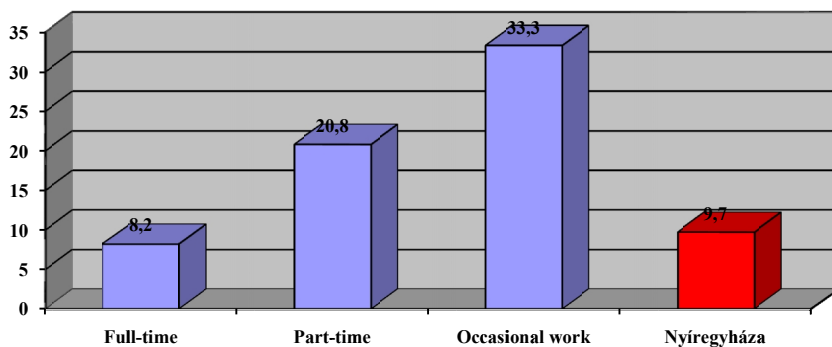
**Chart 2.3.10.: Rate for the working poor by households with or without children, 2010 (%)**



Source: Own Data.

The form of employment is also a significant factor in Nyíregyháza, since the unemployment rate for those who are employed in occasional work is higher.

*Chart 2.3.11.: Rate for the working poor by different forms of employment 2010 (%)*



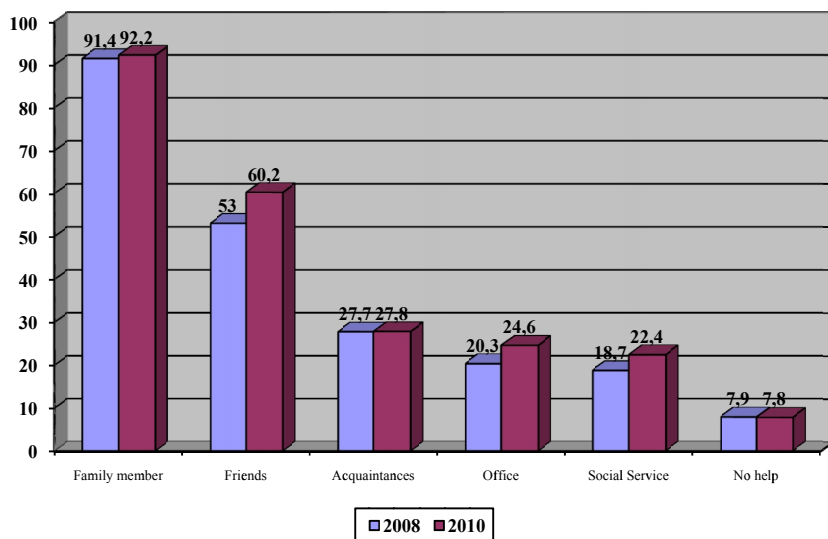
Source: Own Data.

The group of the working poor are in the three lowest deciles. All in all it can be said that Nyíregyháza possesses a multi-dimensional poverty. In addition to people who are under-educated, have no vocation or out-of-date vocation or are living on social assistance, a group of people with jobs and income also belongs to this category.

### **Social support system, social problems and benefit**

Having known and analyzed some impacts of the crisis, the question arises whose support the citizens can count on when solving their problems. Data and viewpoints concerning the natural support systems, social services, and social benefits was obtained by asking the question of whose help they can count on when solving their social problems.

**Chart 2.3.12.: Whose help the citizens can count on when solving their problems – positive answers, 2008-2010 (%)**



Source: Own Data.

Data has shown that citizens having social problems typically count on the help of family members, followed by friends, acquaintances, then the elements of formal social safety nets, such as the municipality, certain social services, and the amount of this help cannot be neglected. Only a small number of people stated that no help was available.

The change is a measurable impact of the crisis, since increasing numbers can be seen in several cases. It must be highlighted that besides the rise in natural safety net (friends), both municipality and social services have also experienced a 4 percent growth in trust or hope that is the elements of the safety net will be able to help solve people's problems.

When using the natural safety net, people are mainly provided with emotional support, then material and financial assistance. An increase can be observed in the case of financial assistance due to the recent economic crises.

The majority of those who turn to the Bureau of Social Affairs were provided with financial support; about 68 percent in 2008 whereas 80.8 percent in 2010.

In 2008, the rate for those who had applied for benefits even in 2006 and 2007 was 39.4 percent and a similar rate was observed in 2010.

Since the social support system was involved in a controversial social debate even in 2008 (the year of the dominance of help in kind, obtaining benefits and not wanting to work, issuing a social card, etc.) it was worth examining what the Nyíregyháza city dwellers thought about it and how their opinion might have changed.

The general opinion about social benefits was examined by several questions on the survey. Respondents answered according to a 5 point Likert scale to these questions so that they could express to what extent they agree or disagree with the given statement. The results were transformed into a 100 graded scale.

**Table 2.3.6.: Opinions about on benefits between 2008 and 2010 (mean value of a 100-grade-scale)**

<b>Statements</b>	<b>Mean Value 2008</b>	<b>Mean Value 2010</b>
Lots of people don't reveal their real financial situation to get benefit.	77.1	75.1
It is necessary to provide benefit because it is the only way to solve certain problems.	71.4	68.2
Benefit is mainly applied for by those who are not in need.	59.2	57.0
Benefit in-kind would be more necessary.	54.7	55.1
Cash benefit would be more necessary.	53.5	51.9
Only those are provided with benefits who reveal their real financial situation.	50.4	31.4
Those apply for benefits who are really in need.	46.2	47.2
Smaller sum of money, as benefit, should be given more frequently.	46.2	47.1
Bigger sum of money, as benefit, should be given but more rarely	45.7	42.2
There is no need for providing benefits they cannot solve the problems.	28.4	28.3

Source: Own Data.

A special duality can be observed in these opinions. While most of the citizens in Nyíregyháza refuse the statement that *there is no need for*

*providing benefits*, which means that “they should be stopped” or “abolished” (the least supported opinion), and agree with the statement that *it is necessary because it is the only way to solve certain problems*, on the other hand they also realize that there are swindlers in the system. These swindlers take undue advantage of the system by not revealing their real financial situation. They apply for benefits although they are not in need. The mean value of data from 2008 and 2010 are close to each other, though some decrease can also be observed, and in one case, *only those are provided with benefits who reveal their real financial situation*, there is a significant change in opinion.

Having seen this special duality, factor analysis was also applied to have a closer look at the figures and in order to see how different opinions can be grouped. Firstly the 2008 figures are being studied, which, in many cases, represent a few extreme opinions.

We applied the main component analysis; 4 factors were separated which, at the same time, made for 64.2 percent of the proportion explained.

**Table 2.3.7.: The main components of opinions on benefit, 2008 (rotated factor matrix)**

Pro-benefit	Swindlers taking undue advantage	Benefit in-kind	People in need
<i>It is necessary to provide benefit because it is the only way to solve certain problems.</i> (0.733)	<i>Benefit is mainly applied for by those who are not in need.</i> (0.801)	<i>Benefit in-kind would be more necessary.</i> (0.843)	<i>Only those are provided with benefits who reveal their real financial situation.</i> (0.722)
<i>Smaller sum of money, as benefit, should be given but more frequently.</i> (0.708)	<i>Lots of people don't reveal their real financial situation to get benefit.</i> (0.752)	<i>Cash benefit would be more necessary.</i> (-0.693)	<i>Bigger sum of money, as benefit, should be given but more rarely.</i> (0.641)
<i>There is no need for providing benefits they cannot solve the problems.</i> (-0.685)	<i>Those apply for benefits who are really in need.</i> (-0.379)		<i>Only those apply for benefits who reveal their real financial situation.</i> (0.600)

Source: Own Data.



The first factor groups questions around what is labelled pro-benefits. Benefits are seen as a necessary form of support which could be given more frequently. Respondents who answer positively to this set of questions support benefits and totally refuse benefits to be stopped.

The second factor relates to “swindlers taking undue advantage of the system”. Respondents who answer positively to this set of questions that not only people in need get benefit support but too many individuals apply for benefits who are not in need and are cheating the system and should be stopped.

The third factor related to the position that benefits should be provided “in kind” and not in cash benefits. Respondents who answer positively to these questions, prefer that support be provided in kind and not in cash money.

The fourth factor formed a grouping of statements that only those who are really in need reveal their correct financial situation and that real need should be provided. Then cash money could be given in larger amounts but only rarely.

It is also worth considering the demographic components of respondents, and examining which social layer is behind each opinion.<sup>109</sup>

Pro-benefit people are mainly ones with low educational attainment and unfavourable incomes, while a slight rejection can be observed among people with college or university degree.

A significant difference is observed between male and female respondents, as well; women are basically for the benefit system, whereas men usually reject it.

Moreover, even Nyíregyháza is apparently divided, since citizens who live in a good neighbourhoods (and obviously have never been clients of to the Social Bureau) usually do not support the system, they are definitely not pro-benefit. However, people living in poorer districts, with a significant rate of clients who have turned to the Social Bureau for help, prefer the system.

As for the second factor, composed by those who suppose the presence of “swindlers” within the social benefit system, and highlight that some people take undue advantage of it, only two variables show significant differences. Whilst within the first factor age was not influential, it

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<sup>109</sup> During the analysis the mean value of main component-score was taken into account in each group. Only figures with significant differences are shown.

clearly is in the second one, especially among the elderly people. Elderly people are convinced about the presence of “swindlers” in the system.

Respondents with different school attainment articulate the same opinion on the second factor as on the first one. People with primary and secondary education agree with both statements; they admit that it is necessary to provide benefits, though they are convinced that some people who are not really in need take undue advantage of the system.

Most of the respondents with college or university degree reject both statements; the present system of social benefit, as well as its undue advantage taking by some people.

No other significant differences were observed therefore it can be concluded that the opinion “swindlers are present” is basically defined by other facts rather than financial or social characters.

The third factor, in favour of benefit in kind, showed significant differences with three variables. Respondents of the most advantageous social layer are in favour of this factor, so they agree with the statement that benefit in-kind would be more necessary than benefit in cash. However, people with low education reject it.

The fourth factor, people in need are provided with benefit, correlates with the following variables. Certain groups of youth and middle-aged people share this opinion however, even if elder respondents are convinced about the “presence of swindlers” in the system, they, quite consequently, object to the statement that only those are provided with benefit who are really in need. Respondents with primary and secondary education maintain their opinion that only those are provided with benefit who are really in need, what is more, with regard to the first factor it is necessary to provide benefits, and preferably not benefit in-kind but benefit in cash would be more necessary. Having known the general changes over time, the citizens’ changes in preferences in two years’ time was also worth examining. The 2010 analysis was also carried out with main component analysis, 4 factors were separated which made for 64.2 % of the variance explained.

**Table 2.3.7.: The main components on benefits, 2010 (rotated factor matrix)**

<b>People in need</b>	<b>Pro-benefit One</b>	<b>Pro-benefit Two</b>	<b>Pro-benefit Three</b>
Those apply for benefits who are really in need <b>(0.710)</b>	It is necessary to provide benefit because it is the only way to solve certain problems. <b>(0.799)</b>	Cash benefit would be more necessary. <b>(0.788)</b>	Smaller sum of money, as benefit, should be given but more frequently. <b>(0.784)</b>
Only those are provided with benefits who reveal their real financial situation. <b>(0.683)</b>	Cash benefit would be more necessary <b>(0.409)</b>	Bigger sum of money, as benefit, should be given but more rarely <b>(0.330)</b>	Bigger sum of money, as benefit, should be given but more rarely <b>(-0.666)</b>
Benefit is mainly applied for by those who are not in need <b>(-0.729)</b>	There is no need for providing benefits they cannot solve the problems. <b>(-0.697)</b>	Benefit in-kind would be more necessary. <b>(-0.844)</b>	
Lots of people don't reveal their real financial situation to get benefit. <b>(-0.674)</b>			

Source: Own data.

It is quite probable that due to the economic and financial crises (laid off people, rise in unemployment, being in debts, people with mortgage, decrease in income, etc.) opinions went through apparent changes in the last two years. The most important and significant changes are the disappearance of two factors: the presence of swindlers and preference of benefit in-kind. As a matter of fact, these factors did not really disappear, they still exist but to a more modest extent. Basically all factors are in favour of the social benefit system, and “being in need and entitled to benefits” was more often emphasized. Furthermore, among pro-benefit respondents only subtle differences could be measured, such as smaller sum of money, as benefit, should be given but more frequently or bigger sum of money, as benefit, should be given but more rarely.

Opinions became restructured and more generalized which resulted in almost invisible differences regarding the acceptance or rejection of a factor by a certain economic or social class.

## **Summary**

The impact of financial crises can unquestionably be measured even locally, in Nyíregyháza. During the examined period, the number of unemployed people grew, especially in industry, thus the unemployment rate rose by 3 percent from 6 percent to 9 percent in the deepest phase of the crisis between 2008 and 2009. In 2010, during the second part of the study the rate did not change, so the situation did not get worse and kind of stagnation could be observed. Those who had lost their jobs before were still between jobs. Men apparently were affected to a larger extent; the rate of unemployed men rose by 3 percent, since more men had been employed in industry and later were struck by the financial crisis. The difference between the number of employed men and women is still significant in Nyíregyháza. However, regarding employment and unemployment, the situation is still much more favourable than in other small regions of Szabolcs-Szatmár-Bereg County. In addition, the government's and local government's restrictive measures resulted in a decrease in the number of people working in the public service.

The impact of financial crisis on the citizens' income has been rather unfavourable. Frozen income became a usual phenomenon, real income decreased by as much as 7 percent. The officially measured poverty rate in Nyíregyháza is almost 14 percent, which is two points higher than it was in 2008. All indices show a rise in income inequality, therefore not only impoverishment but income polarization can also be observed, which means that two tendencies exist parallel; impoverishment on the one hand and improvement of the well-off. Polarization involves a declining standard of living for the middle-class, so as a result the winners of the process have moved upwards while the losers have moved downwards.

On the basis of TARKI research, it is also worth mentioning that Nyíregyháza has followed the national tendencies; Hungary can be described with the above mentioned changes. Moreover, disparities measured in the country and in Nyíregyháza show moderate differences in the international context. Due to these changes the social benefit system has been restructured. Though the number of clients turning for

help to the Social Bureau has not increased, more cash benefits were allocated than benefit in-kind.

In line with it the respondents' opinion about on the system of social benefit has apparently changed. The rationale for the formerly polarized opinions decreased, and less people objected to the necessity of social benefits, though opinions on the method of benefit provision diverted. On the other hand, people's trust in official services, local government and other services has increased, in addition more of them share the viewpoint that services are able to help people in need.

## **2.4 The social situation and the health status of the Hungarian and Vlach Gypsy population in Tiszavasvári**

*Mihály Fónai – Attila Vitál*

### **Introduction**

This study examines the situation of the Roma communities in a small Hungarian city<sup>110</sup>. This small city, Tiszavasvári is located in the north-east region of Hungary, with a population of 12,800. The city is in the poorest part of Hungary, where unemployment is high, incomes are low and the rate of the Roma population is high. This region is traditionally an agricultural area. Since the political change in 1990, (the failure of the state-socialist system), Hungarian agriculture and those in the county who worked in connection with agriculture have been in permanent crisis. The previous sources of income are gone, which lead to general impoverishment and has resulted in increased lack of tolerance all over Hungary but mostly in this north-eastern region, so the amount of rejection against the Roma population rose as well.

About 20-25% of the population of Tiszavasvári is Roma. The Roma traditionally live separately from the non-Roma, which is partly a result of the segregation processes. The level of employment of the Roma is very low, which associated with their school education but is also a result of discrimination. During state socialism, in the 1960s to the 80s it was not like this. Employment of the Roma men was high in the fields that required low education. During socialism Tiszavasvári was one of the important cities of pharmacology. The Alkaloida Chemical Factory was founded in the 1920s and it was one of the centers of morphine production. The factory located in the underdeveloped agricultural was a significant employer of low wage unskilled labor. This is the reason why the employment of the Roma living city was guaranteed during the years of socialism. The factory was privatized in 1996, and until 2006 it was ICN Pharma, a plant of the International Chemical Nuclear Pharmaceuticals Inc.

90s as a result of the economic crisis the Roma became segregated not only in terms of where they lived but also in the labor market and the school system as well. This happened not only in Tiszavasvári but also in

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<sup>110</sup> The recent study is an edited and modified version of one of the authors earlier studies (Fónai-Vitál 2006).

the whole country. The majority (non-Roma society) forced both the school system and local governments to make them attend different schools and classes than the Roma students. They said and it became accepted that the Roma students pulled down the achievement of the non-Roma students. The so called „graduating ceremony case” exemplified this process. The non-Roma parents, referring to the occurrence of head lice in the Roma students organized a separate graduation ceremony at the end of the elementary school. It generated a very serious dispute all over the country and made Tiszavasvári a centre of this issue.

There are two groups of Roma communities in the city: the Vlach Gypsies (vlach gypsies who speak the Lovari Roma language and identify by the name Roma; the Hungarian name of this ethnic group is Oláh cigány) and the Hungarian Gypsies, who in the Lovari Roma language are called „Romungros” (in Hungarian language is “magyarcigány”). This latter group traditionally called themselves „musician” Gypsies.

The results of an overall research project by Lengyel Gabriella (Lengyel 2004) identified that 2,008 Gypsies live in Tiszavasvári. Two thirds of them are Vlach Gypsies, that is Roma, and one third are Hungarian Gypsies, Romungro. In this research the term „Gypsy” will be used typically and the other names will be used when comparing the situation of the two Gypsy groups. The research by Lengyel Gabriella focused on two areas: the district where the Roma live within the spatial structure of the city, and the characteristics of the family - the size of the Vlach Gypsy and the Hungarian Gypsy families, their family structure, the age group composition and the marriage patterns.

Following the format of the 2005 research coordinated by the Szocio-East Association this study took the following dimensions into consideration:

- The socio-demographic indicators of the household (number of members, spouse, their distribution according to gender, age composition, school education, economic activity)
- The income situation of the households, source of the income, and types of expenditures
- The problems of the households/families, and their support systems

- The subjective health state of the person, their spouse, family members, use of the health support system, health complaints, illnesses and mental state
- Opinions and expectations about the small city

In this study the concepts „household” and „family” are basically synonymous. There are two reasons for this (1) respondents themselves do not differentiate the terms and (2) previous experiences conducting research on Roma living in family-households. The most frequent family type is the nuclear family household (parents and their descendents). Another type is the expanded family household with many cores (parents and their children living together with other relatives). This study consisted of interviewing a great majority (300 out of 400) or 75% of the households in the Roma areas of the small city (Széles road, Józsefháza, Búd) In the planning for data collection the heads of the Gypsy minority self-government and the educational, social and health experts who are in everyday contact with the Roma were involved. Thus, interviewers were able to visit 300 households and from those a total of 284 were complete. The following sections are the results of the research.

### **The socio-demographic indicators of the households**

The sample units were households/families. The interviewers asked the questions from the head of the families, or if the head of the family was not there (he was not at home or was not available), their spouses or partners, or other available adult spouse members responded to the questions. This significantly influenced the gender composition of the respondents (heads of families and their spouses or partners), which corresponded to the experience of our previous Roma research. The result is that the majority of the respondents were women in this study (66.1%). The distribution of the respondents according to family status was the following:



**Table 2.4.1.: The distribution of the respondents according to their family status**

		Frequency	Per cent
Men	Head of the family	82	28.9
	Head of the family, widower	2	0.7
	Head of the family, divorced	2	0.7
	Head of the family single	2	0.7
Women	Wife, partner of the Head of the family	148	52.1
	Head of the family is a woman, widow	10	3.5
	Head of the family, divorced	4	1.4
	Head of the family woman, single	24	8.5
Other person	Other adult family member	10	3.5
Total		284	100.0

Source: Own survey.

*Single women* form a rather big group among those who responded as heads of families: together with the widows and the divorced the rate of women among the heads of families is one eighth (13.4%).

Table 2 shows the ethnic group composition of the sampled Gypsy households. Two primary methods were used to classify the ethnic groups of Gypsies, self-classification by the Gypsies themselves and the views of those experts who are in daily connection with the Roma/Gypsies. The interviewers judged that the respondents were not Roma in nine cases (3.2%), and in five cases (1.8 %) they were uncertain regarding the ethnic classification. Thus 95.1 % of the visited households on the base of the interviewers' classification were Gypsy households. The uncertainty of the classification could be influenced by the fact that according to the interviewers Roma and non-Roma „lived together” in about the one fourth of the households – it is partly confirmed by the data of Gabriela Lengyel (Lengyel 2004) referring to the occurrence of mixed

marriages. In addition to the classification of the interviewers, Gypsy self-identification was investigated as well with 95.1% of the respondents considered themselves Roma/Gypsy. *There was no difference between the external classification by the interviewers and self-classification by the Gypsies.* The question regarding the ethnicity of the spouse confirmed the data of Gabriella Lengyel: according to 23 respondents (8.1%) their spouses were not Roma. The respondents' self-identification according to ethnic group is the following:

**Table 2.4.2.: Group self-classification**

Group	Frequency	Percent
Hungarian Gypsy, Romungro	121	42.6
Vlach Gypsy, Roma	148	52.1
Does not know	4	1.4
Did not reply	11	3.9
Total	284	100.0

Source: Own survey.

Excluding those who did not know or did not reply, *55% of the families were Vlach Gypsies/Roma and 45% were Hungarian Gypsy / Romungro.* Compared to the survey of Lengyel Gabriella and her group the rate of Vlach Gypsies /Roma was under represented, and the rate of the Hungarian Gypsies /Romungro was over represented (Lengyel 2004). It will not influence the validity of the results, because the data represents about 67% of the total 2,000 to 2,100 Roma population. The distribution of the respondents regarding the spoken language confirms the results concerning the ethnic group distribution in case of Gypsies living in the city: each respondent speaks in Hungarian, 55.6% speak Gypsy language and 5.2% speak the Beas language. This corresponds to other information about Gypsies that is *the Vlach Gypsy community (lovari) are bilingual, their mother tongue is Gypsy but they speak in Hungarian as well.*

*The socio-demographic indicators of the heads of families and their spouses and partners*

The following factors of education and employment were examined within age groups for head of household. As in case of Gypsy families nearly half of the family members are underage, the active parents' actual economic activity becomes critical because of the large number of

dependent children. Sixty two percent (62 %) of our respondents belong to the young adult age group (15-39 years old), 32.4% to the older adult group and 5.6% to the old age group. The age structure of the heads of families corresponds to the Hungarian Roma age tree.

**Table 2.4.3.: The distribution of the heads of families according to school education (percent)**

Educational attainment	1993. *	2000.*	2001., census***	2005., Tiszavasvári****
Not completed elementary school	42.2	34.7	12.7	56.0
Completed elementary school	45.5	57.5	28.8	40.5
Vocational school	10.4	5.5	22.5	3.2
Secondary technical and grammar school	1.5	1.8	22.6	0.4
College and university	0.2	0.2	13.5	–

\*: Results of 1993 Roma research \*\*: Own survey concerning Roma population in Szabolcs-Szatmár-Bereg county \*\*\*: National data concerning the whole population \*\*\*\*: 2005 survey in Roma households in Tiszavasvári Source: Own edition.

Most of the heads of families and their spouses 56% did not complete elementary school, and 40.5 % had only elementary school graduation. Only 3.2% has vocational school graduation and there was only one person who had a secondary school final exam. This data is not only much worse than the national Roma indicators but the Roma county indicators as well. It raised the awareness of the local politicians that only 3% had vocational school graduation and less than half of them completed elementary school. This fact and the gender composition of the respondent head of families and their spouses can begin to explain the very low level of employment and the very few instances of different forms of unemployment benefits among the heads of households.

**Table 2.4.4.: The distribution of the heads of families according to economic activity (percent)**

	County survey, 2000.*	Tiszavasvári survey, 2005.**
Employed	19.3	13.9
Unemployed***	33.7	23.8
Inactive earner	39.9	46.9
Dependent	6.9	15.3

\* :Roma households, N=1005 \*\* : N=284 \*\*\*: Registered and non-registered together  
Source: Own survey.

Only the 13.9% of the heads of households are active earners, that is only one eighth of the head of families has some permanent income, which influences the size and the sources of the household incomes. Partly because of the peculiarities of the sample – the over representation of women – the activity indicators of the city’s Roma population are worse than those of the Roma living in the county.

#### *The socio-demographic characteristics of the households*

In the Roma households examined during this research there were 1,328 people, or 4.67 people per household. The 2000 county Roma research found 5.65 people per household. According to the 2001 census the number of people per household for the whole population was 2.86, and for the city population 2.73. The data gathered by Lengyel Gabriella found for the city Vlach Gypsy 6.79 per households (Lengyel, 2004), and finally in case of the Hungarian Gypsies 4.72 (Fónai – Filepné, 2002). The latter data cannot be determined exactly because of missing responses , it can be given only to the whole Gypsy population of the city. For Lengyel the similar indicator was 6.01. The differences may be explained by the lower rate of the Vlach Gypsies within the sample. In Tiszavasvári the Gypsy population lives *in nuclear family households, that is the parents live with their children*. In one seventh of the families other relatives live with them – already married children and their descendants, parents and sisters and brothers a relatively large number. This suggests that in addition to the nuclear family the „extended family households” (one of the parents or sister or brother) and the „many cored households” (one of the children and their families) are characteristic. The peculiarities of the city Gypsy households match the Hungarian Roma households – the number of those who live together is high, but at

the same time the age structure is younger, that is the number of the dependent children that are in the non-employment age will be high.

**Table 2.4.5.: The distribution of the household members according to age groups (percent)**

	Tiszavasvári, 2005. all household members)*	The county's Roma population 2000.*	County altogether, 2001.**
Children (0 – 14 )	46.4	40.3	20.6
Young adults (15 – 39 years)	37.5	41.7	35.8
Older adults (40 – 59 years)	13.8	14.4	26.0
Old (60 – X years)	2.2	3.5	17.6
Total	100	100	100

Source: own survey (\*) and census (\*\*).

The age structure of the Hungarian Roma population significantly differs from the structure of the non-Roma population – the age structure of the Roma is that of a young population while the age group of the non-Roma is that of an aging population. The situation is the same in Tiszavasvári, what's more, the rate of the children in the city is even higher than the Roma living in the county and the rate of people over sixty is extremely low. This trend is even greater for the Vlach Gypsies, whose age tree is even younger than the age tree of the Hungarian Gypsies living in the city. This corresponds to other published data.

**Table 2.4.6.: The age distribution of the household members by ethnic groups (percent)**

	Vlach Gypsies	Hungarian Gypsies
Children (0 – 14 years)	52.5	39.3
young adults (15 – 39 years)	35.0	40.8
Older adults (40 – 59 years)	11.7	16.5
(60 – X years)	1.2	3.3
Total	100.0	100.0

Source: own survey.

The ages of the members in Gypsy households, affects the way of living and income situation in the Gypsy families. Due to the large number of children in the household the income per person in the household will be low. Because of the low school education of the city's whole Gypsy population the employment rate will be low, unemployment is high, the amount of income from labor is low, and the rate of social transfers is high. These data – as have been already mentioned – show that local politics, the self-government policy *must improve the level of education so that the conditions of the Gypsies living here could significantly improve*. It is clearly shown in the analysis of school education. The following question related to everyone who lived in the household/family.

**Table 2.4.7.: The distribution of the household members according to school education**

	Roma households Tiszavasvári, 2005.*	The Roma population of the county 2001.**	Total 2001.**
Non-completed elementary school	62.2	58.1	25.3
Completed elementary school	33.3	36.0	28.2
Vocational school	2.6	5.3	22.5
Secondary technical, grammar school	1.6	0.5	16.1
College, university	0.3	0.1	7.9
Together	100	100	100

\*: with Children \*\*: Census 2001, seven-year old and older population

Source: KSH (Hungarian Central Statistical Office) and own survey.

As shown the educational level of the Gypsies living in the city is even worse than of the Roma living in the county. The low educational level and the lack of vocational training as well as the age structure of the city Gypsy population helps to explain the economic activity of the members of the Gypsy households.

**Table 2.4.8.: The distribution of the household members according to economic activity (percent)**

	Roma households, Tiszavasvári, 2005.*	County total, Gypsy population, 2001.**	County total, Hungarian population 2001.**
Employed	8.6	4.5	28.0
Unemployed	13.1	11.4	5.9
Inactive earners	16.9	28.7	35.7
Dependents	61.3	55.4	30.5

Source: own survey(\*) and the county data of the 2001 census(\*\*).

The economic activity indicators of the city Gypsy population have a tendency to match the situation of the county Roma. As the age composition of the city Gypsies is younger when compared to the county Roma population, the rate of dependents is higher and the rate of the

inactive earners is lower. As already mentioned, the number of dependents per employed person is very high, which results in less money per person in the household, without taking into account the fact that the rate of labor income is low.

### School and education

Low school education and vocational training create high unemployment for the Gypsies. Because of this situation the interviewers stressed the examination of the opinions and motivation of the Roma head of families so that local training programs could be based on their answers. The first area explored was their own and their children's education.

**Table 2.4.9.: What education would you like to have (percent)**

	All respondents	Hungarian Gypsies	Vlach Gypsies
Elementary school	8.5	12.4	5.4
Vocational school	16.2	19.0	14.2
Final exam of secondary school	9.5	13.2	6.8
Higher education	4.9	7.4	2.7

Source: Own survey.

Most of the respondents would like to have a vocational education but there are a number of them who would like to pass a secondary school final exam or perhaps to get a degree. This is not likely as the number of head of families with final exam is only a very small portion of those who would like to get a degree. This means that besides getting vocational school training about 20 Roma adults could be motivated to pass the final exam. There is a significant difference between the two ethnic groups regarding the motivation for learning: among the Hungarian Gypsies the rate of those who would like to pass the final exam is higher.



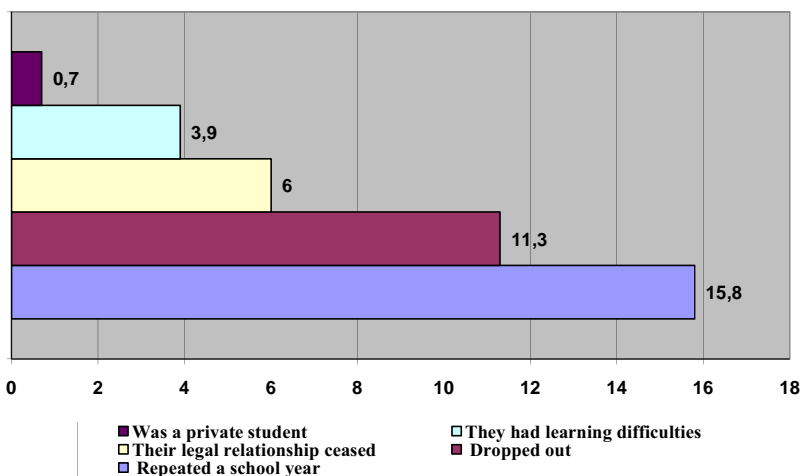
**Table 2.4.10.: What education would you like for your children to have (percent)**

	All respondents	Hungarian Gypsies	Vlach Gypsies
Elementary school	35.9	23.1	45.9
Vocational	38.4	36.4	39.9
Secondary school final exam	36.6	38.8	35.1
Higher education	28.9	33.9	24.3

Source: Own survey.

The Gypsy heads of families have serious expectations regarding their children's education. One third (33%) of them would like their children to have vocational and secondary school final exam and more than one fourth would like them to have a degree. Thus, there is a large group of parents who see further education of their children as important. There is a significant difference between the two Gypsy ethnic groups regarding their children's education. Most of the Vlach Gypsy parents see elementary school graduation as enough for their children, but the rate of those who can imagine a degree for their children is higher for Hungarian Gypsy parents. These data show the Gypsy parents' expectations and the city's schools can utilize it – but at the same time most of the Gypsy students have serious problems in elementary school. The number of school dropouts and the number of those who have to repeat a school year is rather high. Given this data local city educational policy will have to deal with the problems of the Gypsy students in school and in addition, based upon these results, parental motivation. It is a task to find those families whose children can step out of their disadvantaged situation and can be role models for other Gypsy students. This requires the adaptation of the already existing national programs for the local needs and situation and the start of local talent development and supporting programs.

*Fig. 2.4.1. The most frequent form of dropping out (percentage)*



Based upon the answers of the parents the most frequent problem for Gypsy students in the city is repeating the school year. Considering those children who dropped out and those whose student legal relationship ceased, 16-17% of the Roma children did not complete elementary school and the rate of those who continuously have to repeat school years is similar. It is probable that „learning difficulties” determined by experts are also among the reasons for dropping out. Comparing the two Gypsy ethnic groups, the rate of those who repeat the school year among Vlach Gypsy students is nearly double of the Hungarian Gypsies (19.6 and 10.7%). The rate of dropped out students is three times larger for Vlach Gypsy students (15.0% to 5.5%). Since the rate of both dropping out and repeating a school year are many times higher than in case of non-Roma students, it is important to determine what Gypsy families themselves think about it. As „dropping out” results in even bigger disadvantages than repeating a school year, we examined how the Gypsy parents see the possible reasons of „dropping out”.

**Table 2.4.11:: Reasons for dropping out (percent)**

	All respondents	Hungarian Gypsies	Vlach Gypsies
They did not have money for clothes	12.7	2.5	20.4
They could not afford school supplies	12.0	2.5	19.0
They had to work	6.7	4.1	8.8
They did not feel like going to school	6.3	4.1	8.2
The teachers "picked" on them (purposely asked hard questions)	5.3	2.5	6.8
Other teachers set them apart (ostracized)	4.2	1.7	6.1
Became pregnant, became a father, a mother	3.5	2.5	4.1
Started a family	3.2	1.7	4.1

Source: Own survey.

The heads of families accept the causes of dropping out *primarily as financial reasons: They did not have enough money for clothes or supplies, they had to work, so the fact that their children did not complete elementary school was interpreted as a consequence of poverty.* This argument is particularly true in case of the Vlach Gypsies. The lack of motivation in the children (they did not feel like going to school) is considered less important, although it is still considered a reason among the answers of the Vlach Gypsy heads of families. Statements concerning discrimination and urgent change in family circumstances have less weight among the reasons for dropping out of school.

From these answers dropping out can be interpreted as a *poverty-caused self-exculpation. In the case of permanent poverty the parent's motivation to force their children to complete elementary school will be poor in spite of the fact that a group of parents want their children to have higher education.* One tenth (10%) of the parents have already been asked to visit the school because their children do not attend school (6.6% of the Hungarian Gypsy parents, 13.6% of the Vlach Gypsy parents). Because

of it legal proceedings have been initiated against 6.7% of the parents (4.1% and 9.5%). These data call attention to the fact that parents and schools can easily have conflicts with each other, and then it will not be about the motivated parents who see their children's future in higher education but about the relationship between the school and the unmotivated frustrated and poor parents.

### **The characteristics of the households**

There is no difference between the city and the county Roma concerning ownership, the age and the size of their apartments. This difference can be seen between the Vlach Gypsies and the Hungarian Gypsies living in the city. According to the ownership of the apartments it was found that 86.8% own their apartment. The rate of the municipal rental housing is 5.1% according to their self-declaration. The rate of rented houses is higher for Hungarian Gypsies (7.5%) compared to (2.2%) for the Vlach Gypsies. The average age of the apartments is 17 years, which is a bit lower than the county Roma which is 19 years based on previous research by the present authors.

One fifth (20%) of the apartments is older than 25 years, that is most of the apartments were built in the 80s-90-s, so the reason for the quality problems in these apartments is not because of their age. It is important that during county research by the authors regarding the living conditions and health status of the Roma in 2004, the average floor space was 73.5 m<sup>2</sup>. Comparing this to Tiszavasvári the average floor space of the Gypsy apartments is 60.1 m<sup>2</sup>. It is 66,1 m<sup>2</sup> for the Hungarian Gypsies while it is 50,8 m<sup>2</sup> for the Vlach Gypsies, which, if the number living in one household is taken into consideration is a very high living density. In terms of rooms there is not such a difference, there are 2.18 rooms per apartment on average, which indicates that the floor space of the rooms is small and the congestion is large. Problems rising from congestion will be bigger because most of the apartments have some problems, mainly damp and nitrous walls, but they have many problems with roof leakage as well. These problems stem from the fast deterioration of quality caused by financial problems. The situation is getting worse due to the effect that nearly one fourth (25%) of the buildings were built on waterlogged lots, which partly explains the damp walls as well.

**Table 2.4. 12.: Size of the apartments**

Floor space	Frequency	Percent
Under 29 m <sup>2</sup>	17	6.0
30 – 39 m <sup>2</sup>	19	6.7
40 – 49 m <sup>2</sup>	15	5.3
50 – 59 m <sup>2</sup>	23	8.1
60 – 79 m <sup>2</sup>	59	20.8
80 – 99 m <sup>2</sup>	28	9.9
Above 100 m <sup>2</sup>	12	4.2
Missing answers	111	39.1
Totally	284	100.0

Source: Own survey.

In the county 4.2% of all the apartments are under 40 m<sup>2</sup>, 18.3% are between 40 and 60 m<sup>2</sup> 32,0% is above 100 m<sup>2</sup> . Because of the low average area of the Gypsy apartments, significant differences were found only with respect to the bigger apartments (KSH, 2002b).

### *Household equipment*

**Table 2.4.13.: The comfort level of the households according to their occurrence (percent)**

Characteristics	2003 non-Roma households*	2003., Roma households*	2005., Tiszavasvári, Hungarian Gypsy households	2005., Tiszavasvári, Vlach Gypsy households
Kitchen	99.8	94.1	94.2	94.6
Bathroom	93.4	58.8	62.8	50.0**
Pantry	87.6	65.5	–	–
Running water	95.5	60.5	65.3	37.2
flush toilet	90.7	50.4	57.0	33.1
Latrine	50.2	33.9	49.6	18.9
Sanitation	53.6	28.2	34.7	18.2

Central heating (with coal)	32.9	11.0	12.4	0.7
Gas heating	70.5	13.4	5.8	6.1
Stove (per room)	22.4	28.2	16.5	6.1
Only one or two rooms are heated	13.8	11.0	61.2	50.7
Heating by electricity	–	–	5.8	1.4
Bottled gas (for cooking)	30.4	62.7	57.0	5.4
Traditional Stove (for cooking)	9.9	37.6	56.2	77.0

\*: Source: Szabolcs-Szatmár-Bereg county residential representative survey. \*\*: The indicator is higher than the indicator of households supplied with running water.

In Tiszavasvári the comfort level of the Gypsy households *among Hungarian Gypsies match the comfort level of the Gypsy households living in the county. The households of the Vlach Gypsies are much worse than the Hungarian Gypsy households.* Usually the Gypsy households are below the non-Roma households regarding running water, bathroom, flush toilet and heating methods. Clearly this is related to the bad income situation of these households.

The fact that they do not have running water and poor heating systems affects the living conditions and the health status of the Gypsies. The situation of the Vlach Gypsies living in the city is particularly bad. They live in very small apartments with below standard home amenities. Running water is installed in only every third house (it is probable that the rate of the equipped and used bathrooms is the same), they can heat with only the traditional stove which is also used for cooking. These conditions seriously affect hygiene as well. Nine tenth (90%) of those households where there is no running water bring water from street wells, which calls attention to the need to regularly check the drinking fountains. The level of normal necessities in the apartments demonstrates the income situation and the deprivation of the Gypsy households in the city. The situation is the same concerning the examination of how the households are supplied with consumer durables.

**Table 2.4.14.: How the households are supplied on the base of the frequency of the occurrence (percent)**

	2003., county sample*	2004 County Roma sample**	2005., Tiszavasvári, Hungarian Gypsies	2005., Tiszavasvári, Vlach Gypsies
Fridge	97.4	73.8	58.7	15.0
color TV	92.8	82.5	84.3	64.6
Car	51.2	14.3	16.6	0.7
Black and white television	16.7	18.3	11.9	18.9
(Cell) Phone	69.9	33.1	23.1	2.0
Microwave oven	65.6	19.0	28.9	4.1
Freezer	74.9	20.6	10.7	2.0
Mixing plate washing machine	–	–	67.8	43.5
Automatic washing machine	–	–	20.7	5.4
video recorder	58.4	21.0	10.7	3.4
CD player	33.5	11.7	21.7	2.1
HI-FI	39.0	13.7	21.7	2.7
computer	30.7	2.0	2.5	0.0
DVD player	–	7.7	30.0	3.4
Video camera	8.0	1.4	1.7	0.7
Arable land, orchards	24.6	1.6	0.8	0.0
Internet access	7.8	0.0	0.0	0.0
Weekend garden, plot	10.0	0.2	0.8	0.0

Sources: Own survey. \*: Szabolcs-Szatmár-Bereg County representative household survey (N=1500). \*\*: Szabolcs-Szatmár-Bereg County representative Roma household survey (N=500).

The Tiszavasvári Gypsy households have a much poorer situation and less supply of durable consumer goods than the county households. The city Roma households statistics are much closer to the county figures for two consumer durables, a fridge and color TV. Even the families with

low income seem to want to have and obtain these two consumer durables.

This is also true of Tiszavasvári as well. There is one significant difference: among the Vlach Gypsy households, families have a worse financial situation such that only one out of six has a fridge (15%). For the Hungarian Gypsies 6 out of 10 have a fridge (60%). It shows that *having a fridge is one of the important indicators of poverty and deprivation*. In these very poor households, families tend to have only two consumer durables - television and a non-automatic washing machine. Comparing them to the Hungarian Gypsies who have better financial conditions, the difference is that the rate of color TV and automatic washing machine is higher. Consumer electronic products seem to spread fast among Hungarian Gypsies that have better financial conditions. They have more consumer electronic products than the poorer Vlach Gypsy households.

The total deprivation of the latter is shown by the fact that there are one or two cars in the whole community. On the basis of consumer durable goods it can be stated that the Hungarian Gypsy families living in the city live on the level of the lower class. On the contrary the Vlach Gypsy families, who live more segregated, are basically deprived of everything with the exception of the two most basic consumer durables TV and non-automatic washing machine and some fridges. They are likely to have a very low class situation which is the underclass position, and are segregated in the school system, in work and in their housing.

This picture of the situation is also supported by *the income situation of the households: In the city the Roma households' average income per month is 65,969 HUF. In 2004 income per household among the county's Roma population was 60,169 HUF. In April 2005 when the survey was performed the exchange rate for the US dollar was 190 HUF or \$317-342 per household per month or \$ 2.48 per person per day.*

The 2003 research showed that monthly income was 111926 HUF per household in the county. The monthly income per person was 35308 HUF. In Tiszavasvári the monthly income was 14126 HUF per Roma person. In 2003 the national monthly income per person was 60122 HUF. The relative poverty line was ½ of that or 30061 HUF, which means that the Roma living in the city were 50% below the relative poverty line. From income indicators based upon self admission 96% of the Tiszavasvári Gypsy population lives below the relative poverty line. According to the Gypsies they would need 187,588 HUF per month per family to be able to live without problems. It would mean 40,169 HUF



per person per month, so it is slightly higher than the subsistence level that can be given to city dweller families with an average of 5 members on average.

### *The source of the household incomes*

Social security benefits and supports are major sources of income for the Gypsy households. The research examined how often the households mentioned the different types of income sources as possible income types and their absolute size per household.

**Table 2.4.15.: Occurrence of income types in households (percent)**

	All Roma households	Hungarian Gypsies	Vlach Gypsies
Family Allowance	71.8	65.8	79.7
Child care, maternity allowance	51.8	40.8	60.8
Regular social support	41.5	33.3	48.6
Employee income	25.7	41.2	13.5
Pension	11.6	15.8	6.8
Disability pension	11.3	13.3	10.1
Unemployment benefit	8.8	6.7	10.8
Educational assistance	8.8	16.7	3.4
Casual work	6.0	10.0	2.7
Community work	2.8	3.3	2.7
Public Health care	1.8	0.8	2.7
Retraining	0.7	1.7	0.0
Orphan care	0.7	0.8	0.7
Nursing fee	0.4	0.8	0.0
Temporary social allowance	0.4	0.8	0.0
Support for seriously disabled	0.4	0.0	0.7

Source: Own survey.

Among the possible income sources, social insurance type incomes, mostly child care ones are the most frequent incomes. Looking at the distribution of income supports *social security benefits are determined by the social situation and the number of children*. Pension type allowances are quite significant as well. Employee incomes occur only in 25% of the households, and casual work appears only in every sixteenth household. There is a significant difference between the Romungro (Hungarian Gypsies) and the Vlach Gypsies: The rate of income from labor is higher in case of Romungro – it was mentioned by 50% of the families – whereas income from labor occurs in less than one fifth (20%) of the Vlach Gypsy families. However, social security benefits are much higher among Vlach Gypsies. Although among the possible sources of the Gypsy households' incomes the occurrence of the social insurance and support types is high, the absolute amount is much more moderate, that is the amount of income from labor will be higher and the amount of income from social security benefits will be lower.

**Table 2.4.16.: Average incomes according to the source of the incomes**

Incomes	All Roma households		Hungarian Gypsies		Vlach Gypsies	
	Ft. HUF	In how many households it was mentioned*	HUF	In how many households it was mentioned**	HUF	In how many households it was mentioned**
Labor incomes	54,830	94	58,510	61	45,710	28
Social security benefits	41,190	253	34,940	109	45,050	132
Supports	20,000	155	20,700	59	19,540	89

\*The difference between the 284 all households and the date of the table is the number of those households that were not identified themselves as Roma/Gypsy. Source: Own survey.

The different income sources appear in different ways among the incomes of the different households so the three kinds of income types cannot be added. They only reported how often it was mentioned and the average income from that source. One can see potential proportional income which can provide some insight into Gypsy household income.

### *The structure of the household expenditures*

Because of the low income of the Gypsy households, families are basically limited in their household expenditures: certain expenditures can be delayed, others cannot.

**Table 2.4.17.: The expenditures of the households in HUF per month**

	Hungarian Gypsies	Vlach Gypsies
Housing	14,520	12,610
Food	37,310	35,310
Clothing (per year)	34,540	40,730
Consumers goods	7,390	6,240
Health and personal care	6,040	4,370
Culture and entertainment	2,200	5,850

Source: Own survey.

For the average Gypsy household in the city, 70080 HUF is the total monthly expenditure.

This amount of monthly expenditures is reasonable if they take in something about 66000 HUF per month. Thus, Gypsy households with an average of 5 members live on about 70000 HUF per month, a subsistence level that is below the relative poverty line. In the Hungarian Gypsy households the total monthly expenditure is 70338 HUF, in the Vlach Gypsy households it is 67774 HUF. In the case of the Hungarian Gypsies it completely matches the estimated value, while in case of the Vlach Gypsies it is about 6000 HUF higher than the estimated incomes.

Although there are some inaccuracies in these estimates this supports the previous statement about the match of incomes and expenditures. Households spend the most on food. Average Gypsy households in city spend about 52 % of their income to food (37000 HUF per month or 233 HUF per person per day), which limits disposable resources significantly. Because of these „strict limits” imposed by the necessity to buy food to eat, people with low incomes for instance they have only 12-14000 HUF per month for house maintenance, that is for heating, electricity, home improvement.

## Way of life and health status

The health of the city's Gypsy population was characterized with *subjective state indicators and with frequency indicators on the basis of answers of the respondents*. National data, concerning health conditions of the Gypsy population, which are based on objective measures and examinations are not available, therefore measures concerning health status are introduced in a structure similar to our study. Indicators concerning their way of life, frequency of use, stress, mental health and satisfaction indicators are analyzed.

### *Way of living indicators*

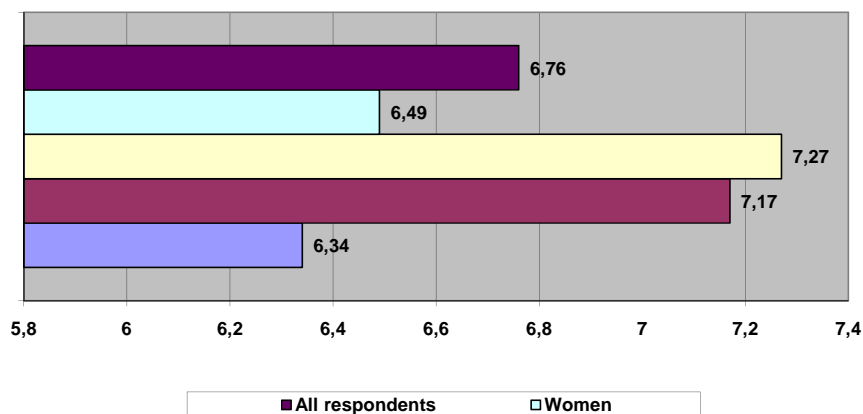
Respondents were asked about their health habits but the answers – compared to other appropriate indicators appears to not reflect the actual situation. Concerning members of the family who were *smoking* in nearly 40% of the families there was only one smoker, in 33% there were two smoking family members. More than 2 smoking family members occurred in only 4% of the families. The situation for alcohol consumption seems very low: only three (1.1%) people mentioned that there are family members whose alcohol consumption is a serious problem for their relatives (using drugs was mentioned only by two people).

There is little admission that they themselves are drinking alcohol. Half (50%) of the men and 75% of women said they never drink alcohol. Forty percent (40%) of the men and 20% of the women said they drink alcohol rarely and only at family occasions. Those who drink alcohol daily is 6 % among men and 1% among women. On the basis of respondents answers alcohol does not play significant role in their life and they do not consider it to be a problem either. The study did not gather information about other types of addiction for example drug addiction. The rate of those who regularly take sleeping pills and sedatives is 2 percent. At the same time 10% of the respondents take medication under doctors' orders and 10% „know what they have to take” – these data reflect the health status and it is possible that also they may relate to the mental state and drug consumption as well.

### *Indicators of health status*

The first indicator of health status is a subjective indicator where the respondents had to rank their health status on a ten-point scale.

*Fig. 2.4.2.: The subjective indicator of the health state on a ten-point scale*



Source: Own survey.

The indicator for the whole sample of heads of household corresponds to the results of other research. The whole population in the county has the same indications. There are differences in how men and women evaluate their own health state. In this recent research the difference between the perceived health status of the two genders is rather large. It may be explained by the poor mental state of the Gypsy women and the relationship of mental state to somatic complaints. It is surprising that Vlach Gypsies, who are poorer, less educated and who live in worse housing conditions, consider their health status to be better than the Hungarian Gypsies.

One of the indirect indicators of the measurement of health status is the response to the question about when they access health care. At the same time in all responses that relate to frequency of use in health care (when did you use it how many times did you visit it etc.) one has to take into consideration that using certain forms of health care does not always mean a poor state of health. This is certainly the case of preventive health behavior and using health services for prevention.

**Table 2.4.18.: Frequency of use (,When did you or your family member use the following?) (percent)**

	Frequently	This year	Last year	Some years ago	Five years ago	Never	They do not need it	They do not know it, they did not
General Practitioner	51.8	35.6	6.3	3.9	1.4	0.0	00	1.1
Baby advice	16.2	13.4	4.9	9.5	14.8	9.5	24.6	6.7
Taking blood pressure	11.6	17.6	14.4	12.0	7.4	1.4	23.2	12.3
Lung screening	10.9	18.0	25.0	15.5	6.7	2.1	18.0	3.9
Medical examination	10.6	31.0	12.7	10.9	6.3	2.1	13.4	13.0
Pregnant counselling	9.5	13.0	9.9	10.9	15.8	9.2	24.3	7.4
Breast, gynecological cancer screening	5.6	13.7	17.6	13.4	8.1	6.7	22.9	12.0
Dentist	4.2	14.8	19.4	16.2	20.8	4.2	11.3	9.2
Hospital	4.2	20.8	23.6	16.5	18.3	4.2	7.7	4.6
ECG	1.8	10.9	10.6	13.0	7.7	11.3	37.1	17.6
Lab	1.4	4.6	4	5.6	5.3	25.9	39.1	13.7
Private Doctor	1.1	0.0	0.7	1.8	3.5	41.9	46.8	4.2
Blood glucose measurement	1.1	7.0	5.6	13.4	8.1	13.4	30.6	20.8
Physiotherapist	0.4	0.0	0.4	0.0	0.0	22.5	74.6	2.1
Alternative medication	0.0	0.0	0.0	0.7	0.7	22.9	73.9	1.8
Comprehensive medical Examination	0.0	5.3	3.5	13.7	11.6	14.8	28.2	22.9

Source: Own survey.

From among the possible health provisions a General Practitioner is visited the most frequently by the respondents and their family members. In addition, the following trends were seen concerning the use of health services:

- From among primary health care providers visiting a dentist's is very rare. According to other research the reason is that a part of dental services are not free. This is why the predominance and the preventive interventions are much more frequent because they are free.
- Corresponding to national tendencies, Gypsy women living in the city more often use health services than men, but they are predominantly related to pregnancy and baby care. It is true that it means a guarantee to the more active use of gynecological cancer screening as well.
- In case of the recent not compulsory screenings, primarily in case of lung screening it can be seen that there is a big part of the Gypsy population, about one third (33%) of the population that do not go to lung screenings (because of bad and crowded housing conditions lung problems are a serious public health problem).
- On the base of the frequency indicators of medical examinations, measurement of blood pressure, ECG it is possible that one fifth or one fourth of the city's Gypsy population have serious health problems.

Attitudes toward screenings were examined separately because of the importance of screenings. The preventive effect of screenings is more accepted among men than women. The attitude toward screenings is mixed as shown in their responses, and screenings were often only moderately accepted because many believe that they are unpleasant. Therefore, if the general practitioner and health visitor network work appropriately then the rate of participation in screenings can be increased.

**Table 2.4.19.: Status regarding screenings on a five-point scale**

	Women	Men	Total
With screenings more serious diseases can be prevented	3.72	4.05	3.83
You have to go to these screenings only if you have complaints	3.52	3.76	3.60
They will only scare people, the best if you do not know about your disease	3.27	3.30	3.28
Screenings are visited only by the rich	3.05	3.26	3.12
It may be important but the examination itself can be unpleasant	3.49	3.62	3.54
Healthy people do not need them	3.53	3.66	3.58

Source: Own survey.

Actual health status may be characterized better by the diseases and complaints listed by the respondents. The most frequent morbidity (illness) and mortality (cause of death) diseases and complaints are listed and the answer to the questions related to the whole family. The question asked was if any of the family members were treated for the given complaints during the past three years. On the basis of the responses given to the question some assumptions can be made about what the health status of the Gypsy population living in the city is like, what the most frequent diseases are, and how to develop preventive programs planned to address them.

