

Julia Szalai

in collaboration with Zsuzsa Horváth, Maria Neményi  
and Judit Salamin

URBAN POVERTY AND SOCIAL POLICY IN THE CONTEXT OF ADJUSTMENT: THE  
CASE OF HUNGARY

*FINAL REPORT OF THE HUNGARIAN RESEARCH PROJECT, 1992-93*  
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## PREFACE

The aim of the paper is to summarize the findings and to draw some policy-relevant conclusions of the Hungarian case of the Cross-national Comparative Research Project on the changing character of urban poverty in the context of economic restructuring.

In many respects, contemporary Hungary is in a historically unprecedented situation: the current phase of economic transformation takes place amid a whole range of **systemic** changes, serving the transformation of the former state-socialist order to a market-based economy and to a multiparty parliamentary democracy. Hence, the task of transforming the economy does not stand in itself: it is accompanied by deeply rooted and far-reaching structural changes in practically all spheres and institutional settings of political and social life. The scope of fundamental changes is really very broad: it ranges from the introduction (and continuous modification) of entirely new forms of political decision-making and regulatory mechanisms, to the establishment of earlier non-existent institutions and radical re-organization of major areas of public administration.

It is perhaps needless to say that all these aspects of transition toward a new socio-economic order have direct effects on even the most private matters of family-life. Since most of the new regulations are driven by the deliberate intention to break with written and unwritten rules of the past, contemporary Hungarian society experiences very significant changes of the "customary" ways and "ordinary" conditions of everyday life. The challenges of adjustment to the new requirements put exceptionally large burdens on people's shoulders. First of all, they have to face and "manage" phenomena which have previously

been practically unknown to all those, who lived for long under Communist ruling but which are unavoidable consequences of economic restructuring amid the steadily deepening crisis of production (e.g., rapid erosion of job-security, imbalances and oscillations of regular income, relatively high rates of inflation, unemployment etc.). These difficulties are, however, piled up with additional ones. The broadly understood social status of people is at stake in those struggles which they are forced to enter for the sake of improving, or, at least, preserving their earlier achieved socio-economic position within the substantially changing relationships of the closer and larger community. Quick and purposeful adaptation is all the more important, because many of the micro-level decisions (from schooling to job-seeking, from training to geographical moves within or outside the country) do not only affect the current situation of families and their members, but might have long-term impacts on the fate of several subsequent generations.

The "timing" of the Cross-national Research Project gave us the unique opportunity to map some of these complex processes of the present phase of "transition" in Hungary. Our invitation to the international research team brought about a chance for us to study the impacts of systemic transformation on the micro-level of everyday lives of families and households, and to describe, analyze and understand their coping strategies (both, their successes and failures in the above indicated broader context of adjustment). Given the dual ("mirroring") approach of the research (which we will describe below in more details), we also got some new insights into the complexity of those competing pressures and interests which decision-makers have to face nowadays in formulating their policies both, on the macro-level

and in the socio-political setting of a certain community. As presented below, the study tried to encompass the plans, projects and programs of the various authorities, professional administrations and other responsible bodies, and "measured" their responsiveness to the rapidly changing needs of society. In this regard, the research focused in particular on those aspects of the various decisions and actions which had been designed to support those social groups whose "smooth" adaptation could not be taken for granted automatically, and who had the least own resources to be self-reliant in matters of adjustment. The study gave us an occasion to go into an in-depth analysis of policy-dilemmas of this kind at the level of a community, and to associate its actually taken actions with the broader processes of ongoing reforms of Hungarian social policy.

The report presented below attempts to reflect the multisidedness of the research. Looking at current social, political and economic processes from different angles and through the glasses of different participating actors, we aimed at rendering insightful informations about the exceptional complexity of post-communist transformation. It is our strong belief that our report will serve not only pure scholarly interest, but might have implications also for practical matters of decision-making. Thus, we hope that the findings of the research will be of some use also for those who have a say in influencing the future shape of economic and social life in Hungary.

## I. SOME BASIC ECONOMIC AND SOCIO-DEMOGRAPHIC CHARACTERISTICS OF HUNGARY

### 1. Recent trends in economy: inflation and unemployment

Hungary is one of the smallest, though most densely populated countries of the Central European region. It occupies 93 000 square kilometers and has a stagnating population-number of somewhat over 10 million. Due to rapid industrialization during the decades of state-socialism<sup>1</sup>, agriculture and forestry (the traditional sectors of its economy in pre-1945 decades) have been driven back substantially in their share in terms of both, output and employment. At present, industry is accounting for about 32 per cent of the GDP, over 30 per cent of total employment and 75 per cent of exports. Since the country is poor in natural resources (its most important raw material is bauxite, and, in addition, it also has a relatively small amount of coal, uranium, oil and natural gas), manufacturing has a large (one has to add: increasing) share within the sectorial composition of industry. (In 1990, the contribution of mining to the total industrial output was below 6 per cent, while the two most important sectors of manufacturing, namely machine- and chemical industry gave altogether 41 per cent of it; mining employed only 1.8 per cent of the workforce, while machine- and chemical industry accounted together for over 13 per cent of those in employment<sup>2</sup>).

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<sup>1</sup> For a more detailed description of main trends in Hungarian economy during the past decades of state-socialism, see: Salamin, J. -Floro, M.: Hungary in the 1980s: A Review of National and Urban Level Economic Reforms, TWURD Working Papers No.2., The World Bank, Washington D.C., February, 1993.

<sup>2</sup> See: Statistical Yearbook, 1990; CSO, Budapest, 1991.

Since economic production of the country is very much reliant on the import of raw materials and energy, Hungary is exceptionally sensitive to the changing prices on the world market<sup>3</sup>.

Terms of trade had an unfavourable trend during the past decade: its index in 1990 reached only 94 per cent of the relevant measure of 1980, while the ratio of international trading in the yearly GDP has grown from 19 to 22 per cent.<sup>4</sup> Due to several unfavourable factors (the legacy of an over-spending economic policy of subsequent governments throughout the 1970s and 1980s; late reaction of the domestic price-system to the substantial changes of the price-structure on the world market; the collapse of trading with former Comecon-countries; the increase of interest-rates of international loans -- just to mention some of the most decisive elements), the country has suffered increasing indebtedness throughout the '80ies. This inheritance of the old regime has created insurmountable difficulties for economic take-off during the past few years of systemic changes. (In 1991, the per capita gross value of foreign debt was 2 152 USD, i.e., a sum of about 9.5 per cent of the per capita yearly income of the population.<sup>5</sup>)

Although Hungary does not belong to the poor countries in a worldwide comparison<sup>6</sup>, it faces substantial economic hardships

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<sup>3</sup> For a detailed discussion of the multiple consequences of this kind of exceptional sensibility, see: Salamin, J -Floro, M.: ibid.

<sup>4</sup> Statistical Yearbook 1990; CSO, Budapest, 1991.

<sup>5</sup> Own calculations, based on data in Pető, M.: "Hungarian Economy in 1989-1991", in: Social Report 1992 (eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy.), TÁRKI, Budapest, 1992.

<sup>6</sup> The average per capita GNP (measured according to World Bank methodology) was 2 590 USD in 1989, positioning the country into

nowadays. The rate of growth of the yearly GDP has stagnated throughout the previous decade, and has effectively been decreasing since 1990 (the index of growth was 96.7 per cent in 1990, and not more than 89.9 per cent in the succeeding year; this way, the 1991-GDP -- calculated on the basis of standardized prices -- was just 8.7 per cent higher than the GDP of 1980.) Shrinking production has been accompanied by a steady increase of consumer prices which has led first to stagnation, lately to an effective drop of per capita real income of the population (See Table 1.1.).

Table 1.1.

**Annual change of consumer prices and of per capita real income in subsequent years in the second half of the 1980s**  
(Previous year = 100.0)

YEAR	c o n s u m e r     p r i c e s					per capita real income
	food	clothing	o f heating & hhd energy	durable goods	all consumer goods & services	
1985	106.3	100.1	120.9	105.6	109.1	101.9
1986	102.0	112.4	103.5	106.1	105.3	102.3
1987	109.2	106.8	106.5	102.3	108.6	100.7
1988	115.8	120.0	112.8	108.5	115.7	98.7
1989	117.7	118.2	111.4	117.4	117.0	102.5
1990	135.2	123.3	127.6	166.4	128.9	98.4

Sources: Salamin, J - Floro, M.: Hungary in the 1980s: A Review of National and Urban Level Economic Reforms, TWURD Working Papers, No.2., The World Bank, Washington D.C., February, 1993. and Statistical Yearbooks, CSO, Budapest, subsequent years

the middle-income segment of a worldwide ranking. See: Salamin, J -Floro, M.:ibid.

Accelerating inflation has been partly due to those strong measures in recent price-policy which aimed at assisting better adjustments to the world-market<sup>7</sup>. In this context, liberalization of previously centrally determined and controlled prices, and sharp cuts in consumer price-subsidies were perhaps the most remarkable steps of subsequent governments which all committed themselves to the "new economic policy of marketization" (announced in 1985). By the early 1990s, more than 90 per cent of all commodities and services were already sold at non-restricted market-prices; expenditures of the state budget on price-subsidies dropped from a 8.2 per cent share in 1986 to 2.8 per cent by 1990 (from 59 800 to 36 800 million Fts), while funds collected from consumption-related taxation increased their share within the state revenue from 15.1 to 20 per cent (and their Ft-value jumped by nearly 150 per cent). The range of subsidies is currently limited to a very narrow basket of basic goods and services: public transport, heating and electricity, a few pharmaceutical products, some cultural services and a much-reduced scheme of subsidies in the sphere of housing (contribution to rents of tenants in state-owned dwellings, and an assistance-scheme to keep pace with recent rapid increase of interests of those "socialist" loans which had been contracted under exceptionally favourable conditions in the 1970s and '80s to inspire private construction of the time) compose the list where some central contribution is maintained. (The earlier considerable budgetary support of food-consumption has been quickly withering away in the past few years; government-financed subsidies have been preserved exclusively for milk and dairy

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<sup>7</sup> See for an extensive discussion: Salamin, J. -Floro, M.:ibid.

products, though even their rate has been steadily decreasing). In this way, state-administered price-policy has expeditiously lost its importance in the sustenance of consumption: while centrally financed contributions represented 11 per cent of all purchased consumption of the population in 1986, their ratio dropped to 4.7 per cent by 1990.

