



Social Policy – as if People Matter Hungary

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A Hungarian contribution...

- Might amend proving and confessing facts to general concept –not too much after Ph. Baxandall's paper
- Might present a Hungarian perspective – that is what I'm going to try

Social Policy in Hungary – and the extreme fast speed of time in history

- During three years (1990-1993), as a consequence of the collapse of Eastern Bloc, Hungary
 - Lost half of it's foreign markets,
 - Lost 1/3 of it's markets,
 - Lost 1/5 of it's GDP,
 - Lost 1/3 of it's workplaces...
- A more “neutral” example of rapid shifts: during ten years (1993-2003) the average age of women at the time of giving birth had risen 7 years (0.7 years in each years...)

Hungarian Social Policy – and simultaneous historical time-layers

- • During same time of social policy in making, simultaneously there happened
 - ○ Social crisis management – by any means,
 - ○ Protecting the survival of inherited achievements, institutions, schemes, etc.
 - ○ Funding the corner-stones of the “classical”, “after-war” Welfare State,
 - ○ “Neo-conservative” attacks against welfare state,
 - ○ “Catching” and “keeping” the steps with the new social and employment strategies of the EU (“Lisbon strategies” and “open method of co-ordination”)

Special burdens: the negative legacies of the past

- The challenge of populist (over) promises of “big jumps” in welfare and well being,
- Ambivalent, “hate and love” dreams about the paternalistic, over-all state-provision
- Lack of market and democratic perceptions on “good staffs for good price” (the most attractive is usually not the “free lunch” – if there would exist any...)



Shifts in progress at the mid-way...

- The meaning of same measures are shifting in time,
- The nature of shifts seem to be more “qualitative”, than “quantitative”
- The speed of the observer might influence the size of measured objects (Einstein)
- Shooting from a moving platform to moving target – and probably, the geographical environment is also moving...

Changing quality and character of welfare problems

– from a Hungarian view-point



The State-budget trap of diminishing employment

- Social funds = average revenue to centralize _ number of revenue payers
- If the number of taxpayers is declining, and the growth of average tax-basis is less than the employment-loss, in such case any has to rise the tax-rates to collect same funds,
- No lift of tax-rates could compensate the 1/3 loss in number of social insurance contribution and income tax-payers
- The collected social funds were declining
- On the expense side: the sum of any Social Fund = average amount of benefit _ number of recipients
- If the fund is diminishing – the number of recipients, or, the quality of provision, or both must be diminished,
- Both had been declined...
- Lifting retirement age limits, shortening the duration of unemployment benefits, etc. + under-indexing the amounts of benefits

Social Policy trap of shrinking employment

- The classical target-groups of Welfare State: people are principally unable to work (because they are too old, too sick or handicapped, survivors, etc.)
- The “new-poor”: principally they would be able to work, but they have no work, no income for a long time
- Regardless the shifting sociological profile of poverty: the institutions and policies have not reacted to the fact,
- Probably, the existent institutions were established for different purposes, since only they exist, they must “absorb” the new problems,
- The pension problem is not the old age problem any more, the disability schemes are not tailored to the needs of people living with disabilities, any more, etc.
- The old institutions are almost blow off caused by the inflow of new consumers- and still there are no adequate policies and supports for the “new poor”



The democratic policy trap of growing voting power of inactive population

- Only 60% of the active age population has job, the bigger half of voters do not work,
- The major part of voters are interested in growing income-centralization and redistribution,
- The democracy might damage the economic competitiveness,
- Over-promising populists can easily earn many votes on the election

The paradoxes of flexible labour markets

- Only dynamic (=flexible) labour markets could contribute to dynamic economy
- Flexible, atypical jobs are low paid, bad – but inclusive positions,
- Atypical jobs are below ILO labour standards, are damaging unionist achievements,
- In the classical tripartite social dialogue it is only the unions that are representing only the workers interests,
- Unemployed, jobless people are not involved in social dialogue,
- Unions are protecting labour markets from extending forward inclusive job-positions
- A great amount of atypical jobs are pushed out to grey or black economy



The national level trap of globalisation

- Globalisation means world-wide competition in productivity
- Productivity might grow by hosting new, high-tech technologies, innovations, etc.
- Average productivity might grow also by closing down low-productive activities (“by exporting low productivity to Third World”)
- In Hungary the major part of low-productive workplaces (agriculture, steel and other heavy industry, etc.) have simply disappeared,
- Rapidly growing productivity is the greatest success – the major precondition of EU membership,
- The growing productivity could not compensate the massive job loss in economic growth,
- The growing productivity could not compensate for the social policy burden caused by booming number of recipients, by massive labour exclusion



The regional level trap of globalisation

- Merging to global economy and global trends – definitely shocked the social stability and welfare equilibriums,
- But...
- The transition was a painful trade off: earning freedom and autonomy – loosing security...
- No way to go back in history, especially, because almost nobody wants to do so,
- In the region the worst business was not to merge to global trends: Serbia or Albania got completely isolated...
- They lost much more of freedom, autonomy – and security, as well.

The overall welfare trap – by Hungarian eyes

- During the socialism: every effort was made to lift the employment (ratio of labor force/ total population)
- During the transition: every effort was made to lift productivity (GDP/employed labor force)

● Actually:

$$\text{labor force/population} \times \text{GDP/labor force} = \text{GDP/population}$$

- The wealth and well being of nations might grow, if both factors are to grow,
- During the past decades, at any given time maximum one factor of multiplication could grow in Hungary – the development has been pretty slow.

Key problems and key challenges of welfare states

- Could social policy target and hit the most needy, most excluded “new poor”?
- Could social policy lend adequate helping hands to these strata – instead absorbing “new problems” into “old and matured institutions”?
 - Could cash transfers “making work pay?” – or labor incentives will remain tools for cutting back social expenditures?
 - Could social services and social work provide a special “democracy and market coaching”? – or still, will they try to make accept the principally unacceptable?
- Could social policy contribute effectively to make labor markets more inclusive (as the only adequate help to “new poor”)?
- Could social policy become a real productive factor, especially in the sense of extending employment?