**Table 2.4.20.: What diseases, complaints of were treated during the past three years**

Disease	Percent
High blood pressure	19.4
Locomotor disease	10.6
Asthma	10.6
Neurological disease	10.6
Other heart conditions	10.2
Angina attack, grabbing pain around heart	7.4
Chronic respiratory disease	6.7
Allergic diseases	6.3



Eye problems	6.3
Mental problems	6.3
Stomach or duodenal ulcer	5.6
Gyneacological problems	4.9
Ear problems	4.2
High blood glucose level	3.9
Heart attack	2.8
High colesterol level	2.8
Stroke	2.5
Liver disease	1.4
Tumor	1.4

Source: Own survey.

From the results of the authors earlier county Roma research (Fónai – Péntzes, 2006) taking the confirmed diseases or their symptoms into consideration, 30% of the respondents suffer from high blood pressure or have already been treated for it. Compared to this data, only 17.6% of them go to check their blood pressure frequently. The rate of those who frequently go to ECG is much lower (7.6%) while more people have health problems with their circulatory system (Fónai & Péntzes 2006).

Taking the frequency of the high blood pressure into consideration the use of appropriate screenings is relative low. Asthma is the most frequent disease of children (6.2%), and their treatment is possibly performed by primary care. For special care they use allergists and pulmonologists. The prevalence and range of diseases, symptoms and complaints basically match the research results of Babusik-Papp (Babusik & Papp 2002) but the relative differences from the data of Puporka and Zádori can be explained by the different data collection methods (Puporka & Zádori 1998).

The findings from the research in Szabolcs-Szatmár-Bereg county (Filepné, Fónai & Fábián 2004, Fónai & Péntzes 2006) showed that cardiovascular disease and with it high blood pressure, coronary heart disease, cerebrovascular disorders, stomach and duodenal ulcers, eye problems, respiratory diseases, asthma and nervous and mental illnesses occur at a higher rate among both the Roma and the non-Roma. These morbidity data mirror what was found in the total population but the emphasis is primarily on the higher incidence. Our 2003 research found

significant differences between the Roma and the non-Roma population of the county. On the basis of previous research by the authors it can be stated that the diseases and symptoms of the Roma *are highly related to the consequences of the social situation*.

Data provided by the heads of household suggest that the situation is similar to the Gypsy population in Tiszavasvári. The types of the disease do not differ basically from that of the population of Hungary. Three areas can be singled out that especially characterize the health status

- „Civilization diseases”, high blood pressure and motion diseases – in both of their underlying way of life and their living conditions can be found. For high blood pressure the possibilities of prevention, for example, are low due to the „strict limits” of poverty.
- The high rate of the cardiovascular diseases partly corresponds to the national trends, but the influence from their way of living and living conditions is possible here too.
- Asthma, respiratory diseases and allergy are health problems where the living conditions of the Gypsy population are important. The rate of these diseases and complaints show that these types of illnesses are significantly affected by living conditions and their way of life.
- The cause of the high occurrence of neurological and mental problems can be from permanent stress which is a result of different forms of deprivation and poverty.

Based upon the incidence of the most frequent complaints and diseases it can be said that even though there are some differences in trends they match the morbidity trend of the Hungarian population. Some typical casual factors can be seen which *can be explained by poverty, exclusion, living conditions and a way of life*. This makes the planning and realization of the preventive strategies harder but does give the possibility for prevention. The means of „intervention” are integration, its fields are school education, and vocational education. The aim is to increase employment opportunities and to decrease poverty. But it must be noted that improving health status can happen only after a length of time following the improvement of social circumstances and decreasing poverty.

**Table 2.4.21.: The judgement of the standard of services and treatment (on a five-point scale)**

	How would you grade the professional standard of service?		How would you grade treatment?	
	Tiszavasvári	2004., County Roma research	Tiszavasvári	2004., County Roma research
Adult GP care	4.33	3.62	4.33	3.50
Children's GP care	4.07	3.26	4.11	3.17
Dental care	3.94	3.17	3.89	3.11
On call service	2.24	2.94	2.25	2.87
Some kind of medical care	2.99	2.94	2.98	2.89
School medical care	3.32	2.84	3.32	2.78
Health visitor care	4.31	3.42	4.27	3.31
In patient care	3.65	3.25	3.59	3.19

Source: Own survey.

One of the possible areas of discrimination toward the Gypsy population according to Hungarian experts is the discrimination within health care. It manifests itself in the standard of services and in treatment. In the responses given by heads of household these trends appear: with more personal/close services the less the Gypsies will feel discrimination in treatment and the higher quality they will feel about the services. On-call medical treatments seem to be the most problematic, it is true that these forms of service are reached with more difficulty or they can be reached only with difficulty for laymen (being questioned and trying to respond to to professionals - Why these examinations are needed?)

Trust can be experienced in primary care and from health visitor care in the city. Prevention activities, that can be undertaken by the health care system but that do not exceed the competencies of the system can be based on these provisions. Although the outcomes of some medical examinations are problematic, the need for local internal medical, surgery, orthopedic, gynecological, pulmonary, cardiology and emergency-surgical care is very big. It should be noted here that with the exception of the on-call services and the medical examinations the Gypsy

population of the city is slightly more satisfied with the quality of the services than of the medical treatment. It seems to be particularly important that they are very satisfied with the GP and health visitor's services.

### *Mental status*

According to the Hungarian indices the mental state of the Gypsy population is much worse than that of the majority society. Some explanations are that it is a result of permanent problems, stress and exclusion rooted in poverty. These factors primarily affect the mental status of Gypsy women. Although other research has shown a difference between the mental state of Gypsy men and women, the Beck depression scale did not show a statistically significant difference between men and women.

**Table 2.4.22.: How much do the following things characterize you**

	Absolutely not typical	Hardly typical	Typical	Completely typical
I lost my interest in other people	63.7	19.4	9.9	7.0
I cannot decide in anything any more	53.5	28.9	1.3	6.3
I wake up many hours earlier than usual and I cannot go back to sleep	37.7	31.3	2.5	9.5
I am too tired to do anything	42.6	28.5	1.3	1.,6
I worry so much about physical and mental symptoms that I cannot think about anything else	49.6	25.7	1.1	9.5
I am not able to do any work	57.4	21.8	1.9	9.2
I see my future is hopeless and my situation will not change	35.9	18.3	2.8	2.,0
I dissatisfied and indifferent with everything	35.9	18.3	2.8	2.,0
I always blame myself	56.7	23.2	12.3	7.7

Source: Own survey.

From among the statements on the depression-scale half of the respondents *see their future as hopeless and became indifferent and unsatisfied with anything*. The actual life situation, with poverty and the lack of a good future for the Gypsy population living in the city explains it. But at the same time there is not total apathy, self-blame and indecisiveness indicating that they make the problems „external”. But the lack of possibilities has created the feeling of „getting tired of everything”, which is expressed in somatic problems (like tiredness). If the values shown in the table appear as the values of the „depression scale” then this is a very serious situation.

**Table 2.4.23.: The distribution of the depression-symptoms according to their seriousness**

	Gypsy men Tiszavasvári	Gypsy men Tiszavasvári	National sample
Normal (0 - 9)	20.8	12.3	75.7
Slight symptoms (10 - 18)	53.1	53.5	16.8
Moderately serious symptoms(19 -25)	10.4	17.1	4.6
Seriously depressive symptoms (26 or over)	15.6	17.1	2.9

Source: Kopp and et al. 1996, own survey.

Comparing the distribution by Kopp Maria and her colleagues (Kopp, Skrabski, L ke & Szedmák 1996), the depressive symptoms of the city’s adult population and their seriousness should be attended to because every sixth respondents have serious depressive symptoms. The most typical are the “slight symptoms” while in the national sample „normal” is the most typical. Underlying the serious deformation of the mental status, living conditions, poverty and exclusion can be identified. They are related to the lack of prospects and in addition the deterioration of the mental state and the seriousness of the depressive symptoms they are accompanied by somatic symptoms . To „treat” this situation the previously mentioned integrated strategy seems to be the solution. This mental state helps to explain that 6% of the respondents’ families had suicide attempts and in the family of 3.9% had family members who committed suicide (17 people).

## Summary

In this research the situation of the Roma population of a small city located in one of the Hungarian crisis region was studied. In addition to the economic crisis they are affected by segregation as well. Segregation not only means where they live within the city, but in the labor market opportunities and in education in the schools as well. Segregation has been present in the life of the Roma for ages, this is one of the reasons for their low educational level. Low school education typically results in exclusion from work and this is one of the reasons for low employment.

As a result of the tightly connected processes and effects the Roma population of the small city is poor, their situation reflects the situation of the total Hungarian Roma population. There are significant differences between the two Gypsy ethnic groups with the situation of the Romungro better than that of the Vlach Gypsies. The Romungro belong rather to the lower class while the Vlach Gypsies belong to the underclass. These differences show the effect of these ethnic group cultural norms and patterns. In the Roma studies general poverty can be seen in several areas not only in income poverty – deprivation appears in many fields. Poverty and segregation, discrimination and ethnic cultural patterns influence the health status of the Roma living in small cities – of course this does not mean that poverty or health have an ethnic character. The mental status of the Roma is a sign of several of these unfavorable effects. Significant differences have been shown on the basis of this research comparing the Roma to the non-Roma.

## 2.5 “Money with interest”

### The institution of usury<sup>111</sup> among those living in slum-like conditions

*Gergely Fábián – Katalin Szoboszlai – Lajos Hüse*

#### Introduction

In the fall of 2007 according to a public announcement the Edeleny police office launched an investigation into the actions of a man from Szendrő, who dealt with so called “money with interest.”<sup>112</sup> The police investigation showed that the concerned individual had given usury loans with very high interest rates to many local people. He had kept a precise account of the transactions which was found by the police.

According to the announcement the police staff, to prevent similar incidents, contacted the representatives of the minority self-governments so that they could also bring to the attention of those concerned the danger of borrowing “money with interest.”

Reactions (interviews, discussions, professional and civic resolutions), resulting from the many articles that appeared in the national and local media, often gave the impression it was about a kind of new phenomenon of Roma (Gypsy)<sup>113</sup> poverty. Although several other studies<sup>114</sup> had already been completed and called attention to the problem of “money with interest”, the majority of Roma research in recent years basically do not

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<sup>111</sup> Usury, loaning money at very high interest and it is illegal in Hungary.

<sup>112</sup> The term “money with interest” is basically the common name of a usurious loan used by people in the examined region. Usury is a more precise term for improperly and disproportionately high interest demanded as in payment for the borrowed money. A usurer is a person, who regularly lends money under such conditions, taking advantage of the tight financial situation of the borrowers. The word derives from Latin (“usura”). Originally it meant interest. In today’s language the meaning of usury is lending money illegally with significantly higher interest than the average or the generally accepted. Today it is regarded as a crime in Hungary.

<sup>113</sup> Roma and Gypsy are equivalent in Hungarian. In our recent study, as usual in the Hungarian literature, we will use both Roma and Gypsy. We did not want to touch the controversial issue of classification.

<sup>114</sup> Among others the “Quick report on getting poor” published by the Social Professional Association in 2003, edited by László Bass, Zsuzsa Ferge and Izabella Márton, or the previous volume of essays titled “Quick Report on Poverty” published in 1996.

deal with the existing phenomenon of usury among people living in slum-like living conditions, especially not in empirical research.

This study is based on research funded by the Ministry of Justice on behalf of the National Crime Commission. The purpose was to explore the characteristics of the usurious loans, so called “money with interest”, concerning Roma families or communities living in slum like conditions in Szabolcs-Szatmár-Bereg county in 2006. The research was not specified as “Roma research” and we do not believe that the practice of usury would be exclusively an ethnic-type problem affecting only the Roma population. At the same time the county characteristics made it clear to us that we had to perform our recent research among Roma communities living in slum-like conditions, since inadequate social conditions, low education level and high unemployment are related to low income. As a result of social exclusion those who live in a specific “underclass” layer situation not only suffer from the institution of the usury but because of their unsatisfied needs often become operators of the system as well.

Based on the above mentioned situation the primary intent of the research was not the introduction of a comprehensive assessment of the situation concerning the Roma population, but rather to explore the characteristics of the usury and to learn about the mechanism operating this system. We wanted to investigate if the economic strategies of Roma households could be explained from the data about education level and the labour market – so that the results of crime prevention from other programs could persist in Roma communities.

The initial hypotheses were as follows:

It is not only criminal elements who take part in maintaining the institution of the usury. A kind of distorted market mechanism can be recognized where the usurer provides a service, and those individuals and families who take the “money with interest” are the consumers. The consequence of the presence of this peculiar market mechanism is that the victims of the usury loan not only do not cooperate with law enforcement because they are afraid of the usurers intertwined with criminal circles using violent methods, but they worry that they would not get financial sources(loans) from any other method.

The need of the underclass layers can only partly be justified by their social situations and conditions. The acceptance of the values transmitted by the majority (consumer) culture dominates their own consumption.



This is seen in behavior that results in consuming beyond their means to pay and leads them to indebtedness.

## Materials and Methods of Research

The data for this study was collected through interviews. Interviews were conducted in the homes of the respondents during a major study concerning usury research. Roma slums in four settlements were used and included one slum area from Nyíregyháza, Mátészalka and Hodász, and in two slum areas in Tiszavasvári. The slums of Tiszavasvári, Hodász and Mátészalka were ghettos, that is they became classical Cs-slums.<sup>115</sup>

Cs-apartments built in the socialist era have been tainted by houses built without permission, in some places “putri-like” (nearly destroyed structures with no water, heating or electricity) and/or apartments built or bought from the grants of the social policy in the last ten years (for example apartment loans subsidized by the government for promising to have children). The Nyíregyháza slum once was a Hussar (military) barracks, and later a Soviet barracks but today it is similar to the ethnic-type periphery ghettos of the Western cities. The extremely dilapidated conditions of the buildings is typical to the four slums. During the research colleagues from the Nyíregyháza Periféria Association performed 100 interviews in the selected slums. The interviewers filled in a questionnaire-like data sheet that provided a detailed picture of the family and social situation of the sample.

*Table 2.5.1.: The areas and the distribution of the interviews*

Scene	Distribution
Nyíregyháza	30
Hodász	21
Mátészalka	19
Tiszavasvári	30
Total	100

Source: own data.

The snowball method was used to obtain the sample. In this method the interviewee not only answered the questionnaire but provided the name

<sup>115</sup> Cs is the first two letters of the Hungarian “csökkentett érték telep”, which means low value area.

and address of the next potential interviewee and was asked to accompany the interviewer to the next family. The purpose of this method was to reduce distrust. In spite using this method we often experienced that the interviewees did not want to give answers to our questions in connection with the usury part of the survey. Experience showed that it was only partly because of the distrust towards the outsider interviewer, and much of this behaviour appeared to be caused by the fear of the usurers. Thus, nearly the third of the interviews had particularly weak informative value regarding the topic of the usury research. However, the non-usury data was much stronger and could be studied.

While analyzing the data we applied both quantitative and qualitative methods. The quantitative analysis was possible because of the significantly high number of the interviews and because of the data content of the questionnaire-like data sheets having been registered prior the interviews.

### **Family size, housing conditions, living conditions**

The first areas to be assessed were the family situation, the housing conditions and the support systems of the interviewees. The sample families have 4.73 people in the households or 4.8 persons per household. However on both the national and county level households with one and two members are dominant, in these areas, it is different since families have 4-5 or more members. Households with 2 adults and two children or two adults and three children are typical, comprising 44.9% of the total. Households with only one person or households with a large number of members are rather rare. There is no significant difference between the four slum areas in households, and similar rates and percents can be seen in many places. The percent of the people under the age of 18 in the sample of households was 49.4%. There were 2.8 individuals under the age of 18 per household. Households typically mean families. In the study there were only 4 cases where there was a non-family member who lived in the household.

Families with more members than the national or county average live in more crowded and worse housing conditions based upon the number of family members living in one household and the number of rooms per apartment. In the first case higher housing density can be seen in slums because on national level there are 247 people per 100 households, in county level there are 274 people per 100 households, but in these areas there are 473 per 100 households. The distribution of the apartments

according to the number of rooms per apartment is also less than the Hungarian or the county average.

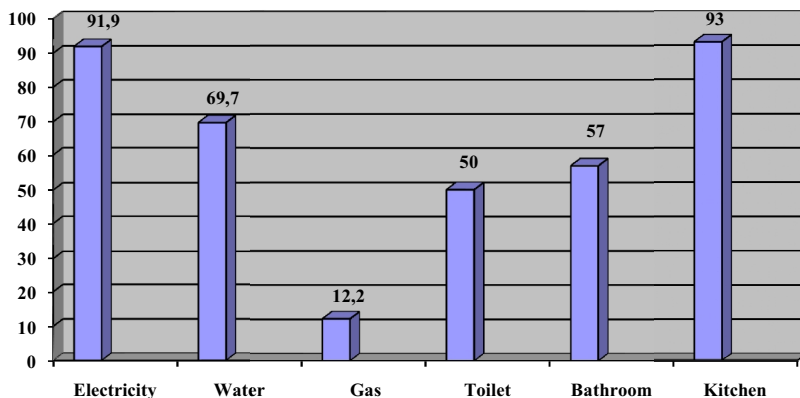
**Table 2.5.2.: The distribution of the apartments according to room numbers (%)**

Room numbers	Country *	County*	Slums**
One-room	10.6	7.7	36.7
Two-room	40.1	35.5	38.8
Three-room	32.8	41.1	20.4
Four or more room	16.5	15.6	4.1

\*Source: Mikrocensus 1. Regional and Constituency data. Central Statistical Office, Budapest, 2005. \*\*Source: own data.

Taking the number of the rooms into consideration even more significant differences can be seen in the various slums. The situation is less favorable in Nyíregyháza and Hodász (the number of residents living in one room is 2.9 and 2.7 person per room). The situation is more favorable in Mátészalka and Tiszavasvári (2.5 and 1.9 person per room) where the rate of apartments with more rooms is higher. The indicators of the density of the households are higher than the national and county ones in each case because the average is 0.9 person on national level and 1 person per room on county level.

**Chart 2.5.1.:Utilities and separate rooms (%)**

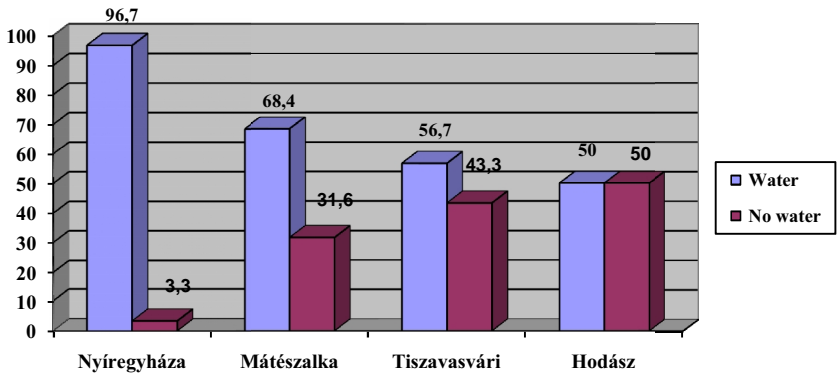


Source: own data (N=100).

With respect to utilities, electricity has been installed into nearly all apartments although there are still some cases where there are apartments with no electricity. Installed water in the apartments is much lower and gas heating was installed in very few apartments.

Almost all housing had a separate kitchen but only half of the apartments had a separate toilet or bathroom.

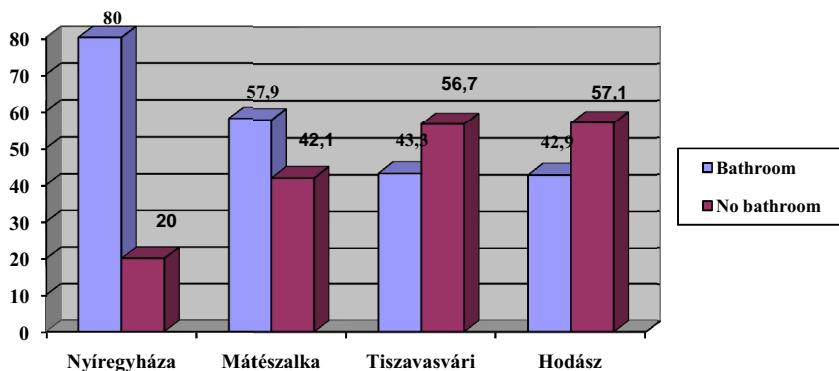
*Chart 2.5.2.:Households with installed water (%)*



Source: own data.

Residents of the Nyíregyháza and Mátészalka slums are in the most favorable situation. The situation is worse in Tiszavasvári and even worse in Hodász, where only half of the apartments have running water. The situation is the same for bathrooms.

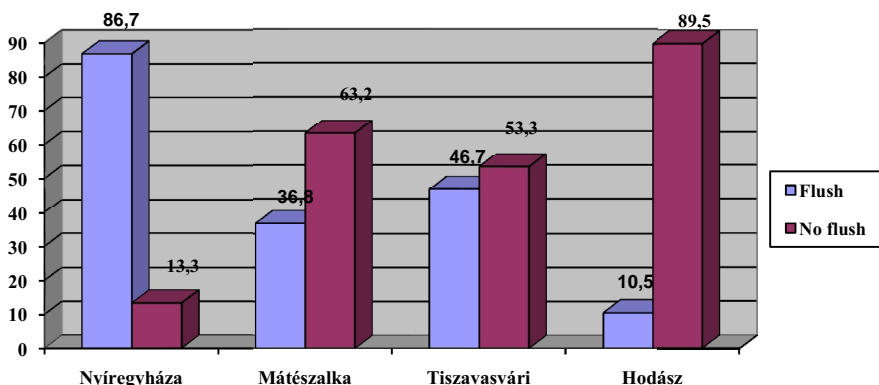
**Chart 2.5.3.: The rate of the apartments with a bathroom (%)**



Source: own data.

If we take apartments with a bathroom into consideration then Nyíregyháza and Mátészalka are in the most favorable situation compared to Tiszavasvári and Hodász where only half of the apartments have bathrooms. The situation is the same for having a flush toilet.

**Chart 2.5.4.: The rate of the apartments with a flush toilet (%)**

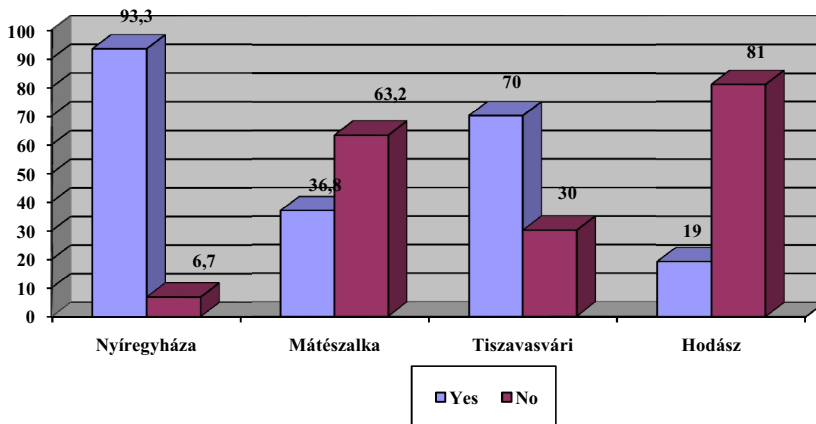


Source: own data.

A critical question in connection with the general social situation of the slums is if the utilities operate or not, that is if they were turned off due to any debts. In 40% of the apartments those surveyed utilities do not work. Significant differences can be seen between the areas in this

respect as well. With a respect to the operation of the utilities, Nyíregyháza and Tiszavasvári are in the best situation although even here there are apartments where the utilities are turned off. Hodász is in the least favorable situation again because only less then one fifth of the apartments have utilities.

*Chart 2.5.5.: Do utilities work in the different areas? (%)*



Source: own data.

Information about furniture in the apartments is part of the housing condition as well. This data was derived from the observations of the interviewers conducting the research. In about 40% of the apartments there was relatively good quality and quantity furniture. In 60 % the furniture was incomplete or of poor quality. One fifth of the apartments needed a complete furniture change. There was no significant difference among the areas in regard to furnishing as the quality and quantity is the same for all.

Compared with the national or county level we can see that the apartments here have less consumer durables here.<sup>116</sup>

<sup>116</sup> Two different data bases were used for the comparison. One of them was the 2004 data of the Central Statistical Office about the supply of the Hungarian households with consumer durables and the other source was a 2003 county research that measured the supply in 1500 households. As the studies were made with using similar methodology, the data are suitable for comparison. It should be emphasized that their purpose was the same so the comparative analysis are rather informative compared to others because of the different dates of the

Consumer durable goods will be examined separately.

Television was in 98.6% of the slum households. However, it was not collected if the televisions were black and white or color. In the county color TV can be found in the 92.8 % of the households while 16.7% of the households have black and white TV sets. Compared to the county rates the rate of TV sets in these households basically equal. Some of the households possess more TV sets which is similar to the nation-wide rates. In 2004 in Hungary there were 138 color TV sets per 100 apartments.

There are less washing machines in these households. The rate here is 47.8% compared with the national rate of 74 %. It must be noted that in most of these households there are non-automatic washing machines - only the traditional types (machines you must manually fill and drain the water). The rate of fridges is almost the same as in other parts of Hungary: while the national rate is 76% in the slums it is 71%. One third of Hungarian households have microwave ovens in their homes.

## **World of work**

The educational level of the respondents is very low. The interviewers did not interview anyone in the households with a higher education degree. Elementary school education is dominant. 8% of the respondents have no qualification at all and they have never attended any school not even elementary school. One third of the respondents attended elementary school but after some years they gave up and did not complete. Thus the total proportion of those who do not have even a basic level education is 41%. The most frequent educational level is 8 years of elementary school. The number of those who completed vocational school is very low and the rate of those who have completed the final exam of secondary grammar school can hardly be measured.

There are significant differences among the examined areas in educational level. Tiszavasvári and Nyíregyháza have the highest educational level while Hodász and Mátészalka are in less favorable situation.

Because of the low level of education it is not surprising that unemployment is almost continuous for most of the residents living in these areas. Nearly twenty percent (20%) of the respondents have not had work for the last 5 years. Considering the number of workplaces, 31 %

had worked at one given workplace and 54.4% had more workplaces in this period. Casual work was listed as their source of income for 43% and 3.2 % do community work. For women, 7.5% were permanently on maternity allowance or child care allowance during the given period. The worst work situations were in Hodász and in Tiszavasvári.

Unemployment is an acute problem not only among those interviewed but it is typical to the other adult members of their families as well. During the last five years 13.6% of the adult family members had no work while 9.1 % did community work. Casual or day labor accounted for 7.6% of work income income. Various specific workplaces were mentioned. The common characteristic was that the biggest part of them were only temporary ones. The rate of those who had permanent employment at the time of the study was very low.

The extent of unemployment is characterized by specific data: 43.5 % of the respondents have been unemployed and 18.8 % of them are still without jobs. Significant differences between the areas cannot be measured but it is important to note that the rate of the recently unemployed is the highest in Hodász.

In conclusion 62.3 % of the respondents were involved in some form of unemployment. They spent 11 months on average without jobs and the difference among the different areas cannot be measured.

In many instances it was characteristic in the recent past that those who were without jobs had to get through longer periods without receiving any allowance during the time of unemployment. Of the respondents 33.8% have already lived through such a period with a 8.3 months' average duration. The percent of those who claimed that this condition was typical each winter is relatively high (9.2%) because they could live only on agricultural casual work.

It is not surprising that the most frequent answer to the question: „What work would you like to do?” was: „Any”. Many women would like to find a cleaning job most preferably a permanent one.

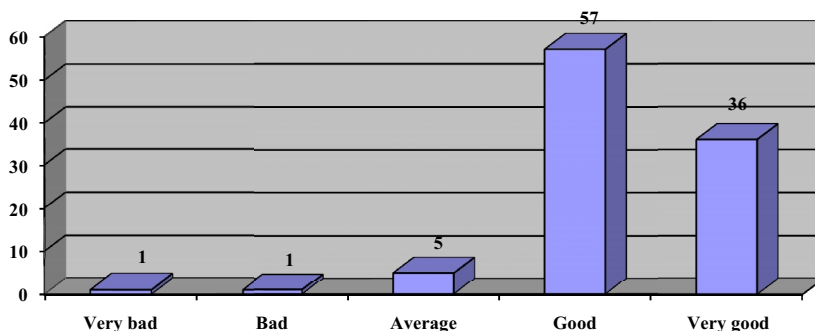
## **Support System**

The relationships within families, the ties among family members and their natural protective have a compensating role in many cases. Thus it was an important task to examine what characteristics the families from this area have with regard to support systems.



The results show that family ties are very strong in these families since 93 % of the respondents assessed family ties as good or very good.

**Chart 2.5.6.: Relationship among family members (%)**



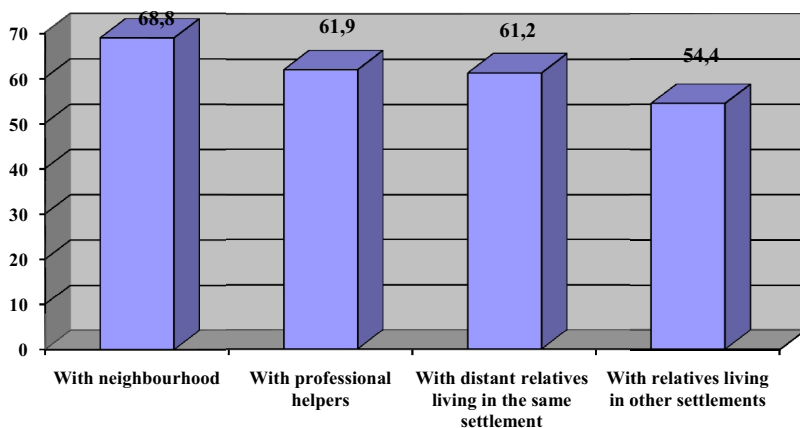
Source: own data (N=100).

Of the surveyed families 61% said that their families have friends and they can rely on them in many cases. This is a relatively high rate and no significant differences between the different areas were found, however, data did show that families living in Hodász rely less on the help of their friends than the other areas.

Relatively few people (55%) answered they could rely on each other. One tenth of the respondents can get financial assistance from their family members or from friends, another 3.6 % were not supported financially but if they are in trouble they get food from family supporters.

With respect to how often they need help 38.5% need help less than monthly 35.4% typically ask for help every month or and only 16.9% ask for help every week. The number of those families that need help every day is relatively low (9.2%). Based upon findings the support system is quite extensive, their relationships with the neighbourhood and the relatives can be said to be especially good.

**Chart 2.5.7.: Judging the positive relationships of the families (%)**



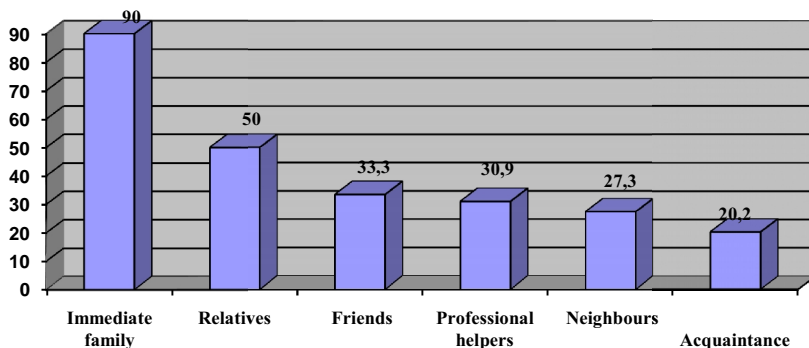
Source: own data (N=100).

In the sample the value of the positive relationship with the professional helpers was very high and was higher than all others except with close family members. There were no significant differences between the different areas, however, the relationship with professional helpers was the highest in Nyíregyháza (71.2) and Tiszavasvári (61.8) while it was the lowest in Hodász (50.0).

### **The institution of usury**

In light of these results an interesting question is who the families can get help from when they are in trouble.

**Chart 2.5.8.: In case of trouble whose help can they rely on?**



Source: own data (N=100).

The ranking is very natural as families primarily rely on immediate family members, relatives and friends in case of trouble and only after that do they turn to professional helpers and social institutions. However good the relationship with neighbours and acquaintances is, these families expect less help from them when they are in trouble, because their friends and acquaintances themselves live in households without basic utilities and therefore they cannot be of help.

Behind this distribution of answers two strongly differentiated factors were identified, 1) reliance on non-family members, 2) reliance on family.<sup>117</sup>

**Table 2.5.3.: Whose help can they rely on when they are in trouble? (factors)**

1. factor: Non-family Helpers	2. factor: Family
Acquaintances: 0.891	Immediate family: 0.908
Neighbourhood: 0.789	Relatives: 0.606
Friends: 0.729	
Professional helpers: 0.559	Professional helpers: -0.110
Immediate family: -0.121	

Source: own data.

<sup>117</sup> A principle component analysis was performed during which two factors were extracted. The first factor explains 42.8% of the variance, 19% of the variance. The total explained is 61.8%. The tables contains rotated factor matrices.

If the respondents cannot rely on the help of the immediate family, then the relatives, the acquaintance, neighbour circle and the role of professional helpers, social institutes, where they can turn to, become more important.

If the family protective net works (second factor) then it is unnecessary to mobilize the neighbours and acquaintances. In this case even the professional helpers are not important, which means the families do not use the services of social institutions.

In the Nyíregyháza and Mátészalka samples these factors were extracted. In Tiszavasvári the two factors were not found, in Hodasz only one factor appeared, which suggests that the people who live there when they are in trouble, do not differentiate mobilization of help. Specifically for financial problems the surveyed families primarily ask for loan (70.1%).

*Chart 2.5.9.: In case of financial problems what do families do?*



Source: own data (N=97).

The source of loans can vary. It is typical that the Romas, even if they are unemployed or have unreliable income for example casual work, can get a loan only from banks that are willing to take a high risk – but this risk is then built into the extreme high interest of the loan. This is why the immediate family, relatives and the closest friends are the first place to go for a loan. A young man from Mátészalka with two children explained us why he asked for loan only from within his family circle:

”If so then I go to ask for loan. Within the family. Then I give it back as much as I get. There are many usurers so I ask only my family for loan.”<sup>118</sup>

From time to time respondents are specifically reluctant to ask relatives for money. As an old Hodász man said:

”I have three sons and I have a daughter. One of them has five children, the other has three, the other has two...I have grandchildren, son-in-law. Shall I expect them to give it to me from the mouth of their children?”

Besides asking relatives for a loan, there are other ways to get money. Some of these ways are using pawnshops, selling property, getting self-government grants and on rare occasions getting a loan from their workplace or asking colleagues for money. In some cases the respondents said that they could do shopping on credit.

*“Then I put down gold. Gold necklace, ring.”* (A Mátészalka old woman about using a pawnshop.)

”So I buy that little food, I eat it for two days then after it I don’t eat. I go to iron, I get some iron (that is to collect or steal iron and sell it to a trash metal place) so that I can eat.” (An old woman, the matriarch of a household consisting of 23 members in Tiszavasvári)

In the poor area nearly everybody knows the „institute” of usury, (money with high interest). Of the respondents 46.3 had heard about cases when immediate family members had to pay money with such interest, and 9.1% of the families mentioned usurers as the primary source of getting money. Other sources were mentioned by 2.6 % but among usury was the most frequent, so the statistically measurable overall rate of taking money with interest was 11.7%.

”Tiszavasvár has the most poor people...Usurers make the whole slum poor...thirty percent of the Gypsy always have usury loans and are in debt. And the others take usury loans from time to time.” (Middle age woman, Tiszavasvári)

Taking the overall rates into consideration more significant differences can be seen among the different areas. Admitting to taking usury money is the highest in Mátészalka (23.5%), then Nyíregyháza (11.2%), then Hodász (10.0) followed by Tiszavasvári (4.5%). However, this data

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<sup>118</sup> The quotations for the Roma have not been translated into English directly because they do not speak Hungarian well. They speak in slang.

should be treated with caution because many respondents may not admit to obtaining usury loan. The very low rate in Tiszavasvári may be incorrect since the local social professionals speak about „large scale” usurious activity there. As a result of the recent police investigations against usury, family respondents showed more distrust towards outsider interviewers. Lively conversations stopped abruptly when the interviewers asked about usury but sometimes the respondents said:

“Let it be enough that I took it and I paid honestly....I will not speak about it. Then it was very good because I was down and out.”

The usury loan was spent typically on daily living, shopping and expenses in connection with children. Other reasons for getting a usury loan was found in only a very few cases.

” It has already happened that I asked for it yes it has already happened because I was broke I don’t deny. I ran out of everything I had only fat and oil and no food in the cupboard.. I went there I asked for 10.000 HUF. And they gave it but they told me how much I would have to pay back...They gave it fairly they didn’t ask for 10,000 additional but they asked for 8.000 more. And I had to pay it back.” (Young woman with three children, Mátészalka)

“Yes it has occurred. Because it was that I didn’t work, it is not possible to live on supports, I didn’t have work possibility and that’s why I had to go to ask for food and clothing my children, I spent the loan on them. When we got the money from the governmentfor my children I will have immediately give itt o them.” (Middle aged man with four children, Mátészalka)

“Bills are coming...and if they send the bill collection then it must be paid within eight days. But if we can’t pay it only then when the family allowance or something like this arrives then the company will not understand it. And I rather must ask for loan so that I can pay it in time. But thanks to God I have never had to ask money for food.” (Mother with two children Nyíregyháza)

Interest should not have to be paid to family members only in cases when the loan comes from the family circle. Within families the respondents give back as much as they have asked for. There are two types of the interest that must be paid back: in the case of bank or workplace loan it is typical that they must be paid back in officially stated instalments and the other is that type that was defined by the respondents: „it is cut from the pension”.

It is typical that the Romas, if they have some sort of income – unemployment benefit or seasonal work or employment from time to time, can get a loan from banks that are willing to take high risk – but this risk is built into the extreme high interest of the loan.

Usury, the money with interest is known by almost everybody. In this study 80.4% said that they had already heard about it and 78.7% mentioned that it had already happened in their neighbourhood., with the highest rates for both in Nyíregyháza where almost everybody knew about it. In family circle among acquaintance and relatives 46.3% of the respondents knew cases when their immediate relatives had paid money with interest. The rate was the highest in Nyíregyháza again with 57.1%.

When the respondents were asked some of the respondents to try to describe how widespread it was nearly everybody said it was widespread.

“There are very many poor who take usury loans and the usury people treat you bad...” (Middle aged woman, Mátészalka)

“Minimum 70% are involved in usury.” (Young man with two children, Mátészalka)

“They usually have a big family or are old. They don’t have enough income or they need it for something else for example food or clothing.” (Nyíregyháza woman about those who ask for loan)

“Well, here in Guszev (Gypsy slum) I dont know by name but there are many families unfortunately needy and they give it back with 100% interest, if they don’t have anything left for bread, then they must give it back. Here in Guszev it is everywhere.” (Single woman, Nyíregyháza)

“Because there is that small poor layer, 10-20 percent of this Gypsy slum, they all live like this: they give back a little toward the debt each month. I don’t have money so every month I go and ask for loan. Give me twenty thousand. From twenty thousand it will be forty immediately.” (Young woman with three children, Mátészalka)

It is often typical with usury loans that borrowers have to pay of 50-100% interest back. But in some of the more informative interviews even higher interest was mentioned. In some cases the person who took the loan worked off the combined value of the loan and the interest to the usurers.

The real trap of the usury loan is not only the high interest but in the system of loaning. Other methods of making the debt endless are applied. One of the rather common methods is that the minute when the debt is to

be paid back, the usurers immediately want the whole amount with the interest and if the debtor is unable to pay it back in one amount then they put the interest on the remaining sum as if they gave this loan at that time.

“If I take twenty thousand Forints then I will have to give forty. So now that forty is his according to him. Then from that I pay back only fifteen then he puts the interest on the remaining twenty-five. And then he takes my apartment from me.” (Middle aged man with four children, Mátészalka)

“They give thousand Forints and another thousand Forints interest to it. If he can’t give it all back then there will be interest on what is left to pay.” (Young man with two children, Mátészalka)

“Anybody goes to ask for loan, let’s say five thousand Forints and they put fifty percent on it sometimes even more. And if he can’t give it back then the interest is doubled. Double interest.” (Single young man, Tiszavasvári)

“If the child is ill often, you may have to ask for loan. You must pay the loan back within a year. During one year I borrow 10.000 Forint and every month I pay 5000 Forint and we pay a lot. It is not worth it. Then they come on us then beat us.” (Middle aged woman, Tiszavasvári)

Those families that owe the usurers high amounts become totally vulnerable. Sometimes the usurers visit them and give them a loan because they know they need it.

“Sometimes he can ask for seventy-eighty thousand and they will not care about what the children will eat. Then he goes to the usurer again and asks for fifteen thousand for living but the usurer will put interest on it again.” (Middle aged man with four children, Mátészalka)

“They leave a certain amount at the family, they let them live a little.” (Young man with two children in Mátészalka)

Selling of transfer incomes, for example family allowance or pension is widespread. The loan given at the time of the agreement on the future expected income – or a whole range of consecutive earnings – and the usurer takes the money at the moment it arrives – „the postman with money”.



“Some of them sell even their family allowances from the government too. Unfortunately also in my family...many unfortunately. And they take the last money from these poor they don't care about the children. If there is somebody who needs twenty thousand Forints then they have to pay back forty. From the family allowance. If I need one hundred thousand Forints then they loan it for one year they will take the family allowance...now count how much I pay.” (Mother with two children, Nyíregyháza)

“You ask for twenty thousand as a loan, two families will go under because basically you have to pay back sixty....If your family allowance arrives the loan man will pretend that he is you. If the postman is coming they will shout from a distance: Hello, bring it here! Let's say if I am in debt then he (the usurer) will take me to the postman and he will get it from the postman.” (Single young man, Nyíregyháza)

“They are getting here....allowance is being given, that little pension, so many people are here, skinflints<sup>119</sup> (usurers) are more than those who get that little money. There are the most who don't dare to go to the postman and ask because there's not enough money to pay back and they will be beaten.” (Middle aged woman, Tiszavasvári)

“When we get government money for child protection and the family and maternity support then the usurers come by car and then they collect it. There are arguments and fights.” (Old woman, the matriarch of a household with 23)

“You should have come earlier, in the morning, then you would have seen that many were waiting for the post. They are more who distribute money with interest and wait for the post. Those who should get the money they get only the cheque many times.” (Young man with two children, Mátészalka)

In very extreme cases – in order to get a large amount in single loan, or getting a loan every month it must be collateral in the form of a social housing grant must be provided. But as the rules of the usury loans cannot be classified as fair ones, these loans will often result in the total dispossession into the hands of the usurers.

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<sup>119</sup> She confused miser and usurer as they sound similar in Hungarian.

“My son took a susury loan in the past. My son used social grant to build an apartment but it was taken because of his debt. My son did not use the apartment. He built it, plastered it and then they took it. It might have cost about four million. I didn’t dare to go to the police about the usurer because I was afraid that they would kill my son and the children. Now he is living with me with five children.” (Old woman, Tiszavasvári)

A special form of giving a usury loan is when the creditors give food but not money. However, they define its price much higher than the prices in shops would be. In these cases it is not usual to ask for interest. The high price of the food is enough profit for the usurer, but sometimes they may ask for interest as well. Thus the agreed upon value of the product (bread, milk, cigarettes, alcohol) is the base of the loan but during repayment a person must also pay interest.

“There are some from whom we can buy things, I don’t know what, coffee, Coke something like this. I myself buy these things on credit and then if I have money then I pay for them. They do not charge for goods...but they sell it a bit more expensive than in shops.” (Single mother with one child, Nyíregyháza)

“There is such a family here that buy goods and then sell it for double price. It is like blackmail. They sell the goods and then they put interest on it. They are in three-four groups. Ne sells coffee. One sells cigarette. It is divided.” (Middle aged woman, Tiszavasvári)

“If a usurer kills pig, then they sell meat and fat for thousand Forint per kilo...Pension comes on 15th, we take 5 kilos from him that is five thousand Forint. The pension comes I can’t do anything else I give it to him because a must. Next in the second part of July he kills another one, we take ten kilos again that is ten thousand Forint we owe. We took the meat home, paid for it later because I don’t want him to blackmail me! He doesn’t!...Just see it is written down in the book. I should have paid ten thousand Forints back in the second part of July ... they demanded another ten thousand Forint! I took a little over 15 kilo, I gave 15 thousand Forint for it, he wants the same amount again!” (Old man, Hodász)

In the process studying usury it was not possible to explore the significant local peculiarities, but at the same time it appears as if an East-West slope had formed. Perhaps the primary characteristic can be seen in the rate of the interest. The average interest across the areas was about 100 percent it is the most characteristic in Mátészalka. In Mátészalka the respondents mentioned even lower interest levels, while in the two more western cities Nyíregyháza and in Tiszavasvári even 200

percent interest was mentioned several times. The assumption is that the interest level is determined by the income earning capacity of the vulnerable families.

Usurers tend to come exclusively from certain families and they work in a kind of manufacturing relationship system – from those who meet the person who needs the money and gives them a loan to those who keep accounts and those who manage but they do not reach the level of organized criminal level. According to the reports in Hodász and Mátészalka anyone with money to loan will become a usurer but in Nyíregyháza and Tiszavasvári certain clans offer usury credit. Perhaps because of this monopolized situation and because of the violence applied to keep this monopoly, the level of vulnerability is higher for those who take loans in Nyíregyháza and Tiszavasvári.

Threats and corporal punishment happen every day. Sometimes debt payment can include seizure of furniture and TV, stereo etc.

“My daughter had such a case. And if she cannot pay it with the interest they will go to her, fight, make noise. They usually attack them.” (Old woman, Tiszavasvári)

“I ask for one thousand Forints and I have to pay back another thousand too. If I don’t give it back then I will be beaten very much.” (Man with five children, Mátészalka)

“Now for example I was coming home they beat a young woman because she had a ten thousand loan and she has to give back thirty thousand. For ten they ask twenty back but if she doesn’t give it she will be beaten.” (Middle aged woman, Mátészalka)

“They will take everything from your home if you can’t give back the money. They take the television, everything they find...You will be beaten so much that you might have to go to hospital after it.” (Middle aged woman, Tiszavasvári)

“The most violent case is when somebody is pregnant and they couldn’t give the money back. And a rather big man who has physically bigger strength, takes her and keeps kicking her...for example a baby can’t be born like this.” (Young man with two children, Nyíregyháza)

Those who have had everything already taken (money – tangible property) there is almost no possibility to get out of the clutches of loan „shark” – Running away seems to be the only real possibility.

“There are some who make their living from these loans and make a millionaire. There were who ran away because they could not pay. The interest was growing was growing to the skies.” (Woman with four children, Hodász)

“Unfortunately there are some who had to leave this slum because of their debts. Physical atrocities, threats.” (Young man with two children, Mátészalka)

“My daughter went away from here to live. She couldn’t pay it back, she asked for loan, they punished her with beating and she went away...because of the money with interest.” (Old woman Mátészalka)

According to the opinion of those interviewed the role of the police is negligible. On one hand they see the police as impotent, or indifferent, as an organization that does not protect the interests of the Romas. The inefficiency of the police is often the result of the fact that usury crimes are not denounced and without denouncement the enforcement of the law is practically impossible. The very rare denouncements are usually withdrawn by the concerned individuals. The victims avoid the police because of fear – certain interviews suggested that the borrowers are not only afraid of the usurers – they do not trust the police either. Another fear is that even though the usurers are seen as negative they still often are the only source of finance for the people in these poor living conditions.

“There is not only one person who I could point out who could go to the police to identify the usurer but this person is so poor that would not identify the usurer because he is so poor and owes with so much money. Because if he gets the usurer into trouble who give him the money with interest, the next time he needs money there will be nowhere to go he will not get loan. That is why you do not name that person that gives money to them with high interest because my children need bread. They don’t dare to name him.” (Young woman with three children, Mátészalka)

“Now I can talk about it. There was a time when I asked for a thousand Forints and yes, yes two thousand had to be paid back. I could have gone to police in vain, that said I took this amount but I should pay back much more, and I told them the name of that person they did nothing but nothing at all (the police). They beat me because I denounced them (the usurers). And of course what happens to my poor family? You mustn't denounce him because he will loan you the money he has been parasitic living off of you for a year. He takes for example about four to five hundred thousand Forint per year. Then he reaches into hss pocket and gives you twenty thousand Forint and says you were stupid go and withdraw your complaint. And then he goes in and withdraws it.” (Young man with two children, Nyíregyháza)

“There has already been example that they denounced them to the police but then they were threatened and then they withdrew the complaint.” (Single young man, Tiszavasvári)

“If someone denounces a usurer then they may be beaten or raped. There are some cases where somebody is stabbed.” (Single man, Nyíregyháza)

“It happens everywhere. If Romas go to a bank they will not get a loan. If there is illness in a family, lets say somebody gets to hospital then they will go to a certain person and say that they need one thousand Forints. That person will give it to them and then they will have to pay it back with interests.” (Father with two children, Nyíregyháza)

“To stop getting usury loans? We are happy that they help us because then there is nothing to eat!” (Old woman, Hodász)

“If there is nothing then you will have to go and ask for such a loan.” (Old man, Hodász)

The multiplier effect of being delinquent in payment for a usury loan cannot be neglected. Due to financial dependence and vulnerability, together with fear, the victims will do anything to be able to pay the instalments.

“If you don't pay they'll always after you. You will go to one corner and they will lay you down. You will go to another corner and another usurer will grab you. By hook or by crook you will go to steal and cheat and rob so that you can give the money back. They will wait for you with an ax and shovel to beat you really. It is like this...If you are a woman you may have to become a whore and stand on the streets. If you are a girl then you will have to stand out. You will work in the street as a whore and that's all. And until you get the money. But after it you will continue to be a street whore.” (Single young man, Nyíregyháza)

## Conclusions

During this research the living conditions next examined, and the effect of the usury on the Gypsy inhabitants living in poor districts of four urban areas in Szabolcs-Szatmár-Bereg county – Nyíregyháza, Tiszavasvári, Mátészalka, Hodász. While exploring the background and the mechanism of usury, the following characteristics were found:

### *The determination of the victim “target group”*

- The target group of crimes in connection with usury loans are those individuals who have multiple disadvantages. They do not have many opportunities to get an income or if they get income it is limited. The largest part of their family income is received from social transfers. Their presence in the labour market is sporadic and is mostly equated with hard work done under inhuman conditions with low pay. Their income structure plays a critical role in the maintenance of their underclass situation. The representation of their interests is not good, there is high social embeddedness, and exclusion is typical to them in all parts of life. Exclusion is very prominent in education. They buy inexpensive – low quality products (food and goods). However, the majority (consumer) society influence their way of thinking and their desires. They cannot live like the majority. Before the study it was hypothesized that this population had financial problems because they spent too much money on things they do not need. However, it was found that they were so poor they could barely buy the necessary items for living. Therefore, on the contrary it has been shown that the minimum level of live maintenance is their typical level of consumption.

### *Ethnic characteristics*

- Individuals and families that go to usurers are not always from a separate ethnic group. Where the above mentioned characteristics of those targeted for usurers appear in the population in large numbers – depressed areas in big cities, deprived living environment etc. – in those places usury can appear as well. At the same time it is also true that lower class existence and deep poverty which is the case for Hungarian Romas ethnic-based discrimination plays a prominent role in the creating of the worst poverty.

### *Quasi-market mechanisms*

- The target group of usury will not only become victims because of their vulnerability from the criminals or their clans using violent means. Through their unsatisfied basic life needs, which are not provided by the society, they become involved in usury which gives the appearance of a real crime. They cannot buy material assets and services necessary for life maintenance from their legal income – earnings, social transfer. The lack of purchasing power can appear occasionally, when unforeseeable, unexpected events suddenly may appear and increase the need for money – for instance the illness of the children. This acute need can become permanent. The need to maintain life has extraordinary power they will become involved with usurers and take their financial service even though it creates very bad future consequences. From the first hypothesis and on the basis of the interviews quasi-market mechanisms were explored in usury loans. Basically, demand creates supply.

### *Multiplier effect*

- Victims pushed into deeper poverty by usury can become criminals themselves. Victims take part in criminal transactions (the loan) voluntarily, in the hope of easing their temporary financial problems, but they must face the reality that the „money with interest” will only make their situation worse. Apparently there is a solution for the victims: they would be able to break out of the grip of the interest that cannot be repaid if they could get a bigger sum. But because of their conditions they have no legal possibility for getting more money. Thus chances of getting money illegally and deviantly will increase. The mechanism that works in the background is similar to the criminalization of the drug users. Addiction is a key concept – instead of chemical addiction obviously an economic-social addiction will develop.

Conclusions that can be drawn from the characteristics connecting the potential suppression of usury seem to be clear. It is obvious that the institution of usury cannot be stopped merely with the decrease of the supply if the demand (vital needs of the consumers) cannot be satisfied in other ways.

The efficiency of law enforcement can be increased more and more – but no matter how much it is improved it will not bring result either. Thus,

the number of detected crimes together with the number of captured criminals could increase, but beyond the improving statistics practical results are unlikely to occur. What's more, successful police actions may further increase the ambivalent feelings of the target group. If policemen liberate the victims of the usurers from their direct fears, - the possibility of the immediate violence, they will exacerbate the insecurity of those victims in the future. As one of our respondents said: *"if he gets stuck financially next time, he will have nowhere to go he will not get money."*

There is not a perfect method that leads to the cessation of usury. It is impossible to stop this form of crime with the improvement of the operational efficiency of a single specialized institution. A solution can be only the start and systematic realization of deep and compound changes that will reach the whole society and each sub system. These compound changes do not have to be aimed at the usury loan or the cease of the *supply*, but to the providing for *vital needs (demands)*. While more than one hundred thousand people live in such unimaginable poverty that threatens their existence, and while these same people come up against barriers in all fields of life, while the majority society closes them into real and virtual ghetto, until these conditions are changed, demand for usury will not cease.



## 2.6 Changes in supply and demand in elementary education 1988-2009<sup>120</sup>

*Ferenc Bódi – Attila Fekete*

*There are more kindergartens and few kindergarten teachers*

*Two girls are talking in front of a kindergarten. One says, “I’ve made a contract with the kindy. They provided capacity for me, if later I work for them as a kindergarten teacher.”*

*Ludas Matyi, Vol 30. No 48. 8 November 1974. p. 9.*

### Introduction

In politics and in journalism the situation of primary educational institutions comes into view from time to time: they talk about the crisis of public education and about waves in school closing. The following study investigates the changes in the number of elementary level educational institutions, their distribution in the municipality structure and the utilisation of primary schools and kindergartens. The research covers the period between 1988 and 2009.<sup>121</sup> The study is based on a previous research carried out to a parliamentary commission report of 2003, which explored the reasons behind the closing down of schools and kindergartens.<sup>122</sup> The research was repeated and complemented with the data of recent years, in the summer of 2007 and in the spring of 2009.<sup>123</sup>

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<sup>120</sup> The lecture Bódi, Ferenc (IPS HAS) & Sz cs, Eszter (UNESCO) *Educational Reorganization: Local Level Planning* held at the 11<sup>th</sup> LOSS Conference at the University of Debrecen Faculty of Health, Nyíregyháza, 28 April 2005 can be considered as an antecedent of this chapter.