As a consequence of a concurring increase in prices and decrease in subsidies, constraints on the household-budgets have been growing significantly during the past decade. Thus, daily hardships have pushed families toward a substantial reduction of spending on certain items which earlier had belonged to the "ordinary" basket of their consumption. However, intensity of such pressures for painful reductions is considerably varying among social groups. Generally speaking, the losses caused by the cumulative effects of inflation and cuts of subsidies are larger for low-income families than for the better-off, for households of pensioners than for those headed by active wage-earners, for families with several children than for those without young dependants or bringing up just one child<sup>8</sup>.

Economic re-structuring amid lasting and multi-faceted crisis of the national economy has another accompanying feature which strains the daily life of an increasing number of families, namely **unemployment**. After several decades of full (compulsory) employment and a much-complained chronic shortage of the labour force (two fundamental characteristics of the labour-intensive way of modernization of the former state-socialist economy), Hungarian society has been experiencing the new and unknown

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<sup>8</sup> Table A1 in the Appendix presents detailed data about the differential socio-economic impact of price-increases of various consumer goods and services between 1989 and 1991.



phenomenon of booming unemployment during the past 3-5 years. The rate of increase of those who turn up for registration in the labour-offices has shown a monthly acceleration since 1990: their number grew from 53 494 in September, 1990 to 546 647 by September, 1991. This way, the relatively low, 2.2 per cent average unemployment rate of 1990 rose to nearly 13 per cent by the end of 1992.

Countrywide averages hide, however, sharp (and increasing) regional differences: the Northern and North-Eastern parts of the country (the former foci of mining, socialist-type heavy industry and extensive agricultural production, respectively) suffer currently a rate of around 30 per cent, while Budapest, the capital is in a relatively favourable situation with its present ratio around 10 per cent (one has to add, however that the speed of increase is among the greatest in Budapest: the number of those seeking employment grew by a 8.2 rate within the one year between September, 1990 and September, 1991, whereas the overall rate of registered job-seekers increased by a 4.5 ratio in the meantime.<sup>9</sup>).

Unemployment hits men more than women: according to regularly published data of the Labour Information Centre of the Ministry of Labour, the ratio of men among the registered unemployed grew from 58 per cent in September, 1990 to over 60 per cent by September, 1991. As it can be followed from Table 1.2., they have an exceptionally high share among unemployed skilled workers, middle- and lower level managers, while female unemployed are overrepresented among semi-skilled workers,

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<sup>9</sup> See: Bajka, G.: Changes in the Situation of the Labour Market; in: Social Report 1992 (eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy.), TARKI, Budapest, 1992.

professionals and non-qualified office-workers. The gender-specific risks of losing one's job conclude in markedly different occupational composition and social map of unemployment between the two sexes. Nearly half of the unemployed male workforce worked earlier in qualified jobs, and a quarter was in unskilled work; at the same time, the largest group among the female unemployed consists of former semi-skilled workers (cca one-third), and nearly a quarter is represented by those who had either a qualified, or a non-qualified white-collar job before

Table 1.2.

**Distribution and ratio of male and female unemployed, by type of former occupation, 1992×/**

Type of occupation	Male (%)	Female (%)	Percentage ratio of men among the unemployed
Skilled worker	45.0	17.7	78
Semi-skilled worker	19.0	32.4	46
Unskilled worker	25.7	24.9	62
Top manager	0.2	0.0	81
Middle-level manager	2.4	1.4	73
Lower-level manager	2.5	1.4	72
Professional white-collar	4.2	11.5	35
Office-worker	0.9	10.6	20
Together	100.0	100.0	58

×/ Distributions and ratios are calculated on the basis of averages of monthly registrations in the first half of 1992.

Source: Bajka, G.: Changes in the Situation of the Labour-market; in: Social Report 1992 (eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy.); TÁRKI, Budapest, 1992.

Table 1.3.

Data on job-vacancies and job-seeking, according to the level of schooling; 1990, 1992.

Level of schooling	Distribution of all active earners**	Distribution of job-seekers (%)		Distribution of vacant jobs (%)		Number of job-seekers per 100 vacant jobs		Rate of increase of the S/V-ratio**/ between Sept, 1990 and Jan, 1 (S/V-ratio in Sept, 1990 =1.0)
		1990	1992	1990	1992	1990	1992	
Less than 8 grades (unfinished primary)	5.2	13.7	10.7	2.7	1.0	1 000	20 280	20.3
Primary (8 grades)	33.4	33.4	34.8	41.0	42.6	160	1 550	9.7
Vocational training	24.3	24.9	31.2	47.3	41.5	110	1 430	13.0
Secondary schooling	24.8	22.7	19.7	6.4	11.8	700	3 190	4.6
Degree in higher education	12.3	5.3	3.6	2.6	3.1	400	2 240	5.6
Together	100.0	100.0	100.0	100.0	100.0	200	1 910	9.6

\*/ 1990 Census data

\*\*/ S/V ratio: number of job-seekers per 100 vacant jobs

Source: Own calculations, based on data in Bajka, G.: Changes in the Situation of the Labour-market; in: Social Report 1992 (eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy.); TARKI, Budapest, 1992. and in the Book of Facts, 1992; Ráció Publishing House, Budapest, 1992.

(the share of professionals is 11.5, that of non-qualified office-workers is 10.6 per cent among the female unemployed of 1992.).

Table 1.3. summarizes some other important features of the phenomenon, i.e. the sharply diverging risks according to the **level of schooling**, and an even greater unevenness of hopes for re-employment.

People with unfinished primary education are twice as many among the job-seekers, as their ratio in the economically active population would indicate, while one finds the opposite tendency at the other edge of the scale. Those with a university-degree are about 3.5 times more among those in gainful employment than among those just seeking it. However, the opportunities for re-employment have dramatically worsened for all groups during the period of accelerating unemployment: on the average, there were 19 job-seekers for each and every vacant job in January, 1992, as opposed to only 2, sixteen months before. The outlook of people with low schooling has become practically hopeless: there are 203 applicants for each of the jobs available for them. The boom of unemployment is rather dramatic even among people with vocational training. This fact reflects another reality of the current economic changes: although most of these people had worked in qualified jobs before, their qualifications have been rapidly outdated by industrial re-structuring (most of these qualifications were closely linked to those, earlier dominant, sectors of heavy industry which are presently forced by market-competition to abate their production at a high speed.)

Unemployment has become the central problem of social policy in the past 2-3 years. Although a series of new acts have been

passed since 1989<sup>10</sup> to set up new targeted funds, to define entitlements for statutory benefits and local welfare assistance, to support training and re-training programs, etc., they can at best mitigate, but, of course, are not able to eliminate all the related crisis-phenomena of poverty, marginalization, homelessness, deteriorating health and delinquency.

Later in our report, we will return to a thorough analysis of some of these crisis-phenomena, especially to those which proved to be in close association with poverty-related changes in household-structures, in housing- and living-conditions. In the analysis of these recent negative developments, special attention will be paid to those micro- and macro-level processes which hinder efficient adaptation to the new requirements of the market, and also to those economic and social phenomena which manifest themselves in the ever-opening scissor between needs for and deliveries of support from adequate social services in assistance of getting out from the traps which poor families suffer nowadays.

## 2. Some recent socio-demographic trends

Due to the above mentioned rapid industrialization of the country during the past decades, the greater part of the

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<sup>10</sup> The most important among them is the Employment Act of 1991 which introduced two separate funds (the so-called Solidarity Fund, based on contributions of employers and employees, and the Employment Fund, run from centrally collected taxes). The two funds were created to finance the newly established unemployment benefit-scheme, and various programs for job-creation, retraining, local assistance, etc. respectively. According to a recent calculation, all state-spendings on unemployment amounted to nearly 2 per cent of the GDP in 1991. (See: Andorka, R.-Tóth, I.Gy.: Social Expenditures and Social Policy in Hungary; in: Social Report 1992 /eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy./, TARKI, Budapest, 1992.)

population lives at present in urban settings.<sup>11</sup> However, the rate of urbanization has traditionally been lagging behind industrialization, generating marked inequalities of living conditions between the large social groups of urban, as opposed to rural inhabitants. The consequences of "under-urbanization"<sup>12</sup> manifest themselves, among other things, in the high share of daily/weekly commuters in urban employment (on the average, every tenth urban employee lived in villages in 1990), and recently, in a significant intensification of migration induced by economic crisis, namely, by a pronounced outflow from the villages and small towns with the highest rates of unemployment toward the larger cities, where people hope to find better and more stable living. (The ratio of newcomers is highest in the capital, Budapest which offers the most diverse job-opportunities, and has been traditionally the centre of economic and cultural life. Immigration is concentrated in four out of the 22 districts of Budapest -- the area of our research, i.e. the XIIIth district being one of them. We shall turn to a more detailed discussion of the process and its conflictful consequences for community-level social policy below.)