<sup>121</sup> The study follows the international comparative research methodology of Local Organisation of Social Services (LOSS), which compares the local organisation of social services of the countries concerned (the United States and the member states of the European Union). States, regions and settlements are examined separately and in comparison and their development in different time segments is studied.

<sup>122</sup> Parliamentary Commission to Explore the Reasons for Closing Down Schools and Kindergartens, September–December 2003, initiated and co-chaired by Sándor Lezsák.

<sup>123</sup> In 2007, the research was conducted with the support of ERSTE Bank, TÖOSZ (National Association of Local Governments) research into local governments, and Hungarian Scientific Research Fund (No 48301). The follow-up examination was carried on within the frameworks of INNOTARS 2008

With the help of a supply and demand model, this article is going to present the changes in the number of the kindergarten-aged and the primary school-aged population, as well as the changes in the number of primary level educational institutions, and how alteration in supply and demand shaped the utilisation of institutions.

The period under review was divided into seven-year cycles and the comparative analysis was based on the data of years 1988, 1995, 2002 and 2009. The resource of the data was the TeIR “National Regional Development and Spatial Planning Information System”.

The research was performed from two aspects of municipality structure: we grouped municipalities on the one hand by legal status and on the other hand by size (population band). They were classified into categories according to their status in 2009. The territorial code system was used to determine the legal status and the resident population of 2009 to determine the settlement size.

Looking back on the history of modern public education in Hungary, primary education has always struggled with a shortage of buildings and teachers. The situation of Hungarian public education could not be characterised by a balance of supply and demand.

A hundred years ago, almost a third of the population over the age of seven could not read and write. The first effective step in educational policy took place in 1926-1927 as a result of which five thousand new classrooms and homes for teachers were built in rural areas of the country (See Act VII of 1926 on establishment and maintenance of public schools for the agricultural population). Based on the *concept of Kuno von Klebelsberg* the school network developed in the country, which has essentially determined the education system to the present day. This conservative modernisation, which intended to modernise the internal structure of Hungarian society through a very cautious and gradual transformation performing “knowledge investment”, was a reaction given directly to WWI and the subsequent shock of Trianon (Klebelsberg 1926).

The number of schools has decreased sharply three times during peacetime in Hungary. First, at the end of the declining Bach-era, in

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(Socialising the resource allocation of regional and settlement development) and VKSZI “Rural Development Educational and Advisory Institute, Hungary” projects. The completion of the research and the preparation for the international comparative research was supported by the Hungarian Scientific Research Fund (No 81667).

1861-1862, when political life became uncertain and due to the concomitant loosening of school supervision hundreds of villages closed down their schools. At that time the proportion of pupils of compulsory education who really attended school was only 48 % (Schvarcz 1869). The Act XXXVIII of 1868 on public education by József Eötvös and the implementation of this law made efforts to improve the situation of the deteriorating public education.

The second great school closing wave took place in 1972-1973 in the socialist era, when schools in villages were abolished because of the merging of local councils administering villages. Consequently, primary school-aged children from villages of small population were forced to commute – mostly in poor conditions and by public transport – to schools in larger (central) municipalities (Nemes Nagy 1982).

The third school closing wave, which the current study is about, took place after the millennium in the local government era, when local governments as maintainers of institutions were forced to close down hundreds of schools due to the decreasing state normative support and the unfavourable demographic trends.

## **The demand side**

### *Demographic situation*

The population of Hungary decreased continuously, by approximately 420,000 people between 1988 and 2009. According to the number of their inhabitants, the municipalities were affected to different extents. The amount of the population decline is the highest in municipalities at both ends of the hierarchy. The population of both the capital city and villages with fewer than 500 inhabitants dropped by about 14 % which is a significant difference compared to the average of other categories. In contrast to the decreasing tendency the population of large villages and small towns increased. (Annex: Figure and Table 24)

In each category the standard deviation is high – taking values between 16 and 36 – and in each category there are municipalities with increasing and decreasing population also. The most extreme values (standard deviation, maximum, range) can be found in the very group, where the population increased.

The large differences within the categories not only evolved due to the natural decline, but also as a result of population movement and agglomeration. In this period, the population of the capital, Budapest, fell

by nearly 275,000 representing two-thirds of the total population change. At the same time, the population of municipalities located around the capital grew considerably and a similar phenomenon can be observed in the case of five major cities and some county seats like Szombathely and Veszprém, too. As a result of this process the agglomeration areas of Veszprém, Székesfehérvár and Budapest already abut. (Annex Figure 24)

*Distribution of age-groups by the legal status and the population of municipalities*

During the period in question, in parallel with the decrease in Hungary's national population, the number of the kindergarten-aged also dropped, however, to a much greater extent than the population decline. In 2009, the kindergarten age-group did not reach 80% of its 1989 total. The fall of the age-group was not continuous, a downward trend can be observed until 2002, and a slight growth, some 2 per cent increase from 2002 to 2009. It is also apparent, that a radical decline occurred between 1995 and 2002, almost the entire decrease in this age-group took place during this period. (Annex: Figure and Table 8)

The decrease in the number of the kindergarten-aged can be further refined by analysing the municipality categories. It can be observed, that by 1995 the slight fall in the age-group was due to the decrease in the number of the 3-5-year-olds in municipalities with a population of over 10,000. The number of this age-group increased without exception in the municipalities with a population of less than 10,000. This change is interesting because after 2002 the tendency reversed. The number of the age-group grew slightly only in municipalities with over 10,000 inhabitants, while in villages and in municipalities with a population of less than 10,000 it fell. These changes in the number of in this age-group did not result in considerable alteration in the distribution of the 3-5-year-olds within the municipality categories. In total, the most significant change took place in villages, their share increased by 2.5 percentage points when compared to 1988.

Substantially greater differences can be found when considering to what extent the proportion of the kindergarten-aged decreased in each category. The decline was above the average in municipalities with a population of over 10,000 and in the group of towns. In contrast, the drop in the number of the 3-5-year-olds was the smallest in villages, "only" 14%, however, major differences can be seen between villages. Larger municipalities were less affected by the decline of the age-group,

whereas the number of the kindergarten-aged fell to three-quarters in villages with fewer than 500 inhabitants.

Territorial changes in the number in the age-group follow the migration of the population into the agglomeration, although not completely covering it, in a smaller radius. The number of the 3-5-year-olds increased in the immediate agglomeration of Budapest and a similar phenomenon can be observed e.g. in the vicinity of Pécs, Győr and Szombathely. An increase can be seen also in areas inhabited by Romas, such as in the region of Northern Hungary. (Annex, Figure 8)

The decrease in the number of the primary school-aged children was much greater than that of the kindergarten-aged children. By 2009, the number of this age-group fell by almost 40% compared to 1988. In this case, it is not only that the number dropped drastically in a certain period and hardly changed before and after, but a continuous decline can be witnessed, though at a different pace. The most significant decrease took place from 1988 to 1995, the number of the age-group fell by 21.5 %. It is true that in the following seven years after 1995 – as compared to 1995 – the number dropped by ‘only’ 7.5%, however, in the next phase the decline doubled, i.e. by 15%. (Annex Table 9)

Budapest and towns of county rank suffered the greatest loss, in large towns the number of the primary school-aged fell nearly 50%. Meanwhile, the decrease of the age-group in villages was less than 25%. However, small differences can be observed by municipality size. The uneven change in the number of the 6-14-year-olds between municipality types modified the proportions between categories. Nearly 40% of the age-group lived in Budapest and in towns of county rank in 1988 and only 31% in 2009. Villages acquired almost the whole “quasi-profit.”

In spite of the nationwide downward trend, in some municipalities in the agglomeration area of e.g. Budapest, Győr or Pécs the number of the age-group increased, and in Pest County the decrease was less than the average. There was also an increase in the number of the primary school-aged in areas inhabited by mainly Romas, such as in the municipalities of the Northern Hungary. (Annex, Figure 9)

In summary, the relationship can be shown between the changes in the number of the resident population and of the age-groups examined, the extent of which depends on the type of municipality. The changes in the number of the resident population moved together with the changes in the number of both the primary school-aged and the kindergarten-aged far more in towns than in villages. In the case of towns of county rank,

the value of the correlation coefficient between the changes in the number of the resident population and of the kindergarten-aged is 0.91 and in the case of the primary school-aged it is 0.89. In towns the value is 0.86 and 0.83 and in villages it is only 0.49 and 0.56, respectively.<sup>124</sup>

## **The supply side**

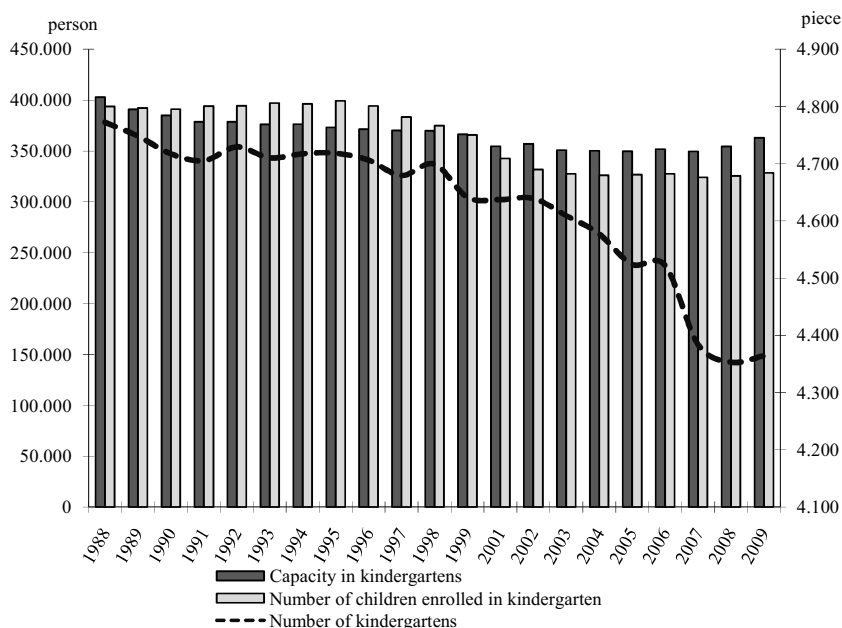
### *Changes in the number of kindergartens*

Between 1988 and 2009, the number of kindergartens continuously decreased, with the exception of one year, namely 1997. In 1988 Hungary had 4,772 kindergartens, by 2009 there were only 4,366 of them. However, the number of children enrolled in kindergarten grew until 1995, while in the second half of the period under review it showed a downward trend. *In total, the number of children in kindergarten, which was 394,000 in 1988, decreased to 329,000 by 2009, that is, in twenty years 65,000 children of kindergarten age fell out of the social service system.* (Chart 2.6.1)

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<sup>124</sup> Pearson's correlation coefficient with a significance level of 1%.

**Chart 2.6.1. :Number of kindergartens, their capacity and number of children enrolled between 1988 and 2009**



Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors

In 1988, the number of children aged 3-5 (373,000) was almost as many as the number of children enrolled in kindergarten (almost 400,000). However, by 2009 the two figures differed significantly. The number of children in the kindergarten age-group was 294,000, while the number of children enrolled in kindergarten was 329,000.<sup>125</sup> The difference between the two figures was due to the changing attitudes to kindergarten. Children go to school at a later age, and either their school readiness is examined more rigorously or they in fact are less mature. Parents’ mind has also changed about schooling. They are not so eager to send their children to school no matter the conditions. Perhaps the influence of

<sup>125</sup> Kindergarten is not compulsory for 3 and 4 years-old children in Hungary. However, parents are obligated to send their children to Kindergarten when the child turns 5, when they go to preparatory course for school. Despite of this fact, several parents do not allow the children to go to school when the child turns 6, therefore more and more children remain in the kindergarten.

post-adolescence on early childhood is seen in the new habits of starting school. Kindergarten practices were fundamentally different in towns and villages. In towns parents took their children to kindergarten from the age of three, considering kindergartens as ante-rooms for schools, families in villages, especially Roma families, could hardly be made to undergo at least the compulsory one-year kindergarten education from the age of five. The demographic trend was followed by the reduction in the number of kindergartens, such that in several villages the one and only kindergarten was closed. The villages with no kindergartens are mainly found in Baranya and Vas Counties, and in the northern (Cserehát) parts of Borsod-Abaúj-Zemplén County. (Annex, Figure 10)

In towns the number of kindergartens fell steadily, while in villages the number of institutions grew until 1995, and fell afterwards. (Table 2.6.1.)

**Table 2.6.1.. Distribution of kindergartens by municipality size and legal status**

Municipality size and legal status	1988		1995		2002		2009	
	piece	%	piece	%	piece	%	piece	%
–500	235	4.9	296	6.3	289	6.2	211	4.8
501–1000	559	11.7	609	12.9	614	13.2	594	13.6
1001–3000	974	20.4	974	20.6	955	20.6	950	21.8
3001–10000	739	15.5	712	15.1	679	14.6	614	14.1
10001+	2,265	47.5	2,129	45.1	2,104	45.3	1,997	45.7
Capital city	613	12.8	554	11.7	554	11.9	546	12.5
Town of county rank	752	15.8	717	15.2	696	15.0	655	15.0
Town	1,341	28.1	1,260	26.7	1,226	26.4	1,106	25.3
Village	2,066	43.3	2,189	46.4	2,165	46.6	2,059	47.2
Total	4,772	100.0	4,720	100.0	4,641	100.0	4,366	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

In villages with a population of less than 3,000, in general, the number of kindergartens grew after the change of regime, but this increase transformed into a decline starting at the latest at the beginning of the turn of the millennium. In contrast, in municipalities with a population of over 3,000 there was a continuous decrease in the number of



kindergartens. On the whole, by 2009 fewer kindergartens were found in each municipality type than before the change of regime.

In 1988, 879 Hungarian villages had no kindergarten. In 2009, the number of villages without kindergarten was 925. During the past twenty years, the number of kindergartens continuously fell, altogether by 376 institutions, but their location rearranged as well. Up to 1995, 109 tiny and small villages set up kindergartens, where there had been none before. Until 2002, the number of kindergartens decreased mainly in municipalities with two or three kindergartens, and more kindergartens closed down typically in the heavily aging capital and large cities of county rank. Most kindergartens (204) were closed down in towns. These institutions were often located in such parts of the municipality that were far from the centre of the (small) town, and which were not connected to the centre by public transport. Furthermore, these closed kindergartens had been attended by only a few children, whose parents voice was not heard in town hall, thus, lacking representation, they could not put pressure on the decision makers. They did not receive any support from the normative system of the multi-purpose micro-regional partnerships established after 2004, as in these new partnerships only commuters were supported. *Commuters inside a municipality* were not entitled to claim additional state aid. This made the situation of those living in small towns in the Hungarian Plain especially hard. They live inside the town, yet farther from institutions, than those who live in tiny villages, or perhaps in larger towns where they are perhaps closer to a kindergarten. Kindergarten-aged children are less, but school children are more affected by commuting in rural areas of the country.

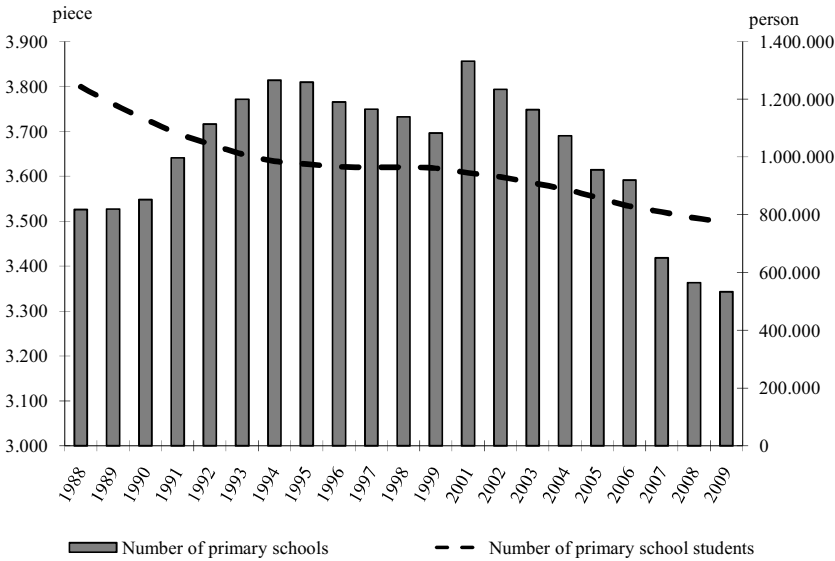
### *Changes in the number of primary schools*

The number of children enrolled in primary school fell from 1,243,000 in 1988 to 774,000 in 2009. At the same time, the number of primary schools decreased from 3,526 to 3,343. There were two peaks within this period: in 1994 and 2001 the number of schools exceeded 3,800 (3,814 and 3,856, respectively), while 985,000 children went to school in 1994 and 945,000 in 2001. (Chart 2.6.2.)

The increase in the number of schools in the early 1990s was due to the institution of the new local governments in villages, and the rural rehabilitation policy of the government. In towns, the increase in the number of primary schools was influenced favourably by the newly

established institutions maintained by churches, foundations and alternative associations.

**Chart 2.6.2.:Number of primary schools and primary school students from 1988 to 2009**



Source: TEIR data “National Spatial Development and Spatial Information System” calculated by authors.

By 2009, in Budapest, where the school-aged population fell significantly, the number of primary schools increased, in comparison to 1988. Towns of county rank were able to keep their schools, and also in towns their number increased, but in villages 234 primary schools were closed down. (Table 2.6.2.)

Between 1995 and 2009, the closing down of schools took place mainly in settlements with a lower population. In settlements with a population of less than 1,000, 305 schools were closed down during the 14-year period. The decrease in the number of schools in small settlements especially accelerated after 2002, 250 independent primary educational institutions were closed down in seven years (2002–2009). Institutions were closed down for two reasons: the changes in the funding scheme and the worsening demographic situation.

**Table 2.6.2. Distribution of primary schools by municipal size and legal status**

Municipality size and legal status	1988		1995		2002		2009	
	Piece	%	Piece	%	Piece	%	Piece	%
–500	214	6.1	229	6.0	188	5.0	77	2.3
501–1000	537	15.2	579	15.2	565	14.9	426	12.7
1001–3000	930	26.4	931	24.4	952	25.1	932	27.9
3001–10000	479	13.6	483	12.7	515	13.6	472	14.1
10001+	1,366	38.7	1,587	41.7	1,573	41.5	1,436	43.0
Budapest	347	9.8	399	10.5	401	10.6	377	11.3
Town of county rank	478	13.6	546	14.3	522	13.8	471	14.1
Town	808	22.9	916	24.0	938	24.7	836	25.0
Village	1,893	53.7	1,948	51.1	1,932	50.9	1,659	49.6
Total	3,526	100.0	3,809	100.0	3,793	100.0	3,343	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

In the years before the change of regime in Hungary, the penetration of primary schools was 67%, i.e. two-thirds of municipalities had their own primary schools. By 1995 it improved to 70%, and by 2009 it dropped to 60%, that is, the advantage gained in the early 1990s disappeared.

As a result of the changes, the distribution of primary schools between municipalities altered, too. While in 1988, 6.1% of schools were located in villages with a population of less than 500, in 2009 only 2.3% of them were found in these municipalities. The total share of villages fell from 54% to 50%, whereas that of towns increased in each category, in small and large towns, as well. The obvious “winners” of the changes in the number of schools were small towns and Budapest, which were able to increase the number of institutions in spite of the downward trend. (Annex, Figure 11)

## **The utilisation of kindergartens and primary schools**

### *The utilisation of kindergartens*

The utilisation of kindergartens worsened in all settlement types, but nowhere, except for the smallest municipalities, did it drop below the

critical 70% until 2009. However, when classifying by municipality size, it is apparent that in tiny villages, utilisation was only 69.5%, and moving toward the more populous municipalities in the categories, there is an increase in the utilisation of kindergartens. (Table 2.6.3.)

**Table 2.6.3. The utilisation of kindergartens between 1988 and 2009**

Municipality size and legal status	1988	1995	2002	2009
	%	%	%	%
–500	81.8	83.4	70.4	69.5
501–1000	92.9	95.5	80.3	76.6
1001–3000	97.1	104.5	90.6	86.2
3001–10000	101.3	111.8	98.5	95.0
10001+	102.1	113.1	98.4	95.0
Budapest	93.6	107.6	92.8	91.1
Town of county rank	101.6	112.1	94.3	93.5
Town	101.1	110.5	97.5	95.1
Village	94.4	99.7	85.5	82.3
Average	95.4	101.1	87.1	84.1

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

This trend, the order of categories is basically the same as the order of utilisation was in 1988, only the values of the index have changed. Utilisation is optimal only in towns and in municipalities with over 3,000 inhabitants, which replaced the shortage of capacity in the previous period. According to the data, utilisation of kindergartens was highest in 1995, when the number of children enrolled exceeded the official capacity. Kindergartens of towns, towns of county rank and the agglomeration of Budapest were especially overcrowded. However, dispersion is extremely high in the case of towns and also in municipalities with 3,001-10,000 inhabitants, therefore, some kindergartens presumably continue to be overcrowded in a number of towns and large villages, while some others are under-utilised.

In 2009, the distribution of capacity utilisation of kindergartens was regionally uneven. Utilisation above the average or over 100 per cent was especially typical in the agglomeration area of Budapest and in Pest County. In Vas and Zala Counties in regions with a lot of tiny villages

either there was no kindergarten at all in several villages or even if there was one, it was under-utilised. In the north-eastern part of the country, in Borsod-Abaúj-Zemplén and in Szabolcs-Szatmár-Bereg Counties villages without or with under-utilised kindergartens alternated with overcrowded institutions, as aged villages alternated with settlements mostly inhabited by Roma minorities. (Annex, Figure 12)

The number of children per kindergarten teacher increased throughout the country until 1995, then it decreased until 2002, and stagnated in the following period. (Table 2.6.4)

**Table 2.6.4. The average number of children per kindergarten teacher**

Settlement size and legal status of the settlement	1988	1995	2002	2009
	person	person	person	person
–500	11.8	13.1	11.1	10.6
501–1000	12.4	13.9	11.9	11.6
1001–3000	12.3	13.7	11.6	11.7
3001–10000	12.7	13.4	11.4	11.3
10001+	12.1	12.5	10.7	11.2
Capital city	10.5	10.9	9.2	10.0
Town of county rank	11.4	12.2	10.2	11.0
Town	12.3	12.8	11.0	11.2
Village	12.4	13.7	11.6	11.5
Average	12.3	13.6	11.5	11.5

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

The stagnation was composed of an increase in the number of children per kindergarten teacher in towns and in larger settlements, while in villages the number decreased. Assuming that the best situation for children is when a kindergarten teacher’s attention is divided among fewer students, kindergarten children in Budapest were in the best position in 1988 and also in 2009 but there were not much differences between the categories. In 2009, the average number of children per kindergarten teacher was higher by one and a half in the most unfavourable villages than in Budapest. In this respect, tiny villages were in the most favourable position since the average value of the index is the lowest in the case of municipalities with fewer than 500 inhabitants.

### *The utilisation of primary schools*

In the period under review, the average number of pupils per classroom decreased from 20.6 to 18.2. However, the value fell in each category until 2002 and then started to increase in each group. Examination by legal status of the municipality shows, that the order of the utilisation of classrooms did not change essentially in the past two decades, however, differences between the categories decreased significantly. (Table 2.6.5.)

**Table 2.6.5. The utilisation of primary schools between 1988 and 2009**

Municipality size and legal status t	1988	1995	2002	2009
	person	person	person	person
–500	14.0	12.5	11.3	13.5
501–1000	16.7	13.4	12.2	13.0
1001–3000	21.7	18.2	17.5	18.4
3001–10000	25.3	21.4	20.4	22.7
10001+	27.0	22.8	22.1	23.2
Budapest	26.6	22.7	20.7	21.0
Town of county rank	27.7	23.3	22.8	23.2
Town	26.3	22.3	21.3	22.9
Village	19.6	16.3	15.5	17.3
Average	20.6	17.1	16.4	18.2

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

It was in tiny villages that the utilisation of classrooms in primary schools has the least decrease between 1988 and 2009. Nevertheless, it has to be stated that the smaller the municipality, the larger the value of standard deviation. In tiny, small and medium size villages the deviation from the average is very high, i.e. there are big differences in the utilisation of classrooms between rural municipalities.

The value of the index is above the average in the vicinity of the capital city, in Pest County and in the Hungarian Plain. In the small towns and larger villages of regions with lots of tiny villages, especially in Transdanubia, Nógrád and Borsod-Abaúj-Zemplén Counties, the utilisation of classrooms is above the national average. The reason is that these settlements are surrounded by villages without schools or with classes of around sixteen pupils or less. (Annex, Figure 13)

According to OKI “National Institute for Public Education” data (Hermann-Varga 2007), one of the major problems is that the decrease in the number of pupils was not followed by the decrease in the number of teachers, i.e. the student-teacher ratio reached a very low value in the past one and a half decades, and this index points to a low efficiency at the macro level. Our investigation also reveals that while in 1988 an average of 12.5 pupils were taught by one teacher, it was only 10.1 in 2009. The decrease was not continuous, the value of the index reached its minimum in 2002, when the number of pupils per teacher was 9.9, then began a slow increase. (Table 2.6.6.)

The decrease in the pupil-teacher ratio took place in different degrees in different municipalities. The decrease was less in tiny and small villages, while in large villages and in municipalities with a population of over 10,000 the decrease was much higher compared to the smaller municipalities. The over-employment of teachers occurred in large villages and towns (with over 3,000 inhabitants), which are in a worse position from the point of view of schooling, and where 77.6 per cent of all the pupils study.

**Table 2.6.6. The average number of children per teacher**

Municipality size and legal status	1988	1995	2002	2009
	person	person	person	person
–500	10.6	9.4	8.4	8.8
501–1000	10.6	8.8	8.1	8.7
1001–3000	12.8	10.7	10.3	10.2
3001–10000	14.8	12.5	11.9	11.5
10001+	14.7	11.9	11.3	11.1
Budapest	13.7	11.0	9.0	8.9
Town of county rank	14.2	11.2	10.5	10.6
Town	14.8	12.4	11.7	11.3
Village	12.1	10.1	9.6	9.9
Average	12.5	10.4	9.9	10.1

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

## Conclusion

It is not easy to assess the network of educational institutions in Hungary, and because of its special structural features, it is difficult to compare it to the different structure of other states, OECD countries or other EU member states.<sup>126</sup> Our education system is historically embedded in the texture of society and in the lives of local communities in a different way than in Germany or Scandinavia. Kindergartens and schools play a multifunctional role in the life of a local society. They create and keep together a community, and quite often (especially in poorer or rural regions) they also perform a social mission. That is why local societies of municipalities are hard-hit by abolishing their institutions. However, the changes in the number of institutions did not entirely follow the demographic trend.

In the period under review the decreasing tendency of the population at the national level was restructured by agglomeration. In Budapest and in large cities the population dropped, while in municipalities located around them the population grew. In terms of the proportions, the biggest “losers” of the population decline beside Budapest were tiny villages.

In parallel with the decrease in the population of Hungary, the number of the kindergarten-aged also fell, however, to a much greater extent than the national tendency. In the period as a whole, the decline of the age-group was at its highest rate in large cities and in tiny villages. However, opposite to the decrease in large cities, in villages there was an increase in the number of the age-group until 1995. Later this tendency reversed and the number of the age-group grew in municipalities with over 10,000 inhabitants and in towns, while in villages and in municipalities with a population of less than 10,000 it fell.

In smaller municipalities the changes in the number of kindergartens showed similar trends to the changes in the number in the age-group. The number of kindergartens grew in villages until 1995, whereas the number fell continuously in larger municipalities and in towns. Although in the following period the number of children increased in larger settlements, the number of kindergartens continued to decline.

Overall, it appears that the utilisation of kindergartens was almost irrespective of the changes in the number in the age-group and the

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<sup>126</sup> Although there are a lot of similarities with the new member states, due to the historical background of Hungary's education system and because of the structural features of the demand (social) side, the comparison with quantitative methods might result in disputable conclusions.



institutions. Whether the two values moved together or contrary, utilisation was autonomous.

The number of kindergarten teachers did not follow flexibly the changes in the number of children, either. The average number of children per kindergarten teacher was determined by the changes in the number of children rather than the recruitment and dismissal of kindergarten teachers.

The decrease in the number of the primary school age-group significantly exceeded that of the 3-5-year-olds. By 2009, the number of this age-group fell to nearly 60% of its 1988 level. The decline was highest in Budapest and in towns of county rank, the number of the age-group decreased by nearly half in large towns. By analysing the municipal categories it can be seen, that the changes in the number of primary schools differs from that of the age-group changes

In the case of villages, where the decrease of the primary-school age-group was the smallest, the closing down of schools was not always due to demographic reasons. Changes in spatial and temporal location of primary schools did not follow the demographic changes. While the proportion of the primary-school age-group fell significantly in the urban population, institutions were mainly closed down in villages.

In Budapest , where the number of the 6-14-year-olds fell by 50% , the number of primary schools increased by 30, in comparison to 1988. In towns of county rank at the beginning of the period the number of institutions grew, then fell below the level of 1988, while in small towns the number increased by 28. In villages, where the decrease of the age-group was more moderate, the balance of the opening and closing down of schools was minus 259.

The number of classrooms, however, continuously and dramatically decreased after the millennium. The maintainers of schools (90% were local governments) reacted to the decline of the child population by reducing capacity. Educational institutions and their maintainers adapted flexibly to demographic changes, but the double effect of the dramatic decrease in the child population and the underfinanced education system could hardly be handled. At that time, however, there was no decrease in the number of schools, since the local governments, as the primary maintainers of schools, did their best to keep their independent schools, quite often even beyond their capacities. It became especially insupportable with the sudden doubling of wages in the public service sector by the former governments. Maintainers were not able to manage

with the decreasing state normative support. For this reason and due to the changing financing conditions related to the establishment of multi-purpose micro-regional partnerships the closing down of schools reached a huge number between 2002 and 2009. (Fekete 2009)

During the past two decades, the pupil-teacher ratio fell significantly also in municipalities, where there was an increase in the number of pupils at local schools. (Hermann & Varga 2007) The decrease of the pupil-teacher ratio took place surprisingly evenly throughout the country, irrespective of the supply and demand principle. The job resistance of teachers was in fact independent of the number of pupils until institutions were closed or merged, since the number of teachers was not determined by the number of pupils but the number of classes. The pupil-teacher ratio in Hungary was 57 per cent of the OECD average, but the average number of pupils per class in Hungary (20.2) was not significantly different from the international average (OECD average was 21.4). (Hermann & Varga 2007) The comparison of the pupil-teacher ratio in an international context is not easy, for the education system in Hungary has very special features which cannot be found in any other countries.

### **The balance of supply and demand of elementary education between 1988 and 2009**

The balance of supply and demand is in favour of towns and larger municipalities. In the final years of the Soviet-type council system the distribution of the age-groups was followed by the distribution of the number of schools. However, by 2009 in villages the proportion of children enrolled in primary school increased by only 1.5 percentage points in spite of the fact, that the distribution of the primary school-aged was more favourable by 6.2 per cent, than twenty years before.

The previous and present “losers” of the supply and demand were clearly the villages with fewer than 1,000 inhabitants, where the school-aged population had to commute even before and after the local government period. The “winners” of the period after the change of regime were towns, which were able to keep the headcounts of their elementary level educational institutions in a greater number in spite of their worsening demographic indicators. Local urban societies were able to maintain a better educational supply through a more persuasive interest, enforcement and building upon a stronger local economy. Not least, they were able to gain the regional educational duties through a more powerful enforcement of territorial jurisdiction.

However, there are reasons for the existence of small schools and schools in small settlements. According to OKI “National Institute for Public Education” surveys, in the years after the millennium 31.5 per cent of Hungarian schools had fewer than 150 pupils, where 10% of the national student population studied. The Klebelsberg model survived the trials of the twentieth century, including the settlement and country planning and centralising policies of the 1970s. Our primary education system is based on the principle that children should go to school nearest their family home, even if that requires the maintenance of several small schools.

It has been proven by education efficiency calculations that the per-unit costs of small schools (especially the ones with fewer than 100 pupils) increase steeply, and over 200 pupils the costs per person can hardly be reduced. However, if nearly 400 small schools with fewer than 100 pupils were closed down with the stroke of a pen, referring to economies of scale, about 1-2 per cent of the costs could be saved on the macro level, according to the calculations of the OKI “National Institute for Public Education” (Hermann 2007). The expenses of commuting (or a school bus) have to be considered, as well, together with the social expenses following the closing down of schools, placing an extra burden on settlements and families (how to maintain the library, the village house and the canteen that were operating within the school).

One of the most frequently quoted reasons for the closing down of small schools is the low level of educational output of village schools. This opinion is contradicted by reports based on the surveys of SULINOVÁ (Agency for Educational Development and In-service Teacher Training, 2003-2006) (Balázsi-Zempléni 2004) and Oktatási Hivatal “Educational Agency”, from 2007 (OKM 2009, 2010) measuring internal education efficiency. The comparison of the results from the National Assessment of the Basic Competencies measurement by municipality type proves that the differences in parents’ qualifications account for a substantial part of the differences in the efficiency of schools (Balázsi & Bódi & Obádovics 2008). Therefore, all in all, the efficiency of schools in small municipalities is very similar to that of schools in larger villages, lagging only a little behind town schools. Neither village schools nor those in towns and cities perform well in the education of students with a disadvantaged family background. Consequently, neither efficiency nor higher expenditures offer grounds for considering the maintenance of schools in small municipalities as one of the most serious efficiency problems of public education in Hungary (Hermann 2007).

Serious deficiencies of our primary education system have not ceased during the past twenty years. One of these deficiencies is that the system does not entirely fulfil the function of compulsory primary education. Another important deficiency, which will not be dealt with in details in this article, is the poor education productivity, i.e. social efficiency of our primary education system is low. It does not promote social mobility and integration, that is, it does not guide the new generation growing up receiving social allowance toward the world of work and value-creating economy (Gazsó 2008).

## 2.7 School performance – school reorganization

*Ildikó Balázs– Ferenc Bódi*

The previous chapter described the characteristics of the primary school maintenance in the small communities of Hungary for the first half of the last decade. This chapter examines the characteristics and performance of schools closed between May of 2006 and May of 2009, and the effect of reorganization on commuting time. Did the schools' characteristics and their students' results affect the reorganization of schools? How did the proportion of students going to school in another community change in this three-year period? Did the time of daily commuting between home and school increase?

### Data and methods used

The foundation for the evaluation are the databases of the National Assessment of Basic Competencies (National ABC) of the Hungarian Educational Authority, which measure the reading and mathematical proficiency of students for the full cohort of grades 6, 8 and 10 in every May. As part of the assessment, school and school site principals complete questionnaires about the characteristics and condition of the school, and students also complete a non-compulsory questionnaire about their socio-economic status, demographics, their schools and their educational career.<sup>127</sup> The following analysis uses the National ABC reading and mathematics results of 8<sup>th</sup> grade students in 2006 and 2009 as an indicator of their performance in lower secondary schooling, and the answers of 8<sup>th</sup> grade students in the student questionnaire as a proxy of their socio-economic status.

In the Hungarian school system large schools are very common, with more school buildings (school sites) and separate addresses. The merged school sites have one headmaster and joint management, however, physically they are often far away from each other, sometimes located in separate communities. As conditions and characteristics of a school's school site can be very different, henceforth *school* would mean school site and *institute* would mean the merged school sites in this study.

Statistics were calculated using the weights of the National ABC databases, ensuring that our results are valid for the grade 8 cohort

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<sup>127</sup> The assessment's official web-site (Hungarian):  
<http://www.oh.gov.hu/kompetenciameres-6-8-10/orszagos-kompetenciameres>

(students with special education needs – SEN students – were excluded), and students missing on the day of assessment are predicted by weighting the results and characteristics of the other students in their class. Simple standard error calculations used in simple random samples and embedded in statistical software packages are not feasible in the case of the National ABC, as results and characteristics of students in the same class and same school are correlated. Therefore the standard errors of the statistics of students were estimated with bootstrap algorithm. In the analysis of school characteristics weighting was not used. Chi-square tests were used to probe whether school closing had any relationship with school characteristics.

For analyzing a community's school availability the TeIR "National Regional Development and Spatial Planning Information System" database was used, along with the KIR "The Information System of Public Education" database. For estimating the number of commuting students, the educational normative subsidy application forms of multi-purpose micro-regional associations, which were summarized in the ÖTM "Ministry of Local Government", were used.

### **Schools closed between May of 2006 and May of 2009**

It follows from the Hungarian community structure that there are lots of local governments which do not have a kindergarten or school. Demographic changes, the difficult financial situation of local governments and the central governments' encouragement to form school maintenance associations resulted in the reorganization of schools in many areas or micro-regions between 2005 and 2010. In addition to the schools being closed completely during this period, many schools were merged in one institute, putting them under the control of one headmaster and a common administrative body. Lots of local governments provided primary education by forming school maintenance associations prior to this period too, and even though the number of the primary educational institutes was decreasing due to school closings and mergers for almost every type of bodies providing school maintenance, in fact the proportion of institutes administered by school maintenance associations increased from 19 to 22.5 percent (*Table 2.7.1*). Communities participating in a school maintenance association make an agreement about which community would have schools, usually merged into one institute, what grades would be taught in each school, which communities would not have a school at all, making students travel to a neighboring community instead. Lots of schools maintained by a school

maintenance association work with grades 1 to 4 or grades 1 to 6, organizing schooling for small children locally while making older students commute.

**Table 2.7.1. Number and percent of the institutes by the type of the maintenance between school years 2005/2006 and 2008/2009**

Type of bodies providing school maintenance	Number and percent of institutes providing primary schooling							
	in the school year 2005/2006		in the school year 2006/2007		in the school year 2007/2008		in the school year 2008/2009	
		%		%		%		%
Local government (villages', towns', county towns', the capitol's districts', counties' or the capitol's)	2260	70.9%	2225	69.3%	1654	64.3%	1539	63.6%
Local governments' maintenance association (in various legal status, e.g. multi-purpose micro-regional associations, association council)	604	19.0%	650	20.2%	580	22.5%	538	22.2%
Ecclesiastical entity	174	5.5%	183	5.7%	185	7.2%	192	7.9%
Foundations, associations, charity organizations or non-profit companies	95	3.0%	98	3.1%	99	3.8%	105	4.3%
Higher educational institutions (state, ecclesiastical or other)	27	0.8%	27	0.8%	27	1.0%	27	1.1%
Limited liability company	9	0.3%	11	0.3%	13	0.5%	6	0.2%
Other (e.g. minority government, government agency, foreign maintenance)	17	0.5%	18	0.6%	16	0.6%	12	0.5%
Total	3186	100.0%	3212	100.0%	2574	100.0%	2419	100.0%

Source: The Information System of Public Education, Educational Authority. Note: The table shows the number of institutes, number of schools is naturally higher, since lots of institutes incorporate more schools.

The number of communities with no primary school increased between 2006 and 2009 in Hungary. In 2006 there were 1104 such communities in 2007 1212, in 2008 1244 and in 2009 1256 (source: TeIR database), which is an approximately 5% increase, from 35% to 40%. In addition, the number of communities, where there is primary school but no upper primary education (grades 5 to 8) provided also increased.

According to the database of the National ABC, in 2006 in 1749 communities had schools with 8<sup>th</sup> grade students, in 2007 the number of such communities was 1753, in 2008 it was 1600 and in 2009 it was 1563, so at least in 183 communities the teaching of 8<sup>th</sup> grade students was terminated during this period. Considering the schools participating in the National ABC (schools teaching only SEN students were excluded), table 2.7.2 summarizes the number of schools which had 8<sup>th</sup> grade students in a given school year.

**Table 2.7.2. Number of schools teaching 8<sup>th</sup> grade students by school year**

School year	Number of communities which had schools with 8 <sup>th</sup> grade students	Number of schools	
		There had been at least one non-SEN 8 <sup>th</sup> grade student in the school	The school have received a grade 8 National ABC Report with their results
2005/2006	1749	3113	3055
2006/2007	1753	3116	3059
2007/2008	1600	2900	2863
2008/2009	1563	2848	2821

Source: National ABC database, authors' calculation. Note: Schools have not received a report if they had less than five students in grade 8 or more than fifty percent of students were missing on the day of assessment, so the fourth column shows the schools having a report.

Between May of 2006 and May of 2009, teaching of 8<sup>th</sup> grade students was completely terminated in 301 (not solely SEN) schools in Hungary. Approximately half of these schools became lower grade schools with grades 1-4 or grades 1-6, and half of them closed completely (Table 2.7.3). The largest reorganization took place between the school years 2006/2007 and 2007/2008, when almost 70% of the 8<sup>th</sup> grades closed. Two thirds of the schools closed or restricted to lower grades were the only school in the community. In 192 communities education of 8<sup>th</sup> grade students was completely stopped. Two thirds of these 192 schools not closed completely but were restricted to lower grades, and only in 60



communities was the only primary school completely closed. This shows that decision makers tried to support local schooling for lower grade students at least, where the decreasing number of students and/or the difficult financial situation of the community made it necessary to make decisions about the only school.

**Table 2.7.3. Number of schools closed or restricted to lower grades between May of 2006 and May of 2009 by the year of closing/restriction**

	Last school year in which the school had 8 <sup>th</sup> grade students			Total	Was the only school of the community
	2005/2006	2006/2007	2007/2008		
Became a grade 1-4 or grade 1-6 school	14	118	28	160	132
Closed completely	22	88	31	141	60
Total	36	206	59	301	192

Source: National ABC database, authors' calculation.

For the school year 2005/2006, the National ABC's grade 8 database contains 293 of the closed/restricted 301 schools – 8 schools, although they might have had, in reality did not have 8<sup>th</sup> grade students. Thus, the analysis was on these 293 schools. Schools closed or restricted to lower grades in the examined period usually were small schools: the national average of 8<sup>th</sup> grade students per school was 36.5 in 2006, while the average number of 8<sup>th</sup> grade students was 14.1 in the later restricted schools and 19.7 in the later closed schools. As a result, the 10% school level restriction affected only 4.1% of the students: in 2006 1.9% of 8<sup>th</sup> grade students attended schools restricted later to lower grades and 2.2% of them attended schools closed before 2009.

The majority (67%) of schools restricted to lower grades were located in small and middle sized villages, while schools closed completely have a somewhat more balanced distribution by size of the community (*Table 2.7.4*). Of course communities with their only school closed or restricted to lower grades also were small or middle sized villages, from the 192 total of such schools 132 were in small villages and 60 were in middle sized villages with more than one thousand inhabitants. In these size categories where a school was closed or was restricted to lower grades in this period, no school with 8<sup>th</sup> grade students remained in the community

except in five cases. Reorganization of schools changed slightly, but significantly the distribution of number of schools by community type and size: while the proportion of schools in villages decreased considerably, and in small villages there were 30% fewer schools in 2009 than in 2006, the number of schools in towns and cities decreased less dynamically. Moreover, in small towns not only the proportion but also the number of schools actually increased. This shows that the potential to maintain schools and keep their population in the community with less than 2,000 habitants is quite weak, therefore the demographic changes have the largest effects in small villages. However, despite the wave of reorganization and closing of schools, 37% of the Hungarian primary schools with 8<sup>th</sup> grade students are still found in small or middle sized villages.

**Table 2.7.4. Number and proportion of schools by the type and size of the community**

	Schools which had 8 <sup>th</sup> grade students in the 2005/2006 school year		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Schools which had 8 <sup>th</sup> grade students in the 2008/2009 school year	
		%		%		%		%
Small villages (population below 1000)	379	12.2%	133	45.4%	48	35.3%	265	9.3%
%		100.0%		35.1%		12.7%		69.9%
Middle sized villages (population 1000-2999)	877	28.2%	64	21.8%	16	11.8%	801	28.1%
%		100.0%		7.3%		1.8%		91.3%
Large villages (population above 3000)	240	7.7%	6	2.0%	2	1.5%	212	7.4%
%		100.0%		2.5%		0.8%		88.3%
Small towns (population below 10 000)	236	7.6%	13	4.4%	7	5.1%	244	8.6%

%		100.0%		5.5%		3.0%		103.4%
Middle sized towns (population 10 000 - 29 999)	419	13.5%	28	9.6%	21	15.4%	409	14.4%
%		100.0%		6.7%		5.0%		97.6%
Large towns (population above 30 000)	197	6.3%	19	6.5%	15	11.0%	170	6.0%
%		100.0%		9.6%		7.6%		86.3%
County seats	409	13.1%	18	6.1%	15	11.0%	399	14.0%
%		100.0%		4.4%		3.7%		97.6%
Capitol (Budapest)	356	11.4%	12	4.1%	12	8.8%	348	12.2%
%		100.0%		3.4%		3.4%		97.8%
Total	3113	100.0%	293	100.0%	136	100.0%	2848	100.0%
%		100.0%		9.4%		4.4%		91.5%

Source: National ABC database, authors' calculation. Note: The number of schools which had 8<sup>th</sup> grade students in the 2008/2009 school year is not equal with the number of such schools in 2005/2006 minus the number of closed schools; it can be higher or lower than that. On the one hand new schools were founded in this period too, on the other hand in both school years, only the schools actually having 8<sup>th</sup> grade students are shown.

## Characteristics of the closed schools

The facts above raise the following questions: in what physical condition were the schools that were closed or restricted to lower grades, and how efficient they were in teaching? Will school fusions and restructuring that has started weed out small schools in bad condition and with a low performance? Or have high-quality small schools been selected to be closed in multi-purpose micro-regional associations so that the legitimacy and financial position of larger school centers of large villages, small towns or large towns strengthens? An analysis of the data of the National ABC, using the reading and mathematical performance of 8<sup>th</sup> grade students and the answers of the School Site Questionnaire should provide some answers. The analysis examined the distribution of the conditions and location of the school, and the parents choice of school in the school's district based of the answers of the School Site Questionnaire. Since school sites closed or restricted to lower grades in the autumn of 2006, 2007 or 2008 also took part in the May 2006 data

survey, the characteristics of institutions closed thereafter can be compared to the features of school sites still in operation.

**Table 2.7.5. The location of the school within the community or district**

	Schools which had 8 <sup>th</sup> grade in the whole period		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Total	
		%		%		%		%
Inner part of the community, central location	2044	76.5%	225	80.4%	90	69.2%	2269	76.9%
Inner part of the community, on the edge	576	21.6%	51	18.2%	37	28.5%	627	21.2%
Outside the community	52	1.9%	4	1.4%	3	2.3%	56	1.9%
Total	2672	100%	280	100%	130	100%	2952	100%

Source: National ABC database, authors' calculation.

The physical condition of the schools where the 8<sup>th</sup> grade was closed was not strikingly bad and their location was good, as 80% had a central location, 18% were at the edge of the community, and only four schools were found outside of the community. The location of the school within the community, unlike the type and size of the community was not related to the decision about closing the school. Similarly, there was no relationship between the physical condition of a school and termination of the 8<sup>th</sup> grade. Approximately half of the schools were in medium condition independent from whether the 8<sup>th</sup> grade was terminated or whether the whole school was closed, and the proportion of schools in good or bad condition is also similar, independent from the closings (Table 2.7.6).

**Table 2.7.6. Physical condition of schools**

	Schools which had 8 <sup>th</sup> grade in the whole period		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Total	
		%		%		%		%
Excellent condition	111	4.2%	9	3.3%	5	3.9%	120	4.1%
Good condition	812	30.7%	94	34.1%	32	25.0%	906	31.1%
Medium condition	1387	52.5%	135	48.9%	68	53.1%	1522	52.2%
Bad condition	293	11.1%	36	13.0%	22	17.2%	329	11.3%
Very bad condition	38	1.4%	2	0.7%	1	0.8%	40	1.4%
Total	2641	100.0%	276	100.0%	128	100.0%	2917	100.0%

Source: National ABC database, authors' calculation.

Twenty five percent (25%) of schools that were later closed or restricted to lower grades were renovated within five years before the 2006 assessment; this is somewhat lower than the 28% seen in the case of schools operating continuously in the observed period. However, the difference is not significant. In the case of schools closed completely, this proportion is even smaller, 20%, and there is a significant difference between schools closed completely and schools operating unchanged or at least with lower grades in whether their buildings were renovated or not in the period between January 2001 and May 2006.<sup>128</sup> This could indicate that in cases, where the body maintaining the school was forced to make some restrictions, school buildings, which were renovated lately, were kept as schools instead of closing completely. Or, alternately, this could indicate that organizations, who later had to close their school, were in a difficult financial situation, and both the omission of renovation and the closing s followed from this.

<sup>128</sup> The p-value of the chi-square test is 0.045.

**Table 2.7.7. Renovation of the school building in the last five years**

	Schools which had 8 <sup>th</sup> grade in the whole period		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Total	
		%		%		%		%
The school building was built or renovated in the last five years	754	28.2%	69	24.8%	26	20.2%	823	27.9%
The school building was not renovated in the last five years	1920	71.8%	209	75.2%	103	79.8%	2129	72.1%
Total	2674	100.0%	278	100.0%	129	100.0%	2952	100.0%

Source: National ABC database, authors' calculation.

In the National ABC the management of the school sites was asked if there was another school nearby offering similar training. More than half of the respondents answered that there are at least two such schools in the neighborhood. One sixth said there is one institute offering similar training and one third claimed there is no other schools nearby from which parents can choose. Schools where the 8<sup>th</sup> grade remained functional and schools where it did not, have similar circumstances in this aspect. For closed schools the proportion of schools where no other school was available in the vicinity, and hence after the closure students had to travel more, was somewhat lower, 23%.<sup>129</sup> This indicates that if younger students would have had to commute, it was an argument against terminating the lower primary grades as well.

<sup>129</sup> Nevertheless, the difference is not significant, the p-value of chi-square test is 0.189.

**Table 2.7.8. From the following statements which is most characteristic of schooling opportunities near your school?**

	Schools which had 8 <sup>th</sup> grade in the whole period		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Total	
		%		%		%		%
There are at least two schools offering similar training in our neighborhood	1406	52.9%	141	51.3%	72	56.7%	1547	52.7%
There is another school offering similar training in our neighborhood	436	16.4%	50	18.2%	25	19.7%	486	16.6%
There is no school offering similar training in our neighborhood	816	30.7%	84	30.5%	30	23.6%	900	30.7%
Total	2658	100.0%	275	100.0%	127	100.0%	2933	100.0%

Source: National ABC database, authors' calculation.

How often were children moved in the last school year to school sites further away by their parents who live near the closed or restricted schools prior to the closing. That is, was there any commuting before the closings? For schools shutting down (at least) grade 8 and schools remaining fully functional have similar distributions, approximately 70% of schools' principal answered that parents in their schools district rarely or very rarely chose another school for their children. Within schools which had 8<sup>th</sup> grade in the whole period the proportion of schools where parents often or very often chose other school was 9%, while within schools losing their 8<sup>th</sup> grade this proportion was 14%, but the difference of the two distributions is not significant. At the same time, the proportion of schools, from where parents often who took their children to another more distant school was higher, 24% among the schools that were later entirely closed.<sup>130</sup> That is, organizations maintaining schools

<sup>130</sup> The difference is significant, the p-value of chi-square test is 0,004.

took into consideration the popularity of schools to some degree while making decision about closing a school.

**Table 2.7.9. How often did parents living in the school's district choose a more distant school for their children instead of the given school?**

	Schools which had 8 <sup>th</sup> grade in the whole period		Schools where the 8 <sup>th</sup> grade ceased between 2006 and 2009		<i>From these schools closed completely between 2006 and 2009</i>		Total	
		%		%		%		%
Very rarely	1155	46.2%	117	43.3%	33	26.6%	1272	45.9%
Rarely	631	25.2%	69	25.6%	34	27.4%	700	25.3%
Sometimes	498	19.9%	47	17.4%	27	21.8%	545	19.7%
Often	156	6.2%	20	7.4%	16	12.9%	176	6.3%
Very often	62	2.5%	17	6.3%	14	11.3%	79	2.8%
Total	2502	100.0%	270	100.0%	124	100.0%	2772	100.0%

Source: National ABC database, authors' calculation.

In summary it can be said that school location was favorable in the cases of schools that were closed or reduced to the first six grades between 2006 and the spring of 2009 and the physical conditions of the school buildings were good in 37% of the cases. There usually were other schools in the neighborhood parents could choose from and it was rarely the case that they had to send their children to a distant school. There was no significant difference between schools forced to shut at least grades 7-8<sup>th</sup> down and those functioning further as an 8 grade school in any examined aspect. There are differences though if we compare schools entirely closed and schools remaining fully functional. In the cases of schools later closed for renovation was rare in the five years preceding the assessment and the number of schools parents often took their children from to more distant schools was slightly higher. Despite this the majority of closed schools did have a favorable location and was attended by most of the children living in the neighborhood. That is to say there was no demand or possibility from the part of the local community to commute their children because of poor schooling opportunities. It is probable that the shutdown of such schools was not



welcomed by the local communities and was mainly a result of external considerations.

### **National ABC results and school shutdowns**

In this paper the databases of the National Assessment of Basic Competencies are used to obtain a picture about the social, economic and cultural background and mathematics and reading literacy results of schools closed or restricted to lower grades in the period between 2006 and 2009. The assessment reports (OKM2006..., 2007a; OKM2007..., 2008; OKM2008..., 2009; OKM2009..., 2010) clearly show that students' average proficiencies markedly differ according to community sizes – the smaller the community, the lower the average performance is. Taking into account the SES-index of students sheds a different light on this phenomenon.<sup>131</sup> It was shown (OKM2006..., 2007a) that the variation in student performances according to community sizes is mainly explained by the differences in the social, cultural and economic backgrounds of these community types. Results of students with similar background are nearly identical irrespectively of the community type.

For the reasons above and given that about 70% of school closings and reductions occurred in small and middle-sized villages (Figure 2.7.4) it is vital to take into account the community category and the family background of students while examining the performance differences between fully functioning schools and schools reduced to lower grades. Indeed if we look at the results of various school groups on the national level it is not surprising knowing the above facts that both closed and reduced schools had poorer social, cultural and economic background and weaker literacy results than those functioning fully later on (Table 2.7.10). At the same time it is remarkable, that while the closed schools had better background than the reduced ones the mathematics and reading results were better of the second group. That is to say, the

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<sup>131</sup> Based on the answers given to the questions of the student background questionnaire the SES-index is an aggregated index. The average is set at 0, the variation is 1 and it is computable to the 76% of the students that have participated in the assessment. The data relative to the SES-index thus is not representative nationally and must be treated with caution. It is true though that the proportion of those actually having a SES-index is similar in every community category with the exception of Budapest where only 69% of students answered the questionnaire. On the other hand there is no difference in the proportion of students filling the background questionnaire in different community categories between schools later closed and schools remaining fully functional.

differences between reduced and closed schools are not explained by the differences between family backgrounds, some other factor is responsible for the poorer performance of the latter.

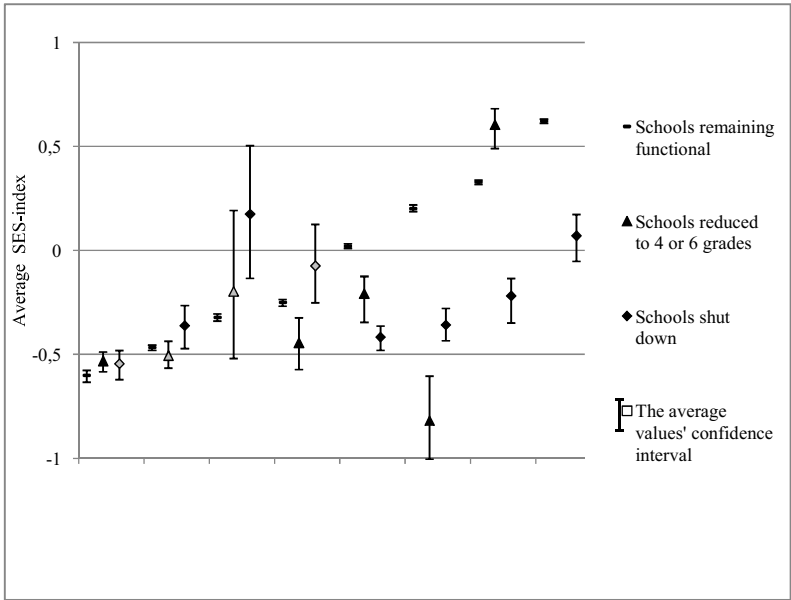
**Table 2.7.10. Students' results and SES-index in the 2006 National ABC for closed, reduced and fully functioning schools**

		Schools which had 8 <sup>th</sup> grade in the whole period	Schools reduced to 1-4 <sup>th</sup> or 1-6 <sup>th</sup> grades between 2006 and 2009	Schools closed completely between 2006 and 2009	Performance difference in score points (functional - reduced) (S. E.)	Performance difference in score points (functional - shut down) (S. E.)
Students' mathematics score	Average (S. E.)	495 (0.3)	471 (1.6)	460 (1.6)	<b>24</b> (1.7)	<b>35</b> (1.7)
	Deviation (S. E.)	101 (0.2)	93 (1.5)	99 (1.2)		
	Number of students / Number of schools	107 081 / 2808	2077 / 153	2502 / 130		
Students' reading score	Average (S. E.)	499 (0.3)	473 (1.7)	460 (1.7)	<b>26</b> (1.7)	<b>39</b> (1.7)
	Deviation (S. E.)	101 (0.2)	92 (1.2)	101 (1.2)		
	Number of students / Number of schools	107 072 / 2807	2077 / 153	2502 / 130		
Students' SES-index	Average (S. E.)	0.02 (0.003)	-0.43 (0.019)	-0.33 (0.018)	<b>0.45</b> (0.019)	<b>0.34</b> (0.018)
	Deviation (S. E.)	1 (0.002)	0.95 (0.015)	0.95 (0.016)		
	Number of students / Number of schools	81 679 / 2792	1669 / 152	1914 / 127		
	Percent of students having SES-index	76%	80%	76%		

Source: National ABC databases, authors' calculation. Note: Statistically significant differences are highlighted in bold.

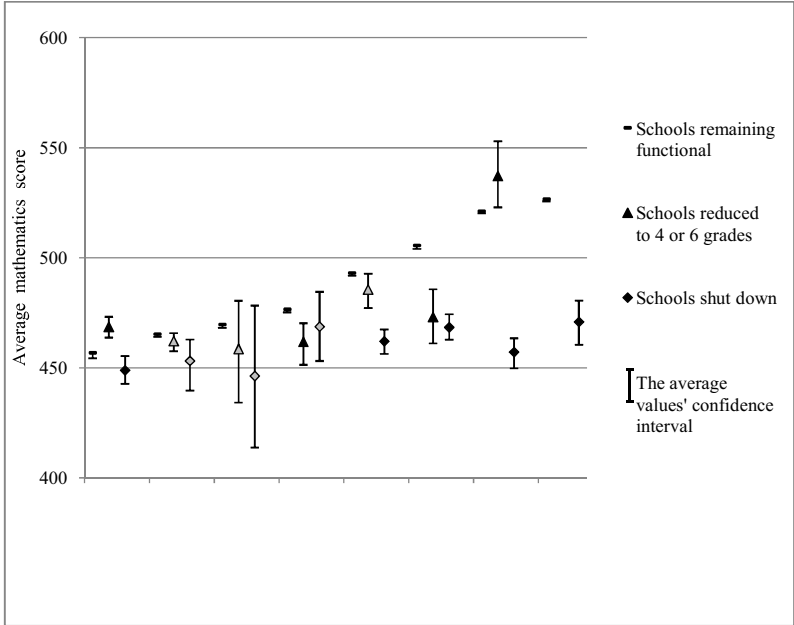
There is a more nuanced picture if we examine the results and SES-index of students in schools closed or reduced to lower grades between 2006 and 2009 on the basis of community type and size compared to those of fully functional schools. The characteristics of closed and reduced schools are strongly dependent on the community size.

**Figure 2.7.1. Students’ average SES-index in the 2006 National ABC for closed, reduced and fully functioning schools according to community sizes**



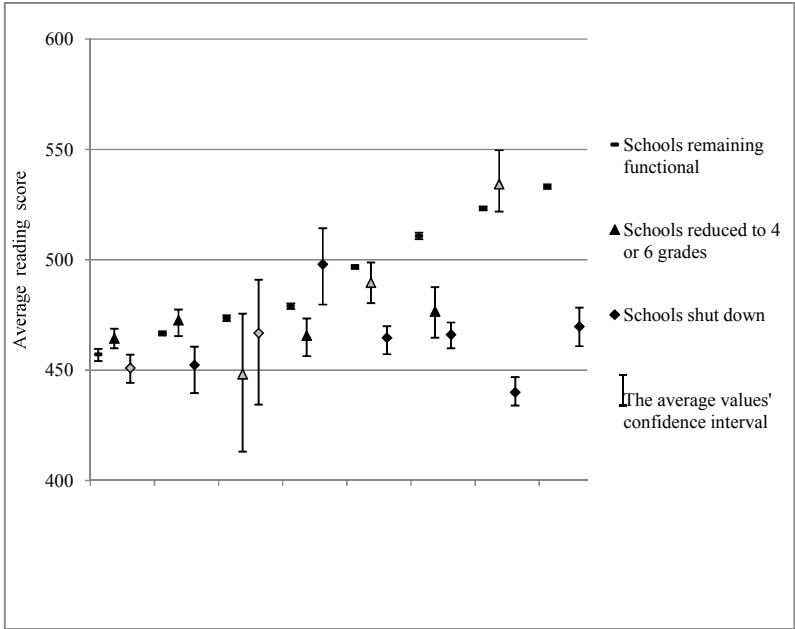
Source: National ABC databases, authors’ construction. Note: Full dots highlight where the average is significantly different from those of schools fully functioning in the same community category.

**Figure 2.7.2. Students' average mathematics performance in the 2006 National ABC for closed, reduced and fully functioning schools according to community sizes**



Source: National ABC databases, authors' construction. Note: Full dots highlight where the average is significantly different from those of schools fully functioning in the same community category.

**Figure 2.7.3. Students’ average reading performance in the 2006 National ABC for closed, reduced and fully functioning schools according to community sizes**



Source: National ABC databases, authors’ construction. Note: Full dots highlight where the average is significantly different from those of schools fully functioning in the same community category.

It is strikingly visible that (in communities with at least 10,000 inhabitants) closed schools had lower average values in every community category than fully functioning schools. This means that in communities with more schools where for some reason the number of schools must be cut back, schools with poorer family background and lower results were chosen. Those were not necessary “bad schools” in the sense that they offered poor education, rather schools that gathered socially disadvantaged students. It can be said that the school shutdowns that took place between 2006 and 2009 mainly affected schools that were attended by students coming from disadvantaged backgrounds and yielded poorer results, and the students from these schools were redirected to others presumably with better results and backgrounds In this way this process acted against segregation and probably had an impact in the favor of integration.

There are similar results in the case of schools reduced to 4 or 6 grades although they are not so obvious. In middle sized towns the family background of these schools is lower on average than in 8 grade schools although their results do not differ significantly. That is, these schools had better results than expected on the basis of family background. Schools reduced to 4 or 6 grades located in county seats had both better background and better results than 8 grade schools. At the same time the number of schools reduced to lower grades were only four in middle sized towns and seven in county seats, so it is not possible to draw conclusions from this data about the decision making processes on reducing schools to lower grades.

Larger villages and small towns show a mixed picture but in these cases the number of school shutdowns and reductions are equally low. In larger villages 4 schools were reduced to lower grades and 2 were closed while in small towns the respective numbers are 6 and 7.

Far more intriguing is to examine what happened in small and midsized villages where the 47% of closed and 85% of reduced schools are found. The reduction affected the smallest communities (less than 1,000 inhabitants) on the largest scale. In these villages 22% of schools were reduced to lower grades and 13% were closed. In 2009 there were 30% less 8 grade schools in small villages. In the case of small and middle sized villages the differences between schools fully functioning and schools closed or reduced are smaller than in larger communities, but these differences are statistically significant because of the greater number of students involved.

Eighth grade students in schools that were reduced to lower grades and were located in small villages had better results and better family background than their peers in schools that remained fully functional. These schools one might say were better. On the other hand schools that were shut down show only small difference to those that continued to function as 8 grade schools later: their mathematics results were only 6 points lower, which is less than one tenth of the full cohort's standard deviation (which is around 100). In middle sized villages reduced schools were similar to fully functional schools in regards of performance and family background (although their reading results are 6 score points higher). The family background of closed schools was somewhat better, while their results were worse than those that were fully functioning later so it might be said that their efficiency and educational qualities were lower.

It looks like that contrary to what happened to schools in larger community categories, the results and background of schools in smaller villages were not taken into account during the decision making processes.<sup>132</sup> It is not surprising though, as larger communities' local governments had the possibility to select from a larger set of schools and were able to ponder several aspects while making decisions about merging and shutting down certain schools. Smaller communities on the other hand had to face the economic and demographic changes lacking the option to choose from a larger number of schools and in many cases other aspects than the schools' strengths and weaknesses determined the decision.

### **Closed schools' results compared to their SES**

Comparing the average results and the SES-index averages by schools we can examine the effectiveness of a school. We averaged the SES- and performance indexes and fitted a regression line on the scatter plot. By means of the regression line we can tell what reading and mathematics results are to be expected from students of a given school taking into account family background and countrywide results and it can be checked if the actual results are better, worse or equal to the expected. If the actual results of the given school are higher than it could be expected from family background it can be said that the school compensates effectively for the disadvantages of the family background even if the result is not actually high (see Figures 2.7.4 and 2.7.5).<sup>133</sup>

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<sup>132</sup> The deviations of the students' results and SES-indexes do not differ significantly in the different community categories. Meanwhile, if we take a look at the interquartile ranges of the results and SES of students for individual schools, it could be seen that in smaller communities the students of a given school come from a wider range than in schools in larger communities. That is to say that the way of students being allocated to schools in larger and smaller communities is different from the aspect of performance and family background. In larger communities SES-index and performance values are more homogenous within a school and differences are bigger between schools. In smaller communities it is rather the case that students from more different background learn together in a given school and differences between schools are smaller. This in itself has the result that in larger communities there will be greater differences between schools from any aspect even if from the given aspect there is no difference between community categories. Still, differences between schools shut down and schools remaining fully functional are too large to be explained solely by this phenomenon.

<sup>133</sup> The school site reports of the assessment do contain data based on the very same calculations that compares the school's (schools site's) results to the family

This enables one to see to what extent the schools closed or reduced to lower grades were effective schools compared with the family background. SES-index was computable for 76% of students which means that it could be calculated reliably for 67% of schools (OKM2006, 2007b). There are many small schools among the schools shut down or reduced to lower grades, and if there were less than ten students the school was excluded from the analysis. As a result, SES-index was computable with reliability for 107 of the 301 closed or reduced schools (55 closed and 52 restricted to lower grades). This is a considerable (two third) data loss so general conclusions are not to be based on these results or at least with caution.

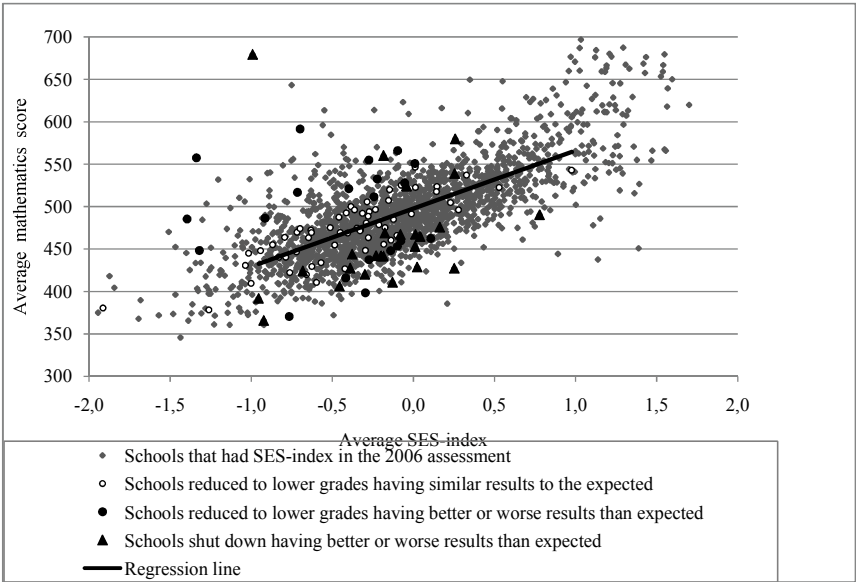
Figures 2.7.4 and 2.7.5 show the relation between schools' average SES-index and 2006 National ABC performance in mathematics and reading. Each point corresponds to one school and schools closed or reduced to lower grades between 2006 and 2009 are highlighted. It could be seen that the average SES-index of those schools is usually low, the majority of them are below the national average (0), and only three of them have an average above 0.5. Table 2.7.11 summarizes how the actual results of the three groups of schools were better worse or equal to those estimated by means of linear regression on the basis of their family background. Schools reduced to 4 or 6 grades (at least those we can compute data to) behave quite similarly to schools not affected by restrictions regarding whether their mathematics and reading results were better, worse or equal to those expected. However, among schools closed there were less that performed better and more that performed worse than expected compared to family background.

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background. (OKM2009 and OKM2009 FIT-reports).

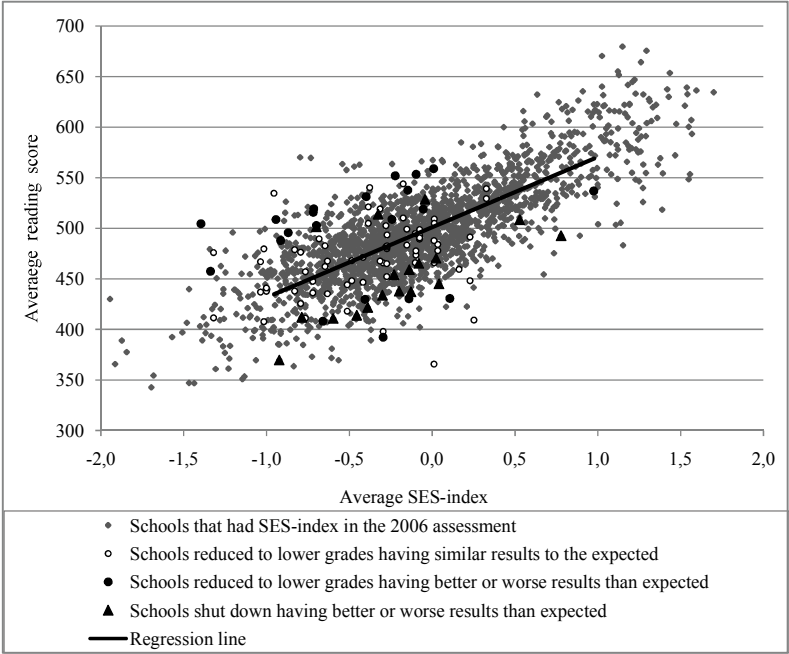


*Figure 2.7.4. Relationship between schools' average SES-index and 2006 National ABC performance, schools closed or reduced to lower grades are highlighted (8<sup>th</sup> grade results, mathematics)*



Source: National ABC databases, authors' construction.

*Figure 2.7.5. Relationship between schools' average SES-index and 2006 National ABC performance, schools closed or reduced to lower grades are highlighted (8<sup>th</sup> grade results, reading)*



Source: National ABC databases, authors' construction.

**Table 2.7.A.11. Number and proportion of schools performing better similarly and worse than expected based on their SES-index (nr, %)**

<b>Mathematics</b>	Schools which had 8 <sup>th</sup> grade in the whole period		Schools reduced to 1-4 <sup>th</sup> or 1-6 <sup>th</sup> grades between 2006 and 2009		Schools closed completely between 2006 and 2009		Total	
	Nº	%	Nº	%	Nº	%	Nº	%
Above regression line	348	18%	13	25%	5	9%	366	18%
Near regression line	1149	60%	31	60%	30	55%	1210	59%
Below regression line	430	22%	8	15%	20	36%	458	23%
Total	1927	100%	52	100%	55	100%	2034	100%
<b>Reading</b>								
Above regression line	326	17%	15	29%	3	5%	344	17%
Near regression line	1255	65%	31	60%	37	67%	1323	65%
Below regression line	346	18%	6	12%	15	27%	367	18%
Total	1927	100%	52	100%	55	100%	2034	100%
No average SES-index	893	32%	105	67%	81	60%	1079	35%

Source: National ABC databases, authors' calculation.

## School access

Given that the number of schools in small communities decreased the next questions arise: In Hungary what proportion of students have to commute? How many students have to travel to and back from school daily? Did the number of commuters and time spent on commuting increase between 2006 and 2009? As the educational normative subsidy application forms of multi-purpose micro-regional associations, which were collected by the Hungarian State Treasury and summarized in the ÖTM "Ministry of Local Government" show, in 2007 7,179 children commuted to kindergarten, 17,401 to primary grades and 23,382 to lower secondary grades, which means that 47,961 children were registered as commuters in the 2006/07 school year. It must be added that a certain amount of children were not registered as commuters because of being taken to school by their parents or because of attending schools that are

not part of the multi-purpose micro-regional associations system. Consequently, it must be noted that the above numbers underestimate the actual amount of commuter children.

The databases of the National ABC contain the students' and schools' locality (in 2006 it was known from the student questionnaire, in 2009 from data given by the school with the student ID) so one is able to obtain a picture about student commuting. In 2006, 13% of participating students and 16% of actual respondents gave a locality as residence that was different from the school's. It is not known if the 16% live in the same community as their school. Presuming that the distribution of respondents is similar to that of every participant, we can say that 17,500 8<sup>th</sup> graders commuted in 2006. Therefore, the amount of commuters in lower secondary grades was somewhere around 70,000.

Table 2.7.A.12.

**Table 2.7.A.12. The number of commuter students after the National ABC student questionnaire, 8<sup>th</sup> grade**

	2006		2009	
	№	% (S. E.)	№	% (S. E.)
Local resident	78 821	84.3% (0.11) / 70.6% (0.10)	80 957	81.7% (0.11)
Commuter	14 718	15.7% (0.11) / 13.2% (0.12)	18 159	18.3% (0.11)
Total	93 539	100% / 83.7% (0.11)	99 116	100% (0.00)
Missing answer	18 159	- / 16.3% (0.11)	2	0% (0.00)
Total number of students	111 698	100%	99 118	100%

Source: National ABC databases, authors' calculation.

In 2009 the student questionnaire was not the only source of information regarding a student's home; the data could be completed by information on student's domiciles provided by schools in cases when students did not respond. Only two 8<sup>th</sup> grade students' locality was not known in 2009 (SEN students not participating in the assessment excluded). Comparing 2006 and 2009 data – and presuming that in 2006 the proportion of commuters among non-respondents was similar to that among respondents – it is shown that the number of commuters increased,

despite the fact that the number of students decreased. As a result of demographic and schooling changes the proportion of commuter students increased by 2.5% from 2006 to 2009.

The above picture can be a little more detailed by taking into account the means of transportation students use for traveling to and from school. The data are obtained from the student questionnaire for both assessment years. In 2006, 82%, in 2009, 83% of students responded to the questions, so the data is not fully representative, still they provide clear insight into the ways students commute. Presuming that the willingness to answer in different student groups did not change it can be estimated whether commuting habits changed. The question asked students to tick the options that describe how they usually go to school. A student could tick several options, they were not exclusive. Table 2.7.13 summarizes in what proportions students chose the given options.

Table 2.7.A.13.

**Table 2.7.A.13. How students access the school. After the Student Questionnaire of the National ABC, 8<sup>th</sup> grade**

	2006		2009	
	Nº	% (S. E.)	Nº	% (S. E.)
<i>By foot</i>	717	5 (0.17)	780	5.3 (0.17)
By bicycle or motorcycle	1026	7.1 (0.21)	1070	7.3 (0.20)
Local public transport	3843	26.6 (0.31)	3818	26.4 (0.33)
<i>Solely by local means of transportation (foot, bicycle, motorcycle or local public transport)</i>	2875	19.9 (0.32)	2887	20.0 (0.32)
Regional public transport	7664	53.0 (0.39)	6352	43.5 (0.37)
Parents	4244	29.4 (0.35)	4506	30.8 (0.35)
School bus	2000	13.8 (0.28)	3244	22.2 (0.31)

Source: National ABC databases, authors' calculation. Note: Percents mean the percent of respondent students that ticked the given option. The lines in italic mean respondent students choosing exclusively the given option.

Five percent (5%) of respondents ticked only *By foot* which leads to the presumption that they are not commuters in the strict sense; it is possible that they cross administrative boundaries in integrated urban areas while going to school or just stay in dormitories and are not forced to commute while having a domicile in another locality. There was practically no

change in the proportions of students using only local means of transportation between 2006 and 2009 (around 26% used local public transport and around 20% only local means of transportation in both years). On the other hand, there are significant differences in the use of regional means of transportation. While from 2006 to 2009 the proportion of student taken to school by their parents remained unchanged (30%), the proportion of those using regional public transport diminished by 9.5%, and those of using school bus increased by 8%, from 14 to 22%. In conclusion, as in numerous communities schools were closed, the access and use of school bus services became a bit more widespread.

According to the 2006 National ABC, getting to the school took 15.7 minutes by average for 8<sup>th</sup> grade students. In 2009 the amount of time increased to 16.0 minutes, a small but statistically significant change. Respondents do not represent the whole population of 8<sup>th</sup> graders as 82% of students responded in 2006 and 80% in 2009, but could be taken into account as an indication of change. In 2006 and 2009 going to school took 13.7 and 13.8 minutes for local residents while commuters needed 26 and 26.2 minutes for the same – almost the double amount of time. Since going to school and going home presumably takes the same time, commuters spend daily an average of 52 minutes on the road. Taken into account that there are large deviations from the average, some of the commuters spend more than an hour travelling every day. Commuter students spend twice the time travelling as their local peers which definitely has financial consequences as well. The popularization of school buses might offer a solution to this problem – the 8% expansion of the service is a promising tendency.

## **Summary**

Between May of 2006 and May of 2009, 141 schools were closed in Hungary while another 161 schools were reduced to 4 or 6 grades. As a result, the 8<sup>th</sup> grade ceased to operate in 301 schools, that is 10% of schools having 8<sup>th</sup> grade in 2006. The majority (70%) of these were located in small and middle sized villages. Thus, 60 communities were left completely without local primary and lower secondary education while in an additional 132 communities only 4 or 6 grades schools were left.

There was no relation between school reorganizations and the schools' physical conditions (location in the community, building conditions)

except that schools shut down were less frequently renovated in the five years before the assessment. There were usually other schools to choose from in the neighborhood, but it was rare that parents sent their children to school in a distant location. The only difference was between closed and not closed schools: in the case of the former it was more frequent that children commuted to other neighborhoods rather than to choose the given school. Physical condition of the schools, school availability in the neighborhood and the popularity of a given school did not influence the decision making about school size reductions and even in the case of school closings they served as only secondary reasons.

The schools' results and family background affected the reorganization's decision making processes depending on the community sizes and categories. In larger communities decision makers struggled to take into account the results and family background of schools and closed schools with mainly low social cultural and economic background and poor results. In these cases school reorganizations probably worked against segregation and promoted integration. In smaller communities there was no such tendency which is not surprising as smaller local governments and school maintenance associations had less resources and freedom of decision. In many occasions the decision had to be made about the only school in a community and considerations other than the quality of education had already decided the question.

In 2006, 4.1% of 8<sup>th</sup> graders went to schools that were later closed or reduced to lower grades. If it could be assumed that demographic changes affected more the districts of mentioned schools (and given the size of those communities this assumption is justified), then it can be said that school reorganizations affected less students than that. The proportion of commuter students increased by 2.5% from 2006 to 2009, with the decreasing use of regional public transport and the expansion of school bus services. Meanwhile the time spent commuting did not increase notably.

Data and results presented here raise numerous additional questions concerning the school reorganizations of recent years. What is the territorial distribution of closed schools? Are there areas richly supplied with schools while in other areas schools are scattered and children have to travel more? Which communities serve as school centers in micro-regions and counties? Have there been any changes in these because of recent years' school reorganizations? After 2008, individual students' results can be tracked from year to year in the National ABC database, so from that time we can examine in which school students continue their

studies after their school is closed. To what extent do whole classes move together to another school? To what extent were students' assessment results affected by forced school change between grades 6 and 8? What are the results and characteristics of commuting students? Are there any differences between the results of students transported to school by their parents and students transported to school by school bus services?

## Appendix

*Table 2.7.A.1. Students' average SES, mathematics and reading performance in the 2006 National ABC for closed, reduced and fully functioning schools according to community sizes*

SES-index	Schools which had 8 <sup>th</sup> grade in the whole period		Schools reduced to 1-4 <sup>th</sup> or 1-6 <sup>th</sup> grades between 2006 and 2009		Schools closed completely between 2006 and 2009		Performance difference in score points (functional - reduced) (S. E.)	Performance difference in score points (functional - shut down) (S. E.)
	№ of students	Average (S. E.)	№ of students	Average (S. E.)	№ of students	Average (S. E.)		
Small village (less than 1000 inhabitants)	2 575	-0.60 (0.018)	685	-0.53 (0.030)	356	-0.54 (0.042)	<b>-0.07</b> (0.033)	-0.06 (0.044)
Middle sized village (1000-2999 inhabitants)	13 799	-0.47 (0.008)	445	-0.51 (0.040)	155	-0.36 (0.062)	0.04 (0.039)	<b>-0.10</b> (0.062)
Large village (over 3000 inhabitants)	7 220	-0.32 (0.011)	18	-0.20 (0.215)	10	0.17 (0.207)	-0.12 (0.216)	<b>-0.50</b> (0.206)
Small town (less than 10 000 inhabitants)	8 783	-0.25 (0.009)	199	-0.44 (0.068)	70	-0.07 (0.100)	<b>0.19</b> (0.069)	-0.18 (0.099)
Middle sized town (10 000 – 29 999 inhabitants)	15 183	0.02 (0.007)	166	-0.21 (0.070)	481	-0.42 (0.038)	<b>0.23</b> (0.071)	<b>0.44</b> (0.038)



Large town (over 30 000 inhabitants)	6 993	0.20 (0.009)	71	-0.82 (0.114)	353	-0.36 (0.046)	<b>1.02</b> (0.113)	<b>0.56</b> (0.046)
County seat	16 131	0.33 (0.007)	84	0.60 (0.062)	270	-0.22 (0.063)	<b>-0.27</b> (0.062)	<b>0.55</b> (0.064)
Budapest	10 994	0.62 (0.007)	0	-	218	0.07 (0.069)	-	<b>0.55</b> (0.070)
<b>Mathematics results</b>								
Small village (less than 1000 inhabitants)	3 340	457 (1.4)	828	468 (2.9)	438	449 (3.6)	<b>-12</b> (3.2)	<b>8</b> (3.8)
Middle sized village (1000-2999 inhabitants)	17 276	465 (0.6)	583	462 (2.7)	192	453 (6.9)	3 (2.7)	12 (7.0)
Large village (over 3000 inhabitants)	9 495	470 (0.7)	19	458 (14.4)	28	446 (19.3)	11 (14.5)	23 (19.3)
Small town (less than 10 000 inhabitants)	11 264	477 (0.8)	246	462 (5.5)	91	469 (9.9)	<b>15</b> (5.4)	8 (9.9)
Middle sized town (10 000 - 29 999 inhabitants)	19 546	493 (0.6)	211	486 (5.4)	609	462 (3.3)	7 (5.4)	<b>31</b> (3.4)
Large town (over 30 000 inhabitants)	9 240	505 (0.8)	94	473 (7.4)	434	468 (3.6)	<b>32</b> (7.4)	<b>37</b> (3.7)
County seat	21 084	521 (0.5)	95	537 (9.1)	395	457 (4.2)	<b>-16</b> (9.2)	<b>64</b> (4.4)
Budapest	15 835	527 (0.6)	0	-	315	471 (6.7)	-	<b>56</b> (6.7)

Reading results								
Small village (less than 1000 inhabitants)	3 340	457 (1.6)	828	464 (2.7)	438	451 (3.6)	<b>-7 (3.1)</b>	6 (3.7)
Middle sized village (1000-2999 inhabitants)	17 276	467 (0.7)	583	473 (3.3)	192	452 (6.4)	<b>-6 (3.3)</b>	<b>14 (6.5)</b>
Large village (over 3000 inhabitants)	9 494	474 (0.9)	19	448 (18.3)	28	467 (18.1)	25 (18.4)	7 (18.0)
Small town (less than 10 000 inhabitants)	11 264	479 (0.8)	246	466 (5.3)	91	498 (10.0)	<b>13 (5.2)</b>	<b>-19 (10.0)</b>
Middle sized town (10 000 – 29 999 inhabitants)	19 546	497 (0.6)	211	490 (6.0)	609	465 (3.8)	7 (6.1)	<b>32 (3.8)</b>
Large town (over 30 000 inhabitants)	9 240	511 (0.8)	94	477 (7.1)	434	466 (3.5)	<b>34 (7.2)</b>	<b>45 (3.5)</b>
County seat	21 084	523 (0.6)	95	534 (8.4)	95	440 (3.9)	-11 (8.5)	<b>83 (4.0)</b>
Budapest	15 827	533 (0.6)	0	-	15	470 (5.2)	-	<b>63 (5.3)</b>

Source: National ABC databases, authors' calculation. Note: Statistically significant differences are highlighted in bold.

## 2.8 Schools at the border's edge

*Attila Fekete*

In the last decade after several different governmental approaches there was some news about the closure of schools with very small enrollments in the villages. There were reactions with political overtone on the assumptions made about these closings which were dealt with in the media numerous times. In 2003 a parliamentary committee was organized to inquire into the closure of the kindergartens and elementary schools. (Bódi 2005) Then in November in 2007 a movement came alive, the so called Human-Chain for the tiny schools<sup>134</sup> (in Hungarian: *Élőlánc a kisiskolákért*).

This campaign had the common and main characteristics of these types of movements. The protest against the closure of the schools was strong at the beginning, but after a while it dissipated like throwing a stone into the water where the waves calm down after a while until a new stone is thrown in again.

Although the situation is peaceful nowadays this paper will analyze the roots of the school closure up to 2007-2008 using both the laws and concrete cases. (Fekete 2010)

This study is about the efforts made by the local governments of the villages trying as much as possible to save their schools. The mayors of course wanted 2 things at the same time, to preserve their schools and accept the governmental arrangements also. This means that the complementary subsidy from the government would be available and the villages could keep the schools as well. But unfortunately it will be shown that only a few of them could manage to achieve this.

The first part of this study is based upon interviews which were made with the local governments during a 2 week period. Consequently, a precise analysis about the local decision-making process over time cannot be made therefore this study should be viewed as thought-provoking. The first group of interviews was conducted in the summer of 2008 and the second group was made during the autumn of 2009. These interviews will present the problems and the alternative solution methods

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<sup>134</sup> The Human chain is a Hungarian party. This party has been acted since it is formation against the destruction of the natural and artificial environment, and against a lot of environmentally destructive projects. It has also been active against the cross-border pollution. This party has taken some steps for the tiny schools of the Hungarian countryside. <http://elolanc.hu/>

for these issues which were used by the representatives of the local authority to prevent their municipalities from losing their schools and subsidies.

### **Among/In the strict regulations of the law**

First, one must define what forced association means in this paper. It is not about the central government forcing local governments to co-operate with each other nor is it about closing their schools. So what is it about? It is known that the especially for small local governments economic viability is marginal, because for all practical purposes they do not have any discretionary funds. In order for the local governments of the villages to survive all the opportunities for funding need to be successful. The most important opportunity is the central government's complementary support/subsidy.

Basically these subsidies can be divided into two categories. First, subsidy for those municipalities who are in a difficult financial situation. They are in a disadvantaged situation because of reasons beyond their fault or dysfunctional local governments.

Second, subsidies are given as an additional reward to the local governments because they created school associations.

One of the factors affecting local government was a law passed by the central government with the intention to motivate local governments to co-operate with each other. This was related to the *formation of multi-purpose micro-regional associations*.

To understand what is new and what this pressure means concerning the closure or zoning of the tiny schools of the villages we have to go back in time. Around the turn of the millennium there were some rumors about a change in the local government system. The rumor was that micro-regional governments would take the place of local governments, but it was quickly refuted. In spite of this those proposing reform tried to search for a way to continue the evolution of the formation of micro-regions.

Some studies were made in 2003 in the context of the Program IDEA<sup>135</sup> and these studies tried to confirm the strength of the micro-regions using several arguments:

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<sup>135</sup> The IDEA (Integration, Democracy, Autonomy) This program has been started in 2002 because of the modernization of public administration and because of the EU.

- The system of the local governments made at the time of the 'political system change' is too fragmented, does not work, and cannot be operated effectively.
- The infrastructure investment, the operation of the complete system, organization and delivery of resources can only be handled if all the local governments cooperate.
- The third argument was admission into the EU which implied acceptance of regions. One can ask what to do with the micro-regions? It was not said loudly but in the planned reform no one mentioned the counties, so the municipality- micro region- region version was planned and the micro-region could replace the county.<sup>136</sup>

There was a need to institutionalize the micro-region because they should provide public services. In addition, they should provide security for urban development and governmental tasks. Thus, governmental operation should be more effective.

Parallel with this it was emphasized that the value of the authority of the local governments should be preserved. It is also important not to overload the local governments. Let's see what this kind of relief means.

In the spirit of the proposed reorganization ideas a governmental regulation was born in the spring of 2004 which provides for the formation of the multi-purpose micro-regions with support and tender funds.<sup>137</sup>

(It is most interesting that the invitation to tender had already contained the regulations of the multi-purpose micro-regions, although the law which defines the definition of the multi-purpose micro-regions was created only later in November.)<sup>138</sup>

The law defined those legally required functions which were more useful to operate within local governments, and stated the conditions necessary to win the tender. Education, social care, health care, and regional development should be done by the multi-purpose micro-regions.

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<sup>136</sup> The administrative micro region <http://www.b-m.hu/idea/>

<sup>137</sup> 65/2004. (IV.15.) Governmental regulation about the support, decision system, payable condition of the support, clearing of the support of the multi-purpose micro-regions 2004

<sup>138</sup> Law CVII in 2004 about the multi-purpose micro-regions of the local governments. The multi-purpose micro-regions take over the public service tasks of the municipalities and the tasks of the micro-region's development tasks.

Consequently, in the field of education, the organization of the pedagogical tasks should be solved at micro-regional level and kindergarten or elementary schools should be operated together. (Within a multi-purpose micro-region more school associations could be created.)

So in 2004 the government only provided motivation for the creation of the multi-purpose micro-regions by tender offer. But the situation changed in 2005. Those micro-regions which were formed in 2004 got complementary funds on a standard basis for those children who were attending the school or kindergarten of the association as well as those children who used the school bus.<sup>139</sup>

In another regulation certain developments were supported and the pressure to form micro-regions was continued. Developments which belonged to the association's public educational institution were facilitated, for example, the procurement of the education-related assets, the purchase of school bus service and those activities which were related to the supply of pedagogical services.

Starting in 2006 complementary funds were built into the budget and those local governments who were in a school association could get the additional normative (standard) monies via the multi-purpose micro-regions.

The resources, which were available by law provided motivation to create school associations. But the local governments could decide if they did not want to get the complementary funds, if they did not want to be in an association, and they just wanted to keep their school.

If they decided to keep their school and not enter an association they had to support their own institution. Because of the lack of their own resources it typically resulted in them having to get the governmental subsidy. The most important aspect of the operation of the local governments of the villages was the complementary fund that was provided to support the so called and already mentioned *reasons beyond their disadvantaged municipalities* (RBTDM).

To be granted the RBTDM complementary fund the local governments had to fulfil Alpha growing and increasingly stringent conditions. These included the insurance of the capacity of the institutions.

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<sup>139</sup> 17/2005. (IV. 5.) Internal affairs ministry and Financial Ministry common regulation About the yearly normative operational support of the multi-purpose micro-regions

As early as 1992 RBTDM could be requested if the utilization of the medical, social and educational institutions maintained by the local government reached half of the determined average number. Those villages got an exemption from the requirement of capacity utilization if the type of institution was the only institution they operated.

In 1999 in the case of those municipalities where the population was above 1,100 the conditions became stricter with a required utilization rate of 70% of capacity. Exemption could only be obtained by those villages whose population was under 500 people and they could operate only one institution.

In 2000 concessions were made, and the preferred 50% requirement was granted not only to those municipalities whose with less than 1,100 people but it was extended to villages whose population was under 3000 people. (In those municipalities which were more populous 70% of capacity should be reached. At that time those municipalities also received an exemption which could solve the elementary senior class within school association.)

By 2004 exemptions were no longer granted for those municipalities which operated only one institution or whose population was under 500 people and could not reach the conditions of capacity. This advantage was taken away from them but they received some other advantages. If the villages could not reach the target of the capacity the RBTDM would not be withdrawn, only the amount of the RBTDM would be decreased.

The conditions became even stricter in 2007, when all of the advantages were abolished for the villages whose population was below 500 people. If the villages did not meet the conditions they lost all the RBTDM. Headcount was increased but it was found that those schools which increased the most were in an association. The condition for the number of pupils was established at 75% capacity for the beginners in the first and in the fifth grade, in all the operating schools. But apart from this the situation of the schools in an association was a little bit different, the conditions were a bit lower.

The additional support for children in elementary school grades 1-4 that could be claimed by those local governments whose municipality's population was under 3,000 people in the villages was abolished in 2007.

All of these changes and restrictions mean that by the start of the school year 2007/2008 all the funding possibilities were cut off. These funding possibilities were all the central resource potentials the villages could have used to catch up to the educational norms. It was possible only if

the local government could fulfill the conditions and would like to save their schools at the same time.

While the incentive supports were not tempting enough to establish associations, the economic constraints forced the local governments of the villages to move into school associations. The following discussions provide some examples about how the villages tried to form associations.

### **Associations with mutual advantages**

This school association was created by 2 neighboring villages, *Cégér* and *Sári*, but in fact a total of 5 villages were involved.<sup>140</sup> (The 5 villages are located next to each other, the biggest distance is 10 km between 2 municipalities) Almost 30 years ago, as a result of the first zoning wave, children from the 3 surrounding villages started to go to the school in *Cégér*. *Sári* took in children from the neighboring villages at the beginning of the 1970s.

The decrease in the number of the children and the change of the legal environment forced the 2 local governments to form an association of their schools. Although the municipalities were very close to each other at first both tried to form an association with a different village.

*Cégér* wanted to associate with the nearest town because it was only 10 km away. *Cégér* was disappointed because the town in question did not want to shoulder a burden because this association would be full of disadvantages. The town offered an association where the villages had to add a significant amount of money to the central standard subsidy. Moreover only a few teachers of the village could have saved their positions. So after the reorganization some parts of the education in the village would be taken over by the teachers from the town. This agreement was unacceptable for the village from both a financial and a prestige point of view. The mayor tried to find a solution for an association where there was no need to add complementary subsidies to the operation of the school. He wanted to achieve prestige by keeping the name of the school, and he wanted the institution to continue to belong to the local government. He also wanted the school to be the main school of the association.

In the next step *Cégér* negotiated with another village which was on the other side of the town. This village was bigger than *Cégér*, and had a bigger population as well and maintained the school itself. The parents

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<sup>140</sup> The villages and towns have fictive names in this study.



were against this kind of association and were afraid of the other school because there were a lot of gypsy children were more than 80%. (In *Cégér* there were not many gypsies.) Moreover there was a rumor that the fearful parents would take their children to the school in another town.

It had occurred to the local government to give the school to the Church. Since there were already some examples in the area for this. With this plan the financial burden would decrease. Although this was very important, the main issue was prestige and if the school was operated by the Church then the school would not belong to the village anymore.

The other village, *Sári* had even fewer opportunities. At first the local government considered the nearest village, *Majt*, as a possible partner for the association. The school in *Majt* was overcrowded and it turned out that the building was in a very bad condition. Another disadvantage to this association was that there was no direct public transport between the 2 municipalities.

These reasons were very serious but the main reason for the refusal was the parents. The parents did not want this kind of association because in the *Majt's* school there were so many gypsy children. According to rumors there were several serious discipline problems in the upper grades of the school. The parents said that they would take their children to school in town. The mayor knew that they were bluffing to some extent because the financial situation of most of the families was not good and they could not afford to take the children to school in the town. To transport the children a school bus would be needed. Still the local government had to respect the wishes of the parents.

After this the mayors began to negotiate with each other. One might say that the negotiation was forced and was the only solution for both of *Cégér* and *Sári*, although they both tried to hide it from each other. The agreement was not easy even though they did have one common interest, the necessity of the association. The big question was the conditions. 'It has been a huge failure for a mayor if the school did not exist anymore' said the first man of *Sári*. Accordingly he tried to save the school. As already mentioned the Mayor of *Cégér* would not close his school either. So one of the mayors said 'there was a very big fight' during the negotiations because neither of the two municipalities could keep its school as a main school.

The Mayor of *Cégér* would have liked to keep his institution as a main school, therefore the school of the other village would only be a member

school with the grades 1-4. This was completely unacceptable to the Mayor of *Sári*. It was true that, because of the aforementioned reasons, the village of *Sári* had no other possibilities. *Sári* tried to bluff that instead of this association they would form a different association in another municipality, called *Majt*.

Finally the two strong mayors (the population of the villages is nearly equal) made an agreement which was beneficial for both. They took advantage of the law and made an association where all the children aged 6-10 (grades 1-4) would go to school in *Sári*, and all the children aged 10-14 (grades 5-8) would go to school to *Cégér*.

This was acceptable for *Sári* despite of the fact that they became a school member and *Cégér* had the main school. Finally the 2 municipalities were equal within the association. It was prestigious for both *Sári* and *Cégér* to operate their schools together.

On the other hand this association was hard for the parents to accept because before the formation of the association their children did not have to travel to school. Moreover, from the neighboring village a lot of children came to their village. The 6-10 year old children of *Cégér* had to travel to another village to school. This kind of solution, apart from the prestige, had a financial advantage. The standard financial support was highest for the children who had to travel and was very important for the local governments and for the parents as well. (The children of the 3 other municipalities in the association were already used to travelling, and the distance was not much as the children could travel from home to school within 10 minutes. So this was not a big change for them.)

‘The big fight’ was not only for the form of the association but also its operation. It had to be thought over in the new structure how many teachers were needed, and which of the schools were involved.

Of course both of the headmasters were devoted to their teachers. The solution came from the Mayor of *Sári*, whose parents were teachers, so he knew how to plan the lessons of the teachers. He realized immediately that one of the mathematics teacher’s utilization was low. The Mayor of *Cégér* was a partner to this idea of increasing the utilization of teachers because it would save money. He said that he had invited both of the headmasters and had told them to make a curriculum plan that would increase the utilization of the teachers. The utilization of the mathematics teacher should be 100%. At first one of the Headmasters tried to argue against it, however, the Mayor said to him: “there is no but, if you would not do it, the other headmaster will.” The headmaster agreed and made

the new teacher utilization plan that showed who was not necessary. For the dismissal of teachers both of the mayors tried to find a good solution. They decided to let the pensioners and the young teachers go. The mayors also let those go who were not local teachers and who came from another town.

Although the association created was an economic obligation it seems that everyone won. The Mayor of *Cégér* achieved what he wanted. The school carries the name of the village, and *Cégér's* school became the main institution. The other institution became a school member officially but for *Sári* the prestige was very important because they could act like equal partners in the association. At least this is the opinion of the local government of *Sári*. The inhabitants of the village did not want to accept this association and the Mayor had to face a lot of conflicts. The first school for the in area was in *Sári*. It was established earlier than the school of *Cégér* and it had a very good reputation. It was a very painful to loose half of the school for the people in *Sári*.

The association was also very good in an economic way. At the beginning *Sári* handled the association with much antipathy. *Sári* was very mistrustful, and feared that they might have to take care of *Cégér's* debt. That's why they only made the contract for one year. *Sári* did not want to take into the association its new kindergarten, but *Cégér* said that they could claim more financial support. *Sári* thought that there were enough children to keep the kindergarten and it would not be necessary to form an association with other kindergartens.

During this first year the 2 municipalities could work very easily together but *Sári* did not want to make any changes to the budget. *Sári* thought that they had made a good financial arrangement with the association. On an annual basis *Sári* should give 400,000 HUF to the budget of the school association but this could not be compared to the previous amounts they had to pay which was 14 million HUF.

The association has been stabilized for a while and the uncertainties in the law seemed to be solved. The travel of the children seemed to be problematic that all of the 6-10 year old children had to travel from one village to another and also all the 11-15 year old children had to go to an another school.

By the creation of the budget law the government planned to close this opportunity but later on the government retained it. The Mayor of *Sári* said that it was because of political pressure. "Fortunately there were

people very close to the government that's why we did not have to say anything".

In the distant future this would come under discussion. It became a question because the school of *Sári* needed to be renovated. The Mayor of *Cégér* said that they could not find financial support for this. The Mayor of *Cégér* maybe wanted to keep the school in his municipality and maybe the school in *Sári* would be forced to close down soon. Of course the first man of *Sári* had a different point of view and stood at the side of his school.

### **An association full of troubles**

In the example above an association managed to be created, one that did not seem to be stable in the beginning, but finally operated well. However, this was not true for all kinds of associations. The following is an example that demonstrates an association full of high pressure - an association on the edge of disintegration.

This association was developed by 3 municipalities, *Vándor*, *Csahos* and *Turcsi*. Currently *Csahos* operates the institutions. While the school of *Csahos* is under renovation the children go to school in *Turcsi*.

How did this situation come about?

The school in *Vándor* was built in the 1980s but already at that time there were just a few children in the village so that's why the school was planned to be only for a total of 6 grades. Because of the decrease in the number of birth this school with 6 grades turned out to be too big for this village. In the 1990s all the 11-15 year old children went to school in the neighboring village, *Csahos* which was in the geographic middle of the area.

The decrease of the number of the children did not stop the school from continuing. By 2004 there were only a few 6-10 years old children. So it was necessary to merge schools and classes. The village did not want to give up the school and to prevent further reductions based upon the low birth rate in 2006 in *Vándor* associated with *Csahos*. The association solved the problem in the following way: the 6-8 years old children from *Csahos* were assigned and went to the school in *Vándor*. With this solution the classes could operate. The education of all the other grade levels was in the school in *Csahos*.

In 2007 the environment changed as the law was interpreted that only one kind of institution could be elementary school which has grade levels

from 1-8. To this type of school belonged to the so called member schools which had only 6 grade levels. The school of *Csahos* needed grades 1-3 if it wanted to stay a school. That's why *Vándor* had to decide what would happen to their school.

It was clear to the representatives of the local government that the already existing association should be strengthened, but the parents wanted their children to go to school in another municipality. The reason for this was that the children of *Vándor* did not get on well with the teachers of *Csahos* so the parents thought that it would be better for their children to go to school in another village called *Szekeres*. The parents also thought that the level of education was better in *Szekeres*. The Mayor's opinion was that this was only a suggestion not resistance.

*Szekeres* would accept the children but not the teachers. They thought that they had enough teachers in their school to educate the children and the teachers of *Vándor* would not be necessary. The number of representatives was shared but the majority stood by their old relationships and they voted to keep the teachers of *Csahos*. The Mayor drew the attention to the fact that the budget of *Csahos* is very "chaotic". The local government decided that *Csahos* would be the best for the school association and the wealthy parents could take their children to school in the nearest town.

It is very interesting that the school of *Vándor* applied for a grant to renovate the school. It was at the same time when the school associations began be implemented. *Vándor* was awarded the grant, and the renovation was completed in 2006 only one year before the school closed down. Thus, there was a renovated new school but it was empty. The renovation was accomplished with monies from the European Union, therefore the school was required to continue to operate until 2013. This problem was solved by changing the function of the school to a Kindergarten. The neighboring villages used this kindergarten in the association but for how long? Initially it would be at least until 2013.

The Mayor thought that was impossible to count upon such a situation, and it also was impossible to predict changes in the law which come out of the blue.

*Turcsi* was unable to operate its school alone so it became a school member in 2007 with 2 other municipalities. *Turcsi* insisted that its school, which was built in 1992, be a member school. This plan was realized when the 2 other Mayors agreed. In spite of this *Turcsi* believed that the association was forced upon them and they were not satisfied

with this situation. The mayor of *Turcsi* said even with an association they could not supply the money needed for the operation of the school. They could not cover the costs of the operation of the institution even with the complementary subsidies. The local government had to use other funds because they needed to support school maintenance. The Mayor did not understand why it was obligatory for them to pay extra money to maintain institutions if other associations did not have to pay extra money?

The Mayor was unsatisfied with the structure of the association and he had other concepts about the association. He wanted to have all of the 6-10 year old children go to school in *Turcsi*, and he wanted the upper grades in *Csahos*. Thus, more subsidies could be received. The 2 other municipalities were against this concept. First of all because they thought that the law did not allow this, however, there already were some examples nearby and the Mayor wanted to have the same arrangement.

But in the background there were different reasons. The Mayor of *Vándor* said that: "it would be an impossible mission to make it acceptable to the parents." The parents accepted that their children had to go to school to the neighboring village but a further municipality, more than 10 km away, would be completely unacceptable for them. Moreover the high number of the gipsy children in the other school was also unacceptable. It would be hard to accept in *Csahos* as well that the 6-10 year old children would be taken to school in another municipality because *Csahos* had the main school.

The headmaster of the school of *Csahos* was very important to the formation of the association. It seemed that the headmaster was very powerful and had a huge informal influence so he could validate himself and the interests of his school. He stated that the level of the education would decrease if all of the grades from 1-8 were not together. (*Turcsi* was less interested in this because for them the educational level would be broken anyway because the upper section of the school would move to the main school.)

The headmaster could reach out to employ as many teachers as it was possible. The transformation of the tasks in this association did not happen like it happened in the previous example. This explained why the maintenance of the school was so expensive and that's why the school's standard monetary assistance had to be obtained. Furthermore, the Mayor could represent his interest in the neighboring village as well because the body of representatives of *Turcsi* had 2 teacher members who taught in *Csahos*. The Mayor could achieve it because in board meetings when

votes about the association were taken some members voted against their own municipality.

Because of the above reasons and mainly because of financial reasons *Turcsi* started to negotiate with another municipality. *Turcsi* tried to discuss with the municipality called *Rozs*. *Rozs* had already a school association so the negotiation did not come alive. To tell the truth *Rozs* did not need any other associations. The only benefit would be the increase of the number of the children in its school, and in this way the school would be more powerful. Moreover the school was the next one to be renovated so it was a problem in what place to conduct school. But they did not refuse the chance for the association at first time. They thought over the tasks and it turned out that the school of *Turcsi* would have had to fire 2 teachers. The Mayor of *Turcsi* did not support this idea so the association failed.

In the meantime *Csahos* and *Vándor* hoped that *Turcsi* would not find a partner for their association. It would be easier to release the problematic municipality but if they did the financial costs would increase because to maintain a bigger school is cheaper than to maintain a school with only a few children.

Finally their plans moved forward because *Turcsi* did not find a partner. But the association could not operate in the way that was it had to be transformed. The solution was that the pupils of the 3 municipalities went to school to *Csahos* and the member school in *Turcsi* should be closed. *Turcsi* accepted the association because of cost-benefit considerations. But *Turcsi* set up a condition that it would not pay for the operation of the school. The operation of the school should be from the normative subsidy. In addition, *Turcsi* hoped that it would not have to give up its school at all because it could become a forest school.

In the meantime they won sponsorship for the renovation of the school in *Csahos*. Because of the construction at the school in *Csahos* school started in *Turcsi*, although the placement of the children was not easy because the classrooms were very crowded. If the school was ready then the situation should have been resolved. However, the school had a huge debt and unpaid bills. “*Csahos* did not spend all of the subsidies for maintaining the school” explained the Mayor of *Csahos*. The school operated in another organizational structure in the past and the debts are from that time and the municipality should pay now. But the mayors of the 2 other municipalities thought that the school could be operated by the sponsorship and not pay the previous debts, and if the school was

ready then the situation must be resolved. If there was no other way than they should change association partners.

### **Fight for the Resources**

The loss of the school does not happen necessarily because of the decrease of the number of the children. It is obvious that it is impossible to maintain a school with just a few children. But the disintegration of an association, means that the school must close, and it may not only be because of the decrease in the number of the children. In the background there were of course other financial reasons. The goal was to get more and more matching subsidies (central complementary support). In this case, through the faults of the people, the reason for the disintegration was the law that forced the municipalities to create a common office for the authorized legal district.