The twin-processes of industrialization and urbanization have transformed the main population-trends during the last

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<sup>11</sup> According to census-data, the ratio of urban dwellers was 48 per cent in 1949, and reached 62 per cent by 1990.

<sup>12</sup> The term "under-urbanization" was introduced in the early 1970s by the two famous Hungarian urban sociologists, Iván Szelényi and György Konrád in their comparative studies about urban developments under state-socialism, and has been used extensively since then in analyses of the peculiarities of socio-geographical developments in East-Central Europe. It refers to the special historical conditions, causes, patterns and socio-economic mechanisms of producing and maintaining discrepancies between industrialization and urbanization, prevalent throughout the whole region.

decades, and left their deep impacts on practically all aspects of family-life. They were of decisive importance in shaping the typical size of households and their composition; the socio-economic meaning of marriages and of other forms of cohabitation; parent-child relationships and their content; the traditional support-schemes of kinship and the ways of intra-family transfers between generations; the prevailing forms of housing and household-economizing etc. Although the topic is worth a book on its own, let us give a brief overview about those most important tendencies which will be essential below in interpreting the findings of our research.<sup>13</sup>

As data in Table A2 demonstrate, while the overall size of the population has practically stagnated in the past 20 years, nevertheless, there have been, important structural changes in its internal composition. The most remarkable current of the period in question has been the significant increase of the ratio of the aged, i.e., of people in their 60ies and over. It has to be underlined, however, that the increased share of the aged is just partly due to improving living conditions; it is rather an outcome of the unstoppable decrease of fertility-rates,<sup>14</sup> thus, follows from the steady fall of the percentage ratios of children and young cohorts.<sup>15</sup>

<sup>13</sup> Table A2 in the Appendix summerizes basic informations about the most decisive trends during the past two decades.

<sup>14</sup> Yearly indices of total fertility rate (TFR: average number of births of women throughout their propagative period) show a steady decrease from 2.08 in 1970 to 1.84 by 1990. (See for details and analysis: Vukovich, Gy.: Hungarian Population Around the Beginning of the 1990s; in: Social Report 1992 /eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy./, TARKI, Budapest, 1992.) -- As the author emphasizes, this tendency is also an indirect consequence of modernization and urbanization, and follows the patterns registered in most of the developed countries of Europe.

<sup>15</sup> According to Census-data, the rate of children under the age of 14 was 25.4 per cent in 1960, and the share of those under 25



One has to mention here also a most peculiar and worrying feature of aging. It is a self-expressing sign of the deep controversies of socio-economic development and modernization that the rise in the share of the elderly has been accompanied by a steady decline of average life-expectancy during the past decades. The male population of the country has lost nearly 1.5 years of the expected length of life between 1970 and 1991 (as Table A2 demonstrates, their average life-expectancy at birth has fallen from 66.31 years in 1970 to 65.02 years in 1991). This dramatic decrease has been mainly due to the exceptionally high (and continuously increasing) mortality-rates of middle-aged men. There are multiple causes behind this gloomy phenomenon, ranging from delayed effects of the second World War and of the serious and lasting poverty of the country during the first, Stalinist decade of Communist ruling, to chronic neglect of investments into health-care, and to an inadequate adjustment of its services which has failed to cope with significant shifts in medical needs of the population.<sup>16</sup>

High mortality of 35-55 years old men has a direct consequence on family-life: widowhood tends to be the rapidly spreading fate and experience of even the younger groups of women. As regularly published demographic data show, the ratio of widowed women among those over 15 years of age has grown from 15 to 18 per cent during the past two decades. This fact contributed

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reached 40 per cent. By 1990, these ratios dropped to 20.5 and 34.4 p.c., respectively.

<sup>16</sup> A detailed discussion of the phenomenon can be found in Szalai, J.: *The Diseases of Health Care*; KJK, Budapest, 1986. See also Salamin, J. - Floro, M.: *ibid.*, and Makonnen, R. - Nemenyi, M. - Szalai, J.: *Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Interventions*, TWURD Working Papers No.7., The World Bank, Washington D.C., July, 1993.



to an even sharper increase in the ratio of one-member households (from 17.5 to 24.3 per cent), and has to be accounted for, as one of the generating factors behind the significant decrease of average household-size (which dropped from 2.95 in 1970 to 2.66 by 1991).

However, the latter phenomenon cannot be explained solely by early death of men -- other concurring social, demographic and economic processes also had a major contribution. Among them, one has to refer to the significant modification of the prevailing forms of cohabitation, and to the shaken stability of marriages which has induced high rates of divorce and re-marriage in Hungary during the past decades. Apart from these intra-family aspects, one also has to mention the indirect impacts of social and economic development (first of all, the remarkable improvement in general housing conditions) which have established the freedom of choice for many Hungarians to decide about the actual forms of their daily living.

As to the changing patterns of cohabitation, Hungarian households follow those trends which have been recorded more or less invariably in all modern industrialized societies. The overwhelming majority of households consist of only one family, i.e. parent/s/ with their unmarried (though not necessarily dependant) child/ren/. 71.5 per cent of all households belong to this type (1990 Census-date). Cohabitation of several generations (a frequent form of living in the traditional peasant-society of pre-war Hungary) has become more the exception than the rule: the share of these households dropped from an already low rate of 5.5 per cent in 1970 to 2.7 per cent by 1990. (The decrease was even more accentuated in urban settlements where they represent currently just 1.6 per cent.)

In the meantime, stability of the "classical" form of family-life, namely, lasting daily cohabitation of two parents and their child/ren/ in a neutral family has been eroded. A most important sign of this trend is the steady growth of the yearly number of divorces. Separation of spouses has been the main contributor to the remarkable increase of the number (and share) of one-parent families during the past decades. This latter type of families (headed, in most of the cases, by women) represents a ratio of 15.5 per cent, reaching 17 per cent among urban households.<sup>17</sup>

However, high proportion of one-parent families cannot be explained exclusively by the fragility of marriages. Women's deliberate choices also play an important part. As the significant growth of the ratio of children born outside marriage indicates (see Table A2), women frequently opt for giving birth to their child without marrying his/her father. (As we will see later, their choice does not necessarily mean the absence of a partner in their everyday life, though the partners usually have a less stable position in their households than in "ordinary" two-parent families.) The relatively new phenomenon of "chosen lonely motherhood" is in close connection with the spreading of unconventional forms of cohabitation, especially among the better-educated urban young, who (according to the evidence drawn from subsequent countrywide time-budget surveys) try to introduce a more equal division of labour in household-duties, and take

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<sup>17</sup> One has to add here another fact, namely, the high frequency of divorces of couples with children. In 82 per cent of all divorces in 1990, children under the age of 18 were also affected; the very young (i.e., those between 0 and 6 years of age) represented 35 per cent among them. (Demographic Yearbook, 1990; CSO, Budapest, 1992.)

shared responsibilities as much in income-raising activities, as in caring for children.

These new phenomena follow well-documented Western trends of changing forms and content of family-relations. They have developed hand in hand with another known feature of modern societies, namely, the simultaneous withering away of traditional "large" (extended) families. Due partly to improving housing conditions (see below), partly to deliberate birth-control, and also to the pronounced claim of the new generations to start independent life at a relatively young age, the ratio of families with a large number of dependant children has significantly decreased in the last two decades: they represent a share just above one per cent nowadays.

Table A3 (see the Appendix) gives an indication of the most decisive factor behind all the above-outlined changes. It is not an exaggeration to state that, among the several important socio-demographic and economic processes, it is the remarkable **improvement of housing situation** which has played perhaps the most outstanding role in shaping family-life during the past two-three decades. The significant rise in standards has been as much expressing, as facilitating the realization of long-existing desires of the greater part of Hungarian society to establish Western norms and forms of living. An important aspect of these aspirations has been the drive to ease traditional family-ties by the early moving out of the younger generations from the homes of their parents. This latter process concluded in the recent growth of the ratio of relatively young urban households and in the diverging age-composition of urban and rural settlements.<sup>18</sup>

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<sup>18</sup> Some data of the latest Census of 1990 indicate these diversions: The ratio of households consisting exclusively of members over the age of 60 is 19.9 per cent in urban, as opposed

The 1970s and 1980s were the decades of vast efforts in construction: 41 per cent of the current stock of flats was built during this twenty years' period -- in most of the cases, by the families themselves. They not only built, but also modernized their dwellings. This is reflected in the impressive data on the rise of the ratios of dwellings with running water and toilet in them, as well, as in the fall of the indices of density, or in the drop of the share of one-room flats within the whole stock.

The significant improvement of housing conditions has meant the most important step toward a considerable rise of general living standards (which we will discuss in depth later in this report), and it also had a major contribution to the spreading of the above-outlined formation of households of a very limited number of people living together in them.

Understandably, the changes were more strongly marked among urban than among rural social groups, though the differences in the prevailing forms of living of these two distinct segments of society have also lost some of their importance in the meantime. A more detailed analysis of our survey-data below will justify these latter statements, giving an insight into the multifold impacts of the massive flow of former rural groups toward the urban-industrial centres during the recent decades of industrialization. As we will see it later, these impacts manifested themselves, among other things, in the diminishing differences of fertility-rates, sizes of household, and generational composition between those groups which have always

to 23.1 per cent in rural settings; the average number of economically non-active members per 100 households is 117 in the former, while 136 in the latter type; differences in the average number of dependant children per 100 households point also to the same direction with an index of 85 in cities and towns, while just of 80 in the villages, etc.

lived, as opposed to those which just recently have moved to the most important centre of all these processes of socio-economic progress, namely, to the capital of the country: Budapest.

### 3. Budapest: Some basic demographic and economic characteristics

According to the data of the last Census of 1990, the number of inhabitants is 2,018 000, i.e., every fifth Hungarian lives in the capital. This number has been more or less stable for the last three decades, although the capital is not exempt from the above-outlined general demographic trends. Since low and oscillating yearly birth-rates have been continuously exceeded by high and increasing mortality-rates, Budapest also has suffered a natural population-loss. However, negative balance of deaths and births has been compensated by another demographic process which has pointed to the opposite direction, i.e., by intense inward migration. Since the number of those moving into the capital has traditionally been much higher than that of those moving out of it, natural population-loss has been effectively counterbalanced by some gain in geographical mobility, producing a moderate annual growth in the overall size of the population.

As it was briefly mentioned above, historically high rates of migration can be explained by the distinguished role of the capital. Back to more than a century, it has been the centre of higher education and culture; it has always had the most diverse industries, and a concentration of nationwide services etc. As a consequence, living standards and chances for upward social mobility have traditionally been exceeding those of the countryside. Therefore, Budapest has always attracted those who aspired for better access to education, searched better jobs, and had strong motives to improve the social positions of themselves and their offsprings. At present, chronic economic crisis of the country added one more motive to the above listed ones. Since an increasing number of families have no other hopes than to find

employment in one of the thousands of firms located in the capital, migration from the most deprived regions with high rates of chronic unemployment has been intensified in recent years. Intense migration toward the capital has aggrieved the shortage of housing, and also has deepened the malfunctioning of already run-down and overused social, educational and health services. Accompanying phenomena of homelessness, family-crises, squatting etc. are encountered among the most difficult and most urging problem-areas which the newly elected governments of the city and the respective municipalities face nowadays when deciding about the priorities of yearly social spending. (Mitigation of these conflicts is a priority-issue in the medium-term social policy program of the Advisory Board of the Lord Mayor<sup>19</sup>. The city sponsors 28 institutions for the homeless, whose great majority is composed of these migrant groups. Other services --cheap meal, job-exchange, special programs of free medical treatment etc.-- are also delivered for them. In most of the cases, the financial needs of these support-schemes are met by the central budget of the capital.)

Since intense migration toward the capital has been traditionally more characteristic for people without children, and, in addition, natural population-loss of the capital has for long exceeded the nationwide average, by now, the age-composition of the capital is remarkably different from the rest of the country. As it can be seen from Table 1.4., the ratio of children

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<sup>19</sup> For a detailed discussion of the complexity of conflictful matters related to the very intense housing-shortage in the capital, and, for a summary of the most recent urban-level programs to cope with them, see: Makonnen, R.-Nemenyi, M.-Szalai, J.: Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Interventions; TWURD Working Papers No.7., The World Bank, Washington D.C., July, 1993.

is significantly below, while the ratio of those over 60 is markedly above the average computed for the entire population.

Table 1.4.

**Aggregated composition of the population by age in 1990 (%)**

Age-group	Country	Budapest
0-14 years old	21.3	18.8
15-39 years old	34.8	33.1
40-59 years old	24.9	26.4
60 years old or over	19.0	21.7
Together	100.0	100.0

Source: 1990 Census-data

The overall number of households is 815 050 in Budapest; two-thirds of them consist of one family; somewhat more than a quarter has only one member. 43 per cent of the 562 400 families has no children at all (couples); 18 per cent of them has one, while 15 per cent has two children. The ratio of one-parent families is significantly higher than on the countrywide average: they represent 22 per cent of all the families living in the capital. Both, the average size (240 members for 100 households), and the average number of dependant children in the households (62 0-15 years old children for 100 families) turn out to be very low in comparison to the all-inclusive indices (presented in Table A2). These low figures are mainly due to the above-indicated demographic characteristics of the capital, namely, to the high share of single households, and the intense ageing of its population.



Turning now to the consequences of lasting economic crisis as they have manifested themselves in the everyday living of families in Budapest, one has to underline that some of the general trends of the past decades have been more pronounced here than in the rest of the country. This statement holds true as much to the past, as to the present. Generally speaking, Budapest-inhabitants enjoyed more of the advantages of earlier prosperity. Thus, they strongly feel the current losses, and bitterly suffer those intense conflicts which accompany the slow-down of previous economic growth. These conflicts are manifested in considerable social differences in the deficit of previous living standards (inequalities in income and wealth are reflected, among other things, in the rapid and apparent geographical segregation of the affluent and the poor within the boundaries of the capital), in the concentration of homelessness<sup>20</sup>, in high frequency of reported crimes, etc.

Departures from the common tendencies of the country are mainly due to the above-mentioned exceptional position which Budapest has traditionally been occupying on the socio-geographical map of Hungary. Even today, the city is called by many the "hydrocephalus" of Hungary, pointing to the historically-rooted and much preserved over-centralization of industry, commerce, finance, management, culture, tourism and political decision-making here. In fact, Budapest has for long been the one and only "real" city of the country. Continuous efforts of the last decades to countervail its supremacy by orienting the greater part of investments toward the countryside

<sup>20</sup> According to semi-official estimations of the Department of Social Policy of the Municipal Government of the City of Budapest, roughly three-quarter of all the registered homeless live currently in the capital, and their number shows an unstoppable monthly increase.

have helped to attenuate the sharpness of the most disturbing socio-economic consequences, but have not led by any means to a substantial questioning of its focal position. In spite of the above-described far-reaching urbanization and modernization of the country as a whole, Budapest has prolonged its high-ranking attractiveness in the eyes of the most mobile groups at both edges of the social scale. This fact is reflected in the ever-increasing concentration of highly educated and well-situated social strata among its inhabitants, and in the simultaneous cumulation of extreme poverty.

The singular position and role of Budapest is also manifested in the level and composition of employment, as well, as in the relatively lower rates of unemployment, or in the better-than-average prospects of re-entering the labour market.

The ratio of gainful employment of the population between school-leaving- and retirement ages is 7 per cent higher in Budapest than on the average of the country: it is 77 in the former, while 70 per cent in the latter case. Sectorial composition of employment shows clear signs of the above-indicated concentration. While the aggregated index shows that Budapest gives 20 per cent of all the registered jobs in the country (which is in accordance with its share in the population), its firms employ 37 per cent of all those working in construction, 33 per cent of the total labour force of transport- and telecommunication, 34 per cent of those in commerce. The same phenomenon is reflected in the fact that 30 per cent of all those in white-collar jobs, and as many as 36 per cent of all the physicians, 42 per cent of teachers in higher education and 32 per cent of the top-personnel of firms work in the capital.

Data on schooling show perhaps in an even more pronounced form, what has been said above. While the ratio of those with unaccomplished primary education is 31 per cent on a countrywide average, it is less than 13 per cent among the adults of Budapest. The diverging ratios of those graduating from colleges and universities indicate even greater inequalities. The share of the highly educated part of the population above the age of 25 is 17 per cent in the country as a whole, while it is as high as 45 per cent among those settled in Budapest.

High level of schooling is one of the explanatory factors behind the fact, why for many years, Budapest has been hit less by the boom of unemployment than the rest of the country (though -- as we have already mentioned it -- the situation has been rapidly deteriorating in the very recent period, i.e. during the past 12-24 months.) While data for January, 1991 showed the really low rate of 0.3 per cent, the index reached already 2.9 per cent a year later, and was as remarkable as 5.7 per cent by December, 1992. Total number of the registered unemployed has nearly been doubled within a year: while the labour offices of the capital kept 36 986 records in March, 1992, they reported 66 194 cases in a year's time.

Following general trends of Hungarian economy, men are overrepresented also among the Budapest-unemployed: their share was 57 per cent at the beginning of 1992, though showed a slight decrease since then (pointing to the relatively risky situation of women who increased their share from 43 to 45 per cent during the same period).

Considering the gender-specific composition of unemployment, the Budapest-specific tendencies are also much in accordance with the general ones which were described above. Somewhat more than

80 per cent of unemployed men worked earlier in blue-collar jobs. (Out of them, 43 per cent lost a qualified post, while 17 per cent was in semi-skilled, and 21 per cent in unskilled employment). While men were mainly manual workers before, the opposite is true for women: 46 per cent of the registered female unemployed of March, 1992 worked previously in various white-collar occupations, the overwhelming majority -- 54 per cent of them-- as a non-qualified office-worker<sup>21</sup>.

Latest data on the age-distribution of the unemployed (based on the records of March, 1993) show that the most endangered group is the "main army" of the labour force, i.e. people between 26 and 45 years of age. 51 per cent of the registered male, while 58 per cent of the female unemployed belong to these cohorts. However, one also has to point to the rapidly deteriorating situation of the youth: 22 per cent of the unemployed was between 17 and 25 years of age at the time of getting on the waiting-lists of the local labour-offices of Budapest. School-leavers have a worsening perspective to find their first employment: while they had given 4.4 per cent of all the records in March, 1992 in the capital, their share increased to 8.4 per cent within a year. 40 per cent of them just left vocational training, while 27 per cent matriculated in technical schools, 32 per cent (mostly girls) in general gymnasiums, and 7 per cent of them possessed a fresh degree in higher education. (Their gender-composition mirrors that of the adult unemployed: young men are overrepresented with a 55 per cent share.) Though length on the dole in Budapest is significantly below the relevant index for the country as a whole (in May, 1992 it was 190 days in the capital, while it made up 223 days on a countrywide average), and

<sup>21</sup> See also Salamin, J.-Floro, M.:ibid.

though the average sum of the unemployment benefit is higher (it was 10 097 Fts per month in May, 1992 in Budapest, as opposed to 8 586 Fts on the average of the country), latest reports show signs of rapid deterioration also in these regards. As of March, 1993, nearly half of the registered unemployed has been in this situation for 181-360 days already, and another 25 per cent has not found re-employment since turning up for registration 361-720 days before.