Before the millennium Csákó and Szemölcs created a mutual legal district but in 2000 the Mayor of Csákó went to the Mayor of Vakály because he thought that Szemölcs had exploited them. How can a municipality make money/benefits from another municipality? The reason was the fund for the creation of the authorized legal district and the subsidy provided to the district.

The amount of the subsidy is usually enough for the operation of the legally constituted district and it is also possible to save money. But the question is how the municipalities would divide the subsidy. The Mayor of Csákó thought that the agreement for them was disadvantageous and therefore they turned to Vakály because they hoped to create a better agreement. It was successful so they made the legal district with Vakály - and Szemölcs was left by itself.

In 2007 the law was changed concerning on the basis of the budget law the local governments of the municipalities which were at disadvantage because of reasons beyond their control (could both receive subsidy if their population did not reach the target (which was 1000 people). The local governments of municipalities which were at disadvantage for reasons beyond their control would not be given a subsidy if their population did not reach the target of 1,000 people, or they did not accept to belong to a legal district until 1<sup>st</sup> of January 2008, or they did not have the exemption of the Administrative Office.

The population of Szemölcs did not reach 700 people so they had to take some action because they needed the subsidy. They went to the Mayor of Csákó and asked to create a legal district (in 2006 a new Mayor was



elected). The new Mayor accepted the offer even though he did not like associations. He knew that he needed to associate but he thought that “there was no fair association because everyone tried to deceive each other.”

The two mayors talked to each other, however the Mayor of *Vakály* only found out very late that a new legal district was being formed. After he had been informed about this he went to talk to the Mayor of *Szemölcs*. He offered to create a legal district but the Mayor of *Szemölcs* refused this. ‘The Mayor of *Szemölcs* offered a great amount to the Mayor of *Csákó*’ said the Mayor of *Vakály*. If they had been involved in the legal district of *Szemölcs* and *Csákó* then the budget would have had to be divided again and the promise to *Csákó* would not have come true. So in this way *Vakály* was left alone and could not join the legal district. (*Vakály* did not lose the subsidy because it got the exemption of the administrative office.)

The disintegration of the legal district caused the school close down as well because it was a part of the school of *Vakály*.

The change was because the school of *Csákó* was not able to continue to operate. In the school year of 2004-2005 there were only 10 children in the first grade class but in 2006 there were only 3. “The Administrative Office threatened that we would not get any subsidy” said the Mayor. So a solution had to be found. It was obvious that the problem with the school should have been solved with the legal district. But the school of *Szemölcs* was a member of an association and its school was a member school. There was no option for the new member to keep its school like a member school. Furthermore, the Mayor did not think that it was worth it to put the effort to maintain the school. The school in the previous association just wasted money and the subsidies from the government should have been properly utilized.

The senior man of the village thought that if there was no school, no problem. So there was no need to raise complementary funds above the governmental subsidy for the children’s education. The lower and upper section was abolished and some of the children went to school in another village, and some of the children were taken to school in the town by their parents.

It helped in the decision that the free school building would not likely be empty for long. An investor started to show interest in the area, because he searched for a place for a regional high capacity kitchen. For the Mayor it was obvious to use the empty school building and tried to cajole the investor to the village.

So *Csákó* solved the school problem in a very tricky way and *Vakály* was left alone without an association partner. *Vakály* was not able to maintain the school alone, the village could not satisfy the conditions of the school capacity and therefore could not get the subsidy from the government.

*Vakály* had to create another association and had to find a partner as soon as it was possible. *Vakály* did not want to belong to the association where *Csákó* belonged. The central school had a lot of pupils and the environment was not good enough because the children had to study in a bad building. The parents did not want to take their children to *Rozs*, to the nearest village. One of the reasons was that the school was full and it could only receive students in the 7-8<sup>th</sup> grades. But the main reason was prestige. Long ago *Vakály* had the central school of the area, but subsequently *Rozs* took this role from *Vakály*. If the parents took their children to school in *Rozs*, it meant further loss of prestige for the village of *Vakály*. That's why *Vakály* searched for a partner outside the micro-region. *Vakály* thought that this was a forced association with a village called *Sima*. Of course the association with *Vakály* was good for *Sima* because *Sima* had the main school. *Vakály* did not manage to have the children from *Sima* attend school in *Vakály*, even though *Vakály* had a new school building which was reconstructed in 2002.

*Sima* considered that it had more children so it would not be fair if the children of *Sima* had to travel to school to another village where there were fewer children. If they had to travel they preferred to travel to the nearest town to school. *Vakály* did not have other chance to join the association. *Vakály* planned to move the kindergarten to the unused school building. It would be another project which needed an 80 million Forint investment.

## Lessons

To review the formation of the association of the multi-purpose micro-regions and the school associations it can be said that this short period can be divided into 2 parts:

The first part was between 2004 and 2007 – the cooperation of the local governments.

The second part was from 2007 until today – voluntary associations were changed into economic constraints.

During the first period the formation of the associations of the multi-purpose micro-regions was difficult because a lot of Mayors thought that the independence of the local governments would be lost. In order to

obtain the complementary funds the associations were created but during this period there was no further development.

These hesitating steps characterized the formation of the school associations also. To keep the school was a strategic and very important question in every single village so that's why the villages did not want to give up their schools.

There were some micro-regions which tried to create an association, tried to work together but the Mayors did not find it a good idea, mainly those Mayors whose independence would be gone.<sup>141</sup> To get the incentive support, villages started to organize health care and educational tasks at a micro-region level. This was not against the local interest, and could be implemented in an easier way.

Some associations were created but everyone tried to keep everything the same. Pupils could study in the school where they previously studied and only the administration was moved to the main municipalities of the association.

The upcoming local government elections were against the start of the bigger, structural transformation and the organization of mutual education. Before the election the Mayors did not have the courage to close the schools down or to merge the school with another municipality's school because they thought that this would be an unpopular step for the voters.

After the initial changes the budget law became stricter in 2007, and it was not that easy to get the complementary support. The local governments of the small villages did not have enough of their own funds to cover the costs of the municipal functions so they had to grab everything that was possible.

Thus, if the villages could contribute to the (reasons beyond their disadvantaged municipalities) RBTDS which was absolutely necessary to survive, they were forced to join a school association or they were forced to close down their schools. (Practically the possibility was about whether the local government or the church maintained the school. If the church operated the school it could have remained in the municipalities.)

The central government could realize development of school districts by the regulation of the sponsorship of the municipalities. Moreover it was very carefully done because there were no rules about which school should be the central school, which schools should be the member

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<sup>141</sup> Small school in front of a big decision <http://nol.hu/cikk/347498/>

schools, and which schools should be closed. The Mayors could decide about this. The central government thought it would be better if the Mayors decided this among themselves. At first it was thought that this process was democratic in which one of the European Union's policies achieves its goal in the principle of subsidiary.

On the other hand we can say that it was a very comfortable solution because the political consequences were reflected on the local government. Some Mayors realized that it was impossible to maintain a school with a few pupils but said: "the role of the central government in that case made me deeply angry."

Schools were judged on an emotional base rather than on a rational base. The thinking was that if a school was closed the village would disappear also. The future of the village would be lost if there was no school.

The forced process of forming associations caused bad relationships among the municipalities and increased local social tensions as well. In the creation of the associations, if there were many municipalities in the micro-region where more than one association could operate, some would end up with a winner and some with a loser.

As shown all the Mayors wanted to win and they cannot be blamed for this. There was not such a solution if the municipalities would co-operate all of them would win. The only solution was that some could keep their schools and some lost their schools.

These quarrels made the Mayors distrustful of each other. So why would any of them want to form an association and to cooperate happily?

The quarrels and the forced solutions among the municipalities made the conflicts more serious. People stopped the Mayor on the street who had been honored for decades and blamed him because the village had lost the school. Parents were quarreling with the local government because they wanted their children to go to school in a village that the local government did not choose. The parties had different conceptions so the tiny villages changed their political affiliation. There was a huge gap between the political parties (and between the inhabitants also) which made communication among the people impossible.

The lack of the resources and the law did not motivate the villages to cooperate with each other but the villages were forced to compete which can undermine the operation of the whole micro-region's society.

Was it worth it? These studies form only a short report on the state of affairs and do not address the topic of equal opportunity and the problem

of the effectiveness. But it is not as clear as it seems that the zonal schools can operate more efficiently and provide equal opportunities better than the small schools. It must be pointed out that there are no studies about the schools which were closed or merged. These changes happened without any professional assessment, only because of economic constraints.

It also should be noted that on one hand in mind of the central government effectiveness equals successful financing of the schools, but on the other hand the central government wastes money. What else can it be called but wasteful when schools are built and renovated then closed by the time the building is ready?! These “useless” investments are not only the result of the “good relationships” but the result of the unpredictable law.

In conclusion one more thought. The reorganization of education fits in with the reorganization of the public services. Let's think about the creation of the legal districts. The municipalities think that there is a lot of money in the creation of the mutual social welfare system. All this leads to a situation where the village became useless and leads to a situation which involves the transformation of the municipality structure.

## 2.9 The Hungarian world according to the young...

László Laki – Andrea Szabó:<sup>142</sup>

### Social experiences

About twenty years after the regime change an empirical social science research named *Youth 2008*<sup>143</sup> was conducted, where eight thousand young people aged 15–29 were asked – among others – about their school career so far, their ideas, the financial situation of their families, their life circumstances, health state, and of course about what they think about the society they live in.

The opinion of young people are often regarded as something not to be taken seriously, as they do not have enough experiences of the world they live in, so their statements and judgements are superficial, not well grounded, and often not “valid”, since they only repeat stereotypes taken over from their environment (parents, friends, television, etc.).

This presumption is not quite right, as the majority of the youngsters grow up in families, and – whether they want or not; whether they care or not – the must face problems that affect or limit the living, the present and long-term realisation of the family’s plans and needs day by day: if the family budget lasts till the end of the month, if it is enough for clothes, holidays, weekend parties, if they can save up for a new flat. Therefore, even a 15–17-year-old student has an idea of the state of the household, and is able to judge whether they “live without problems” or “have financial problems month after month” or “they live in privation”, especially if they regularly experience that in their families the monthly income does not last till the next month.

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<sup>142</sup> The authors are research fellows at the Institute for Political Science of the Hungarian Academy of Sciences.

<sup>143</sup> For more details on the results of the research *Ifjúság2008 “Youth 2008”* see: Béla Bauer – Andrea Szabó (eds.) (2009) *Ifjúság2008 Gyorsjelentés* Budapest, Institute for Work and Social Policy.

**Table 2.9.1.: Dimensions of the judgement of the financial situation (percentage, rounded)**

	percent
<b>Subjective judgement of the financial situation</b>	
They live without problems	6
They manage by organising their finances well	43
Just about make ends meet	35
They have financial problems month after month	12
They live in privation	3
Does not know	1
<i>Total</i>	<i>100</i>
<b>Ran out of money by the end of the month</b>	
Every month	21
Every other month	7
Every third month	6
Every half year	6
Less frequently	13
Never	40
Does not know	7
<i>Total</i>	<i>100</i>

Source: *Youth 2008*.

The current experiences of the young people can also be valid for a longer period, since they are able to decide even without exact data on income, whether there have been noticeable changes – either for the worse or the better – in the financial situation of the family in the past few years, as compared to “living without problems” or “having financial problems month after month”.

Therefore the opinions regarding the past is taken seriously as well, for example, “How do you think the financial situation of your family has

changed in the past ten years?”, although we are aware that the 15–17-year-old people cited were small children at the time. In short, the opinion of young people aged 15–29 is taken as their lived experience, according to which only a tiny fraction of them think that the financial situation of their families “improved” (7%), while the majority think it undoubtedly “worsened” (62%), or just “stayed the same” (32%).

**Table 2.9.2.: The division of young people aged 15–29 living in different financial situations, according to how the financial situation of their families changed during the decade before the survey (percentage).**

	Their financial situation got worse	Their financial situation did not change	Their financial situation improved	Total
They live without problems	33.2	50.4	16.4	100
They manage by organising their finances well	50.5	41.1	8.4	100
Just about make ends meet	72	24.1	3.9	100
They have financial problems month after month	81.9	14.7	3.4	100
They live in privation	86.1	10.3	3.6	100
Total	61.7	31.7	6.6	100

Source: *Youth 2008*.

The above opinions have to be taken seriously also because the young people evaluated the steady “worsening” or “stagnating” of their families’ financial situation not by itself, but unanimously together with the worsening of the “economic situation of the country” (84%), and the “living standards” (80%) in the decade, and also because it is a general trend affecting the majority of each class and group of the society, as three fifth (58–60%) of even the people regarding themselves to belong to the most favourable groups – “professional employees, managers”, “entrepreneurs”, or “other intellectuals” – reported the worsening of their families’ financial situation. Furthermore, this trend dates back from the time of the regime change, as even the survey conducted at the millennium – *Youth2000* – showed that the decade between the regime



change and the millennium was also regarded as “deterioration” (41%), or stagnation “did not change” (33%) by the majority of young people, and only one sixth of them reported of “improvement” (16%).<sup>144</sup>

There is also the social trend afflicting young people for decades, the unemployment of the young, and we cannot say that young people only “heard of it”, since (as shown in the table below) almost two fifth (37%) of young people entering the labour market or trying to enter it at the start of their careers said that they have experienced the drawbacks of this life situation during the short time of their employment. This is certainly only an average; young people living in the Central Hungarian Region are in the most favourable position as only a quarter of them have been unemployed (26%), while the youngsters in the Northern Great Plain region reported of the worst situation, where more than half of the people entering the labour market (53%) had to face the problem of unemployment.

**Table 2.9.3.: The division of people aged 15–29 in the labour market, according to whether they have been unemployed or not (percentage)**

	Central Hungary	Central Trans-danubia	Western Trans-danubia	Southern Trans-danubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Total
Have been unemployed	25.5	36.2	36.4	37.9	39.6	53.3	38.7	37.1
Have not been unemployed	74.5	63.8	63.6	62.1	60.4	46.7	61.3	62.9
Total	100	100	100	100	100	100	100	100

Source: *Youth2008*.

Also, young people – like others – move around in various social and settlement environments, where the deterioration or the boom of the economy offer different educational and employment opportunities, income, career etc., and where different forms of getting richer or poorer shaped local societies, and where one meets people with different attitudes and world views. The friends’, schoolmates’ and colleagues’

<sup>144</sup> For more details on the results of the survey *Youth2000* see: László Laki –Béla Bauer –Andrea Szabó (eds.) (2001): *Ifjúság2000. Gyorsjelentés*. Budapest, National Research Institute for the Youth; Andrea Szabó –Béla Bauer –László Laki (eds.) (2002): *Ifjúság2000. Tanulmányok I.* Budapest, National Research Institute for the Youth.

problems, unsolved and stretching needs, fulfilled or failed desires, endeavours, anger, conflicts, the ideas and practices of getting along in life and success in the society is also a source of experience. The media of course is also constantly pouring out an abundance of problems of the society, economy, maintaining schools, taxation, employment, living, crime, corruption, etc., and it transmits the standpoints of the authorities, the propaganda of the political parties explaining them, which is trying to eliminate and take the edge off the problems from the government's point of view, and enlarge or sharpen them from the point of view of the opposition.

After all, the experiences, living them, perhaps thinking them over, accepting the various explanations as true or valid – with emotions and anger attached to them – make up some kind of images of the society, where different problems of different importance follow, gaining different meanings, but even identical problems may lead to very different interpretations. Therefore young people have gained a variety of experience of the world they live their everyday life in, so their opinion of the phenomena and processes, and their images of the society shaping and changing along their experiences are worth considering.

### **The most urging problems of young people**

What young people consider being the most urgent problem of their generation, which affects and influences their everyday life, and which in many respects also defines their future, is an important element of their image of the society. During the survey *Youth2008*, based on earlier research, we worked with a list of problems consisting of 25 statements – also providing the opportunity for young people to add problems freely to the list –, and the respondents could mark two of these in the order of importance. The list contained a number of problems including “opportunity for entertainment and socializing“, “lack of community“, “dependence on the parents“, “the bad state of the environment“, “being uncultured, having low standards“, “moral decay“, “increasing alcohol problems“, “corruption“, “school problems“, “housing problems“, “aimlessness“, “unemployment and difficulty in finding a job“, and “unhealthy way of life“.

“Employment” is the first one (38%) on the list of social problems made up by young people concerning their generation, followed by “having no money, and poverty” (22%), which also sours the everyday life of many. Beyond that, youngsters think that their life is unpredictable and

impossible to plan not only at present – “uncertainty of existence” is the expression they consider as the best definition (18%) – but also, due to a lack of noticeable economic, social, political changes, their expectations are not any more optimistic, as they see their future “hopeless and uncertain” (18%). They consider the “spreading of drugs” (13%), the increase of “crime” (11%) to be problems of social scale, and the fact that the majority of their fellows does not know what they want, i.e. they live their life aimlessly (11%). The list of problems of course includes “the problem of getting a flat being unsolved” (10%), just like “the spreading of alcohol problems” (7%), “moral decay” (6%), “bad family environment” (5%), or corruption (5%).

As showed, the generation problems considered as central ones by the young people gather around two essential factors, processes – namely “employment and difficulty in finding a job” and “having no money, poverty and impoverishment” –, which are the main and definitive trends of the Hungarian new capitalism taken shape after the regime change. Only in the period between 1989 and the end of 1993 nearly one and a half million jobs were terminated in Hungary, which led to a low employment rate, and a high rate of inactivity and unemployment – especially affecting the young and the old –, and the new system has not been able to correct this ever since. Similarly, even at that time Rudolf Andorka warned of the abrupt rise of poverty: “If the minimum subsistence level calculated between 1982 and 1994 by KSH “Hungarian Central Statistical Office” is taken as the poverty line, we can say that in the 1980s about 10 percent, while in 1995 30–35 percent of the population was poor... Even larger though is the proportion of those who did not fall under the poverty line, but became poor in the sense that their income per capita is less than before the regime change.”<sup>145</sup> Concerning the rise of disparity of income he remarks that “if this tendency continues, we are approaching the highest rate of inequality of income in the world observed in Latin-America”, and that “the poorest group of the society may be left out of the profits of economic growth, and may fall behind the rest of the society even more”. (Andorka 1996, 11–12) In short, it is about the system specific operation of Hungarian new capitalism, since these trends have become predominant in the past two decades – the alternating conservative and social liberal governments failed to develop effective procedures to deal with them and turn them

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<sup>145</sup> Back in the early nineties Judit Csoba analysed in detail the negative effects of unemployment on the family income structure, and described the dangers of the “poverty trap”. (Csoba 1994).

backwards –, therefore these dominant trends continue to structure the society.

We will not dwell on the problems of unemployment and finding a job also experienced by a large group of young people, and although these might bring those affected existential uncertainty for a shorter or longer period, the fear of “having no money, poverty, impoverishment” goes beyond these social circumstances. Already back in the mid-nineties Andorka for example mentions his fear that the poorest may be left out of the profits of the economic growth – and life has proven him right –, i.e. not only the unemployed can be afraid of becoming poor, but also people on the official labour market are not guaranteed a profit from the economic growth. Especially in the regions without mass and lasting unemployment, where the labour market is organised on the level of the minimum wage due to oversupply, i.e. even people officially employed earn badly, which – combined with a high inflation rate and a lack of correction of salaries etc. – it results in impoverishment, coming down, and families having to give up their former quality of life. All these do not necessarily result in immediate deep poverty – when even paying for food, heating or electricity is an everyday problem – but their long-term presence undoubtedly leads to impossibility. It also means that individuals and families are unable to keep up with the normal pace of society (average, majority etc.), and that the lack of sufficient resources prevents them from, or delays obtaining the goods offered and needed by fast modernisation. In any case, the consolidation or perhaps increase of the gap between the challenge and pressure of modernisation and impecuniosity itself is a source of tension, since many young people think that they cannot get important (or thought to be important) goods of civilisation because of the lack of money, thus they fall behind their more fortunate contemporaries, which they experience as social injustice. The short and long term aims and decisions of becoming independent, starting a family, and having children are also certainly influenced by not having enough money and becoming poor, and these decisions get postponed more and more, since their realisation in a lack of financial conditions is regarded as an irresponsible step. However, we accept that the postponement of the youth period of life is a non country specific phenomenon independent of poverty and impoverishment. Its first forms were described as early as in the 1980s by German youth sociologists, and Hungarian research into political socialising indicated the start of the process at the end of the eighties.

It is not by accident that young people among these social, economic, political circumstances – just like their parents – become unsure, as for the majority this transmitted the consolidation of financial and living problems, the state of existential defencelessness, an incomprehensible and unplannable world without self-assertion and solidarity since their childhood, where they can only rely on themselves and their own families.<sup>146</sup> The present and future of young people is incomprehensible and undesignable, since it is not at all guaranteed if they can find a job with the qualification and degree they obtained in the area they found interesting and preferred, and in which they invested a long time of education and a lot of financial and intellectual effort, and even if they can find a job, it is doubtful if they will be able to retain it or find another one in case they get dismissed; not sure if their salaries will cover the standard of living they wish for, and save up to start a family and buy a flat; and uncertain whether they can provide sufficient and competitive upbringing and schooling for their children. The impossibility or limitedness of predicting and planning one's personal life, the impoverishment of the parents' or their own families, being exposed, the experience of being left alone and drifting along etc. result in serious problems, since it makes the individual unstable, and it naturally provokes attitudes and feelings like "uncertainty of existence", "unsafe future without prospect" and "aimlessness", and also behaviours like taking "drugs", "crime", and "drinking alcohol".

All the above can also be taken as dissatisfaction – being unsatisfied with salaries, schooling, standard of living, prospects for the future etc. –, but there is much more to it. The long-term presence of "unemployment" and "having no money and impoverishment" in society combined with the feeling of "uncertainty of existence", "unsafe future without prospect" and "aimlessness", and with the behaviours of taking "drugs", "crime", and "drinking alcohol" draws the attention to the circle of phenomena of depression, anomy, and alienation. (Kopp-Skrabski-Löke-Szedmák 1996, Kopp-Skrabski 2008) What kind of society is the one where the definitive experience of the young generation is "uncertainty of existence", "unsafe future without prospect", "aimlessness", the spreading of "drugs", "crime", and "drinking alcohol", and where the ruling system – and alternating conservative and social liberal governments – can barely or not at all offer assistance, a helping hand

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<sup>146</sup> Already at an early age they get to know the humiliating feeling of "being outside of the circle", as they parents cannot afford the newer and newer products offered by consumer society, fashionable goods, electronic devices.

and effective support to deal with these problems, and do not offer alternatives?

Of course young people from different age groups, settlements, of different social status etc. have different views of the complexity and organisation of the problems determining the present and future of their generation in many respects. Although being endangered by “unemployment” is the main challenge for each age group – followed by “having no money and impoverishment” –, it is evident that for the age group of 15–19 facing it seems further away therefore less urgent (33%) than for people at the start of their careers aged 20–24 (39%) and for the group already at work aged 25–29 (41%).

**Table 2.9.4.: The problems considered to be the most urgent by age group, based on the summary of two answers (percentage)**

15–19-year-olds		20–24-year-olds		25–29-year-olds	
problems	%	problems	%	problems	%
1. unemployment	33	1. unemployment	39	1. unemployment	41
2. having no money, impoverishment	22	2. having no money, impoverishment	20	2. having no money, impoverishment	23
3. the spreading of drugs	16	3. unsafe future without prospect	19	3. uncertainty of existence	20
4–5. unsafe future without prospect	15	4. uncertainty of existence	18	4. unsafe future without prospect	19
4–5. uncertainty of existence	15	5. the spreading of drugs	13	5–6. housing problems	11
6–7. crime	12	6. aimlessness	12	5–6. the spreading of drugs	11
6–7. aimlessness	12	7. housing problems	11	7–8. aimlessness	10
8. the spreading of alcohol	9	8. crime	10	7–8. crime	10

Source: *Ifjúság 2008.*

At the same time, because of the current life situation the “spreading of drugs” came third on the list in the case of young people aged 15–19

(16%), while with the 20–24-year-olds future seems “without prospect and unsafe” (19%) due to difficulties in finding a job after leaving the education system, and “uncertainty of existence” in the case of the age group 25–29 (20%) due to worries about losing their job, low salaries, families and children, not being able to pay the mortgages of the flat, etc. It is an important fact that 15–19-year-olds include the “spreading of alcohol” besides “drugs” and “crime” in the list of most important dangers to their age group, while people aged 20–24 and 25–29 consider “housing problems” to remarkably prevent them from realising social activities traditionally related to their age: like making their own living, founding a family and having children.

Of course young people belonging to the same age groups but of different status make up different lists of problems of their most urging problems. Those for example who study in vocational schools and specialised secondary schools say that “drugs”, “crime” and “alcohol” is a big challenge in their age group both for parents and schools, teachers.<sup>147</sup> In contrast to that, the list of college students is headed by “difficulty in finding a job” (35%), fear from “unsafe future without prospects” (22%), “having no money” (20%), and “uncertainty of existence” (19%). Data also show that after all these years studying in school – or just a long time of pointless stay at schools – many of them are still looking for their place in society, as they do not at all seem more purposeful – “aimlessness” (14%) – than secondary school students. The case of university students is more or less the same, but they seem to be less afraid of “having no money”. To be more precise, being aware of the family background and/or with their diploma they trust they will be able to get and retain jobs that provides them with a proper income, “they manage by organising their finances well”. They do talk about “housing problems” and the need to “create their own living and their own family”, whose basis is mainly dependent on them and their families, they cannot count on help or support from the government.

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<sup>147</sup> About the different world of vocational school students in many respect see: Szabó–Kern 2010a, 2010b.

**Table 2.9.5.: The most urgent problems of young people according to some student groups, based on the summary of two answers (percentage)**

Vocational and specialised secondary school students		Specialised secondary school students		College and BA students		University, MA and PhD students	
problems	%	problems	%	problems	%	problems	%
1. unemployment	37	1 unemployment	32	1. unemployment	35	1. unemployment	33
2. having no money, poverty	23	2. having no money, poverty	23	2. unsafe future without prospect	22	2. unsafe future without prospect	20
3. the spreading of drugs	16	3. the spreading of drugs	18	3. having no money, poverty	20	3. uncertainty of existence	17
4–5. crime	14	4. unsafe future without prospect	17	4. uncertainty of existence	19	4. aimlessness	16
4–5. unsafe future without prospect	14	5. uncertainty of existence	14	5. aimlessness	14	5–6. the spreading of drugs	15
6. uncertainty of existence	13	6–7. aimlessness	12	6. the spreading of drugs	13	5–6. having no money, poverty	15
7–8. aimlessness	11	6.7. crime	12	7–8. crime	9	7. housing problems	10
7–8. the spreading of alcohol	11	8. the spreading of alcohol	9	7–8. moral decay	9	8. creating their own living and family	9

Source: *Youth 2008*.

It is worth considering why married young people do not feel any safer in this bond than their unmarried companions. What is more, they also think “unemployment” (44%), “having no money and poverty” (23%) are serious issues, they find “uncertainty of existence” (20%) threatening as well, and they are not any more optimistic than others concerning the



future as they consider it “unsafe and without prospect” (17%), and “housing problems” (12%) as urging social problems.

It is obvious that young people from different types of settlements also make up different lists of problems affecting their age group. The problems of young people living in Budapest gather around two factors, the fact that “unemployment” (27%) and “having no money” (26%) weigh about the same show that although it is easier to find a job in the capital city, the salaries – however higher than outside of Budapest – do not enable most of them to keep up with their current and long-term needs, and the challenges of modernisation. This is demonstrated by the fact that “housing problems” are considered more serious (15%) by young people in Budapest than in the countryside.

**Table 2.9.6.: The most urgent problems of young people according to youngsters living in different types of settlements, based on the summary of two answers (percentage)**

Capital city		Cities of county rank		Other towns		Villages	
problems	%	problems	%	problems	%	problems	%
1. unemployment	27	1. unemployment	35	1. unemployment	39	1. unemployment	43
2. having no money, poverty	26	2. having no money, poverty	19	2. having no money, poverty	21	2. having no money, poverty	21
3. uncertainty of existence	21	3–4. uncertainty of existence	17	3–4. uncertainty of existence	19	3. unsafe future without prospect	18
4. unsafe future without prospect	17	3–4. unsafe future without prospect	17	3–4. unsafe future without prospect	19	4. uncertainty of existence	16
5. housing problems	15	5. the spreading of drugs	14	5. the spreading of drugs	12	5. the spreading of drugs	13
6. the spreading of drugs	14	6. aimlessness	13	6. aimlessness	11	6–7. aimlessness	11
7. crime	10	7. crime	12	7. crime	10	6–7. crime	11
8. aimlessness	9	8. housing problems	9	8. housing problems	9	8–9. housing problems and the spreading of alcohol	8

Source: Youth 2008.

As opposed to this, the list of young people living outside of Budapest is clearly and exclusively headed by “unemployment”, as 35% of young people living in cities of county rank, 39% in other towns, and 43% in villages think this is the most urging problem. Other data also demonstrate what this problem means in the countryside, and how big the regional and territorial differences are. Although young people living in the Central Hungarian Region (in Budapest and Pest County) also consider “unemployment” to be the most urging problem (27%) – just like in Western Transdanubia (30%) –, the difference is remarkable compared to young people in the Northern Great Plain region, where it is far ahead of any other problems (54%) on the list of the gravest issues.

Young people in different financial situations, living and consuming conditions have different views of the circle of the most serious generation problems. While the members of the group who consider themselves to be of the worst financial situation ones “living in privation” for example think that the most serious youth problems are “unemployment” (45%) and “having no money, poverty” (30%), those living among the best financial conditions, “without problems” are far from thinking that “unemployment” (26%) and “having no money, poverty” (18%) are determinant problems. It is also evident from the fact that according to them “aimlessness” (18%) and “the spreading of drugs” (14%) is about as important in the net of problems as “having no money”. However, young people “living in privation” do not even list the above two phenomena among the eight most serious problems, while unsolved “housing problems” (10%) or the “bad situation of young people” (8%) are on the list, showing that people living in such hard financial and living conditions are unable to solve their current and long-term problems (e.g. housing) with their own resources, they would need government or local government support programs in the labour market, training, etc. Based on their experiences, these youngsters draw up an image of the society consisting of a net of problems, which seems to map their everyday existential questions: unemployment and being afraid of it, poverty, uncertainty of existence and having no prospects, housing problems, their own “bad” situation, crime, and drinking. The members of this group undoubtedly expect the government to solve their problems, since they cannot do it with their own resources.

**Table 2.9.7.: The most urgent youth problems according to young people judging the financial situation of their families in different ways, based on the summary of two answers (percentage)**

Living without any problems		Living in privation	
problems	%	problems	%
1. unemployment	26	1. unemployment	45
2–3. aimlessness	18	2. having no money, poverty	30
2–3. having no money, poverty	18	3. uncertainty of existence	21
4–5. uncertain future without problems	17	4. uncertain future without problems	16
4–5. uncertainty of existence	17	5. crime	14
6. the spreading of drugs	16	6 housing problems	10
7. crime	14	7. the spreading of drugs	9
8. the spreading of alcohol	11	8. bad situation of young people	8

Source: *Youth 2008*.

### **The conditions of getting along in the society**

The image of society drawn up by young people is further shaded by the answer to the question “what is most needed to succeed in Hungary?” Another list was used in this case, consisting of 19 statements assembled on the basis of our earlier research, and the people questioned had to choose two in the order of importance: from the criteria of “honesty”, “cunning” or “aptitude” through “willpower”, “hard work”, “good family background”, “knowledge and good training” to “connections, network”, “enterprising spirit”, and “good diploma”.

Young people consider “good connections, network” to be the most important conditions and means to succeed in life (35%), which is followed by “money, finances” (23%), and “secure job” (22%), then comes “willpower, ambition” (19%), “good family background” (12%), “hard work, diligence” (12%), “knowledge and good training” (12%), “aptitude” (9%), and “good luck” (9%). Good diploma” (8%) or “linguistic competence” (8%) as the criteria of success only follow after all these, just like “good health” (6%), “enterprising spirit” (5%),

“cunning” (5%), “being pushy and impertinent” (5%), and “honesty, morality” (5%).

Perhaps it is not without interest to examine why young people think that “good connections, networks” are the most important conditions and means of getting on in life in Hungary today, as it has little positive or neutral connotation, basically negative and rejected values, opinions and social images are linked to it. Positive or neutral on the one hand, in the sense that everybody in the society uses and profits from the information and support accumulated and circulating in the circle of acquaintances in a natural way, as members of some social network: of family relationships, neighbours, friends, work, professional, interest representation, etc., like entrepreneurs for example are unable to compete effectively if they do not use the advantages lying in networks to organise their markets. On the other hand, the pejorative meaning of “good connections and network” suggests – about both the individual who profits from it and the society if it is the main way of being successful – something that is hardly or not at all compatible with the normal, transparent, open, democratic or moral functioning of modern society. Namely, it suggests that individuals who need “connections” to get along in life are short of qualifications and skills acquired in the education system (education, training, knowledge of languages), and personal qualities (diligence, skills, ambition, etc.).

It gives a negative image of the society as well, as “good connections” are overestimated and have a dominant role in succeeding where economy stagnates or declines, where not enough jobs are created, employment is limited, therefore people have to fight to get “still acceptable”, “secure”, “well-paid” etc. jobs, perhaps they are not announced publicly, or if they are, decisions are made “in the background” through “acquaintances”. Such society is not dynamic, not only structural but individual dynamics are limited; school dynamics are separated from social dynamics to such an extent that even a good qualification does not ensure getting a job. Society seems “closed”, where the processes of getting closed off, marginalisation, impoverishment, etc. are normal and usual, but it is not at all obvious that even high level individual performance automatically succeeds. This image also suggests a politically closed society – decades of experience of this has accumulated in Hungary –, where new elites, governments, local governments, administrative structures etc. getting in power build clienteles, only trust “their own people”, and where professional competence, performance, and honest work is subordinated to political

reliability. Such a society is not transparent in respect of entering the labour market, staying there permanently, or the criteria and performance of promotion, so official institutions operated by the government (e.g. labour office) function with a low level of efficiency, therefore young people do not turn to them for a solution to their problems, as in their experience a lot more depends on personal contacts and networks than on official institutions and procedures or on personal qualities and hard work. The above answers suggest individual interest enforcement (the old topos of the Kádár era) on the one hand, and the continuation and prevalence of an even older heritage, kinship-based networks.

We have to emphasize that the source of problems is not the phenomenon and use of connections itself – as it was mentioned earlier, individuals naturally live and organise their everyday life in network relationships, where trust and reliability are of major importance –, but the fact that through the special operation of the half-peripheral society it becomes too strong a power that organises society, and has a significance beyond itself (e.g. nepotism, building clienteles). In other words, when the informal network of “good connections” becomes the generally accepted and used – and probably the most effective – channel of success in the dimensions of society, everybody is aware that this does not meet the demands, procedures and requirements that one expects from modern society. To highlight the gravity of the problem, we have to mention that a requirement which counted as a reference point only recently, and which was considered to be among the main features of the system change and the “market economy” to be introduced, and as the indispensable requirement of the new system and becoming successful in it – namely “enterprising spirit” (5%) –, young people put it at the end of the list. Something must have happened then, if generations born, socialised or educated after the system change basically ignore these ways, means of becoming successful, even though Hungarian society and economy cannot lack the motivating and dynamising power of “protestant ethics and the spirit of capitalism”.

It similarly makes one stop and reflect that while everybody in public life speak about the indispensability of “lifelong learning”, “knowledge and good training” (12%), “good degree” (8%), “linguistic competence” (8%) and “computer knowledge” (1%) as the primary requirement of success in society, young people do not at all attach major or great importance to them. Although “good degrees”, i.e. the documents that prove marketable knowledge much sought for – with a “knowledge” behind – can not only be obtained from universities, it is remarkable that

only university students – see Table 9. – list it with the three major elements of becoming successful, but even they do not mention “linguistic competence” in the first three positions of the list, similarly to college students.

Being aware of all the above, it is not surprising that “good connections, network” are considered by young people to be the main and most effective way and condition of success in society – just think of the demand, the income conditions of the labour market available for them with their qualification and training, and of the dominant role of “network connections” in finding a job –, but to what extent they can account for this in reality social resource is questionable. That is, it is not evident at all whether different groups of young people have enough mobile, effective “connections” with necessary information to solve their social problems.

**Table 2.9.8.: Conditions and means of becoming successful regarded as most important by young people putting themselves in different social groups. (percentage)**

Lower social class		Lower middle class		Upper middle and upper social class	
problem	%	problem	%	problem	%
1-2. secure job	32	1. connection	37	1. connection	32
1-2. money, finances	32	2-3. money, finances	26	2. willpower, ambition	26
3. connection	26	2-3. secure job	26	3. hard work	16
4-5. good luck	13	4. willpower, ambition	16	4-5. secure job	14
4-5. good family background	13	5. good family background	13	4-5. money, finances	14
6. willpower, ambition	12	6-7. hard work	10	6. good family background	12
7-8. hard work	10	6-7. knowledge, training	10	7-8. good degree	11
7-8. knowledge, training	10	8. aptitude	9	7-8. knowledge, training	11

Source: *Youth 2008*.

The fact that it is only young people putting themselves in the “lower class” who consider the most important means of becoming successful

not “connections” (26%) but “secure job” (32%) and “money and finances” (32%), seems to refer to the uneven social distribution of connections and networks.<sup>148</sup> They obviously lack these social resources as well compared to others – it is easy to understand that “connections” only could hardly help their careers, being aware of their education, training, financial state, work culture, being outcast and excluded –, so they attribute more importance to “good luck” than any other social group. It is not difficult to see that the disintegrated state of these groups left alone by society, local governments, the government etc. can only be helped at all in social dimensions by a well organised official network of institutions equipped with resources, experts and information.

Due to its nature, the problem appears as early as in the school system: although “connections” are equally considered to be the most important factor in becoming successful by students in different types of schools, there is a difference in quantity between the judgement of students at vocational schools (27%), college (44%) and university (41%). While students at vocational schools consider “secure jobs” (25%) and “money and finances” (24%) just as important, on the list of college and university students “good connections” are far ahead of anything else. In this respect college students attach even greater importance to the network of connections than university students, which may be explained partly by the different value and marketability of degrees, since students at university can rely more on their “good degrees” (20%) than college students (14%) in their careers.

**Table 2.9.9.: Conditions and means of becoming successful regarded as most important by students in different types of schools, based on the summary of two answers. (percentage)**

Vocational school students		College students		University students	
problems	%	problems	%	problems	%
1. connections	27	1. connections	44	1. connections	41
2. secure job	25	2. willpower, ambition	24	2. willpower, ambition	22
3. money, finances	24	3. money, finances	16	3. good degree	20

<sup>148</sup> About the connection networks of the unemployed and the personal and family consequences of unemployment see for example Csoba 1993.

4. willpower, ambition	19	4. secure job	15	4–5. money, finances	16
5. hard work	14	5–6. good degree	14	4–5. knowledge, training	16
6. knowledge, training	13	5–6. knowledge, training	14	6–7. secure job	13
7. good family background	12	7. hard work	12	6–7. hard work	13
8–9. aptitude, and good luck	9	8. aptitude	11	8. aptitude	12

Source: *Youth 2008*.

Three points of the above should be highlighted.

*Firstly*, the group of problems mentioned by young people to describe their own life situation, social opportunities and prospects, i.e. their “subjective” image of society is very similar to the circle of “objective” problems officially recognised by the government and political officials, and academic etc. institutions specialised in discovering and describing the real procedures. It is hardly disputable

that problems like “unemployment”, “having no money, poverty”, “uncertainty of existence”, “unsafe future without prospect”, the spreading “drugs” and “crime”, “aimlessness”, “housing problems”, or the role of “connections” in becoming successful etc. are problems that have long been typical of and structuring Hungarian society, and are the sources of serious social anomalies and conflicts. In this sense, their sense of problems and image of society can be described as realistic. Not exaggerating or pessimistic, but realistic.

*Secondly*, there is a rather worrying image of society behind, where uncertain present, unplannable and unreliable future, the fear from unemployment, having no money and poverty, the informal channels of social success, etc. are shaping the thinking, general spirit, world view, behaviour, way of living and life strategies of young people (and their parents).

*Thirdly*, It is worrying to see on young people’s list of serious generation problems things like uncertainty of existence, that many of them feel drifting without aims, incapable of controlling their own life, that they have no idea who to turn to since they can only rely on themselves or (in the best case) on their families, and they experience the spreading of “drugs”, “alcohol” and “crime” in their environment, etc., that is, when



they report of the obvious manifestations of anomy and alienation.<sup>149</sup> Facing all this though is not primarily and utterly a youth problem.

It is also worth contemplating that what has been said cannot be interpreted only in a national setting, as Hungary has been a member of the European Union for a longer time, and the measures of young Hungarian people's successful preparation for the social and labour market are determined at least as much by the demands, needs and requirements of Hungary as those of the European Union. Not only because we will always be overmatched in the competition for international investments if we are unable to provide enough qualified work force, but also because national industry, agriculture, services and public service also needs (or would need) well-trained, motivated, performance oriented etc. young workers. This can hardly be expected though of an education system where even students at the age of 20–24 drift with no aims and motivations, and of a labour market which does not offer safe jobs, reliable careers, or salaries and wages enough for a living, and it directs success in society into informal channels. Not to speak about the problem that skilled and qualified young people who feel that the society does not offer them a future (job, professional advancement, stability, calculability) will leave the country for a period, or forever. This may multiply the already extremely serious labour market problems.

The requirements and needs of the developed capitalist societies of the EU cannot be ignored also because in these countries the liberal, conservative, socialist and national values adequate with capitalism have become a practice built on each other in society during the centuries, so providing social integration (solidarity), preventing the alienating effects of extreme differences in wages, and the institutional solutions to social security are obvious and undisputable requirements of this modernity. (Kopp-Skrabski 2008) In this sense, after the last system change, Hungary did not move towards the development of a “modern society” according to the young (Andorka 1996), if their mass existential feeling is insecurity, incalculability, existential defencelessness, or the impossibility to plan the future, the polarisation and atomisation of society, the lack or anarchised nature of integration as factors and processes to threaten democracy have always to be taken into account.

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<sup>149</sup> It is not accidental that nearly one third of them give a system-independent answer when judging democracy and dictatorship, i.e. they say “for people like me one political system is just like any other”, and another 14% see the chances of advancement in dictatorship. For details on this see Szabó–Kern, 2011).

## **2.10 Labour Market Changes, Employment Policy Challenges and Responses in Hungary**

*Judit Csoba*

*In the early 1990s, after the fall of socialism, Hungary lost one-third of her export market due to the insolvency of the former socialist countries. Furthermore, the emergence of new markets fell short of expectations and economic necessities. As a result of the decline in exports, production fell significantly, which was accompanied by an unexpected decrease of employment. Full employment – which was considered an accomplishment of the socialist society – remained an unrealistic promise after the middle of the 1980s. Labour demand declined, the number of the "hidden unemployed" grew significantly, and open unemployment became increasingly common and persistent. This study discusses the emergence of unemployment and the system of institutions and resources established to handle it. It also analyses briefly the current employment situation in Hungary.*

### **1. Labour market and employment before the fall of socialism**

The Soviet-type economy based on centrally planned commands, and extensive industrialisation, which was launched in 1949, fundamentally transformed the structure of employment and income production in Hungary. The migration from agriculture to industry and the creation of large-scale industrial production led to a wide-spread emergence of a society based on wage labour. This process did not come into being as a result of the internal development of the economy, but was carried out at a forced pace along the lines set forth by centrally planned commands. The group of dependents, constituting the majority of the population in 1949 (52.8 %), dropped below 50 % by the 1960s (47.8 %), and the rate of wage earners integrated into the formal labour market continuously increased (KSH – Hungarian Central Statistical Office, census data).

The dynamics of the growth of employment came to a stop by the second half of the 1960s, and the resources that had formed the basis of the centrally planned economy's growth were depleted. Reform experiments which aimed to introduce market economy in order to maintain the rate of growth remained limited in the 60s, because the political leaders of the time refused to incur the amount of unemployment, estimated at about half a million people, that would result from the model change. In the first half of the 1970s – following the slowdown of the market

introduction experiment in the 60s –, the centrally planned economy was re-stabilized, and was now based on a gradually growing amount of loans from the external market after the internal resources had been exhausted.

Due to the extensive industrialization, the strict centrally planned economy and the development of a system of welfare institutions fostering women's employment<sup>150</sup>, 1977 saw the highest employment rate,<sup>151</sup> when 88 % of the economically active-age population, i.e. 5,777,000 people were employed. This was the highest employment rate in Hungary of all time. Beyond the factors mentioned above, the relatively high employment rate was also due to external trade that was organized, protected and regulated in the framework of Comecon (Council for Mutual Economic Assistance), and the fact that highly processed products constituted a large proportion of exports, as well as the predominance of Hungarian products for domestic consumption (e.g. food industry, light industry).

In addition, the development of an employment rate that can be considered universal employment was reinforced by the characteristics of the shortage economy typical of the system, which applied to the labour market as well. The "excess demand" for labour was a consequence of the way the shortage economy was regulated and its system of interests, which encouraged wasteful consumption. The principal goal of the economy, which overrode all other concerns – including economically viable operation, rational organization and performance requirements –, was full employment. This was mainly due to the fact that employment played an exclusive role in social redistribution, since the elements of the welfare system were linked to the workplace. In addition to the low income earned through one's main job, the range of benefits and services supplementing or substituting this income was extremely important. A whole system, comprising children-related provisions (company nursery school and kindergarten), health care and leisure services (such as canteen meals, company medical officers' surgeries, rehabilitation and recreation resorts and leisure time events), company loans with preferential interest rates, and housing for workers, was established.

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<sup>150</sup> Women's large-scale employment by the second half of the 1970s was made possible, on the one hand, by the wide-ranging development of kindergarten and nursery school, the all-day school ensuring children's daytime provision, and the development of daytime and residential elderly care institutions, and on the other hand by the establishment of the basis of light industrial and food industrial production.

<sup>151</sup> After women had entered the labour market, the dual-income family model became universal.

A very strong centralised framework of recovery and redistribution operated in the background of the employment and distribution systems. As a result, the burden of social insurance and taxation on human labour was around 65-70 % in 1980. The decline of the economic situation and the sudden growth of the total debt at the end of the 1970s resulted in the emergence of a “second reform wave.” As part of the reforms, a green light was given to the establishment of so-called “economic work communities”, companies based on civil law, and small co-operatives, in the hope that this would lead to the development of a more effective economy.

In the first half of the 1980s, through the amendment of the Economic Act (Legislative Decree 15 of 1981, §1), the Council of Ministers was authorised to lay down provisions for the establishment, organization and operation of economic work communities and to create a legal framework for supplementary activities in addition to full-time employment, which would essentially be based on the principles of a market economy. The arrangement created in this way allowed for the foundation of companies based on civil law, economic work communities (GMK) and corporate economic work communities (VGMK) within the socialist companies. The GMK allowed the companies to observe market interests with respect to employment. Owing to dual-employment which was made possible by the new regulation, Hungary had more differentiated wages than any other country in the region by 1988. Although the purchasing power of wages decreased during the transition to market economy in the following years, and inequalities increased in every country, Hungary kept her leading position with respect to this latter factor in the first half of the 1990s because of the inequalities that had already existed.<sup>152</sup>

Due to the reform processes starting in the middle of the 1980s, there was already a significant decrease in the recovery of assets linked to employment by the time of the fall of socialism, 1988-1989. For example, the employers had to pay a uniform social insurance contribution of only 43 % by this time. Despite a reduction of the rate of state recovery and redistribution and the continuous strengthening of

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<sup>152</sup> The value of the Gini coefficient, which is used to measure the inequalities of distribution was 0.27 in Hungary in 1988, while it showed values between 0.16 and 0.22 in other countries of the region. By the end of the most critical period of the economic transformation, in 1993, the value of the Gini coefficient had grown to 0.30 in Hungary, whereas this value was between 0.22-0.27 in the other post-socialist countries. (Neumann 2001:16)

market elements, the forms of social income that supplemented wages still amounted to a significant proportion (38-39 %) of household incomes in 1988 (Szipirulisz 1990:14). Accordingly, the workplace and full employment (which remained the condition to participate in the redistributive system) continued to play an important role in social redistribution and in ensuring the families' subsistence. However, ensuring full employment was becoming less and less viable under the new economic circumstances (low productivity and an indebted state).

The application of market principles, the introduction of the system of individual interests, the insurance of higher income and the increase of economic performance entailed both advantages and disadvantages, as the application of market principles opened the possibility to reduce the number and proportion of the employed. The state-owned companies could spend amounts saved through lay-offs to raise the remaining employees' wages<sup>153</sup> (Csaba 1998:571). As a result, the socialist companies' demand for labour gradually decreased since the early 80s. The excess demand which had previously amounted to hundreds of thousands of people and which had been typical of the period of the shortage economy had already decreased to under 20 thousand by 1985 (Szipirulisz1990:63). Finally, by the 4th quarter of 1989, the first official unemployment records already registered 28,490 job-seekers (Köllő 1990).<sup>154</sup>

The process of significant social groups becoming unemployed had already started before the fall of socialism (Szikora 2007:31). More and more people recognised that the economic system was unsustainable in its original form.

The modest growth and the subsequent sustainment of the standard of living in the second half of the 1970s and in the first half of the 1980s was only made possible by the continually increasing use of foreign credits. In the second half of the 1980s, the total amount of debt suddenly increased. However, this did not even suffice to maintain the real value of the wages.

The laws passed to help the transition during the last single-party-state government (1985-1989) finally created the legal basis for the start of a

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<sup>153</sup> The companies first and foremost dismissed those employees who lived farther and therefore had to be supported for the expensive travelling. This greatly contributed to the deepening of the already existing regional disadvantages.

<sup>154</sup> We possess reliable data on the employers' labour demand since the 1st quarter of 1986. The reason for this is that employers have been obliged to report their demand since this period.

switch to market economy and the rebuilding of Hungarian economy on new grounds. However, all the unpleasant accompanying symptoms of the market economy – unemployment, the growth of social inequalities and the appearance of impoverished social groups – increased with the change.

## 2. The employment situation after the fall of socialism

In the years after the fall of socialism, the situation of the labour market was determined by the loss of old markets and of hundreds of thousands of jobs in the wake of bankruptcies and liquidations, as well as gradually increasing uncertainty. Expectations toward privatisation and restructuring of the economy turned out to be exaggerated, and several phenomena appeared in the field of employment that seemed to be unmanageable.

*Table 2.10.1.: Changes in the number of the employed and the rate of employment*

1980-2010				
Year	1000 people	1992 = 100	Change per year	Employment rate <sup>a</sup>
1980	5 458.2	133.7	..	65.3
1990	4 880.0	119.5	..	59.0
1991	4 520.0	110.7	-7.4	54.4
1992	4 082.7	100.0	-9.7	49.0
1993	3 827.0	93.7	-6.3	45.8
1994	3 751.5	91.9	-2.0	44.8
1995	3 678.8	90.1	-1.9	43.9
1996	3 648.2	89.4	-0.8	43.6
1997	3 646.4	89.3	0.0	43.6
1998	3 697.8	90.6	1.4	44.3
1999	3 811.4	93.4	3.1	45.7
2000	3 849.1	94.3	1.0	46.2
2001	3 883.3	95.1	0.3	45.6
2002	3 883.7	95.1	0.0	45.6
2003	3 921.9	96.1	1.2	46.2
2004	3 900.4	95.5	-0.5	45.8

2005	3 901.5	95.6	0.0	45.7
2006	3 930.1	96.3	0.7	46.0
2007	3 926.2	96.2	0.0	46.0
2008	3 879.4	95.0	-1.2	45.4
2009	3 781.9	92.6	-2.4	44.3
2010	3 781.2	92.6	0.0	44.3
<sup>a</sup> Percentage of the population over age 14.				
Note: calculated until 2000 with weights based on the 1990 census data.				

Source: <http://adatbank.mtaki.hu/tukor/>

Total number of the employed (2012/06/30) 1980-91: KSH MEM, 1992: KSH MEF.

The fast decline in the number of jobs after 1990 only slowed down by 1997. However, jobs still continued to disappear at a significant rate even at this time. In many cases, the loss of jobs was due to companies being liquidated, but especially since the second half of the 1990s, we can see more and more lay-offs – mostly after a change of ownership – with the aim of adjusting the number of staff to the market demands (Kulcsár-Bódi-Obádovics, 2010).

The rate of employment decreased by almost 4% between 1980 and 1990, and by more than 9% in the first half of the 1990s. Besides unemployment, early pensioning and disability pensioning both played a significant role among the factors explaining this reduction. In 1997, 3,646,000 people had a legal employment status, which constitutes a decrease of 1.6 million people compared to the situation before the fall of socialism. The rate of employment at this time did not even reach the level of the 1930s. (See Table 1.)

The economy of Hungary is still far behind the European average in the comparison of employment rates – essentially due to structural problems –, but is even lagging behind the former socialist countries that had started off in a similar situation.

**Table 2.10.2. : Employment rates in some countries in the age group of 15 to 64**

Country	2000	2005	2010
Czech Republic	65.2	64.8	65.0
Estonia	61.0	64.2	61.0
Poland	<u>55.0</u>	53.0	59.3
Slovakia	56.8	57.7	58.8
Hungary	56.0	56.9	55.4

Source: OECD, StatExtracts, 2011.

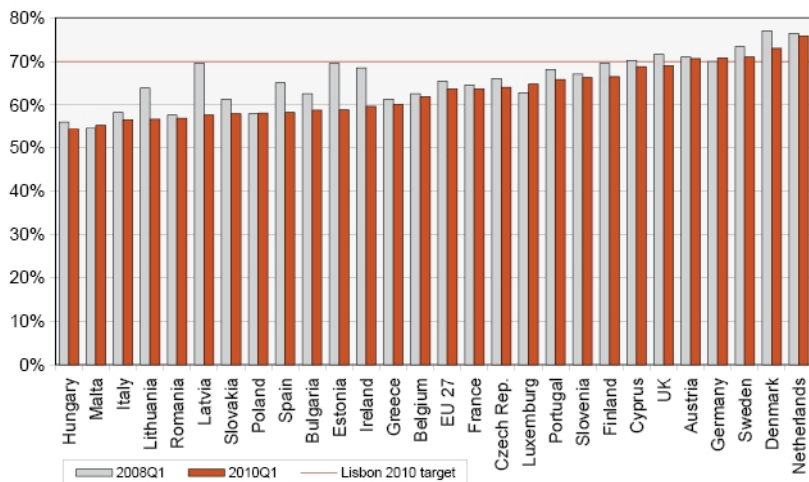
<http://stats.oecd.org/Index.aspx?DatasetCode=STLABOUR#>

Compared to all EU member states, the percentage of the employed among the economically active-age population is lowest in Hungary. Women's employment rate does not reach 50% (49.9 %), whereas men remain under 60% (59.9 %), coming last among member states. (OECD 2011) Moreover, decelerating economic growth projects an even more unfavourable image concerning the future compared to the neighbouring countries.

No solution has been found in the almost 30 years that have passed to compensate for the 1.5 million jobs that were lost during the economic crisis in the years around the fall of socialism. Although the group of people entering employment occasionally increases by some hundreds of thousands – for example, the slow improvement of the employment rates after 1997 was due, on the one hand, to atypical forms of employment, and, on the other hand, to the wide-spread use of public employment programmes –, none of the governments in power since 2000 has been able to contribute to the steady growth of employment. By 2010 – after the crisis of 2008 –, the number of people employed fell back to the level of the crisis of the early 90s in spite of government efforts.



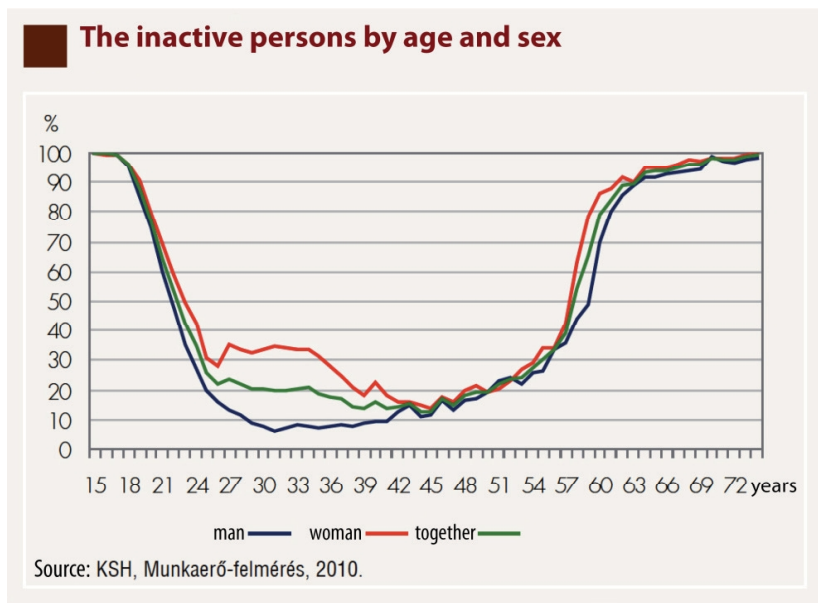
**Chart 2.10.1.: Rates of employment in the European countries**



Source: European Labour Force Survey, online database (Eurostat 2010).

In parallel to the reduction of the number of jobs, the number and proportion of people who are inactive have continuously increased. In 1997, the number of inactive people (3,804,900) between the ages of 15-74 already exceeded that of the employed (3,646,300) (Laky 1998:75). Out of 3.8 million inactive people, 1.6 million people were pensioners (due to the favourable pension age limit); however, 2.2 million inactive people were considered to be of economically active-age even according to the Hungarian rules.

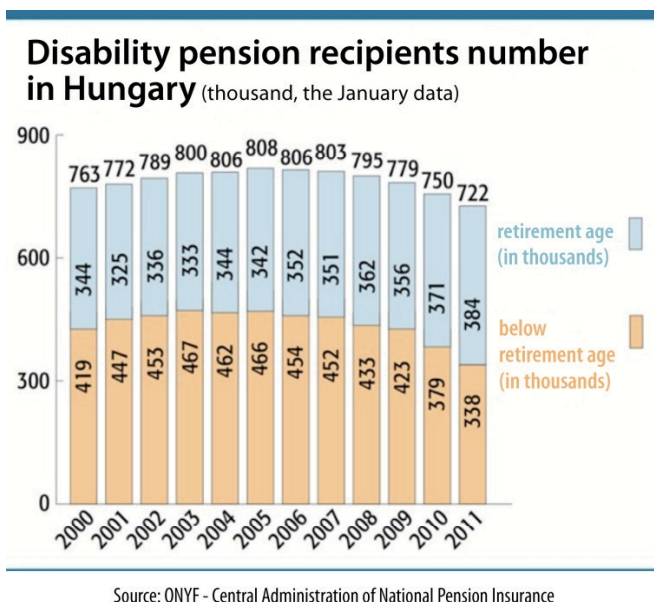
Chart 2.10.2.



<http://www.ksh.hu/docs/hun/xftp/stattukor/mpiactavolmarado.pdf>

The effect of the growth of life expectancy on employment became especially significant around the turn of the millennium. The demographic structure of the population significantly shifted towards the older citizens, more and more of whom took advantage of early retirement opportunities, which were aimed to take pressure off the labour market, but which significantly increased the rate of inactive people at the same time. The retreat from the labour market of the generation that was somewhat younger, but approaching retirement, was assisted by the introduction of various forms of disability pension.

Chart 2.10.3.



<http://www.tbinfo.hu/cikkek/varhato-valtozasok-a-tarsadalombiztositas-teruleten/megszunik-a-rokkantsagi-nyugdij.html> (2012/06/30)

The young adult generation's absence from the labour market was facilitated by the provision forms related to child care that were granted for a period exceptionally long in Europe (the Child Benefits *GYES*, 1967 and *GYED*, 1983), ensuring inactive status for 2 or 3 years per child, mainly for women. For the duration of the unpaid leave which can be claimed for the period of child care, the parent received social security provision. In terms of employment, this leave is qualified up to this day as a period of employment, and people on child care leave are in a protected position as regards their labour status: their employment cannot be terminated during their absence. This provision system was supplemented in 1994 with the support of mothers caring for three or more children, which continues until the youngest child's 8th birthday (*GYET* – “Child Raising Support”). As a result, women with three children could be on a child care leave – away from the labour market – for as much as 14 years. This duration proved to be too long for them to re-enter the world of labour without any help after the period of child care leave.

**Table 2.10.3.: The economic activity of the population of age 15 or older (thousand people)**

Year	Men between 15 and 59, women between 15 and 54							
	Em- ployed	Un- employed	Inactive					Total
			Pension er	Full- time student	Parent on gyes, gyed, gyet	Other inactive	Inactive total	
1980	4 887.9	0.0	300.8	370.1	259.0	339.7	1 269.6	6 157.5
1990	4 534.3	62.4	284.3	548.9	249.7	297.5	1 380.4	5 977.1
1991	4 270.5	253.3	335.6	578.2	259.8	317.1	1 490.7	6 014.5
1992	3 898.4	434.9	392.7	620.0	262.1	435.9	1 710.7	6 044.0
1993	3 689.5	502.6	437.5	683.9	270.5	480.1	1 872.0	6 064.1
1994	3 633.1	437.4	476.5	708.2	280.9	540.7	2 066.3	6 076.8
1995	3 571.3	410.0	495.2	723.4	285.3	596.1	2 100.0	6 081.3
1996	3 546.1	394.0	512.7	740.0	289.2	599.4	2 141.2	6 081.3
1997	3 549.5	342.5	542.9	752.0	289.0	599.9	2 183.8	6 075.8
1998	3 608.5	305.5	588.8	697.0	295.5	565.7	2 147.0	6 061.0
1999	3 701.0	283.3	534.7	675.6	295.3	549.8	2 055.4	6 039.6
2000	3 745.9	261.4	517.9	721.7	281.4	571.4	2 092.4	6 099.7
2001	3 742.6	231.7	516.3	717.9	286.6	601.6	2 122.4	6 096.7
2002	3 719.6	235.7	507.1	738.3	286.8	593.0	2 125.2	6 080.5
2003	3 719.0	239.6	485.0	730.7	286.9	595.0	2 097.6	6 056.2
2004	3 663.1	247.2	480.5	739.8	282.4	622.4	2 125.1	6 035.4
2005	3 653.9	296.0	449.7	740.8	278.6	590.3	2 059.4	6 009.3
2006	3 679.6	308.8	432.9	810.9	270.0	500.7	2 014.5	6 002.9
2007	3 676.6	303.7	426.8	832.6	267.2	475.8	2 002.4	5 982.7
2008	3 631.4	318.5	408.6	819.6	279.8	493.1	2 001.1	5 951.0
2009	3 516.8	406.4	364.5	814.6	278.7	529.3	1 987.1	5 910.3
2010	3 485.7	455.2	338.7	814.6	267.0	500.7	1 921.0	5 861.9
Note: The population figures and the weight numbers used to calculate the total figures up to 1999 are based on the 1990 population census, and are corrected based on the 2001 population census since 2000.								
Data on the employed include conscripts and working pensioners as well as women who work while receiving maternity benefit. Data on students for 1995-97 are estimates. Figures in the "other inactive" category have been determined by subtraction, i.e. the institutionalised population not covered by the labour force survey (MEF) are also included here.								

Source: Pensioners: 1980–91: NYUFIG, 1992–: KSH MEF. Gyes, Gyed, Gyet: Based on social insurance and estimates until 1997, thereafter MEF. Unemployment: 1990–91: FH REG, 1992–: KSH MEF. Cited by: Munkaerőpiaci tükör 2011. p. 260.

### 3. The emergence and structure of unemployment

Although we only possess monthly data on the number of job-seekers registered at employment agencies since 1987, this does not mean that unemployment started only that year in Hungary. Even in the years of "flourishing socialism" (the 1960s and 1970s), a particular form of unemployment was typical: "unemployment within the gates." Due to the shortage economy, companies and institutions employed many more people than they actually needed for their production or operation. Over-employment was forced on the employers by the economic regulators, the logic of the shortage economy, political pressure and other factors independent of the economy. One sign of over-employment was that a significant group of employees worked in a position for which they were over-qualified, so their efficiency was rather low (Ferge 1988).

During the period directly before the fall of socialism, in the middle of the 1980s, open unemployment appeared in Hungary besides hidden unemployment. Although the authorities tried everything in their power to criminalize people<sup>155</sup> who had lost their jobs due to the economic changes and to turn society against them, the problem could not be avoided for long. The employment agencies that perceived the difficulties in finding jobs and that dealt with the first forms of unemployment provided the initial data about open unemployment in 1986. These data are the result of the aggregation of the job-seekers' registration papers. However, it was only in 1987 that the notion of unemployment became a part of everyday language as well as the vocabulary used by the media and politics with a more or less neutral meaning. Before that, only two other expressions had been used: the positive "job-seeker" and the negative "work-shy", without either of them possessing an exact definition. Only the subjective opinion of the user of the expression decided whether one notion was used or the other.

The establishment of the network of job centres in accord with the new needs and assessment of the situation of registered job-seekers commenced relatively early, before the manifestation of massive unemployment. Since legislators were not yet allowed to talk about unemployment officially in the second half of the 1980s, but the

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<sup>155</sup> This is evidenced, for example, by the amendment to the relevant parts of the Hungarian Criminal Code in 1984. Unemployment was regarded as "work avoidance dangerous to public safety" if the offender had not worked for about 6 months. Those who were found guilty of this offense could be sentenced for 2 years in prison, 3 years for repeat offenders. (For further information see Lakatos 1989:245)

development of the measures and instruments that would support the target group had already started, they used various euphemistic terms to deal with the situation: e.g. "support for starting anew" or "extension of the period of notice." Although the unemployed had not yet become part of the official conceptual system, these actions were already aimed at them.

The objective definition of unemployment was established by the unemployment benefit, which was first granted in 1989.<sup>156</sup> It was based on the ILO's official definition of unemployment. A clear definition of the concept and consequent support for the people affected were urgently needed all the more, because the unemployment rate rocketed after the fall of socialism due to the privatisation of formerly state-owned companies and the emergence of private firms. Between 1989 and 1992 almost 30 % of the jobs vanished and nearly 1 million people became unemployed. Therefore the rapidly growing number of unemployed people at the beginning of the 90s lost their jobs not primarily because of the structural transformation, but rather because of the economic downturn. The labour market was characterized by forced and general unemployment due to a lack of demand (Köllő 1990, Csaba 1998).

The dynamics of the rise in unemployment is well characterised by the fact that in January 1990 only 23,000 people were registered as unemployed, and the number of open positions registered at the job centres still exceeded that of the unemployed. Thereafter, their number gradually increased from month to month, and from 1991 on, more than two hundred thousand people were kept on file as registered unemployed. By 1993, the number of the registered unemployed grew to nearly seven hundred thousand, while the figure including the unregistered unemployed approached one million. Subsequently, the unemployment rate progressively decreased, and by 1996 it seemed to stabilise at a steady level of around 10%.

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<sup>156</sup> Decree 114/1988 of January 1, 1989 of the Council of Ministers on unemployment benefit. During the first year, 12 thousand people received it for an average of 110 days.

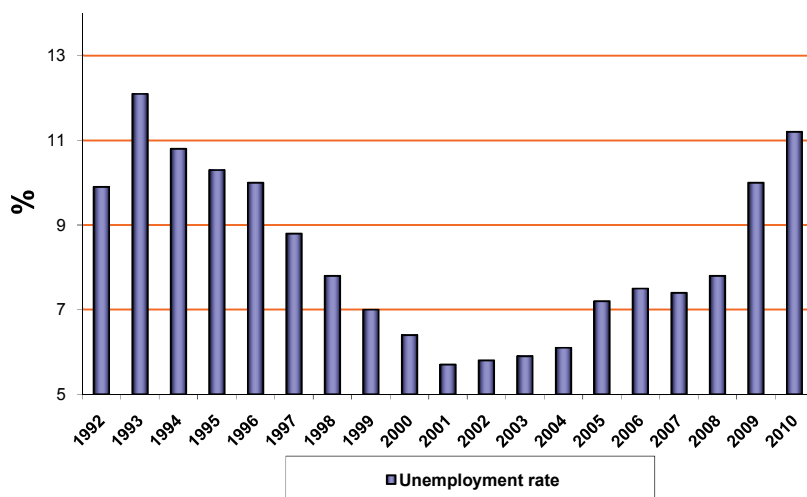
**Table 2.10.4.: The dynamics of the rise in unemployment, 1990–1996**

	1990	1991	1992	1993	1994	1995	1996
Unemployment rate	0.6	4.1	10.3	12.9	11.3	10.6	11.0
Number of the unemployed	47,700	227,300	557,000	671,800	568,400	507,700	500,600
Number of people employed	4,534.3	4,270.5	3,898.4	3,689.5	3,633.1	3,571.3	3,546.1

Source: 1990-1991 FH (Labour Office) registration, since 1992 KSH Labour Force Survey.

However, this drop was not caused by an increase in the number of people in employment. A significant proportion of people who had lost their jobs tried to find employment in vain and the number of workplaces did not grow. Therefore the unemployment rate did not decrease because of an expansion of employment, but rather because people losing their jobs tried to leave the labour market. They became pensioners or disability pensioners, applied for child-related benefits or received support from social welfare services. That is why the number of people employed continued to fall despite the fact that the unemployment rate also slightly but steadily decreased between 1993 and 2002 in parallel (Csaba 1998).

*Chart 2.10.4.: The development of the unemployment rate in Hungary*



Source: KSH Labour Force Survey 2010.

The Labour Force Survey (MEF) carried out by the Central Statistical Office (KSH)<sup>157</sup> provides information about the degree, the structure and the persistence of unemployment since the beginning of the 90s. In the first few years, the duration of passive benefits for unemployed people was two years due to their political legitimization, changing economic circumstances and the relatively high standard of support. The long-lasting passive provision is seen as a welfare trap by many, which would significantly contribute to the growth of the rate of unemployment and its becoming persistent. In 2010 the number of people who had been without employment for more than 12 months exceeded 50 % (50.9 %) (KSH MEF 2011).

After the 1993 peak, the unemployment rate notably decreased. As we have already mentioned, this phenomenon was not due to the creation of new employment opportunities, but the fact that people who had lost their jobs left the labour market. The slow increase of the unemployment rate between 2004 and 2008 can be explained by a further reduction in

<sup>157</sup> This survey became a part of Hungarian statistical practices in 1992. It is a quarterly survey based on public questionnaires, and examines the economic activity of the population aged between 15 and 74.



the number of jobs, and the fact that the preconditions of previously existing alternative possibilities (e.g. disability pensioning) became more strict. After 2008, when the new crisis period emerged, the unemployment rate again rose above 10 %.

**Table 2.10.5.**

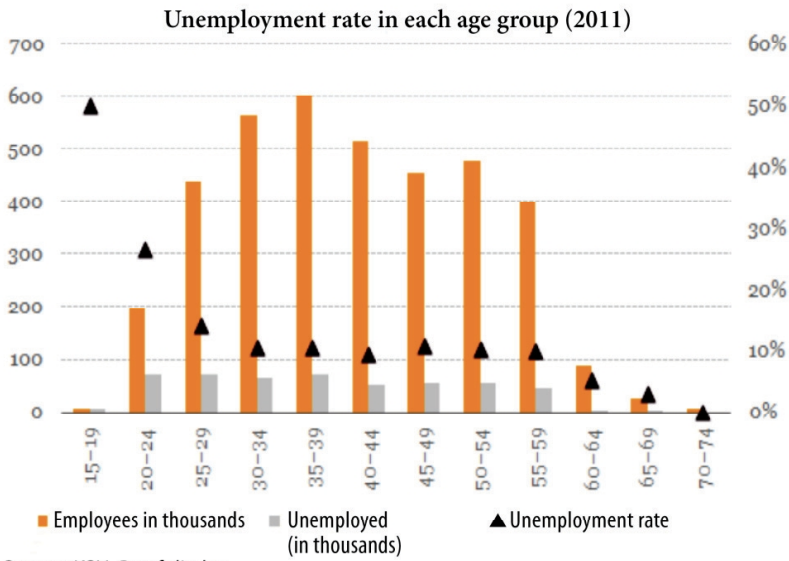
<b>The development of the unemployment rate according to sex and the rate of the long-term unemployed, %</b>					
Year	Unemployment rate Out of which:				Long-term unemployed <sup>a</sup>
	Male	Female	Total	Aged 15–24	
1992	10.7	8.7	9.8	17.5	..
1993	13.2	10.4	11.9	21.3	..
1994	11.8	9.4	10.7	19.4	43.2
1995	11.3	8.7	10.2	18.6	50.6
1996	10.7	8.8	9.9	17.9	54.4
1997	9.5	7.8	8.7	15.9	51.3
1998	8.5	7.0	7.8	13.4	48.8
1999	7.5	6.3	7.0	12.4	49.5
2000	7.0	5.6	6.4	12.1	49.1
2001	6.3	5.0	5.7	10.9	46.7
2002	6.1	5.4	5.8	12.3	44.9
2003	6.1	5.6	5.9	13.4	43.9
2004	6.1	6.1	6.1	15.5	45.0
2005	7.0	7.5	7.2	19.4	46.2
2006	7.2	7.8	7.5	19.1	46.8
2007	7.1	7.6	7.4	18.0	48.2
2008	7.6	8.1	7.8	-	47.6
2009	10.3	9.7	10.0	-	43.0
2010	11.6	10.7	11.2	-	50.9
<sup>a</sup> A person is considered long-term unemployed if they have been without employment for 12 months or more.					
Please note: calculated until 2000 with weights based on the 1990 census data.					

Source: Munkaerőpiaci tükör 2011, based on KSH MEF.

Unemployment is not distributed evenly within the economically active-age population. In most cases, unemployment occurs more frequently among women and people with a low level of schooling. In the past two years – mainly due to the shift in economic sectors and the service sector becoming dominant –, men's unemployment rate has increased compared

to that of women's. This proportion is very likely also influenced by the fact that the number of women has grown who take advantage of the child-related forms of welfare provision which last 2-3 years (as mentioned above), which can be considered alternatives to unemployment.

Chart 2.10.5.



Source: KSH, Portfolio.hu

#### 4. Managing unemployment: the system of labour market institutions and instruments

The system of labour market institutions in Hungary did not come into being without precedent. The role played by the state in organising labour force recruitment dates back to the 50s – to the period of the shortage economy – and the municipal councils set up in 1950 were the most important players in this respect. Labour force recruitment/ placement and labour management were coordinated by the employment offices of the county councils. The government decision to develop the formerly existing labour force management activity into a service was made in the early 80s. The employment office of the county council was in charge of the content and the provision of these services which differed in each county.

A uniform system was first created by ÁBMH (Central Wage and Labour Office) provision no. 2 of 1985 (3.1) that regulated the management, placement and recruitment of the labour force.<sup>158</sup> This legal act set out the general conditions and procedures of labour management, as well as rules regarding the employers' obligation to supply information and statistical data sheets.<sup>159</sup> By the end of 1988, 262 out of the former 479 employment offices operated within the framework of this service, including 20 county offices and a total of 36 regional offices in 11 counties employing about 220 people (Matoricz 1990:77). According to the records, in the second half of the 80s the network of service offices already dealt each year with 200,000 job-seekers or people considering changing their employer (Pulay-Matoricz 1987:24).

The extensive political and economic changes in the second half of the 80s called for a reorganisation of the system of employment policy institutions and instruments. The management of unemployment through labour placement and later – as the difficulties of the labour market situation gradually emerged – through criminalization started to be relaxed in the middle of 1985. First, a decision was passed which provided for “re-training support” aimed at helping the unemployed; however, the range of beneficiaries it targeted was narrow, it was tight-fisted, and lacked sufficient institutional support. This remained the only positive step until the middle of 1986, when the Council of Ministers' decree on the extension of the period of notice and job-seeking benefit was passed.<sup>160</sup> However, the conditions were so strict that only 332 people received a job-seeking benefit by the end of 1987. According to the regulation, only those citizens were entitled to the support who were the subjects of an “economic” redundancy, that is, when a company dismissed more than 10 people at the same time or if it was dissolved both legally and in practice. People who were dismissed in smaller groups were still considered “unworthy,” so they were not entitled to a job-seeking benefit. From the last quarter of 1987, the possibility of early

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<sup>158</sup> The act was published in the 3rd issue of the *Munkaügyi Közlöny* “Employment Policy Gazette” on March 1, 1987. It was later amended by: ÁBMH provision 8 of 1985 (8.1), ÁBMH provision 4 of 1986 (3.9) and ÁBMH provision 5 of 1988 (3.5.).

<sup>159</sup> Provisions for the services were set out in ÁBMH directive 105/1985.

<sup>160</sup> On the extension of the period of notice and job-seeking benefit. Decree 28/1986 (7.16) of the Council of Ministers, published in issue 28 of *Magyar Közlöny* “the Gazette of the Hungarian Government”. ÁBH provision no. 11/1986 (8.21) on the Decree of the Council of Ministers on the job-seeking benefit was published in issue 35 of *Magyar Közlöny* on August 12, 1986.

retirement was broadened. In this way the government tried to ease the pressure on the hopelessly overburdened labour market. On April 1, 1988 the 10 person limit with respect to the granting of job-seeking benefits was revoked. In this way the authorities admitted that the system of conditions was untenable in the increasingly unfavourable labour market situation.

On January 1, 1988 an Employment Fund was established with the aim to support an increasing number of active labour market measures to lead the unemployed back to the labour market.<sup>161</sup> In the course of professional debates, "active employment policy" made its appearance as the strategy to follow. The size of the Employment Fund, however, could only deal effectively with a maximum unemployment of 25,000 (Pulay-Matoricz, 1987).

In parallel to all this, the organization of public employment became possible starting in July 1987 for certain types of activity that were specifically reserved for this purpose only.<sup>162</sup> According to the regulation, only those people were allowed to be employed in this way *who were unable to find employment through no fault of their own*, who could not be successfully placed with another employer, and for whom there was no prospect of being able to find employment within 30 days (ÁBMH-PM guide, 1987). In the first year, about 600 people in 11 counties participated in this form of employment. A few years later, the number of people affected by this instrument had grown to an order of magnitude of ten thousand,<sup>163</sup> and from the middle of the 90s to this day it has become the active labour market measure employing the largest number of people (Frey 1990a).

The first unemployment benefit was granted on January 1, 1989.<sup>164</sup> Although the government's intention was to grant the benefit for those in

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<sup>161</sup> Decree 526/1987 of the Council of Ministers on the Employment Fund and early retirement. Amended by Council of Ministers Decree 32/1989.

<sup>162</sup> 8001/1987. ÁBMH-PM joint report on public employment.

<sup>163</sup> Act IV of 1991 on the promotion of employment and unemployment benefit transferred the competence to grant permission for public employment from the Ministry of Labour to the employment centres. (Frey 1993.) Up to 70 % of the direct expenses related to employment were centrally financed. The other 30 % had to be paid for by the organisers (who were mostly municipal governments) as their own contribution. Eligible expenses included the costs of wages and deductions, of workwear and protective wear, of tools and of the transport and supervision of the workers.

<sup>164</sup> Decree 114/1988. (12.31) of the Council of Ministers on the unemployment benefit. According to this law, a person is entitled to the benefit if they had been

need only as a last resort, the number of people receiving it continuously increased. This tendency was reinforced by Act IV of 1991 on the promotion of employment and unemployment benefit, which was adopted after the fall of socialism. This law still guaranteed passive benefits for the unemployed for two years. The table below presents the number of recipients and the amount of the benefit during the past two decades.

**Table 2.10.6.**

Unemployment support and the average wage					
Year	Unemployment benefit and other unemployment provisions independent of income <sup>a</sup>		Income support and regular social aid <sup>b</sup>		Monthly net average wage, HUF <sup>c</sup>
	Average monthly sum, Ft	Average number of people	Average monthly sum, Ft	Average number of people	
1990	3 845	30 302	3 209	46 823	10 371
1995	11 891	182 788	6 590	234 411	26 637
2000	22 818	131 665	14 656	162 245	55 650
2001	25 677	119 210	14 749	142 001	64 750
2002	30 113	114 934	14 869	132 895	77 770
2003	34 762	107 226	15 010	138 127	89 906
2004	37 107	109 654	15 864	144 853	93 233
2005	39 593	111 732	16 991	158 565	103 727
2006	43 344	109 095	23 771	160 426	110 951
2007	46 208	96 463	25 703	194 716	114 282
2008	49 454	97 047	27 347	213 436	122 267
2009	51 831	152 197	26 817	71 816	124 116
2010	50 073	125 651	..	..	132 628
<sup>a</sup> Average of the number of people on the closing days of each month. Including the pre-retirement (1998-2002) and career-starter (1990-1996) benefits. 1 euro =					

employed for at least 18 months during the three years preceding the loss of their last job, and if their last employment was terminated no more than one year earlier. The benefit was granted for a total of at most 365 calendar days within three years, but the regulation allowed for the unemployed to receive a transitional unemployment benefit for another 365 days after the end of the first 365 days at a significantly lower level of provision.

295 Ft at the time of writing.
<sup>b</sup> The regular social benefit data for 2006 refer to the period between July 1 and December 31, as the regulation of the benefit was modified..
<sup>c</sup> The net average wage refers to the whole national economy; private sector before 1998: employers with over 19 employees; after 1998: employers with over 4 employees.

Source: Munkaerőpiaci tükör 2011. p. 316. NFSZ: Munkaerőpiaci helyzetjelentés, 2001. KSH: Based on: Társadalmi ellátórendszerek 2007 and volumes of the following yearbooks: Szociális Statisztikai Évkönyv, Népjóléti Statisztikai Évkönyv, KSH Szociális Statisztikai Évkönyv.

With the growth of the number of the unemployed and the costs, the period of provision was gradually decreased in the past 20 years. The duration of the originally 24 month long unemployment benefit is only 3 months (90 days) since September 1, 2011, which is unique among the European countries.

After having received the unemployment benefit, which was based on an insurance principle, job-seekers participated in an income test and if proved to be in need, they became entitled within the social welfare system to income support after 1993, and to regular social aid after 1998. The duration of this means-tested social benefit was unlimited at first. After 1996 – introduced as part of a reform package linked to the Minister of Finance of the time, Lajos Bokros –, social benefit for economically active-age citizens could be granted for a maximum of 24 months, and its payment for another two years was subject to the condition that the person was working. This work could be done either on the open labour market or in the form of supported employment. In most cases, this latter option is typical, where the unemployed earn the right to be granted further social benefits in the municipal governments' public employment programmes.

By 2011 – due to austerity measures – 41.1 % of the registered unemployed were not entitled to any kind of passive welfare provision – neither unemployment nor social benefits (Munkaerő-piaci helyzetkép 2011:5).

Those unemployed people who are no longer eligible for passive provision have access to active labour market measures. The active measures also have a long tradition, even if they did not have a wide-ranging effect in the period before the fall of socialism. The *first instruments/services* of this kind were the *employment agencies* in the 50s and 60s, which served as a substitute for a lack of informal

connections. They played a partly informational, partly authoritative role through their compulsory management of the workforce. The second period of active measures in Hungary – from the middle of the 70s to the middle of the 80s – was meant to improve the ability to adapt to the transformation of the structure of production. In this phase, broadening and reorganization of the training system was the most important measure to fight structural unemployment – which resulted from the diminished importance of the production sectors (agriculture and industry) and from the process of the service sector becoming more prominent. Through training, employees were to be directed from the obsolete economic sectors towards new, dynamically developing ones. The idea that it would be enough *to operate the training services* without any other social welfare services (as this would solve all labour market problems that had surfaced earlier) gained general acceptance. However, at the beginning of the *third phase*, in the second half of the 80s, it became clear that the number of jobs was decreasing at such a high rate that employees were dropping out of the labour market for a long time and in large numbers (Csoba 2010). Programmes that were meant to broaden employment were created in order to integrate this group. The earliest and most widely used of these were public employment programmes (1987). Act IV of 1991 was the first to aggregate the initiatives that had appeared in these three phases and combine them into a unified structure.<sup>165</sup> The range of major instruments laid down in this act still substantially exists today. The instruments of interest to the greatest number of people are the training, wage subsidy and public employment programmes. More than 2/3 of all resources available for the financing of active measures were used for these three active measures during the past few years. In 2010, the most dominant group of employment policy measures was the range of public employment opportunities. A total of 186,280 people participated in these. They were followed by wage subsidy forms for 105,509 people, whereas training courses provided an opportunity for 63,913 citizens to be integrated into

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<sup>165</sup> It was based on these precedents and international experiences that Law IV of 1991 on the promotion of employment and unemployment benefit was proposed after the fall of socialism. It came into effect on March 1, 1991, and after having been amended on several occasions it remains to this day a defining central element of Hungarian employment policy. The system of institutions and instruments regulated by the act has undergone some detail changes but has remained substantially unaltered. The palette of labour market measures included in the system can be considered broad from an international perspective, and it comprises nearly all important forms of support that have been used for a long time in countries with a developed market economy.

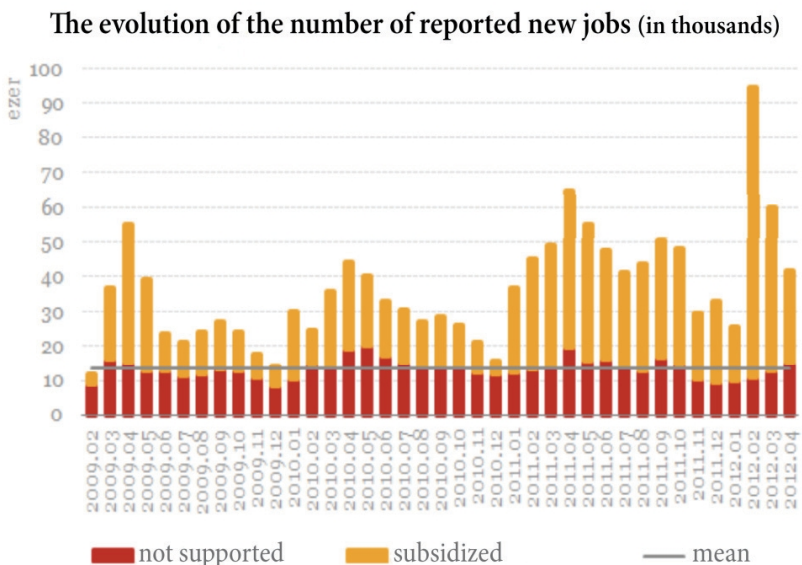
the labour market and thus constituted the third most frequently used measure. The total number of people affected by all active measures in total 2010 was 394,812 (Tajti 2010).

Several reforms have been introduced in the past years with the aim of increasing the rate of employment. The system of unemployment benefits was transformed in Autumn 2005. The period of unemployment benefit was first reduced to 6 months (2010), then to 3 months (2012). Passive provision, which had been used formerly, was replaced by job search support measures that encouraged the earliest possible reentry into employment. The system of social benefits was also transformed fundamentally and in a way to promote work. People who are ready and able to work participate in public employment programmes organized mostly by the local governments instead of applying for social benefit. Whereas in 2008 less than 7 % of the economically active-age long-term unemployed took part in any public employment programme, their rate rose to 33 % in 2009.

At present, the private sector plays a rather small role in increasing the level of employment. The figure below illustrates this problem, showing the structure of registered jobs between 2009 and 2012. The number of available jobs accurately mirrors the limited nature of the private sector's effect on the promotion of employment. Without doubt, this is in part due to the economic crisis that started in 2008 and that still has an effect on the representatives of the private sector. However, we should also take into account those critical opinions which point out that the labour market measures applied in Hungary do not devote enough attention to supporting the employment-promoting potential of the private sector, and that the range of employment policy tools is unjustifiably restricted to the support of the state sector (Adler 2011).



**Chart 2.10.6.**



Source: NFSZ, Portfolio.hu

## Summary

With the exhaustion of the resources necessary for the growth of the centrally planned economy, the basis of full employment was in peril in Hungary. Following the transition to a market economy and after the economy was rebuilt on new foundations, the unfavourable accompanying symptoms – especially unemployment – also had to be addressed. The restructuring and continuous expansion of the system of institutions and instruments devoted to controlling unemployment followed the Western European model in many ways by this time, which had already amassed decades of experience; however, at the same time it was unable to break with its own traditions. The established system of labour market institutions operated in a very centralized way both with respect to its structure and its procedures, and non-state players either did not appear in the system at all or played only a very small role. Although a wide range of active labour market measures was developed, these mainly focused on recruitment, training and public employment programmes organised and operated by state and municipal government

players. The current instruments of employment policy involving participants from the private sector are in evidence only to a small degree and fall far short of both expectations and opportunities with respect to their effects at the present time.

### **III. Regional policy – Treatment of inequity**

### 3.1 Do it yourself Sir if you do not have a servant<sup>166</sup>

*Ferenc Bódi – Attila Fekete*

Not only the greater society but even those conducting research are not very interested in the political circumstances of underdeveloped municipalities in Hungary. The people living there cannot really get involved in and influence issues of national interest, since their politicians – mayors – are not in the limelight apart from a few flashes, and, due to their number, the voters do not and cannot decide on the mandate of a constituency or a county. What might still be the relevance of the inhabitants' attitude to politics?

During the past century the political activity of citizens has shown remarkable differences in attitude. According to Schumpeter's views, decision-making is the task of professional politicians, and the role of citizens is limited to electing politicians. Others (Lipset 1960, Putnam 1993) emphasized the importance of participative democracy, but both approaches involve election activity. The decrease of participation seen in several countries has stressed the importance of the issue. The decrease of participation may lead to inequality, which can be linked to distinct groups and statuses (Angelusz–Tardos 2005), but at the same time, in Angelusz and Tardos's experience, substantial regional difference is seen in the rate of participation.

In the last two decades a number of research studies have been done in Hungary on the local political actors of rural areas, but the majority of these focused on local leaders and decision makers (Bódi 2000, Bódi–Ifj. Kulcsár 2000, Böhm 1993, Bódi–Böhm 2000), or on the local political role of civil society organisations (Kákai 2009, 2010). However, apart from some research on the inhabitants mainly before election periods, and research into local election preferences (Kákai–Vető 2006, Kákai 2004) research has been scarce. The living conditions and the people residing in rural areas have only been visited because of social problems, which has resulted in widespread literature in Hungary (Lukácskó–Fónai–Fábián 1999, Kovács–Somlyódy–Pfeil 2008). Within this area of study most of the research has been aimed at examining the situation of the aged, disability pensioners, the unemployed, and the Roma (Fónai–Pauwlik 1999, Fónai–Pénzes 2006, Fónai–Fábián–Filipné–Pénzes 2008).

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<sup>166</sup> The paper is based on the fieldwork research INNOTARS 2008 (IPS HAS).

Several studies have been conducted on the living conditions in rural areas and participation, but no research has been done to date on the public political participation of regions lagging behind. The Hungarian towns and villages in the focused on in this research belong to the regions traditionally lagging behind, i.e. they had been at the bottom of the list even before the local government system was set up. Even if they managed to begin to reduce their disadvantages, the distances had grown even more compared to the well developed areas, especially regarding their social dynamic figures (demography, economic activity, income) (Csatári 2006, Bódi 2008a, Fekete 2008). Their future depends more and more on outside factors, but even with the best intentions, these outside factors cannot lead anywhere without good local governance. However, good local politics is a necessary condition for good local governance, which is able to sustain healthy competition of alternatives, and to put the most competitive one into power locally (Dahl 1982). Political games on the national level do not have much importance in the life of villages or rural areas, and especially ones in a disadvantaged position, but it is a relevant factor in building the future of local politics. In the forums of local politics, important questions can be answered which filter outside influences that can reach even faraway villages and towns (Bódi 1999).

According to the author's hypothesis, people are politically more active in places lagging behind but developing. If the activity of local leaders and their contribution to the advancement of the locality can affect the inhabitants of developing towns and villages, surely the local people feel and appreciate it. Furthermore, the capacity to mobilize local resources is more characteristic of villages with a drawback than would be generally expected compared to the political behaviour of groups with status in society (for example education, position, income, property status, etc.). The authors agree that the feeling of community described by Tönnies is stronger in the rural inhabitants than in the urban inhabitants of developed societies. This research was trying to find out if the advice "Do it yourself Sir if you do not have a servant" (a general principle in rural areas) applies to everyone living in villages regardless of where they are placed in the local rural society, high or low?

Based on the above, the starting questions for the questionnaire focused on how people living in disadvantaged places relate to politics and were approached from two perspectives. On the one hand, whether inhabitants of places with different development paths relate to politics differently, for example, do people living in successful towns and villages have a better evaluation of the performance of local politics than people in

places lagging behind? On the other hand, in order to better test the hypothesis the opinions of various social strata and status groups were also obtained. In this approach it was posited that people living in worse conditions have a more negative view of local politics than members of higher social groups. In addition the study searched for an explanation to what is involved the most in shaping the image of local public issues, and of the performance of local politics: is it the different development paths of the area, or belonging to different status groups? While seeking the answer to the above questions, as a by-product but new result, the definition of the status groups of local society was found.

The analysis was based on the questionnaire survey made in the framework of the INNOTARS research<sup>167</sup> between the autumn of 2009 and 2010.

### **Methodological foundations**

*Some readers may find this description of methodology lengthy and boring, but there are two reasons for providing details. Describing the procedure of sampling is necessary in order to show the validity of the sample, and of the relevance and grounding for the research results. Additionally the method of working out the clusters is indispensable for the interpretation of the status groups.*

#### *Creating the sample*

Several points had to be considered when determining the sample. First villages and towns had to be defined that are still disadvantaged and lagging behind today, and which ones can be considered developing among the underdeveloped municipalities of the country. There are two possible ways to classify villages and towns. One is a self-constructed set of indicators as a starting point, and over time the data will show if the villages and towns can be classified into developing and backward categories by various mathematical and statistical methods. The other option is to start with the list of recipient municipalities and regions specified in the regulations of the given years. In this study the later method was utilized in spite of the changes in the set of indicators of impoundment from time to time, which could itself have influenced the

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<sup>167</sup> The research project “The socialisation of regional and settlement development” (project leader Ferenc Bódi) ran between 2008-2010 in the Institute for Political Science, Hungarian Academy of Sciences, and was funded by the INNOTARS “Programme of the National Office for Research and Technology.”

changes of the group of favoured municipalities. This problem was recognized and considered in the examination of municipalities regarded as underdeveloped on the government level, and those getting off the list (thus declared as more developed). Therefore, these municipalities are considered in this study as developing and are one of the primary types of municipalities to be investigated.

The first official impoundment of economically and socially underdeveloped areas was completed in 1986, with the intention of assisting these regions in catching up by using regional development resources. From that time on the group of favoured areas and municipalities from a regional development point of view was re-defined over time. Initially the list of municipalities grew and grew but in 1993 some places were also left off the list (Fekete 2008). This is why for this study the start point for the list was 1992. The lists of municipalities in the law of 2004 and 2007 were also used to create the following categories: shown in the table below with towns and villages that belonged to the most backward ones throughout the three years put into the category of *permanently most backward* municipalities. (Table 3.1.1.) <sup>168</sup>

**Table 3.1.1.: Municipality categories according to type**

Category	number of people	%
Most backward	705	37.5
Developing	138	7.3
Receding	476	25.3
Permanently backward	563	29.9
Total	1,882	100.0

Source: Own calculation.

Towns and villages that proved to be “only” underdeveloped at all the examined times got into the group of municipalities in *permanently backward situation*. Ones that were not in the underdeveloped group in 1992, but belonged to the group of most backward municipalities in both 2004 and 2007, were placed into the category of the *receding* places. Municipalities that were “only” backward in 1992 but did not belong to

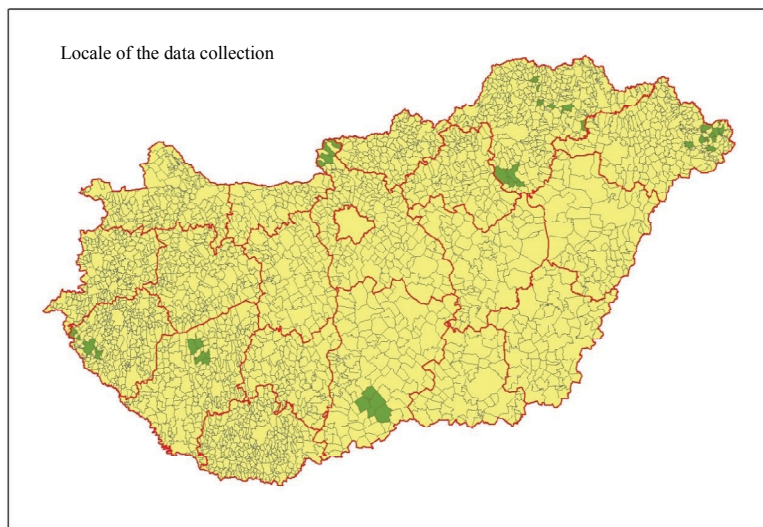
<sup>168</sup> 97/1992. (VI. 16.) Government decree on the regional development support for the development of backward regions and creating jobs  
64/2004. (IV. 15.) Government decree on the list of recipient regions of regional development  
311/2007. (XI. 17.) Government decree on the classification of recipient regions

that group in either 2004 or 2007 were considered *developing*. Villages or towns that were most backward in 1992 but got off the list later could not be identified. It is very possible that the development of municipalities is also related to the size of their population (a more populous, thus “more significant” town has more chances to advance than a tiny village). Within the development categories the municipalities were also divided according to the size of their population: municipalities with a population under 500, between 500 and 1,000, between 1,000 and 3,000, between 3,000 and 10, 000, and over 10, 000 were created. Then the population of the 18 groups (there was no municipality with a population of over 10, 000 in the group of the most backward and developing categories) was calculated, and a 2.5 thousandth sample was taken from each group.

The municipalities in each category were selected randomly, to be more precise, in order to focus the existing resources; typical small regions fitting the sample were selected first. The aim was to include small regions from different parts of Hungary that had the characteristics of the above categories. Places from the small regions were selected randomly, in accordance with the criteria for inclusion in the sample (see Figure 3.1.1). To avoid reaching only the most accessible target group old people or primarily women who stay at home most of the time, for each municipality a quota was calculated, which was proportionate to the population of the individuals to be included in the study, calculated according to gender and age. (Only inhabitants over the age of 18 were considered.) Based on the these quotas, the interviewers selected people to be questioned randomly, but also aimed at including people in the sample from all parts of the municipality when defining the interviewers’ scope for action.



**Figure 3.1.1. The geographic position of the municipalities included in the research**



### *Creating status groups*

Not only the type of municipality (for example, the backward and developing municipalities) was classified, but individuals were also grouped according to their social status. In order to create the status groups, cluster analysis was used, and the following features served as starting points: *educational level, present occupation, income per capita, age, and property status*.<sup>169</sup> Among personal characteristics in the cluster analysis gender and family status were initially included but these two factors weakened the model and therefore were not included in the final analysis and groupings.

In the first step, three clusters were distinguished using the standard computer processes of cluster identification, however, the authors further refined the parameters for the clusters and as a result another cluster was

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<sup>169</sup> *Property variable* was formed by the next components: *villa, another house, farmland, building site, car, lorry, sewing machine, Hi-Fi stereo system, freezer, washing machine, automatic washing machine, microwave oven, dishwasher, personal computer, television, DVD player, video recorder, telephone, mobile phone, satellite receiver*. Each is worth one point therefore, this variable can take values between 0 to 20.

identified creating a total of four clusters that met the criteria. (Table 3.1.2.)

**Table 3.1.2.: The features of the clusters according to property, income and age**

status group		property	Income per capita (thousand Ft)	age
Local elite	average	12.22	71.29	39.71
	persons	156	156	156
	Std deviation	2.41	35.24	11.28
Rural middle class	average	11.37	53.22	37.45
	persons	335	335	335
	Std deviation	2.77	25.59	12.67
Endangered	average	9.26	40.78	41.23
	persons	460	460	460
	Std deviation	2.93	24.92	11.95
Retired	Average	8.15	62.61	67.71
	persons	506	506	506
	Std deviation	2.85	22.67	10.25
Total	average	9.68	54.49	49.39
	persons	1457	1457	1457
	std deviation	3.18	27.74	17.68

Source: own data.

According to their characteristics, the four status groups were named *local elite*, *rural middle class*, *endangered*, and *retired*. The average of the group features significantly<sup>170</sup> differed in all respects in the income per capita, and in property characteristics. Examining the average age, the greatest difference is seen – quite obviously – when the group of pensioners is compared to any other group. Although the difference is not so large, a significant difference is seen between the average age of the well-off and the endangered. In the case of educational level and occupation, groups are well definable even though significant differences are not found in each category. (Table 3.1.3. and 3.1.4.)

<sup>170</sup> A 5% significance level was used in the examination. During the examination in the paper we only highlighted the differences considered significant.

**Table 3.1.3.: The characteristics of the clusters according to occupation**

Present occupation	Status group				
	elite	rural middle class	endangered	retired	total
intellectual in high position	14.7	0.0	0.0	0.0	1.6
white collar worker	53.2	16.4	3.0	0.0	10.4
entrepreneur	6.4	12.8	5.4	0.0	5.4
manual worker	5.8	24.2	44.8	0.0	20.3
student	4.5	17.0	1.3	0.0	4.8
pensioner	0.0	0.0	0.0	100.0	34.7
other inactive <sup>171</sup>	5.8	6.6	13.5	0.0	6.4
unemployed	3.2	8.1	18.7	0.0	8.1
other	6.4	14.9	13.3	0.0	8.3
total	100%	100%	100%	100%	100%

Source: own data.

### **What are the characteristics of the clusters, and how they received their names?**

The *local elite* stand out in all respects, with the highest income, and most favourable property status. Members of the group almost always have a university or college degree with 92% having a graduate degree. Of the total sample, 74% of the people with a university/college degree are in this group. As to their profession, the majority (nearly 70%) of the group are *white collar workers*, and all the people in leading position belong to this cluster. The *rural middle class* is the second in the list of clusters regarding property, and third regarding the amount of income per capita. The highest and most typical educational level of the group is secondary school graduation (equals A-level exam) – only 6% of them did not complete secondary school. Unlike the elite, typical occupations cannot be exclusively determined. Manual workers are in the highest proportion, with less than a quarter of the group. From a different perspective, more than half of the entrepreneurs, 80% of students, and 36% of *white collar workers* are to be found here.

<sup>171</sup> *Other inactive*: who are on child care, and do not go to school in full time, or who have nothing else income and who are not among job seekers.

It seems that it is education and financial status that holds together the rural middle class. Concerning occupation, several paths lead to this cluster, and the reason for the high proportion of students is that this is the group whose children can afford to study at a higher education level.

**Table 3.1.4. The features of the clusters by educational level**

highest educational level	status group				
	elite	rural middle class	endangered	retired	total
less than 8 grades in primary school	0.0	0.0	5.9	13.8	6.7
8 grades in primary school	0.0	3.0	33.7	38.9	24.8
secondary school without final exam	3.2	3.0	60.4	22.1	27.8
secondary level final exam	4.5	94.0	0.0	15.0	27.3
university or college level	92.3	0.0	0.0	10.1	13.4
Total	100.0	100.0	100.0	100.0	100.0

Source: own data.

In the order of social groups pensioners follow the rural middle class. This category was specifically created so that every pensioner was put in this cluster, and no other occupation could be placed here. According to their financial position it is third in the list of clusters, but second in the amount of income per capita. Due to the age factor, the group has a low educational level, with almost half of the group having only a primary or even lower education. At the same time, a few people with a graduate degree can also be found in this group in addition to the elite group however the proportion just about exceeds 10%.

Although the fourth cluster is last in the order of the social groups, its members cannot be considered poor, since the term “lagging behind” refers to a process, but the survey captures a state it has been named *endangered*. The group is not conspicuously lagging behind the other clusters; not as much behind as the local elite stands out. In total, they are not significantly below the “average”, but their downward movement will quite probably speed up, given their group features. According to the

amount of their property they are better off than the cluster of pensioners, but the average per capita income is the lowest of all the groups. The comparison of these two variables also demonstrates a tendency to lag behind, since their previous higher income surely made it possible to acquire the objects of value. A further reason for their straggling behind is their apparently low level of education in spite of the age group being in the active employment age 60% of them reached secondary school level, but did not complete the final examination. The remaining members of the group only completed primary level education, and 6% was unable to even complete that.

Nearly half (45%) of the group is made up by manual workers, and the rate of the unemployed (19%) and the inactive (14%) is very high compared to the other clusters. From a different approach, the data are even more dramatic, since nearly three-quarters of the unemployed (73%), and two-thirds of the inactive (66.7%) belong to this group. The low number of students is also obvious. Since only those individuals over 18 were in the survey it clearly suggests this group send their children to universities and colleges in a much lower proportion. And it should not be forgotten that this cluster of endangered is the second largest after pensioners and constitutes almost a third of the sample.

When defining the typical living place of the status groups based on the development categories of municipalities, a substantial difference is only seen in one area. A slightly higher proportion of people belonging to the endangered cluster live in the most underdeveloped places. Although the difference is not very big, 39% of the sample lived in the most underdeveloped towns and villages, compared to 44% of the endangered group this 5% difference is significant.

### **Political effectiveness**

After the methodological description, let us now turn to the primary focus of this research. The first area to be examined was the inhabitants' attitude to politics to see whether people were interested in politics, whether they understood politicians at all, and how easily they formulated a political viewpoint.

Two thirds of the population of voting age living in backward rural areas are hardly or not at all interested in politics (64.7%), and one fourth never or only rarely, and only 30% occasionally understand politics or politicians. In addition to political disinterest and non-understanding,

only one out of every fourth person (26.8%) said they can formulate a political standpoint with difficulty.

Of the 37% of the sample who declared that they are very much or quite interested in politics, when examining the status groups a slightly higher rate was seen among pensioners and the members of the elite (41% and 48%). However, for the endangered group only about 28% were very much or quite interested in politics and in this cluster the number of people uninterested in politics is very high, 40%, whereas only 20% of the elite group was uninterested.

Keeping track of politics and understanding politicians is appears easy for the elite group as they are overrepresented among those who can usually or always understand what the news are about. In the endangered group the proportion of those who never understand politics is apparently high, and is significantly lower for those who can follow political events.

The difference between clusters is smallest in how easy or difficult it is to formulate a political standpoint. Similar to previous results, the elite can do this more easily, while a higher proportion of the endangered group find it difficult to formulate their political viewpoint, these differences are smaller than ones related to the above issues.

While in each status group a significant relationship is seen between interest, formulating a standpoint, and understanding or not understanding politicians, even if these differences are not large, comparing the development levels of towns and villages does not show significant differences in any of the issues. Inhabitants of the most backward places have just as much difficulty understanding politicians as people living in developing or falling back towns or villages. Therefore attitude to politics does not depend on how backward the place is where people live.

### **Election activity**

The inhabitants of peripheral towns and villages are divided into two almost equal size groups when answering the question which elections shape the future of their home towns more – national or local ones. The opinions of the inhabitants of developing and backward places do not differ in this question at all. The level of development of the municipality is not related to which elections are more important to the future of the municipality. About 50% in all the municipality categories consider the local government elections to be the most important, and the other 50%

the national government elections to be a definitive factor in the advance of the town or village.

Examining the division by status groups, a significant difference is seen between the opinion of the elite and pensioners on this issue. While the elite consider the local government election more important (64%), pensioners think that parliamentary elections are more relevant (56%).

When questioned if they attended the latest local government or EP election 80% responded “Yes”. This rate does not only seem high, but it is also significantly higher than actual reported participation rate. Compared with official data, the memories of all groups do not match the election data. In the area where the sample was drawn, the election participation rate was 68.5%, while for those in the sample it was 83.5%. This means that it is not the differences of the actual participation rate in various groups that can be used when examining the question, but rather what people in different clusters and living in different types of municipalities themselves think about concerning participation in an election or not. Among the status groups like their attitude to politics, the willingness to vote also varies. The differences are more evident in the local government election of 2006 than their memory of the European Parliament election of 2009. A much higher proportion of the group of the elite and pensioners said they attended the EP election, while the endangered group showed a smaller rate of participation.

Differences are more markedly shown in the case of the local government elections. An outstandingly high proportion of pensioners and members of the elite claimed they participated in the local election, whereas a substantially smaller proportion of the rural middle class said they had voted.

Memories seem to also reflect intentions or possibly even expectations since almost the same percentage of people said they would go to the local government election if it was held the Sunday after completing the questionnaire at the “supposed” participation rate. As for the intentions though, differences among the groups are much smaller. Those who said they participated in the local government elections in 2006 claimed a rate above 90% regardless of which cluster they belong to and that they would go and vote at the local government election if it was this held this next Sunday. About 15% of the sample changed their opinion, and the primary reason for the shrinking difference among the groups is the positive attitude of the endangered group and their growing willingness to vote.