## II. LONGITUDINAL TRENDS IN POVERTY AND SOME GENERAL CHARACTERISTICS OF MACRO-LEVEL SOCIAL POLICY<sup>1</sup>

In this chapter, we attempt to summarize the consequences of the above outlined socio-economic and demographic processes from a particular angle, namely, from the perspective of their manifestation in the changing magnitude and composition of **poverty** during the last decade of state-socialism. It is a severe heritage of the near-past that, until recently, acknowledging the existence of poverty was considered an ideological and political "taboo". As a consequence, collection of data on the number of people living below the subsistence minimum was not undertaken, and even minima levels were not calculated for decades. The first "official" minima levels were computed by the Central Statistical Office in 1984, with published data only available since 1988. Therefore, the description of the "socialist legacy" presented below will inevitably be sketchy, especially with regard to the changes of the **extent** of poverty over time.

Table A4 (see the Appendix) provides data on the number of persons living below the level of subsistence minima for specific years. The calculations presented are made from data obtained from two sources, namely regular (five-yearly) income and biannual household surveys. The results from the income surveys show that between 1977 and 1987, the number of persons living

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<sup>1</sup> This chapter is based on a more detailed discussion, presented in: Makonnen, R.-Nemenyi, M.-Szalai, J.: Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Interventions; TWURD Working Papers No.7, The World Bank, Washington D.C., July, 1993. -- The Working Paper gives an analysis of the "socialist legacy" behind the rapid expansion and changing composition of poverty in contemporary Hungary, and points to those major consequences of the inherited constraints which create serious difficulties in the currently ongoing transformation of macro-level social policy.

below the minimum grew by 100 000, representing a 1 percent increase in the ratio of the poor as a percentage of the total population. However, the subsequent five years brought about a definite booming of poverty. The overall number of those living below the subsistence minimum jumped by 300 000 between 1987 and 1992, generating a further 3 per cent increase in their share within the population.

The trend in poverty is less clear from the more frequently run household surveys, though the tendency of increase can be evidenced also on the grounds of their findings. These data suggest that, following some oscillation in numbers and ratios around the mid-1980s, a marked increase has started after 1987. The latest household-survey of 1991 found more than 2,000 000 people living below the poverty-line (they represented 22 per cent of the population).

Though there are rather substantial differences between the actual numbers computed on the grounds of the two types of surveys (due to methodological reasons, figures driven from the household-surveys regularly exceed those calculated from the more accurate samples of the income-surveys), nevertheless, the main tendencies are clear and identical. The aggregate percentage of the total population living below the subsistence minimum did not change substantially over the 1980s, though started to expand rapidly around the end of the decade. Data in Table A4 also reveal that these aggregates were the outcome of substantially differing impoverishment of the two major socio-demographic types of households. Incidence of poverty has remarkably increased in households with active earners<sup>2</sup>, while (after some years of

<sup>2</sup> Due to the current systemic changes in Hungary, statistical concepts and categories undergo tremendous modifications nowadays. This in flux situation seriously affects longitudinal



effective decrease) it just returned to its earlier level among those living in pensioner's households. These differential incidences of dropping below the poverty-line are the outcome of a number of concurring factors. While economic restructuring amid the above-outlined deteriorating conditions of economic crisis has led to a fall in the numbers of those in employment (and also to a decline in their real earnings), simultaneous socio-demographic developments have produced a significant increase in the number of pensioners obtaining significantly higher pensions during this period. Therefore, the real poor among the elderly

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comparisons of nearly all pre- and post-1989 data, but most severely those which relate to the problem-areas of work and employment. In the field of statistics, "socialist" concepts are today gradually substituted by internationally accepted, market-related categorizations. However, longitudinal presentations in our report had to cope somehow with the "transitory" state of arts. Thus, in all those cases where alternative statistics have not been computed yet, the report had to stick to the concepts beyond the "old" coding of the data. A short description of these categories at their first occurrence in the report might help the Reader to address adequate interpretation to the various longitudinal data-sets.

Here, we give the short definition of "status by economic activity"-categories which will be used also in later chapters of the report.

Active earner: those in employment, not enjoying permanent income from social security on their own right (thus, e.g., a person getting pension on the right of widowhood, but working in full-time employment is registered among active earners; however, old-age pensioners or women on longterm childcare leave /receiving child care grant or -fee from social security/ are not registered in this group, even if they might be in employment).

Inactive earner: those enjoying permanent social security-payment on their own right (regardless, whether they have additional income also from work). (The largest group among the inactive earners are those receiving old-age pension; it also embraces those on disability-pension, or those covered by the rapidly expanding early retirement-schemes; furthermore, this is the category, in which parents /mostly mothers/ on child care leave are registered.)

Dependant: those "officially" neither in employment, nor enjoying any of the above-listed types of social security-benefits are registered here (all students attending day-courses of any types of schools are covered by this category, regardless, whether they have or have not additional income from work; due to the fact that **unemployment** became officially acknowledged only in 1989, "hidden unemployment" of the preceding years is also an inseparable sub-group of "dependency").



are those who retired some 10-15 years earlier with very low pensions, whose benefits have lost their purchasing power during the years of accelerating inflation (however, due to decreasing life expectancy, the ratio of these older groups among the elderly has continuously decreased during the past decade).

Tables A5 and A6 in the Appendix present data on the **internal composition** of the social strata of the poor from various aspects, and relate the structure of poverty to the general one of the society. As several analyses have indicated,<sup>3</sup> income differences according to the occupation of the head and/or other members of the household seem to diminish gradually in contemporary Hungarian society. By the turn of the 1990s, they have been substituted, however, by other dividing factors, such as the life cycle of the family, the households' participation in secondary economy activities and the functioning of intra-family resource redistribution networks.

The most marked inequalities appear nowadays in the ratio of earners to dependants in the household. This fundamental tendency had been an important characteristic of the income distribution of the state-dominated society, and became even more pronounced in the post-1989 years of marketization. However, a rather new trend also has developed in the meantime, namely, a noticeable shift **from a relatively high proportion of elderly adult dependants toward children amid those facing serious poverty.**

Table A5 shows that while there was a decrease in the proportion of active earners in the population between 1982 and 1991, there has been a striking increase in their proportion among the poor. The opposite is true for the changes in the

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<sup>3</sup> See, for example, the introductory summaries to the reports of the fifth-annual Income Surveys.

proportion of pensioners, and a parallel decrease characterizes the share of adult dependants (though the latter decline is partially a statistical artifact caused by the earlier denial of the very phenomenon of unemployment).

Further, one of the most significant currents over the 1980s was the increased proportion of families of urban active earners among those living in poverty. While the typical poor of the 1970s had come from a rural setting, was relatively old, lived alone or with a spouse on pension or welfare, the typical poor of the 1980s and early 1990s lives in urban active families, is relatively young, and raises several children. This is also underlined by the fact that approximately two out of every five individuals living in poverty in the late eighties were children; (and, as we know from more detailed breakdowns of the figures roughly one-third of them were under the age of 6). As it is shown in Table A6, the risk of dropping below the poverty line has been relatively higher for urban children: 28 per cent of them were hit by this situation in 1987, as opposed to the average risk (calculated for the entire population) which was around 14 per cent in the very same year.

Another change during this period is that, in addition to the "traditional" poverty of families with several children, the incidence of poverty has increased also among families raising one child. While the ratio of children in active households with one child has decreased on the average, the opposite has happened in the case of poor families.

The increase of poverty and its shift toward the relatively young urban segments of the society cannot be explained exclusively by the necessary and unavoidable adjustments made by Hungary in its move towards a market-oriented economy. The

origins of these processes can be found in the country's socialist history in which massive pre-war time poverty was never really abolished but rather significantly transformed. In fact, the socialist way of production incorporated the permanent maintenance of poverty by keeping large social groups in deprived positions in the labor market through compulsory full employment which was based neither on economic necessities, nor on individual choices and rights, but on the political principles of totalitarian control. This way, the true character of poverty was "hidden" for a long time, and its recent blatant manifestation is due more to the withering away of totalitarian control over the society rather than to entirely new processes related to market-oriented reforms.

The recent discovery of poverty has created a kind of socio-political "shock" during the time of the abolishment of the authoritarian party-state. Poverty at present is to be regarded as a political rather than a mere economic issue. One can state in an historical retrospect, which is convincingly demonstrated by a great number of surveys in housing, income, living conditions etc., that the slowly emerging market forces from the late 1960s onward have, in fact, worked toward the mitigation, though obviously not a full elimination, of all the conflicts and tensions around poverty.

The shift from the formal toward the informal economy (the main path of covert marketization under socialism) had several implications on gradual changes in the composition of income and consumption, as well as on other aspects of the way of life in Hungarian society. First, the expansion of work in the second economy enabled households to earn income derived from sources outside the direct intervention of the state. Earnings and

spending have come more under the control of the individuals, and could be adjusted to the emerging and changing needs of families. Data from subsequent income surveys revealed that the importance of earnings from selling goods and services produced by unregistered small family-enterprises was increasing significance during the 1980s. While their share was 14.9 percent in the total cash-income at the disposal of an "average" household in 1982, it grew to 20.4 percent by 1987.<sup>4</sup>

Second, the growth of the informal economy and its prevalence in the everyday life of the society led to a remarkable surge in the participation of individuals in efforts to improve their lives. The above-presented indicators of a general improvement in housing are perhaps the most convincing examples. Detailed analyses of yearly statistical reports on construction indicate that these developments have been almost exclusively produced through private resources and by private activities of families.<sup>5</sup>

Major, though, for long hidden, shifts in the traditional functions of social policy (i.e. guard against the fall of incomes and the decline of a previously attained general standard of living) helped these processes by a certain "privatization" of protective services and benefits during the last phase of

<sup>4</sup> See: The Level and Distribution of Family Incomes in 1982; CSO, Budapest, 1985, and Income Distribution in Hungary; CSO, Budapest, 1990.

<sup>5</sup> The withdrawal of the state in the field of housing was very remarkable in the last decade. While the ratio of dwellings built (partly or exclusively) by "official" agents (state-run constructing firms, building companies, cooperatives, enterprises etc.) was 30 per cent in 1981, it declined to 18 per cent in 1985, and dropped below 10 per cent in 1989. For a detailed analysis of the background forces and some consequences, see: János Farkas-Ágnes Vajda: Situation in Housing; in :Social Report 1990 (eds.: Andorka,R.- Kolosi,T.- Vukovich, Gy.), TARKI, Budapest, 1990.

socialism. The reaction of a large proportion of Hungarian society to the challenges of the crisis of the state-economy has been the reduction of their dependence on its institutions and its "substitution" by increased individual efforts and productivity. The state assisted the turn toward the second economy in a rather peculiar way -- state-controlled resources for housing and for income maintenance through social security have increasingly gone to those, who "converted" these resources into self-controlled production. In other words, social policy helped those who helped themselves. This may be demonstrated by data on the gradual shifts of the central resources on housing from state-financed construction to state-subsidized loans on individual building-activities, or by the speedy increase of central expenditure on disability or old age pensions, which was accompanied by the increase in work by pensioners **outside** the formal sphere of production. This way, the great majority have really been successful in countervailing the negative impacts of the withdrawal of the state, and have attempted to explore and exploit the positive aspects of the transition and of the gradual erosion of the "classical" socialist relations.

However, macro-economic aggregates and national averages of the trends hide one crucial aspect of the processes, namely, the parallel significant increase of social inequalities of all kinds. While it is evident that those who had access to private resources and/or the protective family network could cope, and even in some cases improve their living standards; those who, for one reason or another, have remained outside the informal safety-net have been excluded. They have become the "forgotten" part of society, the "old" and "new" poor, who are also the most

defenseless victims of the rapid withdrawal of the state from the provision of social services.

The impact of the crisis situation with regards to social policy and services is unjustly and unevenly put on the shoulders of its most needy users: the sick, the old, children and their families. The high inflation rate of the last few years has created insurmountable difficulties for the poor, as increases in prices of goods and fees for services has resulted in many of them being effectively **priced out**. The following data are self-expressive: the number of children on regular monthly welfare increased from 30 656 in 1986 to 201 096 (i.e., by 557 % per cent) in 1992. The average monthly value of assistance has grown only by 97 per cent, while the rate of increase of consumer prices was 314 per cent throughout the six-year period in question<sup>6</sup>.

Data of the past few years show a **decrease** in the number of children attending kindergardens or taking up school-meals, and an increase in the number of those applying for arbitrarily distributed means-tested welfare assistance at the local governments or in family-help centers. However, these institutions are unable to cope with the growing need, as they face severe resource constraints due to cuts in state funding. In addition, if adequate resources were available, most lack the skilled personnel and adequate facilities to effectively administer social programs.

Similar tendencies can be reported with regard to the situation in the social security-schemes. The cuts and restrictions on the spending of the state budget were partly

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<sup>6</sup> See: Statistical Yearbook 1992,; CSO, Budapest, 1993.

shifted on.<sup>7</sup> Therefore, pensions, most child-related benefits, sick-pay etc. have not been validated in accordance with inflation. The loss of their value has become an important factor leading to the rapid impoverishment of those living mainly from in-cash benefits: pensioners, families with dependant children, people who are chronically ill, etc<sup>8</sup>.

All these drastic changes are accompanied by efforts to target services to selected beneficiaries. This argument is well-known from the history of social policy: since universal benefits do not **diminish** inequalities of take-up and access, it is preferable to concentrate scarce resources on those really in need. Thus, there have been significant cuts in public spending in the name of "more just" social intervention. The outcome has been an **increase** of social inequalities of take-up and of per capita income from benefits, while many of the poor have been bypassed or have dropped out.

These unfavourable developments are not the "inseparable" and "automatic" by-products of a "free market". Rather, it can be argued that the trends of poverty presented above are not the consequences of the market as such, but are due to the lack of deliberate, protective and well-targeted social policy. The efforts undertaken to move Hungary towards a market economy have helped the majority of society to obtain some level of self-

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<sup>7</sup> For a more detailed discussion on social sector expenditure in Hungary during the period 1975-1990 see: Hungary: Reform of Social Policy Expenditure; A World Bank Country Study, Washington, D.C., 1992, and Hungary in the 1980s: A Review of National and Urban Level Economic Reforms, Transportation, Water and Urban Development Department, Working Paper No. 2, February 1993, Washington, D.C.

<sup>8</sup> For example, those who retired in 1980, had to suffer a 25-30 per cent loss in the purchasing power of their pension by 1987. Another aspect of the same phenomenon is demonstrated by the fact that some 60 per cent of the pensioners received benefits below the officially declared pension minimum in 1989.



protection against the actual crisis within the formal economy. Most have been successful in building their lives (at least partly) on alternative pillars and have worked to develop coping strategies which have allowed them to not only weather the crisis, but even to build alternative ways of life and work which open future opportunities for them.

At present, the major dividing lines can be found between those who have gradually developed efficient ways of self-protection against full subordination to the state, and those who have remained dependent on it. The former group seems to have access to alternative strategies for defending itself against impoverishment amid the difficult circumstances of chronic economic crisis, whereas the latter often finds itself in hopeless situations. The latter's defenselessness is mainly due to the fact that it has traditionally been excluded or, at best, vaguely linked to the non-institutionalized services, benefits and supportive networks of the informal society. At the same time, the informal ways of social self-protection of the "fortunate" majority have not yet been extended and transformed to universally accessible public institutions. Thus, ironically, the collapse of the all-embracing party-state has left behind an institutional vacuum after the disappearance of its coercion-based "protection".

However, many of the interventions which have been undertaken in the name of the "free" market and "social justice" have also led to the creation of a "secondary part" of society. In addition to the various groups mentioned earlier (such as young urban households and pensioners), another group has been adversely affected by these interventions. This group comprises



mainly those individuals who have based their lives and aspirations on the incentives, orientations and regulations of the past forty years of socialism. They have responded to the challenge of industrialization by moving to urban settlements to provide educational opportunities to their children (which they believed appropriate in a "socialist" economy), and by giving up their peasant roots and traditions even in their way of life to occupy the large closed housing estates built "for them". Today, they are the very ones who face the above-presented high risk of unemployment and poverty.

Many have tried to mobilize the "general" self-protective methods of the majority. They have also intensified their work in the informal economy (though they probably have access only to the worst jobs in it) and tied up the network of the (extended) family by more regulated and "targeted" internal redistribution. However, without a parallel strengthening of the macro-social "safety-net", the Hungarian society may face serious problems of social disintegration.

It is also worth noting that the formal services of state social policy have not yet proceeded to rid themselves of their authoritarian character. They are still regarded as the representatives of control instead of rights, authority instead of choice, defenselessness instead of protection. Their genuine social and political restructuring has not yet begun, as fundamental laws on guaranteed social rights, on the social responsibilities of the central and of the local states, basic legal regulations of social security, of education and health have not yet even been addressed by the newly elected parliament, while the old rules do not and cannot apply anymore. Therefore, social policy of the past few years of the transition period can

be characterized by confusion, uncertainties and growing social tensions on the part of those who do not have access to any alternative forms of self-protection. This situation cannot be explained by mere economic factors, as it is equally a matter of the present state of political struggle. The withdrawal of the totalitarian state has not yet been replaced by the democratic institutions of a well-developed civil society.

The next chapter will turn to the presentation of the above-outlined general historical tendencies on a more concrete level of abstraction. It will discuss major processes of the past as they have manifested themselves in the century-long life of a certain urban community named "Agyalföld" which, after careful examination of alternative options, became the actual site of our empirical investigation.

### III. PAST AND PRESENT OF THE SITE OF THE RESEARCH: ANGYALFÖLD

At the time of unification of Budapest from the once independent three towns of Buda, Pest and Obuda in 1872, the site of our research, Angyalföld belonged to the Vth and VIth urban districts (wards). The XIIIth district was formed in 1930 from the industrial suburbs of these two old municipalities. After the second World War, parts of the middle-class inner-city district (at that time, Vth district, called Ujlipótváros) were attached to the neighbouring industrial and working-class area, thus, the present XIIIth district consists of two quite distinct segments. We shall focus, however, only on the closer environs of our study, i.e., on the old part of the broader administrative territory, on Angyalföld proper.

Urban development in the area began in the second half of the 18th century, when the city of Pest started to expand toward the North. Construction of the historically most characteristic part of it (the neighbourhood of the Váci and the Lehel Roads - the main axes of Angyalföld) was triggered by rising real estate prices in the inner-city areas. The first houses were built by one of the most significant firms of early capitalist development in Hungary, namely, by the Austro-Hungarian Railway Company which took a good deal of the gigantic task of creating the necessary infrastructure of transportation, indispensable for industrializing the earlier backward feudal-agrarian surrounding.