There is not much difference in voting intention when examined by municipality categories either. In the case of the EP election, about a 10% difference in the rate of participation of the inhabitants is seen between developing (65%) and steadily backward (75%) places. In the case of the local government election, the difference is only a few percent, but here also here is a slightly higher willingness of the inhabitants of steadily backward places to vote.

The question may arise: will “participation promises” last until the next elections, and will high voting intentions stay active? Based on the participation data of the local government election of 2010, they will not last, since 65% of people with a right to vote did actually vote, which is 20% lower than would be expected by the respondent’s answers concerning voting.

### **On local developments**

When the local government system was created in 1990, although local authorities were legally reorganised as local governments, a decentralised budget and various decision making authorities appeared in the localities, this did not immediately create the economic and management background of local governance. The majority of new local governments had no real property, and even if some had it they were very soon made to use it all up (Vígvári 2007). The majority of rural towns and villages did not even have enough local economic power to create local resources for the local situation based on local decisions. Only central resources were available to combat a backward position, which were distributed to vegetating municipalitys through grants. However, receiving development funds may have had two negative effects. First instead of the realisation of truly necessary developments, ones with existing resources were funded and completed. Second, the “given” nature of the development makes it unnecessary to involve local people in the planning.

Sixty percent (60%) of those responding answered no to the question whether the opinion of the locals, the people affected was asked during the planning phase of the development. In addition, the majority of the inhabitants (83.5%) thought it was necessary to ask their opinion of the investment. In spite of being neglected, 70% thought that important investments had been realised for their home town.

There is a difference in opinion both among people living in different types of municipalities, and among members of the status groups



concerning the question whether the local people were asked about the development plans. The inhabitants of steadily backward places had the highest rate of feeling involved in the planning with nearly every second person (48%) remembered having been asked. Whereas in places falling back or developing, this rate barely exceeded one third (34%).

Among the members of the status groups, a slightly higher proportion of pensioners (45%) felt they were asked about the developments, while only 36% of the endangered group felt the same.

A large majority (83%) of the status groups claimed that the opinion of the locals have to be asked about the developments, while opinions were a little more variable among people living in different types of municipalities. A slightly higher proportion of people in backward places (88%) thought that locals should be or should have been asked, while more inhabitants of falling back and developing towns and villages think that consultation is not needed.

Pensioners were the most positive to the completed developments with 77% saying that really important investments for the local community had been realised. The rural middle class was the least satisfied with only 66% feeling that the most relevant investments were completed.

Interestingly enough, from among the municipality types, the inhabitants of developing places have the most extreme opinion, according to 38% of them the necessary developments were not realised. This also demonstrates the gap between the feeling of development and the reported statistics (official) approach).

### **Actors with an influence on the life of the municipality**

As it has been mentioned earlier, the realisation of developments in the municipalities, therefore the development of towns and villages primarily depended on *application funds*. Receiving funding or not can be interpreted in two ways. One can think that the development of towns and villages depends on the state, or on the local management. To put it in a more extreme way, either the central government does not provide enough funding for the development of the place, or the local leaders are not clever enough to obtain the resources. This is what formed the basis for the question about how the inhabitants see the role of different actors, including their own role, in the development of their hometown, and in local public life.

In the questionnaire the importance of public life and political actors, and their significance in decision making was asked in two different ways. First, inhabitants of the place, the mayor, the local government, the national government, the county, the region, and the EU had to be listed by importance according to their role in the development of the town or village. Second, as a method to reflect on the importance of another variable – performance – was introduced and the performance of the mayor, the local government representative body, regional actors, and local actors (inhabitants, entrepreneurs, civil society organisations) was evaluated on a scale of 1–5, from various perspectives.

Therefore in the first round inhabitants were asked who is responsible for the development of the town: the inhabitants, the mayor, the local government, the national government, the county, the region, or the EU. The inhabitants were placed on the top of the list by 12% of those responding and only about ten percent placed them second (9.8%). One third of the inhabitants put the mayor in the first place (34.2%), and almost a quarter put him second (23.9%). The inhabitants of towns and villages typically underestimated themselves, which appears to reflect the reality. The ranking of first for the mayor is not a surprise, since earlier research also showed that mayors are the *non plus ultra* of towns and villages, that is, the number one representative (Bódi–Böhm 1999). The local government was only mentioned in first place by a fraction of the questioned (13.9%), but a good third of the people (35.6%) gave it second place. Although the significance of the local government (alias “public body”) is undeniable, in small municipalities it is usually only a ranked second, a good “Sancho Panza” to the mayor rather than a real decision making body.

As for the first place, the mayor shares it with the national government. A third of those questioned marked national government in first place (32.5%), while only about a sixth put it in the second place (15.7%). The omnipotence attributed to the national government just behind the mayor is not a surprise since big politics taught society the idea of the almighty government.

In the bipolar political system where nothing used to exist between local power and central government, i.e. politics (the lack of the middle level was a main topic of literature on local governance in the 1990s) it is natural that the respondents found the county and its rival, the region to be not too important (Pálné 2008). Only 1% put the county on the top of the list, and only 7% put it second. The region was similarly small as it was mentioned as first by only 1.5%, and as second by 6%. The

evaluation of Brussels (EU) is relatively strong as for the first place, since the inhabitants considered the responsibility of the EU as important as their own. The responsibility of the EU was mentioned in the first place by 11% and in the second place by 5.9%.

To summarise the places and their order on the list, the greatest responsibility in the development of the municipality is attributed to the mayor, followed closely by the national and the local government. They are followed with rather lower ratings (more in the middle) by local inhabitants and the county, and after another gap the two levels that apparently did not have too much influence the region and the EU (see Table 3.1.5).

In spite of the numerous large size advertisements that we encountered during the research and through the time of the surveys, individuals living in these municipalities do not seem to recognize that development funds come from the EU and are transmitted by the regions to the local municipality.

**Table 3.1.5.: The order of importance of the development factors**

Who do you think is responsible for the development of the town or village?	Average rank	standard deviation
Mayor	2.66	1.744
Government, state	2.83	1.716
Local government	2.86	1.417
Inhabitants of the town or village	4.32	2.073
County	4.41	1.271
Region	5.02	1.482
EU	5.31	2.112

Source: Own data.

When investigating actors by municipality categories, places in a permanently backward situation seem to put more confidence in local actors. Compared to other municipality categories, they place the mayor, the local government, and even local people a little more ahead, and they attribute less importance to “faraway” factors: the national government, the county, and the EU.

However, the most underdeveloped towns and villages trust the national government more, and think that the role of the inhabitants and the local government representative body is less significant.

### **The status groups' opinion of actors shaping the future of their hometown**

There is no marked difference in the opinions of the status groups. All that can be stated is that those on a pension value the role of the mayor a little more, while the elite put the region higher.

In the second series of questions about the evaluation of actors influencing local public life large differences are not seen in total, and the results correspond to the ordered list variation described above.<sup>172</sup> Inhabitants value the mayor most, but the performance of the local government is also in a favoured place. In the light of the previous question it is not surprising to see the county, the country and the EU at the bottom of the list; they were marked slightly below average for the promotion of the inhabitants' wellbeing. Although the majority of the towns and villages are underdeveloped, the inhabitants surprisingly claimed that things were relatively speaking "going in the right direction". The average (2.67) of the answers to the question "What direction are things going in your hometown?" is third in the list after the mayor and the local government.

Let us now take a look at how differently the status groups think about actors with an influence on local public life and their activities. Although a certain tendency can be recognised in the difference of opinions, again there are no marked differences. Pensioners are the most loyal in evaluating positively both the activities of the mayor and of the local government representative body, and they are the most optimistic for the future of the place as well. Opposed to this, members of the endangered group have a pessimistic view of how public issues are proceeding. It must be emphasized that although in each case the differences are significant, the actual ratings are not very far apart. The biggest difference is seen in the question about how the mayors perform their tasks, but the difference between the average of the pensioners' and the endangered group does not exceed 0.38%.

While these two groups formulate a relatively well definable, permanent standpoint towards local politics – loyal and distant –, the rural middle class, and even more so the elite form their opinions in a more flexible

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<sup>172</sup> In this case – first place(1) – was the best, and five the worst.

way. The activities of the mayor are evaluated as good partly due to their probable personal relationship, (but this could be the topic of another research project) whereas they give the worst evaluation to the performance of the local government representatives' body. (In absolute terms even though this is still above the "medium".)

The confidence of pensioners in power is also evident when evaluating the success of local civil society actions, as the group of pensioners is one who regularly attributes relatively little significance to the activities of the inhabitants and businesses for the advancement of the municipality. The other one is the endangered cluster; these two groups compete in attributing the least importance to non-official municipality development and in putting it in the last or next to last place. With pensioners, as mentioned earlier, this may reflect a certain loyalty, and confidence in the activities, the problem solving capacities and exclusiveness of the local power. While in the case of the endangered group, in the light of the above, it may well be not only about keeping a distance, but also indifference, and the start of the process of disintegration from the local society.

Investigating this topic by municipality type, the opinions of people living in developing and disadvantaged – most backward and permanently backward – places are statistically sharply different, even if proportionally not to a great extent. The citizens of the two backward municipality groups gave the best evaluation to the institutional operation of local politics, and they are the most satisfied with the mayor's performance, the activities of the local government and the representative's body. As opposed to this, members of the developing category assessed these as the weakest, which does not mean below average performance in absolute terms, since they were marked as "medium" or a little below.

Regarding local initiatives for the hometown, the differences in opinion are not so polarised, it is rather the inhabitants of the two underdeveloped groups of places – who previously agreed – that now do not share the same views. municipality When evaluation the success of the municipality all five factors to include the endeavours of the inhabitants, the activities of the civil society organisations, the activities of businesses, the work of religious organisations, and charity activities were evaluated as most important by the citizens of permanently backward places, while these count the least according to people living in the most underdeveloped municipalities.

## Conclusions

In viewing the overall results of the research, a relatively closed world is depicted. However, the ignorance of people living in rural areas for politics does not necessarily reflect their disinterest in their own living conditions. It is not apathy, since over seven out of ten (71.3%) discuss the issues of their hometown with their neighbours or somebody else from the place. At the same time, few people – only 93 of the nearly 1,900 respondents – could report on any memberships in organisations through which they could work on sorting out the problems of the municipality. Only three out of ten people (30%) questioned had ever heard of organisations that deal with the issues of their hometown, although three quarters (75%) were satisfied with their activities where they existed at all.

The amount of political ignorance has to be taken with a pinch of salt then, and treated as independent from local politics. In Hungary doing activities in big politics is primarily meant by the word politics, and in typical language use it is much less related to activities of and for the local community. People living in villages and rural small towns especially feel distant from national issues, and this dual world has a very strange and special culture dating back to distant and faraway historical times. The rural attitude turning its back on big politics but being able to have insight into local issues and to keep it under control best compares to the closed world of mountain communities of the Balkans, and the relationship of the Mediterranean islands' living situation to the state on the mainland. The majority of Hungary's population was a rural. The all population, eighty years ago, every fifth person lived in separated farmhouses (16.7%). Therefore they were living in special closed communities dependant on each other (Tirring 1932), where they could not expect much from the state due to factors of distance from the local space, fields of force, and politics. The saying: *Do it yourself, Sir, if you do not have a servant*, especially fitted the rural population, which did not expect much of the state, of big politics, and did not really make any efforts to win its favour either. This was a mutual relationship, and surely several of its habitual features were sustained in the family life of people originating from here even after being integrated to farmhouse centres, or moving to towns.

During the research, the differences in opinions among municipality types and status groups were searched for, but before summing up the results, it has to be emphasized that no marked differences were found, variations of about 10% could be observed, although, as was pointed out

in the study, these were significant differences, and mark certain tendencies. What are these tendencies?

The population of permanently underdeveloped places can mostly count on their closed environment. When asked about the key person(s) of the development of their home town, they put the mayor and the inhabitants of the place more forward as compared to the other categories, and put the state more towards the end of the list. They assess the role of the place as very important, and they are also more satisfied with the performance of local actors than others, and they think that NGOs, organisations and individuals can do a lot for the development of the municipality. The inhabitants of this municipality type seem to be the ones who feel most that they can only count on themselves.

Compared to this group, the most backward places expect the government to help them, they attribute little significance to civil endeavours, but they are satisfied with the performance of local politics. They look forward to outside resources more, and they trust local leaders. They suppose that prominent personalities use the funding in the best possible way.

The opinion of developing municipalities is interesting. One might think that they are the most satisfied due to their status, but on the contrary, they are the most skeptic. It cannot be said they are pro-government, and that they would attribute a more important role to the government than the others, but they are the most satisfied with local politics. They do not place esteem on the role of the mayor and see it as important as the inhabitants of the other municipality types, and they are the least satisfied with the performance of local public life. They seem to think that development opportunities have not been utilised well enough, and this is the local management's fault. At any rate, it is clear that development and its result; the statistical classification does not match the inhabitants' feeling of satisfaction.

The opinion of the status groups is not very different regarding who is responsible for the development of the municipality. However, we do find fine differences in how the actors of local public life are evaluated.

It is pensioners who believe in the problem solving capacity of (local) power, instead of civil initiatives. Members of the elite rather watch the activities of the local power with criticism, and acknowledge the performance of local politics if it can be acknowledged. Even if opinions differ, these two clusters seem to be the most interested in politics.

The fact that ignorance and indifference in politics is most typical of the endangered cluster calls for special attention. If this phenomenon reflects a tendency, it may cover a socially dangerous disintegration process, which may happen in each municipality involved in our research.

Political involvement keeping track of politics and being interested in politics does not depend on the development path of the municipality (quasi political performance capacity) but it is more related to the social environment, the social group that the individual belongs to.

Getting back to one of the questions of the research, what does the evaluation of (local) politics and public life depend on, the development path of the municipalities, or the status groups? There is no overall direct answer to this question. In order to get closer to the answer it has to be evaluated by topics. Political involvement and voting activity can be called status-dependent, since significant differences have been found among the opinions of various status groups. However, investigation by municipality type has shown that the opinions of people living in places of different development stage do not differ significantly.

Significant differences can be pointed out in the opinions about local development and the actors influencing the municipality's life by both factors. In these cases it cannot be judged in the present research which factor has a more significant effect, the status group or the municipality development type, since the indicators measuring the closeness of the link did not show very much difference.<sup>173</sup>

Finally, it is important to mention a possible further research direction that emerged during the analysis. If the results are approached from a different angle, two more groups could be defined. One can be named *municipalist*, and the other *centrist*. During the investigation of both the significance of elections and the factors influencing local public life, we saw that some people attribute greater significance to the *genius loci* "spirit of the place", (quoting the words of Hamvas), while others to central action and will. It is worth considering what typical social features the "municipalist" and the "centrist" groups have. Can the greater expectations of local or national politics depend on the type of disadvantage of the municipality? Or is the importance of the local or the central perhaps determined by what social environment people belong to?

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<sup>173</sup> In cross tabular analyses the Cramer V indicator was used, while in the case of mixed relationship *eta* was applied.



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## Annex

In this appendix there are two dozen figures and tables that were chosen of about hundred other figures and tables which were made in the Hungarian LOSS Project at the Hungarian Academy of Sciences and the University of Debrecen. This annex aims to help readers better understand some chapters but this part can also be used independently of the main text. However, some chapters of the book would be imperfect without the Annex. Especially the following ones: *The decrease of population, vicious circle of poverty and a development model, Where are the voters? Shadows and ghosts in rural welfare system, Changes in supply and demand in elementary education*, reading these chapters requires the study of figures and tables of the Annex.

It is a further purpose of our research to publish all completed map figures and processed data on the Internet on our home page in Hungarian and English, too. This goal is twofold: first, to provide reliable and relevant data and information for the network of the international comparative research and second, to give an inspiration to all university students who seek to find their own research field or theme of thesis.

The Annex was made by *Dániel Bódi*, geographer student at the University of Debrecen and *Mátyás Bódi*, geographer at the Rural Development Ministry. The GIS work was led by *Attila Fekete*, research fellow at the Centre for Social Sciences of the Hungarian Academy of Sciences as well as *Ferenc Bódi*, senior research fellow, who is also leader of *the Hungarian Scientific Research Fund No 81667 Crises – Reactions – Change (Adaptation of local organizations of social services in peripheral countries in Europe)*.

Editors

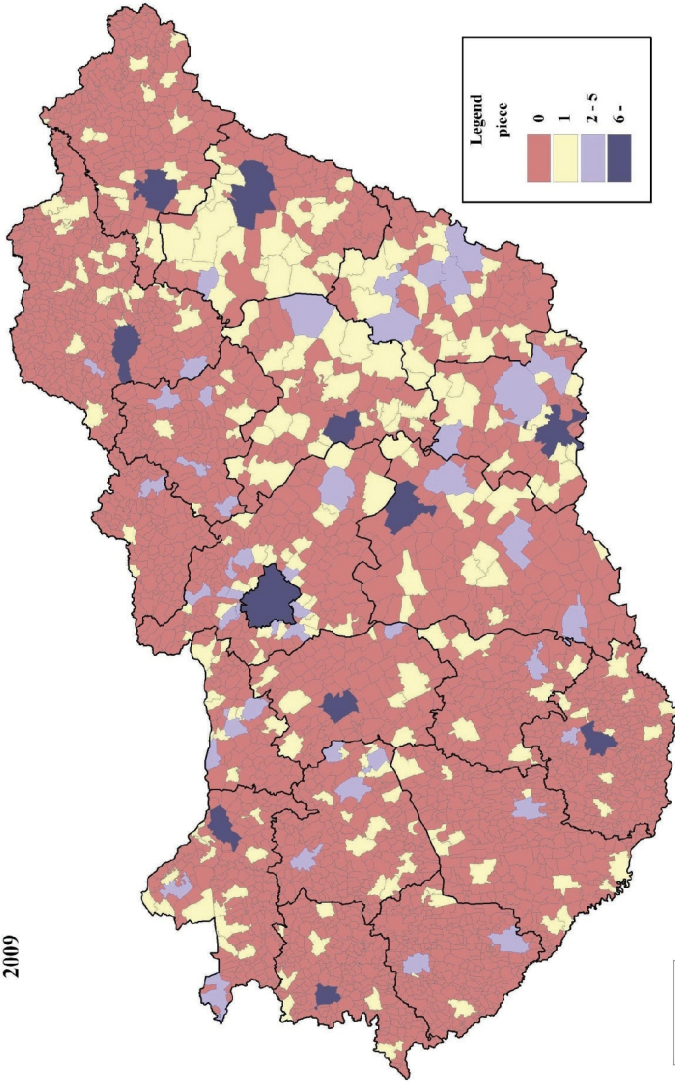
**Table 1. Number of Day Nurseries 2009**

Municipality size and legal status	Number of the 0-3 years	Distribution of the 0-3 years (%)	Number of Day Nurseries	Distribution of the number of Day Nurseries (%)
-500	10,250	2.6	12	1.9
501-1000	21,794	5.6	7	1.1
1001-3000	63,486	16.2	55	8.8
3001-10000	69,663	17.8	107	17.1
10001-	230,678	58.8	444	71.0
<i>Budapest</i>	<i>65,001</i>	<i>16.6</i>	<i>146</i>	<i>23.4</i>
<i>Town of county rank</i>	<i>76,212</i>	<i>19.4</i>	<i>152</i>	<i>24.3</i>
<i>Town</i>	<i>126,999</i>	<i>32.4</i>	<i>226</i>	<i>36.2</i>
<i>Village</i>	<i>124,033</i>	<i>31.6</i>	<i>101</i>	<i>16.2</i>
Total	392,245	100.0	625	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.



Number of Day Nurseries  
2009



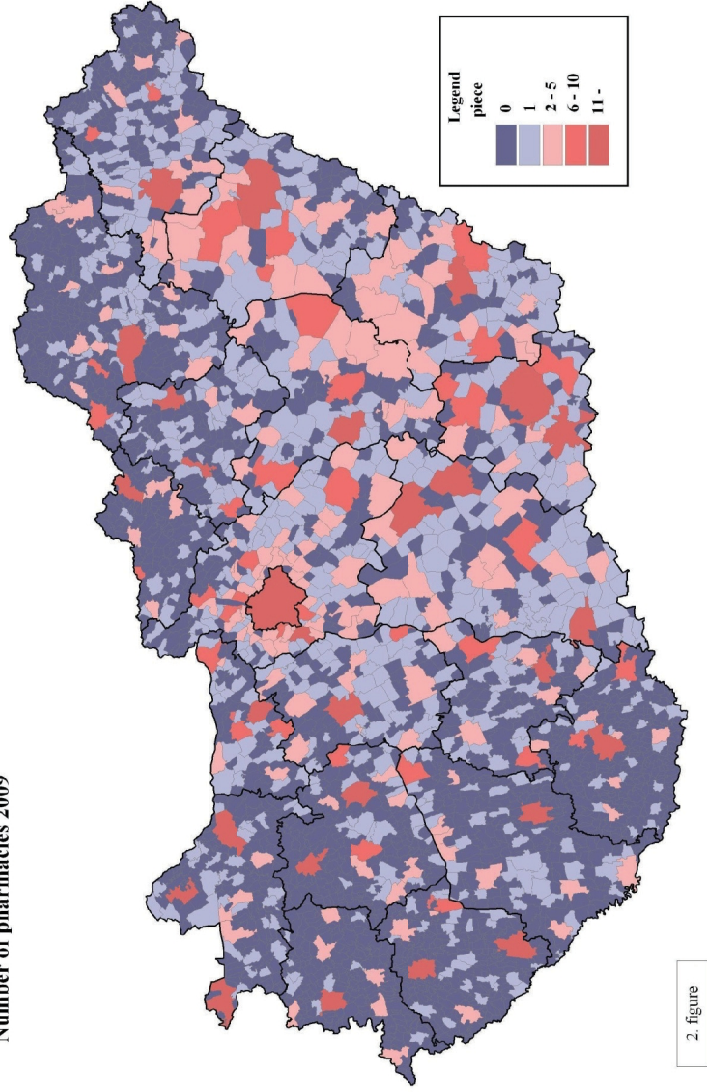
1. figure

**Table2. Number of pharmacies 2009**

Municipality size and legal status	Number of pharmacies	Distribution of the Number of pharmacies (%)	Number of the Municipalities	Distribution of the Permanent Population (%)
-500	2	0.1	1,042	2.8
501-1000	34	1.4	675	4.8
1001-3000	356	14.8	936	16.1
3001-10000	435	18.0	353	17.5
10001-	1,585	65.7	146	58.9
<i>Budapest</i>	430	17.8	1	16.7
<i>Town of county rank</i>	596	24.7	23	20.0
<i>Town</i>	821	34.0	304	32.1
<i>Village</i>	565	23.4	2,824	31.3
Total	2,412	100.0	3,152	100.0

Source: TeIR data “National Spatial Development and Spatial Information System,”calculated by authors.

Number of pharmacies 2009



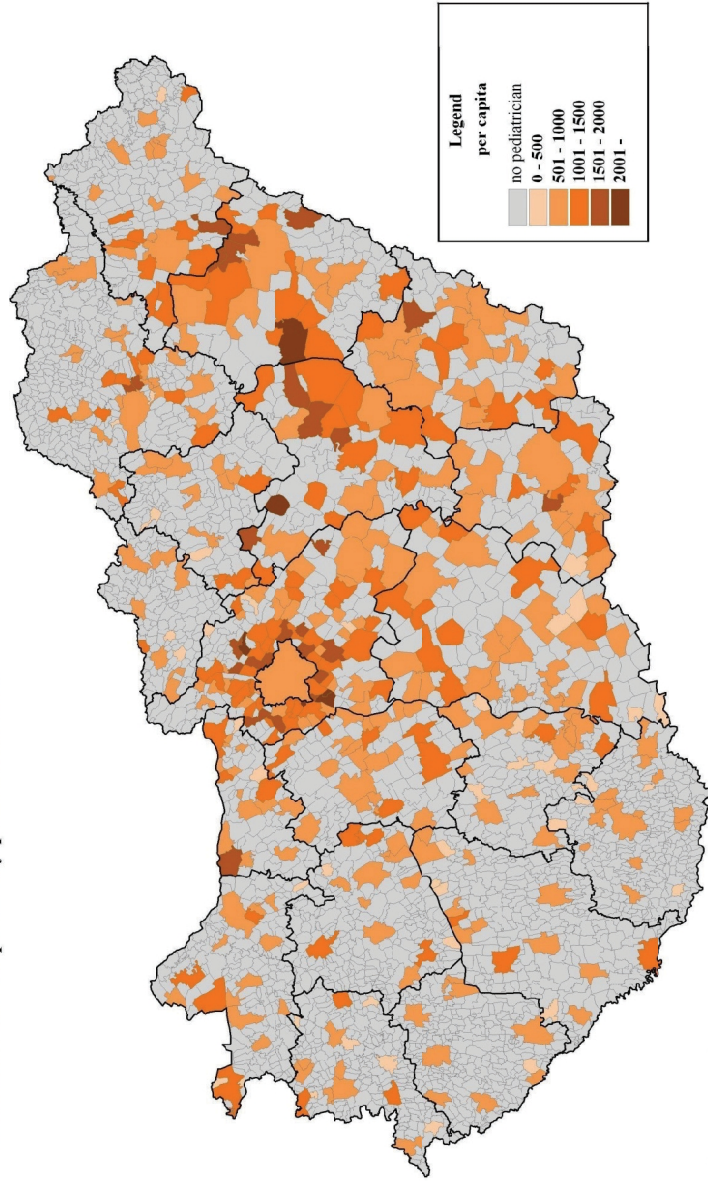
2. figure

**Table 3. Number of infants per family pediatricians 2009**

Municipality size and legal status	Number of family pediatricians	Distribution of Number of family pediatricians (%)	Number of the 0-18 years	Distribution of the Number of the 0-18 years (%)	Consulting of the family pediatricians (cases)
-500	0	0.0	57,076	2.9	0
501-1000	1	0.1	100,719	5.1	7,494
1001-3000	61	3.9	344,531	17.6	435,065
3001-10000	285	18.4	369,743	18.8	2,255,364
10001-	1,201	77.6	1,090,285	55.6	8,335,222
<i>Budapest</i>	338	21.8	273,938	14.0	1,747,355
<i>Town of county rank</i>	430	27.8	367,826	18.7	2,602,420
<i>Town</i>	624	40.3	649,889	33.1	4,979,685
<i>Village</i>	156	10.1	670,701	34.2	1,168,624
Total	1,548	100.0	1,962,354	100.0	12,780,500

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

Number of infants per family pediatricians 2009



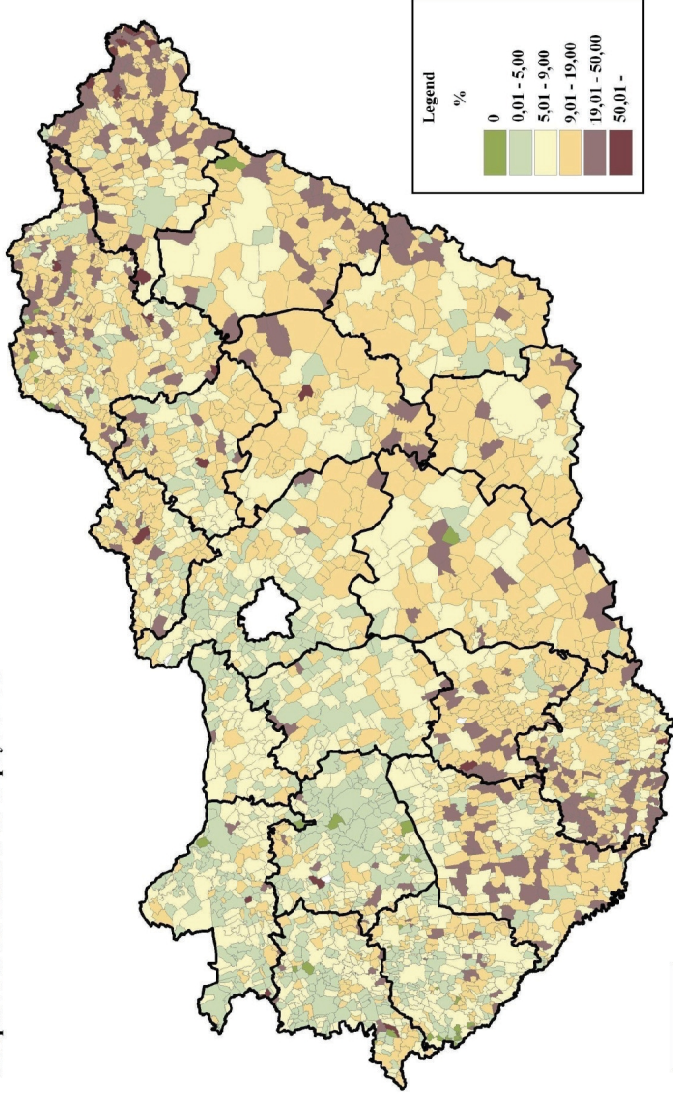
**Table 4. Percent of citizens who get public health treatment compared to the number of taxpayers 2009**

Municipality size and legal status	Permanent Population	Distribution of number of the permanent population (%)	Number of persons with public medical treatment card	Distribution of number of person with public medical treatment card (%)	Number of the taxpayer*	Distribution of the number of the taxpayer (%)*	Number of person with public medical treatment card per taxpayers (%)*
-500	281,624	2.8	12,750	3.5	109,563	3.0	11.6
501-1000	487,333	4.8	21,969	6.1	195,830	5.4	11.2
1001-3000	1,649,555	16.3	67,610	18.7	662,126	18.2	10.2
3001-10000	1,753,598	17.3	68,629	19.0	740,740	20.3	9.3
10001-	5,974,672	58.9	190,425	52.7	1,935,573	53.1	9.8
<i>Budapest</i>	<i>1,694,942</i>	<i>16.7</i>	<i>50,895</i>	<i>14.1</i>	<i>No data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	<i>2,025,698</i>	<i>20.0</i>	<i>61,005</i>	<i>16.9</i>	<i>941,441</i>	<i>25.8</i>	<i>6.5</i>
<i>Town</i>	<i>3,255,026</i>	<i>32.1</i>	<i>115,348</i>	<i>31.9</i>	<i>1,378,679</i>	<i>37.8</i>	<i>8.4</i>
<i>Village</i>	<i>3,171,116</i>	<i>31.3</i>	<i>134,135</i>	<i>37.1</i>	<i>1,323,724</i>	<i>36.3</i>	<i>10.1</i>
Total	10,146,782	100.0	361,383	100.0	3,643,844	100.0	7.4

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.

\* Without Budapest

The percent of citizens who get public health treatment compared to the number of taxpayers 2009



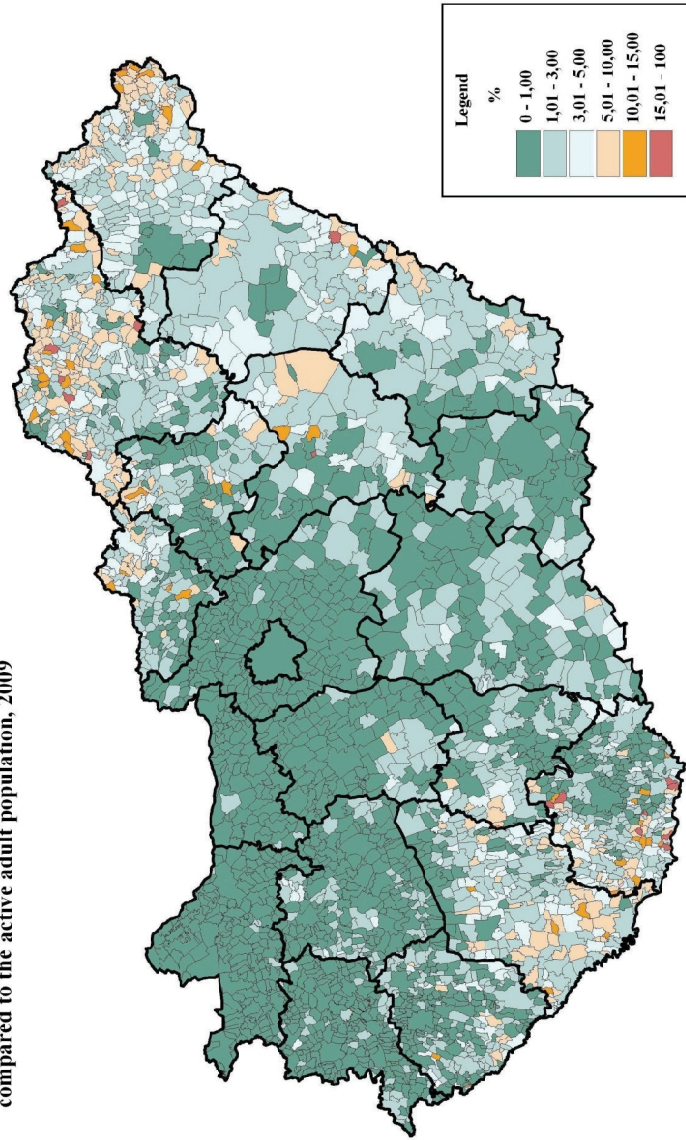
**Table 5. Percent of recipients of regular social assistance compared to the active adult population, 2009**

Municipality size and legal status	Number of the active adult population (18-59 years)	Distribution of number of the active adult population (%)	Annual Average Number of recipients of regular social assistance	Distribution of annual average number of recipients of regular social assistance (%)	Number of recipients of regular social assistance per active adult population (%)
-500	161,342	2.7	4,116	5.7	2.6
501-1000	286,328	4.7	6,403	8.9	2.2
1001-3000	966,090	15.9	17,211	24.0	1.8
3001-10000	1,058,961	17.4	15,287	21.3	1.4
10001-	3,601,718	59.3	28,799	40.1	0.8
Budapest	1,007,527	16.6	4,211	5.9	0.4
Town of county rank	1,233,579	20.3	9,083	12.6	0.7
Town	1,958,683	32.2	25,084	34.9	1.3
Village	1,874,650	30.9	33,439	46.6	1.8
Total	6,074,439	100.0	71,816	100.0	1.2

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.



Percent of recipients of regular social assistance  
compared to the active adult population, 2009

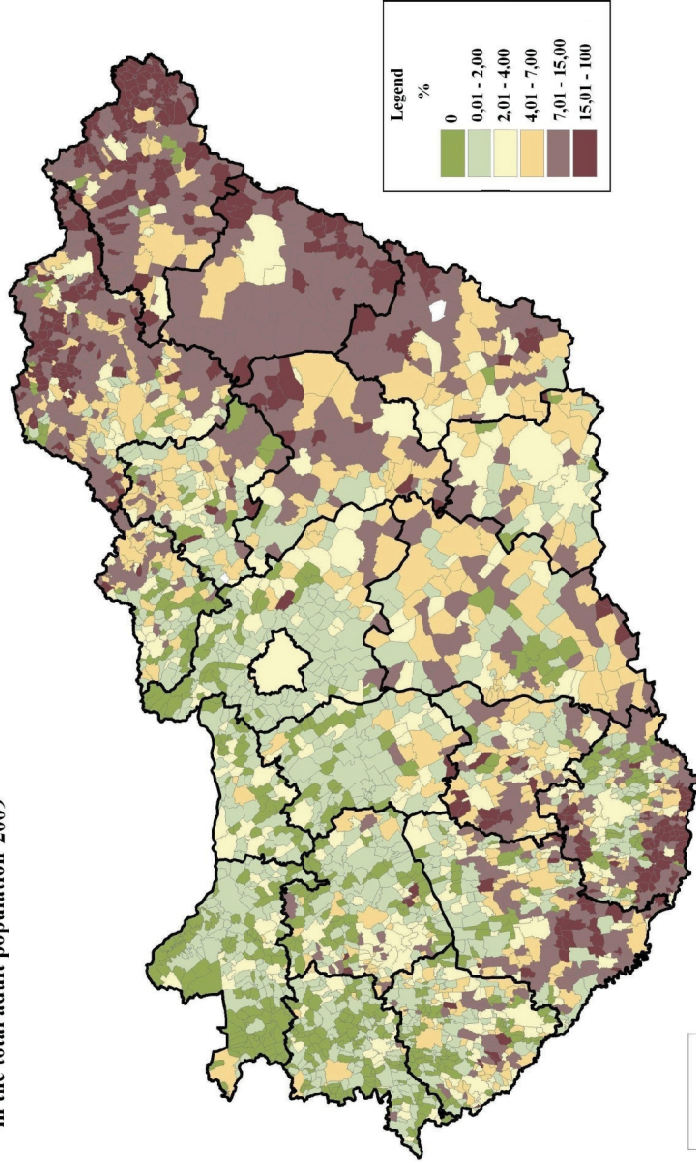


**Table 6. Percent of recipients of housing allowance in the total adult population 2009**

Municipality size and legal status	Number of adult population (older than 18 years)	Distribution of adult population (%)	Number of recipients of housing allowance	Distribution of number of recipients of housing allowance (%)	Number of recipients of housing allowance per adult population (%)
-500	224,143	2.7	13,991	4.1	6.2
501-1000	388,581	4.7	24,326	7.2	6.3
1001-3000	1,285,961	15.7	69,102	20.4	5.4
3001-10000	1,400,882	17.1	69,797	20.6	5.0
10001-	4,884,861	59.7	161,678	47.7	3.3
<i>Budapest</i>	<i>1,421,004</i>	<i>17.4</i>	<i>29,028</i>	<i>8.6</i>	<i>2.0</i>
<i>Town of county rank</i>	<i>1,657,872</i>	<i>20.3</i>	<i>59,874</i>	<i>17.7</i>	<i>3.6</i>
<i>Town</i>	<i>2,532,420</i>	<i>30.9</i>	<i>113,964</i>	<i>33.6</i>	<i>4.5</i>
<i>Village</i>	<i>2,573,132</i>	<i>31.4</i>	<i>136,028</i>	<i>40.1</i>	<i>5.3</i>
Total	8,184,428	100.0	338,894	100.0	4.1

Source: TEIR data "National Spatial Development and Spatial Information System" calculated by authors.

Percent of recipients of housing allowance  
in the total adult population 2009



6. figure

**Table 7. Percent of recipients of social allowances compared to the total number of taxpayers, 2009**

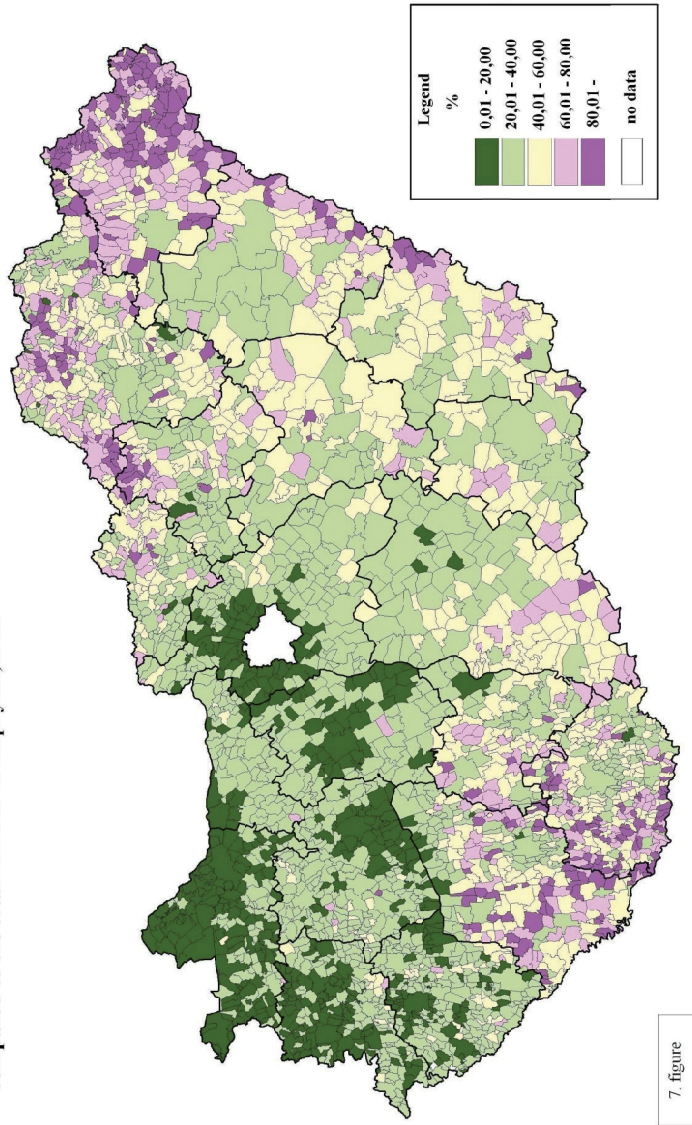
Municipality size and legal status	Number of taxpayers *	Number of aggregated social allowances	Distribution of number of taxpayers (%)*	Distribution of number of aggregated social allowances (%)	Percent of aggregated social allowances compared to the total number of taxpayers (%)
-500	109,563	48,107	3.0	3.7	43.9
501-1000	195,830	81,095	5.4	6.2	41.4
1001-3000	662,126	260,665	18.2	19.8	39.4
3001-10000	740,740	260,384	20.3	19.8	35.2
10001-	1,935,573	663,884	53.1	50.5	34.3
Budapest	no data	132,482	no data	10.1	no data
Town of county rank	941,441	246,272	25.8	18.7	26.2
Town	1,378,679	426,166	37.8	32.4	30.9
Village	1,323,724	509,216	36.3	38.7	38.5
Total	3,643,844	1,314,135	100.0	100.0	36.1

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors

\*Without Budapest

*Method for the calculation of the Rate of Aggregated Social Allowance:* Number of aggregated social allowances per total number of taxpayers = Number of Aggregated Social Allowance = disability pensioners (people on pension or pension-like benefits, disability pensioners under retirement-age and over retirement-age) + number of persons receiving an allowance for changed ability to work + number of persons who are recipients of regular social assistance + number of total unemployed per number of taxpayers multiplied by 100. It is an important criterion that a person who gets more social allowances at the same time, is taken into consideration only once.

Percent of recipients of social allowances  
compared to the total number of taxpayers, 2009



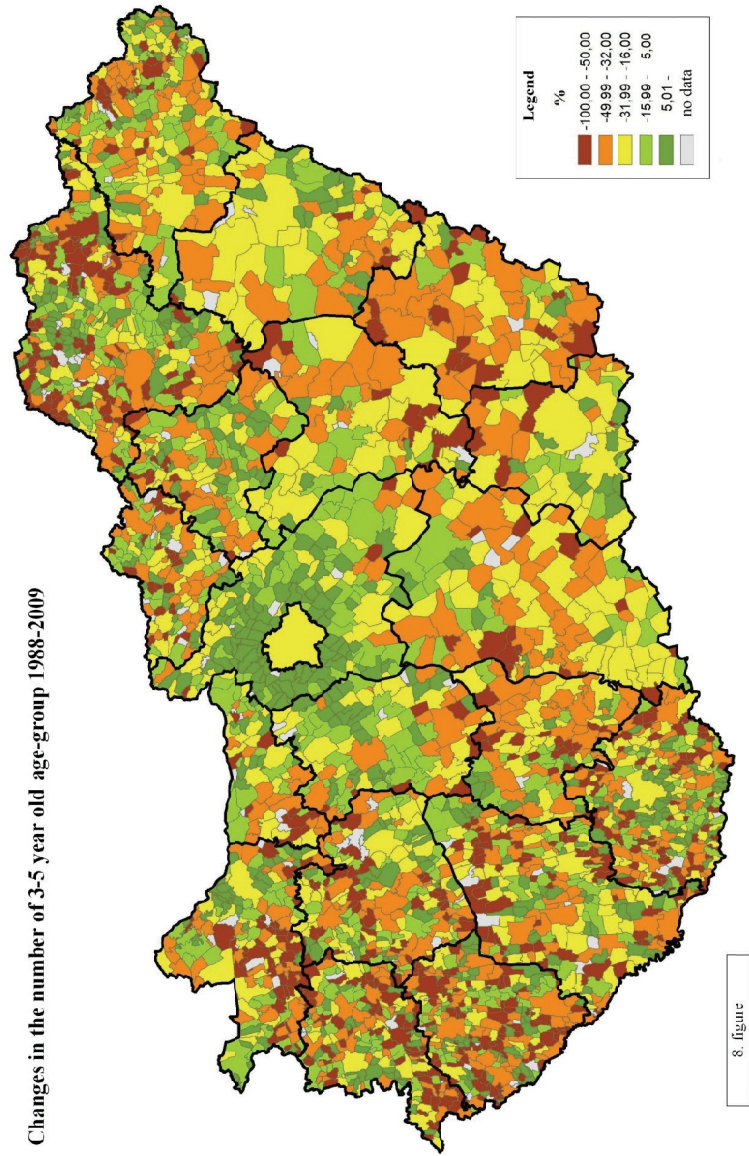
**Table 8. Changes in the number of 3-5 year old age-group 1988-2009**

Municipality size and legal status	1988		1995		2002		2009		Change in population %
	population	%	population	%	population	%	population	%	
-500	10,433	2.8	11,529	3.1	9,160	3.2	7,805	2.7	-25.2
501-1000	18,304	4.9	18,880	5.1	15,719	5.5	14,216	4.8	-22.3
1001-3000	59,520	16.0	63,263	17.1	51,740	17.9	48,945	16.7	-17.8
3001-10000	64,451	17.3	66,305	17.9	55,276	19.2	53,814	18.3	-16.5
10001-	219,912	59.0	209,450	56.7	156,381	54.2	168,736	57.5	-23.3
<i>Budapest</i>	58,458	15.7	54,104	14.6	38,342	13.3	44,899	15.3	-23.2
<i>Town of county rank</i>	76,676	20.6	73,381	19.9	53,350	18.5	56,303	19.2	-26.6
<i>Town</i>	121,712	32.7	118,151	32.0	92,909	32.2	93,387	31.8	-23.3
<i>Village</i>	115,774	31.1	123,791	33.5	103,675	36.0	98,927	33.7	-14.6
Total	372,620	100.0	369,427	100.0	288,276	100.0	293,516	100.0	-21.2

Source: TelR data "National Spatial Development and Spatial Information System" calculated by authors.



Changes in the number of 3-5 year old age-group 1988-2009



8. figure

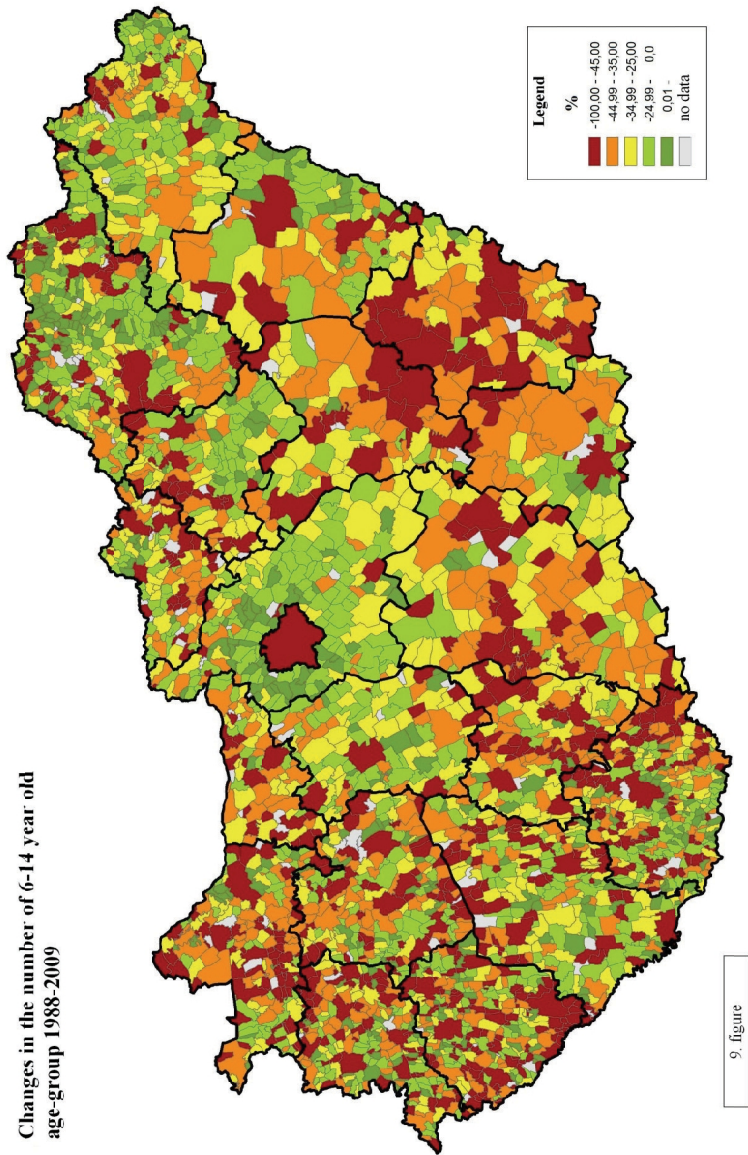
**Table 9. Changes in the number of 6-14 year old age-group 1988-2009**

Municipality size and legal status	1988		1995		2002		2009		Change in population %
	population	%	population	%	population	%	population	%	
-500	36,372	2.5	32,574	2.8	31,953	3.0	26,828	3.0	-26.2
501 - 1000	64,805	4.4	57,072	5.0	55,895	5.3	47,963	5.4	-26.0
1001 - 3000	219,333	15.0	189,449	16.6	189,143	17.9	161,428	18.0	-26.4
3001 - 10000	239,703	16.4	201,775	17.6	199,988	18.9	172,705	19.3	-28.0
10001 -	898,188	61.6	663,065	58.0	581,673	54.9	487,091	54.4	-45.8
<i>Budapest</i>	247,066	16.9	172,745	15.1	139,085	13.1	117,875	13.2	-52.3
<i>Town of county rank</i>	321,650	22.1	232,739	20.3	203,002	19.2	164,221	18.3	-48.9
<i>Town</i>	465,866	31.9	369,956	32.3	343,926	32.5	289,858	32.3	-37.8
<i>Village</i>	423,819	29.1	368,495	32.2	372,639	35.2	324,061	36.2	-23.5
Total	1,458,401	100.0	1,143,935	100.0	1,058,652	100.0	896,015	100.0	-38.6

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.



Changes in the number of 6-14 year old  
age-group 1988-2009

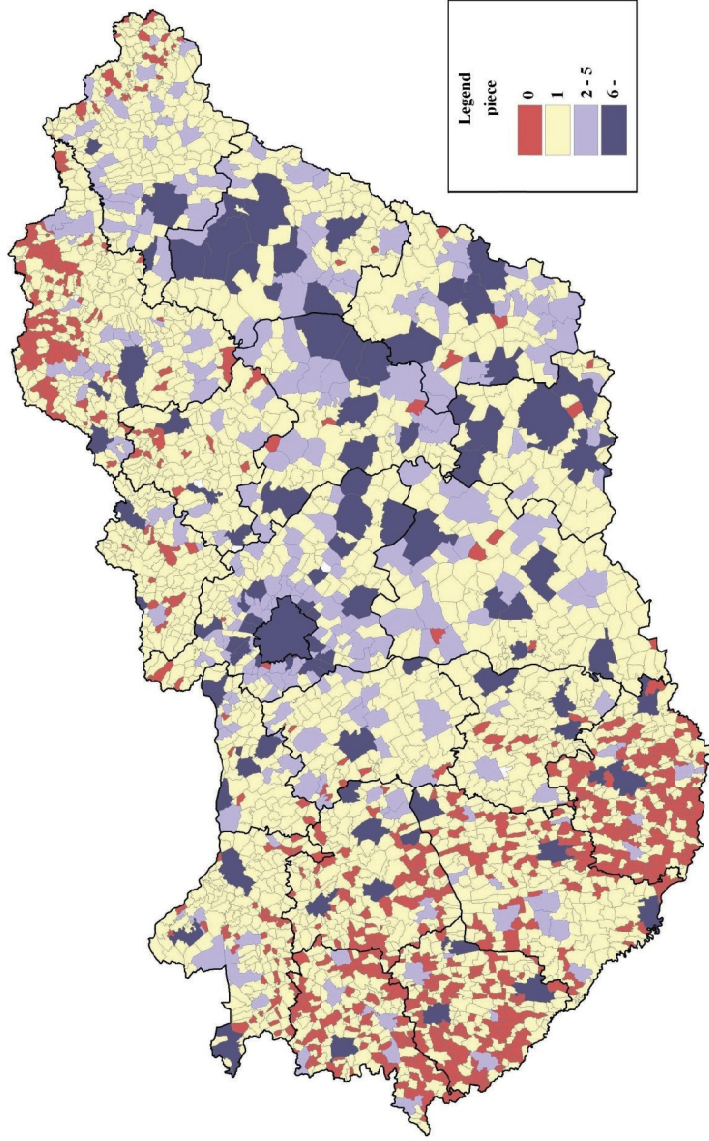


**Table 10. Number of kindergartens 2009**

Municipality size and legal status	Number of kindergartens	Distribution of number of kindergartens (%)	Number of 3-5 year-olds	Distribution of 3-5 year-olds (%)
-500	211	4.8	7,805	2.7
501- 1000	594	13.6	14,216	4.8
1001- 3000	950	21.8	48,945	16.7
3001-10000	614	14.1	53,814	18.3
10001-	1,997	45.7	168,736	57.5
<i>Budapest</i>	546	12.5	44,899	15.3
<i>Town of county rank</i>	655	15.0	56,303	19.2
<i>Town</i>	1,106	25.3	93,387	31.8
<i>Village</i>	2,059	47.2	98,927	33.7
Total	4,366	100.0	293,516	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

Number of kindergartens 2009



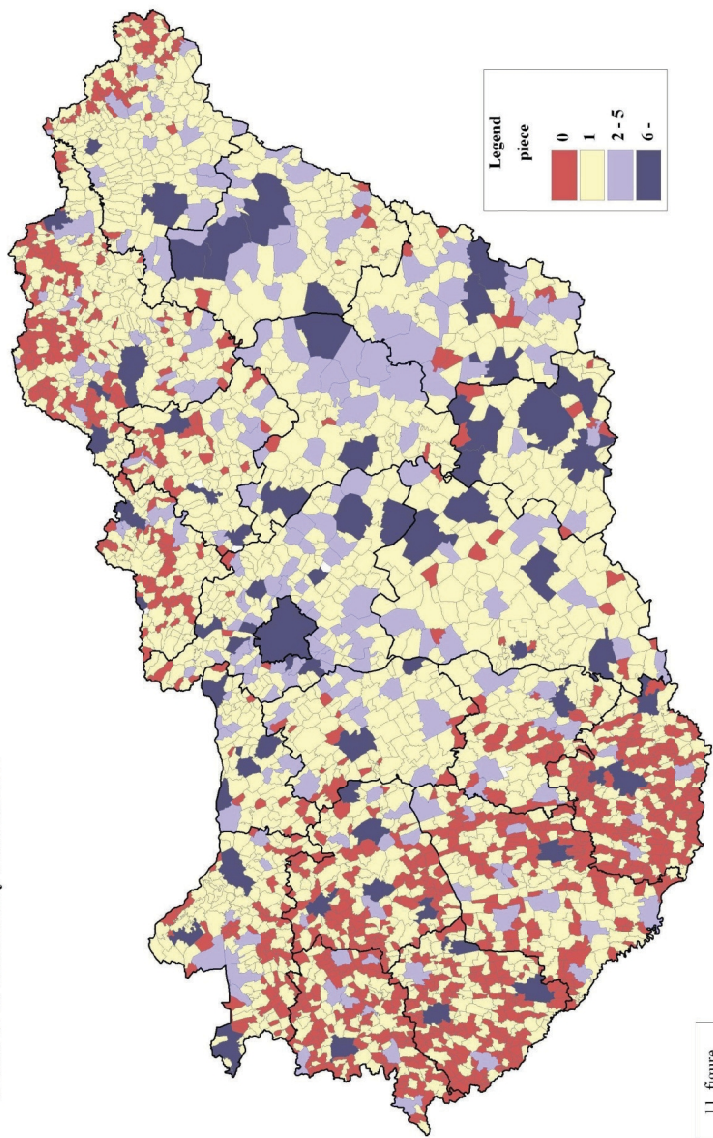
10. figure

*Table 11. Number of elementary schools 2009*

Municipality size and legal status	Number of primary schools	Distribution of number of primary schools (%)	Number of 6-14 year-olds	Distribution of 6-16 year-olds (%)
- 500	77	2.3	26,828	3.0
501- 1000	426	12.7	47,963	5.4
1001- 3000	932	27.9	161,428	18.0
3001-10000	472	14.1	172,705	19.3
10001-	1,436	43.0	487,091	54.4
<i>Budapest</i>	377	11.3	117,875	13.2
<i>Town of county rank</i>	836	25.0	164,221	18.3
<i>Town</i>	471	14.1	289,858	32.3
<i>Village</i>	1,659	49.6	324,061	36.2
Total	3,343	100.0	896,015	100.0

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

Number of elementary schools 2009



11 figure

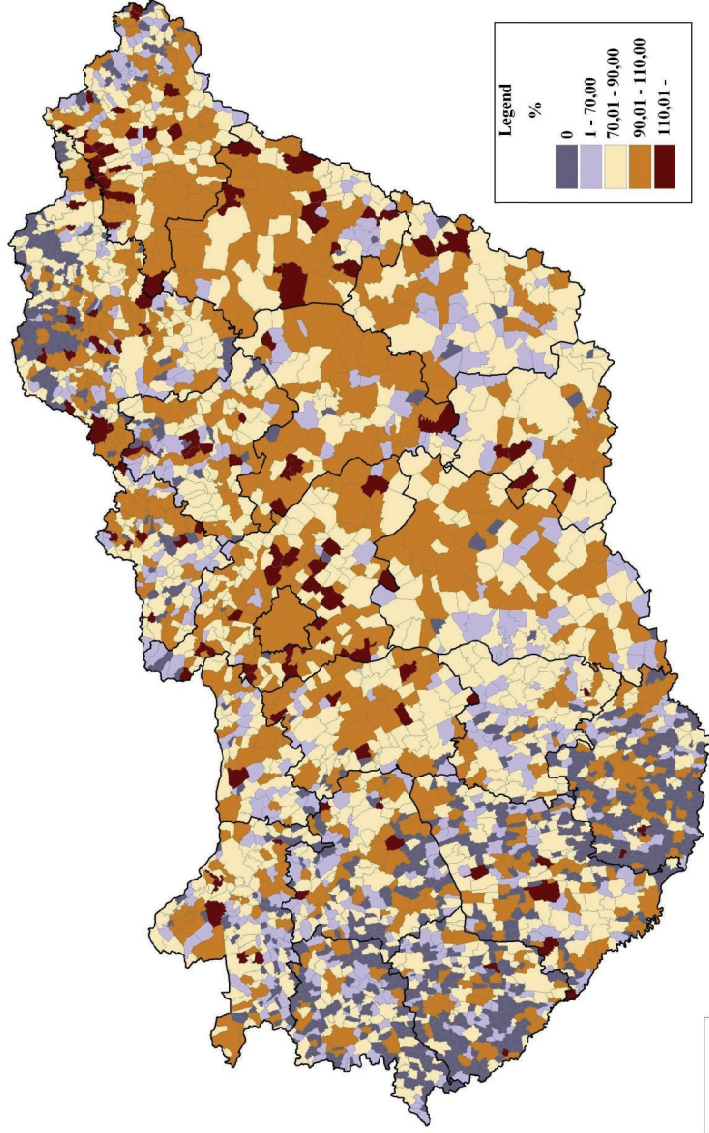
**Table 12. Utilization of Kindergartens 2009**

Municipality size and legal status	Number of kindergartens	Capacity of kindergartens	Number of children enrolled in kindergartens	Utilization of kindergartens (%)
-500	211	5,649	3,980	70.5
501-1000	594	20,813	15,819	76.0
1001-3000	950	63,389	54,308	85.7
3001-10000	614	62,846	58,379	92.9
10001-	1,997	210,327	196,059	93.2
<i>Budapest</i>	546	57,090	52,017	91.1
<i>Town of county rank</i>	655	71,930	66,933	93.1
<i>Town</i>	1,106	119,757	107,491	89.8
<i>Village</i>	2,059	114,247	102,104	89.4
Total	4,366	363,024	328,545	90.5

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.



Utilization of Kindergartens 2009



12. figure

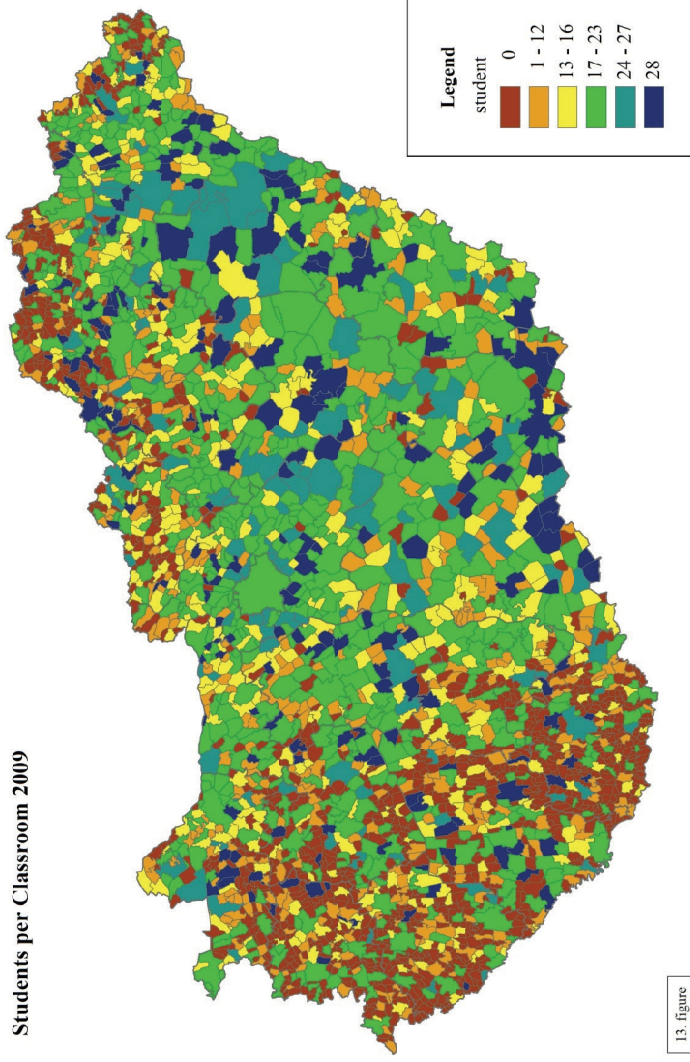
**Table13. Students per Classroom 2009**

Municipality size and legal status	Number of primary schools	Number of students of primary schools	Number of classrooms of primary schools	Students per classroom
-500	77	3,280	242	14
501-1000	426	30,341	2,293	13
1001-3000	932	139,218	7,880	18
3001-10000	472	145,673	6,862	21
10001-	1,436	455,194	20,186	23
<i>Budapest</i>	377	107,885	5,139	21
<i>Town of county rank</i>	836	157,535	6,752	23
<i>Town</i>	471	271,512	12,169	22
<i>Village</i>	1,659	236,774	13,403	18
Total	3,343	773,706	37,463	21

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.



Students per Classroom 2009



13. figure

**Table 14. Voter turnout at parliamentary elections 1990-2010 (aggregate)\***

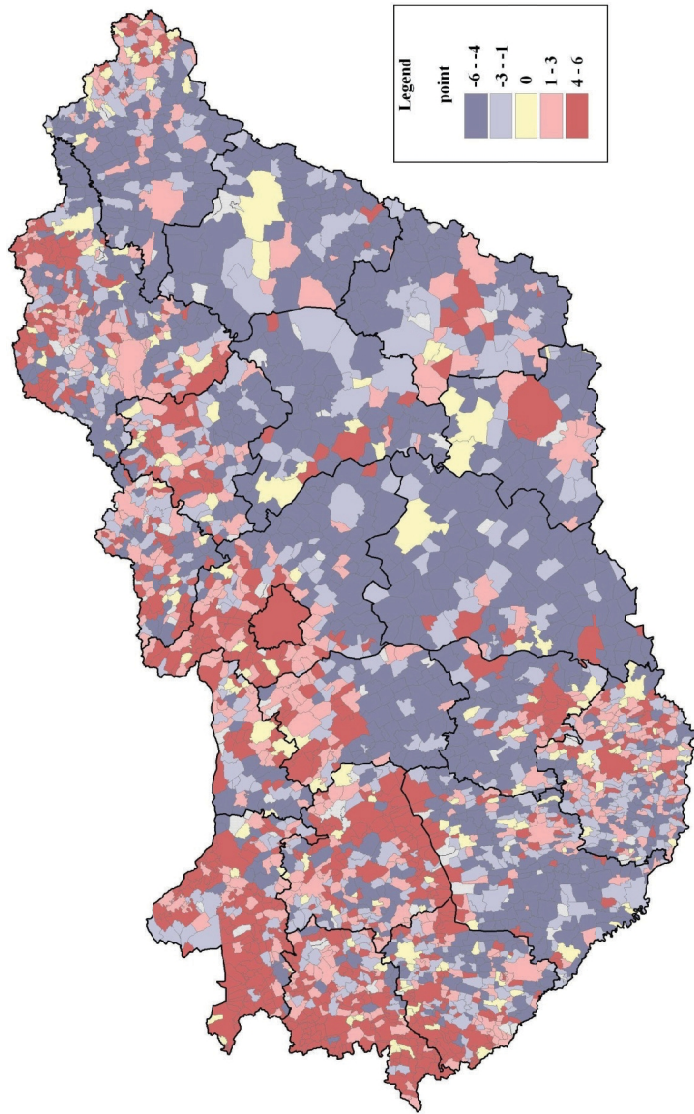
Municipality size and legal status	absolute value (piece)					distribution (%) by settlement type				
	-6 - -4	-3 - -1	0	1-3	4-6	-6 - -4	-3 - -1	0	1-3	4-6
-500	135	152	57	220	450	13,3	15,0	5,6	21,7	44,4
501 – 1000	182	146	43	112	166	28,0	22,5	6,6	17,3	25,6
1001 – 3000	439	160	37	133	137	48,5	17,7	4,1	14,7	15,1
3001 - 10000	182	55	16	44	48	52,8	15,9	4,6	12,8	13,9
10001 -	27	22	12	34	48	18,9	15,4	8,4	23,8	33,6
<i>Budapest</i>	0	0	0	0	1	0,0	0,0	0,0	0,0	100,0
<i>Town of county rank</i>	0	0	3	8	12	0,0	0,0	13,0	34,8	52,2
<i>Town</i>	102	48	16	48	63	36,8	17,3	5,8	17,3	22,7
<i>Village</i>	863	487	146	487	773	31,3	17,7	5,3	17,7	28,0
Total	965	535	165	543	849	31,6	17,5	5,4	17,8	27,8

Source: National Election Office, edited by Mátyás Bódi.

\* Methodology: According to the national annual average, -1,0 or 1 point has been assigned to each settlement in every year between 1990 and 2010.

0 means the average degree, where the voting turnout was in the middle (K3) quintile, so tightly closed to national average. -1 has been assigned to those cities and towns that were below national average, and 1 to those who hit the average. In the period of 1990-2010 six elections were held, so the rates can be -6 up to 6.

Voter turnout at the parliamentary elections 1990-2010



14. figure

**Table 15. Voter turnout at the elections of the local government 1990-2010 (aggregate) \***

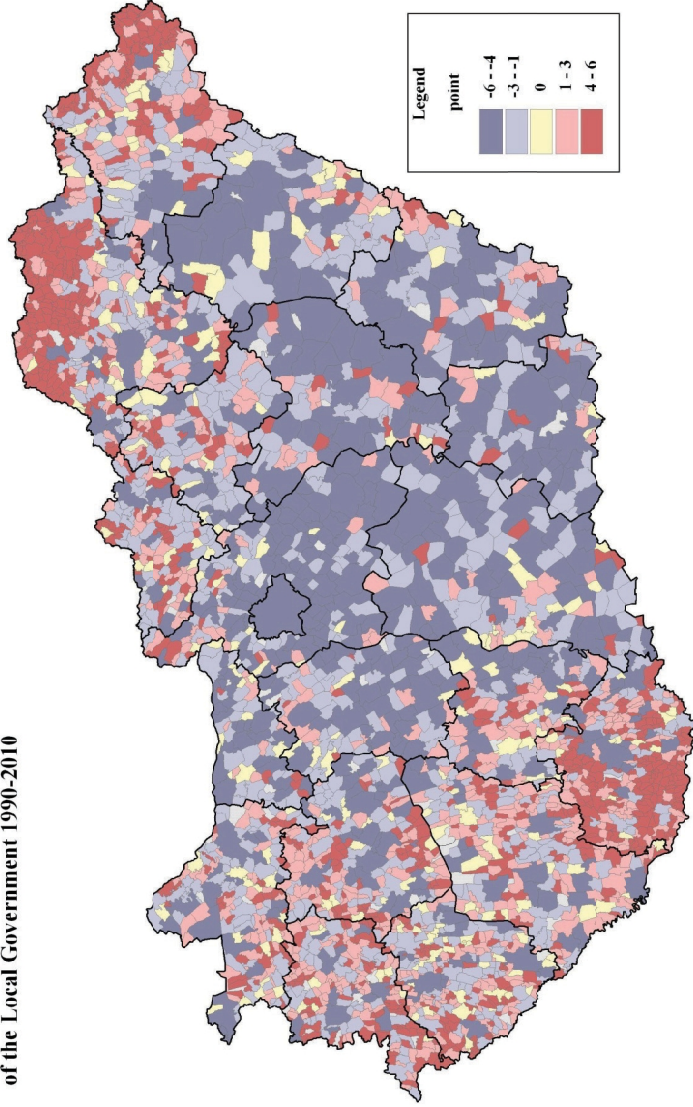
Municipality size and legal status	absolute value (piece)				distribution (%) by settlement type					
	-6 -- 4	-3 -- -1	0	1-3	4-6	-6 -- 4	-3 -- -1	0	1-3	4-6
-500	9	57	42	263	651	0,9	5,6	4,1	25,7	63,7
501 – 1000	13	149	78	214	197	2,0	22,9	12,0	32,9	30,3
1001 – 3000	118	430	106	194	72	12,8	46,7	11,5	21,1	7,8
3001 - 10000	196	123	13	11	4	56,5	35,4	3,7	3,2	1,2
10001 -	131	14	0	0	0	90,3	9,7	0,0	0,0	0,0
Budapest	1	0	0	0	0	100,0	0,0	0,0	0,0	0,0
Town of county rank	23	0	0	0	0	100,0	0,0	0,0	0,0	0,0
Town	192	65	9	12	2	68,6	23,2	3,2	4,3	0,7
Village	251	708	230	670	922	9,0	25,5	8,3	24,1	33,2
Total	467	773	239	682	924	15,1	25,1	7,7	22,1	30,0

Source: National Election Office, edited by Mátyás Bódi.

\* Methodology: According to the national annual average, -1,0 or 1 point has been assigned to each settlement in every year between 1990 and 2010.

0 means the average degree, where the voting turnout was in the middle (K3) quintile, so tightly closed to national average. -1 has been assigned to those cities and towns that were below national average, and 1 to those who hit the average. In the period of 1990-2010 six elections were held, so the rates can be -6 up to 6.

Voter turnout at the Elections  
of the Local Government 1990-2010



15. figure

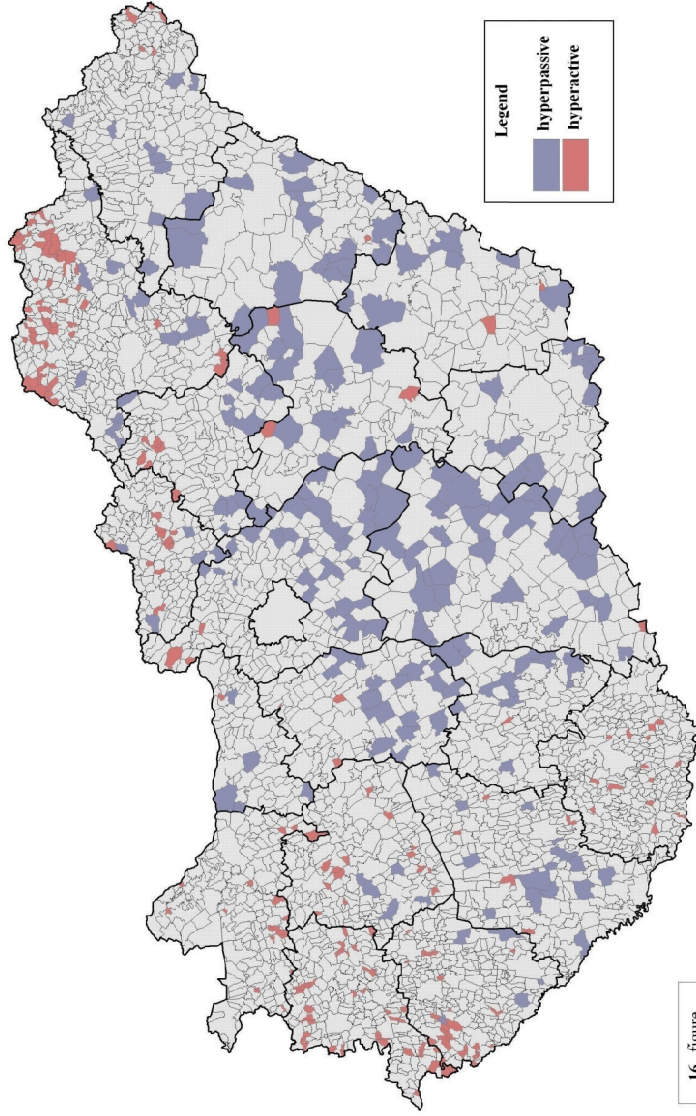
**Table 16. Voter turnout at the elections 1990-2010**

Municipality size and legal status	Hyperpassive*	Hyperactive*
-500	1	173
501 – 1000	9	20
1001 – 3000	86	3
3001 – 10000	89	0
10001 -	15	0
<i>Budapest</i>	0	0
<i>Town of county rank</i>	0	0
<i>Town</i>	56	0
<i>Village</i>	144	196
Total	200	196

Source: National Election Office, edited by Mátyás Bódi.

\* Methodology; explained in details at the table 25-26. All cities and towns were named as *Hyperpassive* whose voting turnout was below national average in every year. In contrast to this, all those were assigned to *Hyperactive* whose voting turnout was above national average at every elections (including local and parliamentary elections).

**Voter turnout at the Elections 1990-2010**



16. figure

**Table 17. Number of disability pensioners over pension-age per 100 taxpayers 2009**

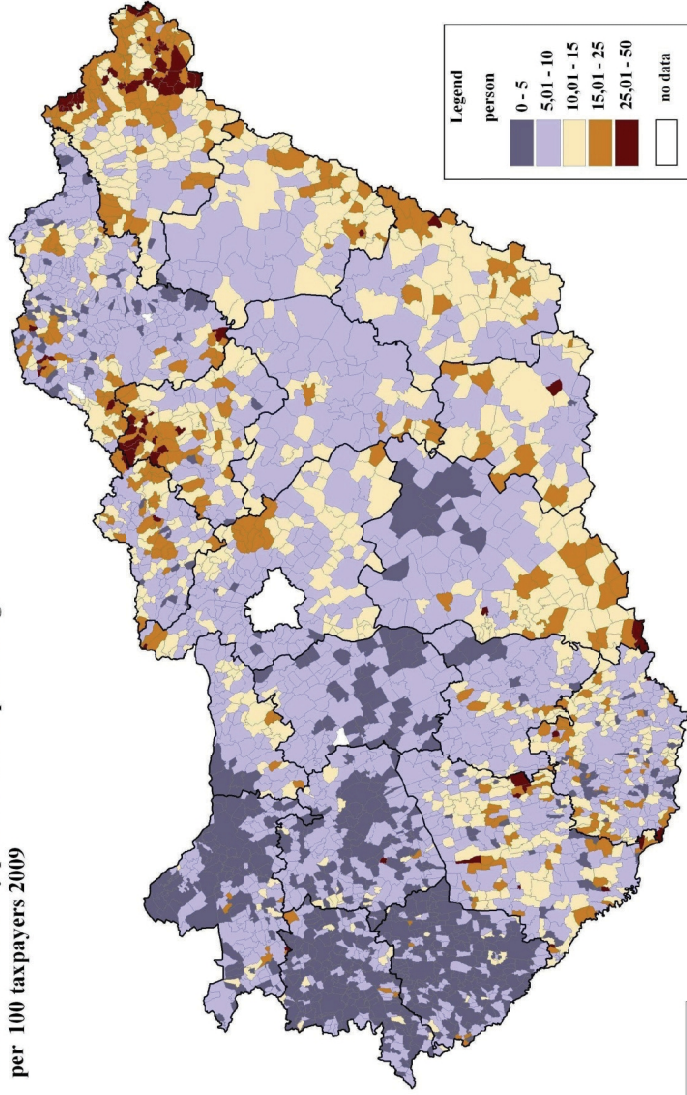
Municipality size and legal status	Number of disability pensioners over pension age	Distribution of number of disability pensioners over pension age (%)	Number of the taxpayers *	Distribution of number of taxpayers (%)*	Number of disability pensioners over pension age per taxpayers *
-500	9,811	2.7	109,563		3.0
501-1000	17,834	4.8	195,830		5.4
1001-3000	62,084	16.8	662,126		18.2
3001-10000	65,133	17.6	740,740		20.3
10001-	215,185	58.2	1,935,573		53.1
<i>Budapest</i>	<i>61,052</i>	<i>16.5</i>	<i>no data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	<i>73,558</i>	<i>19.9</i>	<i>941,441</i>	<i>25.8</i>	<i>8</i>
<i>Town</i>	<i>118,925</i>	<i>32.1</i>	<i>1,378,679</i>	<i>37.8</i>	<i>8</i>
<i>Village</i>	<i>116,512</i>	<i>31.5</i>	<i>1,323,724</i>	<i>36.3</i>	<i>9</i>
Total	370,047	100.0	3,643,844	100.0	10

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

\*without Budapest



Number of disability pensioners over pension-age  
per 100 taxpayers 2009



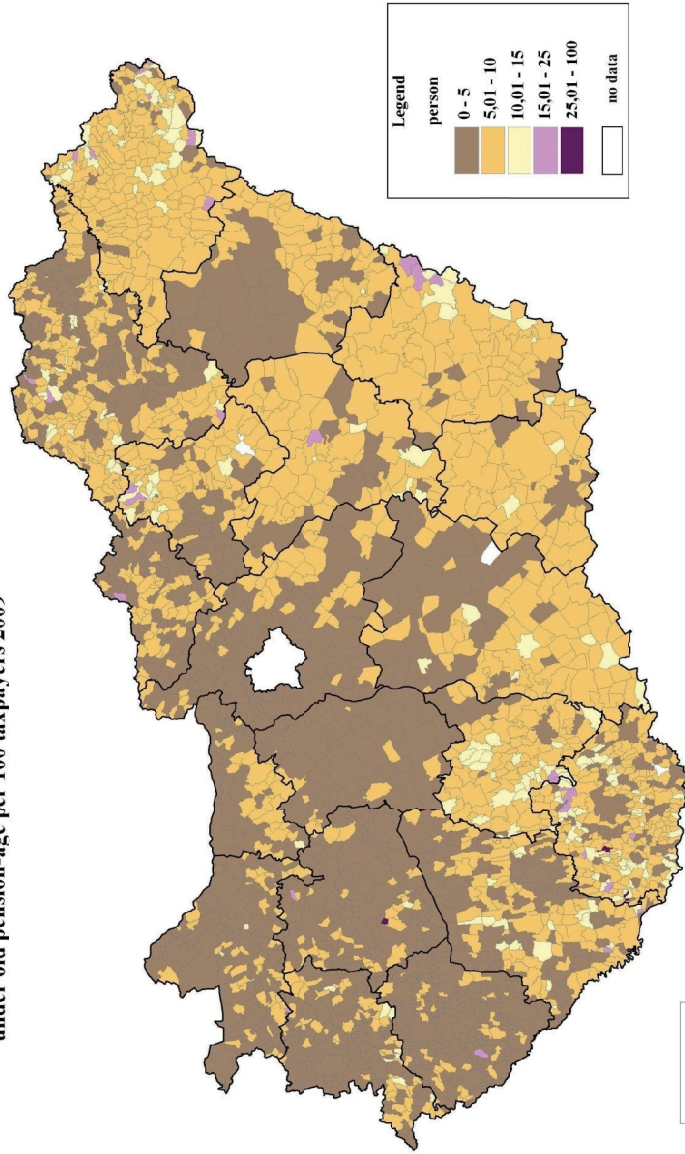
**Table 18. Number of disability pensioners under pension-age per 100 taxpayers 2009**

Municipality size and legal status	Number of disability pensioners under pension-age	Distribution of number of disability pensioners under pension-age (%)	Number of taxpayers *	Distribution of number of taxpayers (%)	Number of disability pensioners under pension-age per 100 taxpayers
-500	10,883	2.9	109,563	3.0	10
501-1000	19,753	5.2	195,830	5.4	10
1001-3000	68,541	18.1	662,126	18.2	10
3001-10000	72,930	19.3	740,740	20.3	10
10001-	205,983	54.5	1935,573	53.1	11
<i>Budapest</i>	40,270	10.7	<i>no data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	80,722	21.3	941,441	25.8	9
<i>Town</i>	128,559	34.0	1,378,679	37.8	9
<i>Village</i>	128,539	34.0	1,323,724	36.3	10
Total	378,090	100.0	3,643,844	100.0	10

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.

*\*Without Budapest*

Number of disability pensioners  
under old pension-age per 100 taxpayers 2009



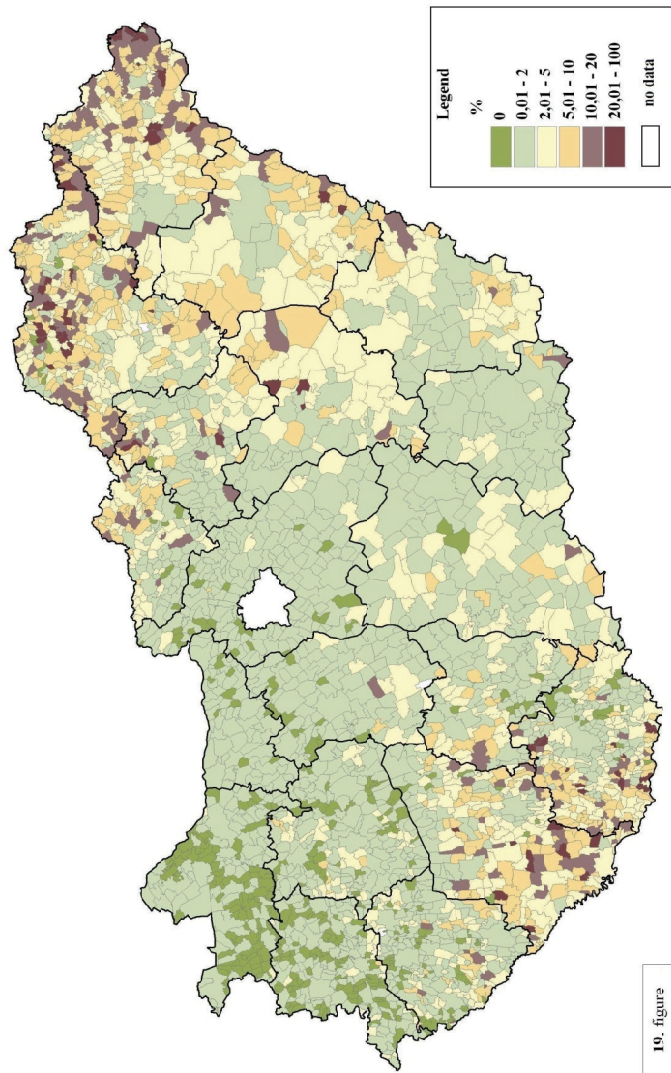
**Table 19. Percent of recipients of regular social assistance compared to the taxpayers 2009**

Municipality size and legal status	Number of the annual average of recipients of regular social assistance	Distribution of number of the annual average of recipients of regular social assistance (%)	Number of taxpayers *	Percent of recipients of regular social assistance compared to the taxpayers * (%)
-500	4,145	5.8	109,563	3.8
501-1000	6,427	8.9	195,830	3.3
1001-3000	17,244	24.0	662,126	2.6
3001-10000	15,303	21.3	740,740	2.1
10001-	28,808	40.1	1,935,573	1.5
<i>Budapest</i>	<i>4,211</i>	<i>5.9</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	<i>9,083</i>	<i>12.6</i>	<i>941,441</i>	<i>1.0</i>
<i>Town</i>	<i>24,974</i>	<i>34.7</i>	<i>1378,679</i>	<i>1.8</i>
<i>Village</i>	<i>33,659</i>	<i>46.8</i>	<i>1,323,724</i>	<i>2.5</i>
Total	71,927	100.0	3,643,844	2.0

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.

*\*,without Budapest*

**Percent of recipients of regular social assistance  
2009 compared to the taxpayers**



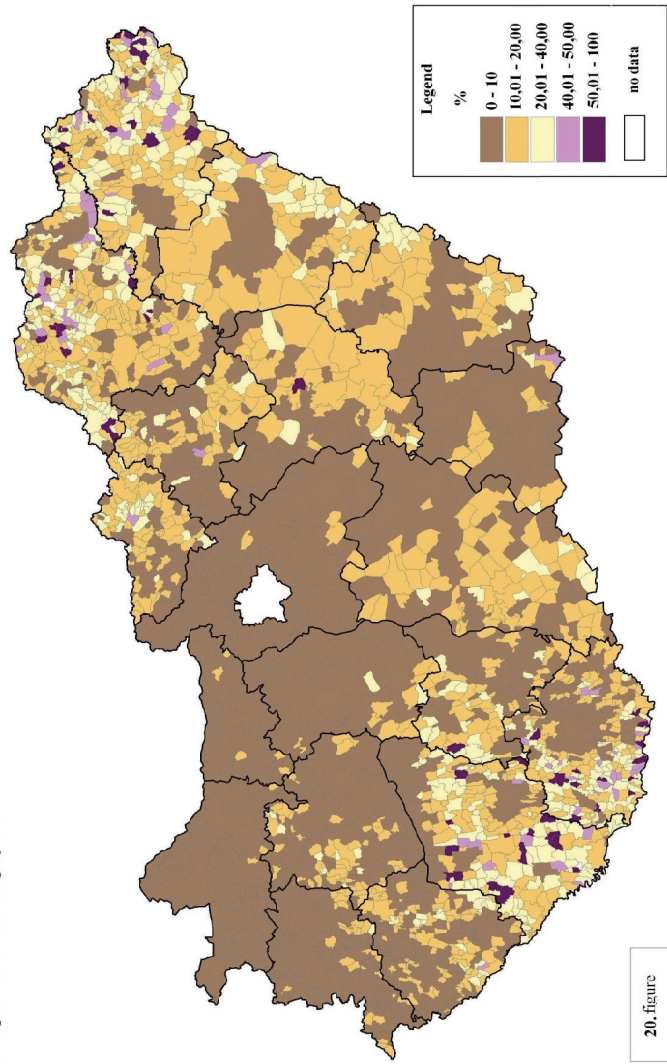
**Table 20. Percent of the registered unemployed compared to the taxpayers 2009**

Municipality size and legal status	Number of registered unemployed	Distribution of number of registered unemployed (%)	Number of taxpayers *	Distribution of number of taxpayers (%)	Percent of registered unemployed compared to the taxpayers (%)
-500	15,427	4.8	109,563	3.0	14.1
501-1000	24,094	7.5	195,830	5.4	12.3
1001-3000	71,309	22.1	662,126	18.2	10.8
3001-10000	67,829	21.0	740,740	20.3	9.2
10001-	144,051	44.6	1,935,573	53.1	7.4
<i>Budapest</i>	<i>18,475</i>	<i>5.7</i>	<i>no data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	<i>57,702</i>	<i>17.9</i>	<i>941,441</i>	<i>25.8</i>	<i>6.1</i>
<i>Town</i>	<i>109,946</i>	<i>34.1</i>	<i>1,378,679</i>	<i>37.8</i>	<i>8.0</i>
<i>Village</i>	<i>136,587</i>	<i>42.3</i>	<i>1,323,724</i>	<i>36.3</i>	<i>10.3</i>
Total	322,710	100.0	3,643,844	100.0	8.9

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.

*\*without Budapest*

Percent of the registered unemployed  
compared to the taxpayers 2009



20. figure

**Table 21. Number of recipients of allowance for people with changed working abilities per 100 taxpayers**

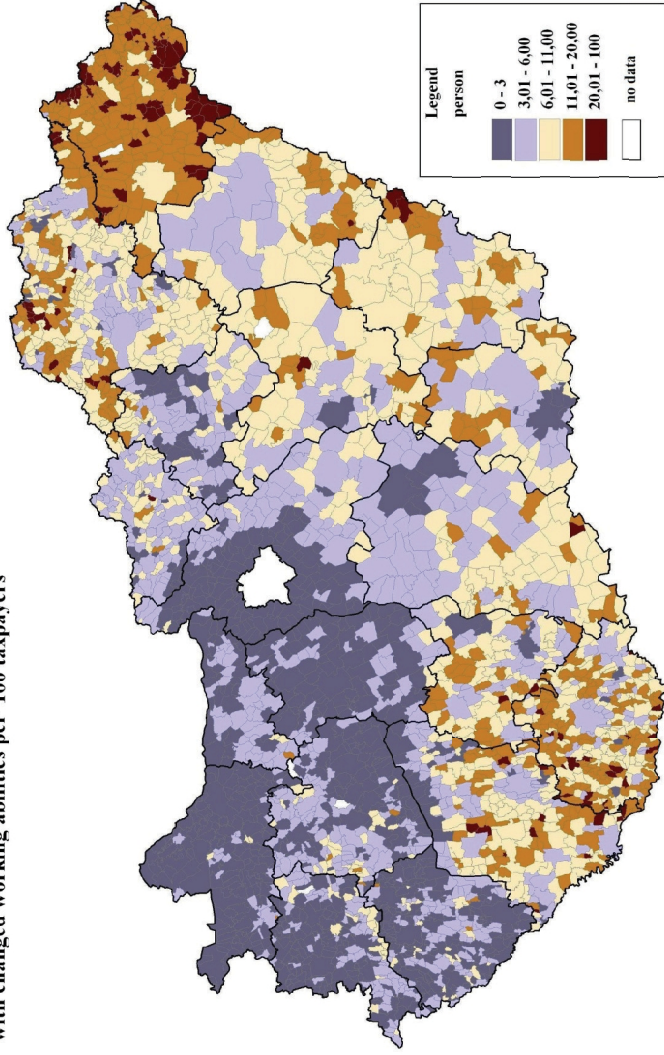
Municipality size and legal status	Number of people receiving allowance for changed ability to work	Distribution of people receiving allowance for changed ability to work (%)	Number of taxpayers*	Distribution of number of taxpayers*(%)	Number of people receiving allowance for changed ability to work per 100 taxpayers*
-500	7,949	4.6	109,563	3.0	7
501-1000	13,258	7.7	195,830	5.4	7
1001-3000	39,060	22.8	662,126	18.2	6
3001-10000	41,346	24.1	740,740	20.3	6
10001-	69,866	40.7	1,935,573	53.1	4
<i>Budapest</i>	8,474	4.9	<i>no data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	25,207	14.7	941,441	25.8	3
<i>Town</i>	59,525	34.7	1,378,679	37.8	4
<i>Village</i>	78,273	45.6	1,323,724	36.3	6
Total	171,479	100.0	3,643,844	100.0	5

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.

\*without Budapest



Number of recipients of allowance for people  
with changed working abilities per 100 taxpayers

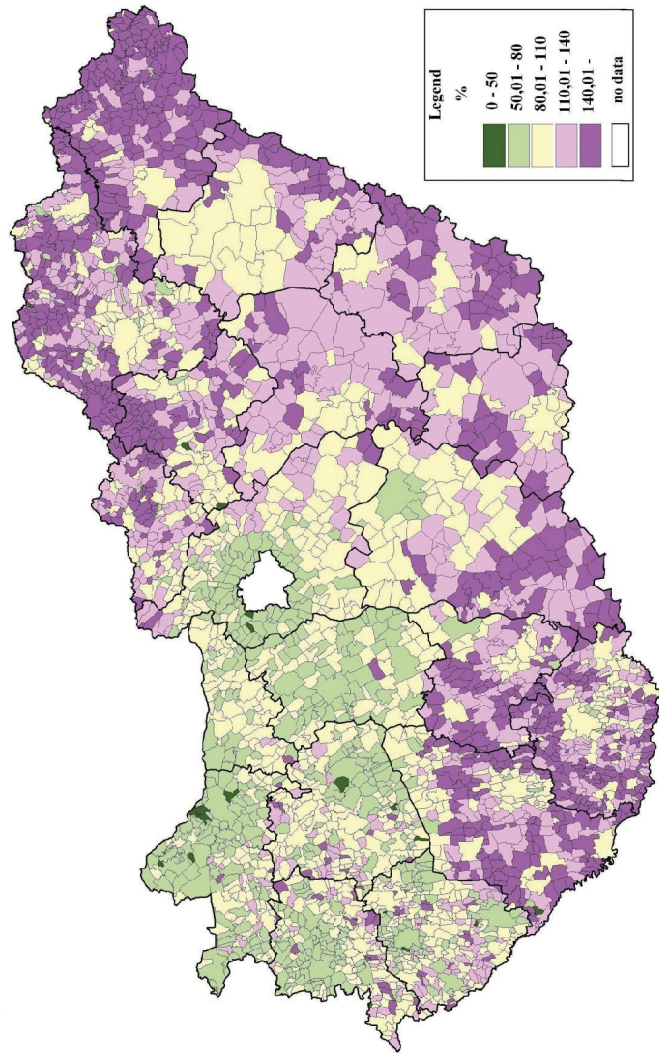


**Table 22. Percent of ordinary pensioners and recipients of aggregated social allowances\*\* compared to the taxpayers\* 2009**

Municipality size and legal status	Number of the aggregated social allowances	Distribution of number of the aggregated social allowances (%)	Number of ordinary pensioners	Distribution of number of ordinary pensioners (%)	Number of taxpayers*	Distribution of number of taxpayers* (%)	Percent of ordinary pensioners and recipients of aggregated social allowances** compared to the taxpayers* (%)
-500	48,107	3.7	60,553	3.5	109,563	3.0	99.2
501-1000	81,095	6.2	77,166	4.5	195,830	5.4	80.8
1001-3000	260,665	19.8	247,189	14.4	662,126	18.2	76.7
3001-10000	260,384	19.8	250,573	14.6	740,740	20.3	69.0
10001-	663,884	50.5	1,076,524	62.9	1,935,573	53.1	89.9
<i>Budapest</i>	132,482	10.1	361,655	21.1	<i>no data</i>	<i>no data</i>	<i>no data</i>
<i>Town of county rank</i>	246,272	18.7	353,703	20.7	941,441	25.8	63.7
<i>Town</i>	426,166	32.4	519,057	30.3	1,378,679	37.8	65.2
<i>Village</i>	509,216	38.7	477,590	27.9	1,323,724	36.3	78.8
Total	1,314,135	100.0	1,712,005	100.0	3,643,844	100.0	83.0

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors; \**without Budapest*; \*\*Number of Aggregated Social Allowance = disability pensioners (people on pension or pension-like benefits, disability pensioners under retirement age and over retirement age) + number of persons receiving an allowance for changed ability to work + number of persons who are recipients of regular social assistance + number of total unemployed. It is an important criterion that a person who gets more social allowances at the same time, is taken into consideration only once.

Percent of ordinary pensioners and recipients  
of aggregated social allowances compared to taxpayers 2009



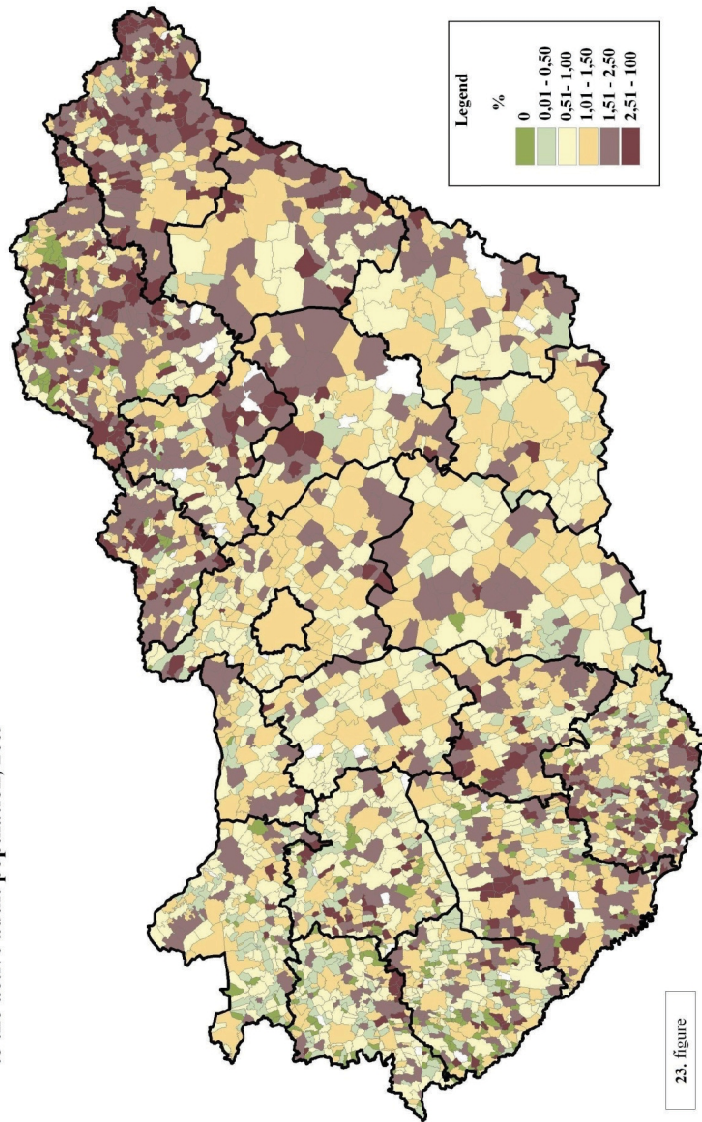
22. figure

**Table 23. Percent of criminals compared to the adult population 2009**

Municipality size and legal status	Number of adult population (18-x year-olds)	Distribution of number of adult population (18-x year-olds) (%)	Number of registered criminals	Distribution of number of registered criminals (%)	Percent of criminals compared to the adult population (%)
-500	224,143	2.7	3,291	3.0	1.5
501-1000	388,581	4.7	5,402	5.0	1.4
1001-3000	1,285,961	15.7	17,871	16.4	1.4
3001-10000	1,400,882	17.1	19,219	17.7	1.4
10001-	4,884,861	59.7	63,026	57.9	1.3
<i>Budapest</i>	<i>1,421,004</i>	<i>17.4</i>	<i>16,338</i>	<i>15.0</i>	<i>1.1</i>
<i>Town of county rank</i>	<i>1,657,872</i>	<i>20.3</i>	<i>22,268</i>	<i>20.5</i>	<i>1.3</i>
<i>Town</i>	<i>2,532,420</i>	<i>30.9</i>	<i>34,728</i>	<i>31.9</i>	<i>1.4</i>
<i>Village</i>	<i>2,573,132</i>	<i>31.4</i>	<i>35,475</i>	<i>32.6</i>	<i>1.4</i>
Total	8,184,428	100.0	108,809	100	1.3

Source: TeIR data “National Spatial Development and Spatial Information System” calculated by authors.

Proportion of criminals compared  
to the active adult population, 2009



23. figure

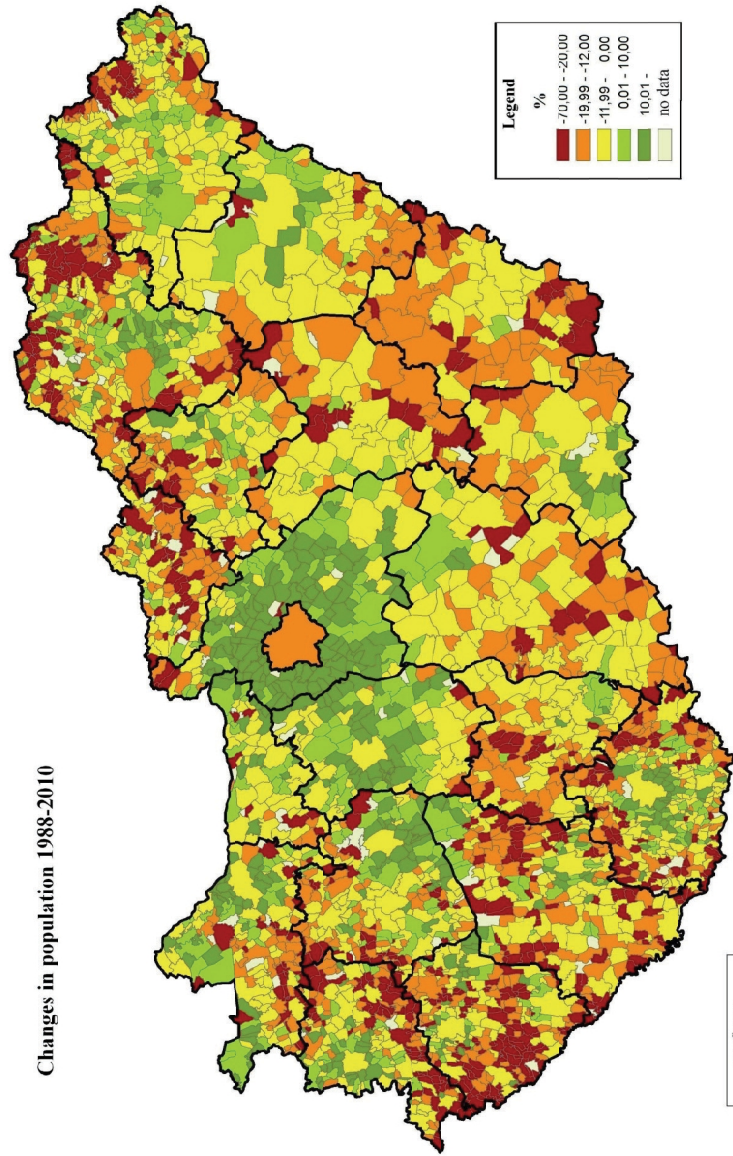
**Table 24. Changes in population 1988-2009**

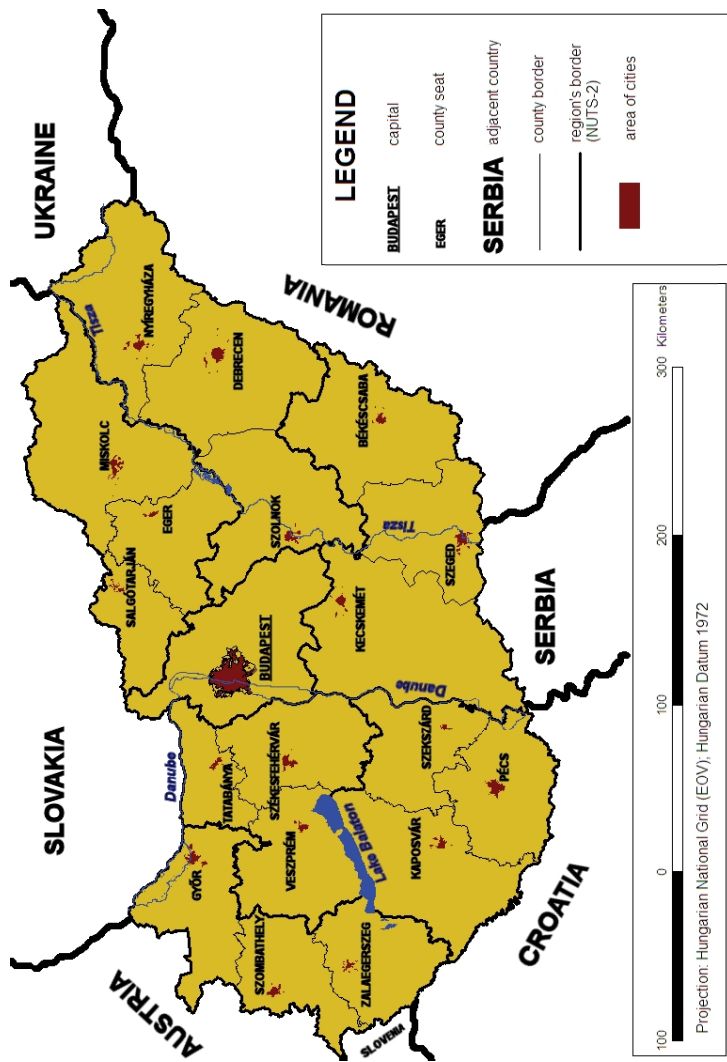
Municipality size and legal status	1988		1995		2002		2009		Change in population, %
	population	%	population	%	population	%	population	%	
-500	326,612	3.1	312,745	3.0	297,805	2.9	281,123	2.8	-13.9
501-1000	525,208	5.0	513,464	4.9	501,787	4.9	489,834	4.8	-6.7
1001-3000	1,643,591	15.6	1,644,415	15.7	1,640,097	16.1	1,630,054	16.1	-0.8
3001-10000	1,715,336	16.2	1,718,992	16.4	1,757,570	17.2	1,770,625	17.5	3.2
10001+	6,355,960	60.2	6,274,035	60.0	5,994,067	58.8	5,975,146	58.9	-6.0
<i>Budapest</i>	<i>1,969,569</i>	<i>18.6</i>	<i>1,889,000</i>	<i>18.1</i>	<i>1,703,818</i>	<i>16.7</i>	<i>1,694,942</i>	<i>16.7</i>	<i>-13.9</i>
<i>Town of county rank</i>	<i>2,137,775</i>	<i>20.2</i>	<i>2,134,136</i>	<i>20.4</i>	<i>2,053,698</i>	<i>20.2</i>	<i>2,025,698</i>	<i>20.0</i>	<i>-5.2</i>
<i>Town</i>	<i>3,214,096</i>	<i>30.4</i>	<i>3,197,507</i>	<i>30.6</i>	<i>3,168,984</i>	<i>31.1</i>	<i>3,163,216</i>	<i>31.2</i>	<i>-1.6</i>
<i>Village</i>	<i>3,245,267</i>	<i>30.7</i>	<i>3,243,008</i>	<i>31.0</i>	<i>3,264,826</i>	<i>32.0</i>	<i>3,262,926</i>	<i>32.2</i>	<i>0.5</i>
Total	10,566,707	100.0	10,463,651	100.0	10,191,326	100.0	10,146,782	100.0	-4.0

Source: TeIR data "National Spatial Development and Spatial Information System" calculated by authors.



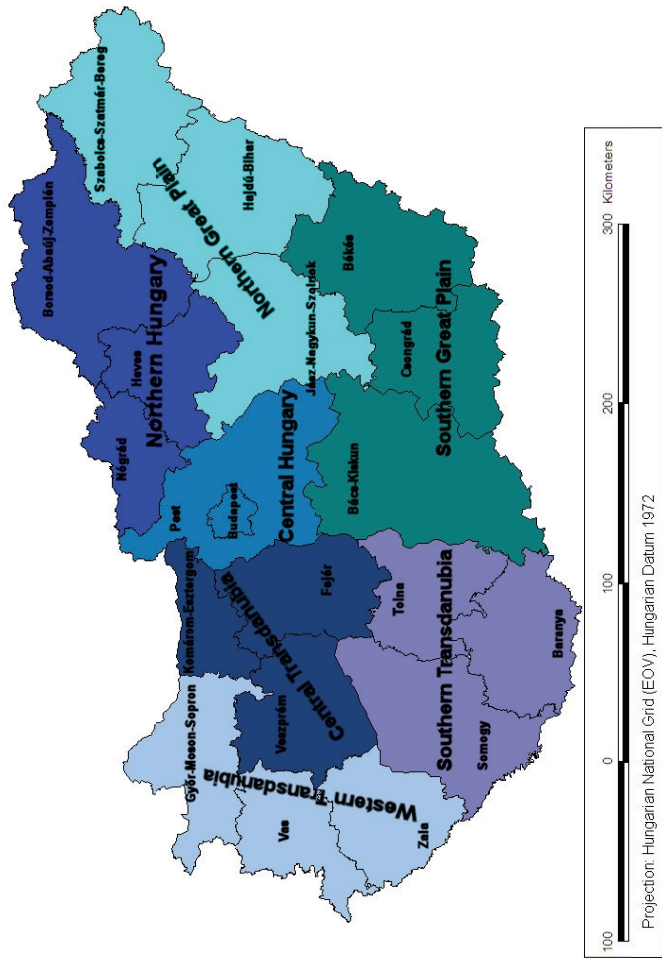
Changes in population 1988-2010





*Map 1.: Hungary*





*Map 2. Regions and counties in Hungary*