Angyalföld as a working class-settlement was built up in the last decades of the 19th century, as mills, foundries and factories gradually moved to this area.

Industrial construction related itself first to the main thoroughfares (such as Váci Road), thus connecting the newly built settlement with easy accessibility to other parts of the

capital and to the countryside. For a long time, three sectors of industries dominated the economic landscape of Angyalföld: food-production (milling, distilling, bakery), wood-working industry (sawmills, furniture manufactures, match factory), and the iron-, metal-, machinery and ship industry. Later on, plants of the chemical industry (bitumen-factory, oil refinery, artificial fertilizer and paint factory), and electrical industry also moved in.

Further expansion of the area was closely connected to the exceptionally quick growth of capitalist industry in the last decades of the 19th century.. Booming of production is also the main explanation for the rapid increase of the population of the district. Since speedy rise of industrial production led to an extremely high rate of migration toward the focal location of the process, namely to Budapest, prices of land went up at an enormous rate. In this way, newcomers became virtually excluded from the housing market in the old, inner districts, and were forced to settle in the nearby developing neighbourhoods, Angyalföld being the largest among them.

Yearly growth of the population is one of the best indicators to demonstrate the acceleration of this development. While only 7 % of the total population of Pest (the East side of the present capital) lived in this territory in 1880, its share has risen to 17 per cent during the short period between 1890 and 1896. In 1910, approximately 7 000 workers were employed along the main axis of the territory (Váci Road), and about 12 000 in the whole of the industrial area of Angyalföld, while the number of factory workers in the capital was altogether some 85 000. The majority of the inhabitants of the community were employed by the local factories. A significant part of them were first-

generational immigrants from Germany, Austria, Bohemia and Moravia.

Shipping on the Danube (which gave a natural border of Angyalföld) connected the neighborhood to other parts of the country and beyond. The Vác-Budapest Railway (the first railway of Hungary) was completed in 1846, facilitating the transport of coal from the mines of Northern Hungary to the rapidly expanding local factories.

In the 1860s and '80s, the horse-drawn tram established a closer connection to the inner city, with its terminal on Váci Road. An electrical railway was built in 1894, which connected the suburban town of adjacent Újpest to the Western Railway Station. The station was built at the meeting point of Angyalföld and the Ring-road (the latter being the heart of the capital), thus, our area gained even greater importance in the internal life of the city.

The last decades of the 1800s brought about a remarkable modernization of the communal infrastructure of Angyalföld. Upgrading of standards was urged by pressing necessities, water-supply being the most painful among them. Construction of a drainage system also could not be postponed without risking massive epidemics, and the regulation of the stream Rákospatak (the other natural border of Angyalföld) also required substantial investments and coordinated interventions of urban planners. The greater part of the currently functioning water- and gas-mains was laid down in this period. At the same time, the electrical network was also rapidly expanded, the main roads were cobble-stoned, and many of the already run-down buildings reconstructed.

The steady inflow of migrants finding employment in the industries of the district caused a major housing shortage. In the 1880s, the city gave permission to the employers to build temporary barracks -- but the consequences of this decision increased the number of slums alone. Big construction projects were completed only after the turn of the century, however, mainly in the more elegant parts of Uj-Lipótváros, and, just to a lesser degree, for the working-class inhabitants on the two sides of Váci Road. The first multistory houses of the district were built in the last decade of the last century. Their entry to the landscape of the community sharpened the visible inequalities of affluence and poverty. Construction of modern housing for the bourgeoisie in the more elegant part of the municipality was accompanied by a simultaneous booming of miserable huts for workers in the Western corner of our research-area, between Jász street and Ferenc Reitter street. Apartments built at that time usually consisted of one room and a kitchen; the toilet was on the corridor or in the courtyard. However, it has to be noted that even the multistory houses were often wet and unhealthy ones.

Extensive construction of tenements, emergency housing, so-called people's hostels, and schools began under the liberal city-government in 1908. At that time, two- and three-level houses were built for the better-off, while cheaper ground-floor temporary apartments tried to keep pace with the ongoing inflow of newcomers. The City also opened a Street Public Charity Institution, accommodating 100 persons, and a so-called people's hostel with beds for 400. The newly founded restaurant, the workers' library and the new lounge were indicating the slow rise

of living standards of the already settled second-generational working class of the community.

As to the health- and educational services of the time, historical accounts report the establishment of the first general hospital of the district, the Alice Weiss Hospital in 1912 at the edge of the area under review (that was the so called "Jewish Hospital", with a maternity ward and children's clinic); it serves now as the Central Medical Postgraduate Institute. A children's Hospital (working also in our times in Madarász Street) was built in the last years of the last century by the Jewish community. The Disinfection Institute was opened in 1913 (today, it is the National Medical Service Institute), while the Mental Hospital of Angyalföld was built in 1893 ( which is one of the biggest centers in the country for the inpatient care of the mentally ill even in these days).

The first World War earmarked the end of the "economic miracle" of the preceding thirty years which had manifested itself in the exceptionally speedy rate of capitalist development and successful modernization of the country. Though industrialization continued even after recuperation from the war and the successive economic crisis, the rate of expansion was much slowed down. The above mentioned concentration of industry in Budapest was even increased during the decades between 1920 and 1950, causing an ever deeper rift between the capital and the rest of the country.

Unevenness of growth and internal serious social tensions were much deepened by the Paris Peace Treaty of 1920 which detached important industrial regions (together with two thirds of Hungary's historical territory, and one third of its population). As a consequences, insurmountable regional

inequalities had emerged, and the countryside has not been able to catch up adequately ever since. By 1938, 55 % of all industrial employees worked in Budapest and 54 % of industrial goods were produced here. Retail trade and communications were similarly over-concentrated in the centre, and this trend was further enhanced by the 1930s' programmes of rearmament and, later, by war economy.

In 1938, Budapest industries gave employment to 125 486 persons who worked mainly in the metal, machine, cotton and foodstuff sectors. Growing labour supply was covered mainly through the increased employment of women and youth. While around 1900, the ratio of women was only 18.3 %, it grew to 38 % by 1938. Municipally organized industrial training of young workers started with a huge program in 1926 which had been urged for years by the enlightened Mayor of Budapest. The new program induced a widespread reform of trade schools, and was accompanied by the foundation of apprentices' homes and training projects in the major factories.

Another main source of labour was rendered by the continuous immigration from the remote parts of the countryside to the industrial districts and workers' suburbs. Housing shortage and poor housing remained, and even progressed as a problem, especially, as the municipality had ever fewer means to maintain and develop social housing. According to the Census of 1920, one third of Budapest's population was not born in the city. The trend of intense inward migration is evident also from the facts that, e.g., in 1939 half of the migrants to Budapest were 15-40 years of age, and an additional one quarter has not reached yet the age of 60.



Conflicts between labour and capital increased during the interwar period, even though the right-wing government of the period restricted the activities of socialist parties and trade unions. Just as industrial mass production was to a great extent concentrated in the Northern parts of the capital (in Újpest and Angyalföld), so were socialist organizations, unstoppable strikes and protest demonstrations.

On the other hand, the government saw the need for increased legal protection of workers in economic, medical and cultural terms. Labour exchange became channelled both, by official (state and municipal) and private (trade union, philanthropic societies) institutions. Many firms opened factory canteens, baths, swimming pools and sport fields for their "most deserving" workers to keep them away from the strengthening dissident movements, and to maintain their unconditioned loyalty.

Sharp political and economic changes after the second World War did not bring about major changes in the concentration of industry. However, after the Three Years' Plan for Reconstruction (1946-48), and a virtually complete nationalization of industry (by 1950), the socio-economic tensions of imbalance became ever more a problem. Strong measures were introduced to stop further over-centralization (even to mitigate the ever more distrusting socio-economic tensions caused and maintained by them). As a result, the share of the capital in the country's industrial production fell to 35 % by the 1970s, while only 32 % of the industrial employees could settle in the greater-Budapest region (a large number of them could only do so as weekly commuters, living in workers' hostels during the working days, and visiting their far-living families for the weekends.)

In 1973, almost twice as many people were employed by Budapest-based industry, as in 1938. At the same time, the territorial dispersion of production within the boundaries of the city has become even more unequal than before. However, Angyalföld did not lose its leading position. It ranked at the second place in terms of the number of industrial employees still well in the 1970s. Nevertheless, the composition of both, production and population of the community have gone through significant modifications during the socialist decades.

As to the first, the once important great mills burned down during the war; machine industry has been augmented by fine mechanical and communications factories, lately also by an expanding automobile service industry. Reflecting the pioneer times of industrial development, by now, there are many old and decrepit plants, unhealthy and dangerous buildings too close to residential quarters.

As to changes in the social structure, the dominance of long-established communities of respected qualified workers has been driven back by the needs of socialist industry for masses of non-qualified labour force. The general tendency of forced industrialization based on quantitative expansion at the price of destruction of standards and productivity reached also Angyalföld. The process induced a never-ever seen inflow of the "new working class" into the factories of the area, and led to the over-representation of first-generational peasant-workers among its inhabitants. The "newcomers" got access to their flats through being appointed as administratively selected beneficiaries of the massive housing-programs of the socialist state.

Changes induced by socialist economic policy were perhaps even more significant concerning the conditions of everyday life. Since the decades in question were the period of extending compulsory full-time employment also for women, the typical family of the community (as well, as of the country as a whole) has become fed and run by two earners. The unfulfillable labour-demand of the economy was supported by extensive child-care programs of the local authorities and the companies. These changes had far-reaching and complex impacts on all aspects of life in the households, ranging from the deeply modified norms of child-raising to the internal division of labour, or to the structures in consumption and the use of time.

One could summarize all these facts by underlining that, at the time of its creation, Angyalföld represented a relatively modern working-class community which developed a central role in the early political movements of factory-workers. However, much of its importance had been lost after the first World War, though the character of the community remained much the same for further decades. Post- World War II development shifted the heart of modernization, and Angyalföld-based workers became more the symbol of old-fashioned life and traditionalism than of progress and innovation.

The downgraded positioning of the area is reflected also in people's perceptions. Angyalföld is a "prole neighbourhood" -- this view is rather uniform not only in public opinion, but also among our interviewees. People living here are poor, and, according to current standards, the quality of housing is also poor. Two major social problems are encountered for in the community: high occurrence of alcoholism and low standards of

public safety. It is not advisable to walk around in the streets after sunset. Some streets have especially bad reputation.

There are a great many pubs around. Our interviewees reported their impression that, with the increase of unemployment, these pubs have more and more guests who spend virtually their whole day in the pub. Alcohol is the real drug here, only very few people have heard about narcotics. Alcoholism has economic reasons. We repeatedly heard from our respondents that people drink because of their desperation about shortage in money and general feelings of existential uncertainty. None of the families interviewed has reported about excessive consumption of alcohol, but two-thirds of them buy at least beer, more or less regularly. It is mainly men who drink, but women also often admitted regular consumption of wine or spirits.

Besides the alcoholics hanging around the pubs, it is most of all the presence of Gypsies that bothers people living here. They are told to gather in large groups in the street or in the yards, and they shout around, they quarrel. Others are irritated by Gypsies because they do not work, and still they "live well", meant that they can buy a coke or an ice cream for their children. It is a rather general belief that Gypsies either get hold of money illegally, or they live off social assistance.

Although the negative image of the neighbourhood is widespread, still, the majority of our interviewees like to live here. One of the reasons may be the well-known (and here also registered) logic of prejudices: people usually have a more favorable image of those people living in their own house than about those living in the community in general. There are quarrels about pets and children in almost all courtyards. There seems to be at least one difficult family virtually in all

houses, e.g., a heavy drinker who regularly disrupts the peace of the home, or an elderly women who loudly disciplines adults and children alike. At the same time, there is substantial cooperation between neighbours. From time to time, they take care of and look after old, sick people living alone, most likely do their shopping; they baby-sit each other's children, lend money or food on a mutual basis, etc. There are severe neurotics in several of the houses we visited. It is worth noting that they seemed to be remarkably well tolerated.

Organized communities are missing from the human relations of people living here, and regular friendships are also rare. Most of the families have contacts mainly with their relatives living in Budapest. Regular contacts with those living outside the capital have been made much more difficult by the rapid rise of travel costs in recent years. In a number of cases, local community means the most important (or even the only) network of human relations.

In short, the community bears rather general characteristics of run-down neighbourhoods in urban settings. As the following chapters will demonstrate it also on the grounds of statistical and survey data, it does not belong to the Third World-type pockets of extreme poverty (which one can find in some of the most remote parts of Hungary). However, recent economic decline has hit people here very severely. Thus, their daily hardships have increased, and many of them has lost even the hope to recover from serious impoverishment. After all, sharp decline of living and irreversible fate of deprivation are perhaps the most frequent manifestations of "new poverty", i.e., of the "failures of adjustment" to the acute challenges of these days in Hungary.

#### IV. AN OVERVIEW OF SOURCES OF INFORMATION AND METHODS OF THE RESEARCH

In accordance with the main guiding principles of the comparative research project, the research-design of the Hungarian contribution gave a high priority to the selection of those sources of data which seemed to be most purposeful from the focal point of view of the research, namely, served to trace the complexity of micro-social consequences of recent **change**. The historical approach of the project oriented us toward those statistics and documentary sources which were of assistance in gaining informations on **longitudinal** tendencies of economic restructuring and their impact on the living of urban families.

The wide range of insightful social statistics on income and expenditures of families, and also the detailed accounts on the changes in their housing- and living conditions (registered by regularly repeated surveys of the Central Statistical Office) accommodated us in making the best possible choice. Before arriving to ultimate decisions about the actual data-sets used for tracing socio-economic developments in a retrospect, two fundamental aspects had to be taken into consideration: first, the **regularity** of the surveys and, second, the **size** of their samples.

Regularity of repeated investigations with the same methods of sampling and with the least modified questionnaires was a prerequisite for creating comparable time-series of data with identical content over time. The size of the samples had to be considered in relation to the creation of community-based sub-sample for the purposes of the current research, without risking the reliability of distributions because of a too limited number

of cases. The first goal was met by two distinct types of surveys: the countrywide income surveys, repeated in every fifth year since 1967, and the representative surveys on household-expenditures, run on a biannual basis since 1958.

After all, the decisive importance of the size of the sample in rendering reliable distributions also at the level of rather detailed decomposition, and also the recognition of various aspects of validity turned the scale in favour of the income-surveys. Though they are run less frequently (which is a slight disadvantage amid the current speed of changes in Hungary), they use a three times larger sample than the ones based on self-reported accounts of the households (36 000 households, as opposed to 12 000), and the rate of refusal is also significantly lower in them (thus, the statistics drawn are more reliable; not to speak of the fact, that they are also double-checked with data derived from macro-economic analyses of the income-distributions within the national economy).

Thus, our main sources for a longitudinal follow-up of socio-economic currents of the near-past were the data-sets of subsequent income-surveys. These data-sets rendered detailed enough informations to analyze alterations in the size and structure of households, in the level and composition of their incomes, etc., and also made it possible to measure the shaping of income-related inequalities among various sub-groups of the urban population<sup>1</sup>).

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<sup>1</sup> An in-depth analysis outlining major trends throughout the 1980s is presented in: Salamin, Judit: Brief Summary of Main Findings of the Income Surveys of 1983 and 1988; Manuscript, 1992; written as a Background Paper for the Comparative Research Project under the auspices of the World Bank on "Urban Poverty and Social Policy in the Context of Adjustment".

More detailed comparisons with data of our own survey will be provided in this Report on the basis of a specifically constructed data-set, drawn from the Representative Income-Survey of 1988. This data-set consists of three separate sub-samples: the first one presents aggregate data for Budapest (2696 households), the second feeds the follow-up of household-based socio-economic processes within the broader surrounding of our community, i.e., on the level of the XIIIth district (223 households), while the third, smallest sample provides basic informations on those households which had already lived within the boundaries of our community five years before our own random-sample survey (46 households).

Another source of informations also helped us in describing changes in the socio-demographic profile and in the housing conditions of Budapest, the municipality, and the community, respectively. The Central Statistical Office was kind enough to provide us with comparable data-sets of the last Census of 1990. This way, we got access to full-scale informations about the age-structures, activity-rates, levels of schooling, occupational composition and also about the prevailing housing-conditions on all the three levels of aggregation.

These statistical sources were complemented by a secondary analysis of data-collections of the municipal government (the analysis embraced local statistics on unemployment, on expenditures and delivery-indices of the various social-, health and educational services available within the boundaries of the XIIIth district, on take-up of welfare assistance etc.). In addition to these documentative materials, also a wide range of retrospective interviews was undertaken with the personnel of local nurseries, schools, health care centers, hospitals,



training centers, family help- and educational advisory centers etc., who gave us informations about the changing socio-economic profile of the community, and presented us the rather conflictuous day-to-day running of social services which they associated most frequently with intensified hardships of daily life of people living here.

Informations on the various aspects of ongoing and projected changes of social policy of the city and of the district itself were gained from the archives of the City Government and from the documents (memos, statistical reports, board-accounts etc.) of the various relevant departments of the local authority<sup>2</sup>.

However, the key-components of the research were the two sets of questionnaires of our random- and sub-sample surveys. These questionnaires provided us with an exceptionally rich repository of informations about current living conditions, the most pronounced difficulties and tensions, and also about the often heroic efforts of families to overcome the many disadvantageous consequences of the current socio-economic crisis.

Succeeding chapters below will present our findings. We are aware that the interpretation of our data and the relevance of the conclusions we drew from them are highly dependent on the reliability on the very source of informations, i.e., on the quality of our sample. Therefore, we feel an obligation to provide the Reader with a detailed account on our sampling-procedures.

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<sup>2</sup> For a detailed presentation of city-level programs and current policy initiatives, see: Makonnen, R. - Neményi, M. - Szalai, J.: Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Interventions; TWURD Working Papers, No.7., The World Bank, Washington D.C., July, 1993.

The underlying guiding principles of sampling were the following:

- the sample should meet the requirements of representativity in its strict statistical sense;
  - it should facilitate longitudinal comparisons with the above-mentioned data-sets;
  - it should reflect changes within the actual composition of the community over time (in other words: it should depict the processes of inflow and outflow within the period of retrospect);
- and last, but not least:
- it should also be "representative" in a more qualitative sense of the word, namely, it should give an insight into more generalizable characteristics of contemporary urban households of the country.

The very last consideration was actually taken into account at an earlier stage, i.e., in the designing phase of the research-project. We decided to run our survey in Angyalföld which, as it was presented above, is a long-established working-class community within the boundaries of the XIIIth district of Budapest. The historical outline in Chapter II was hopefully justifying our choice. However, let us briefly recall here some of those distinct features of the community which were of priority-importance in making our selection.

Angyalföld experiences nowadays a remarkable rate of inward migration; its current economic and socio-demographic characteristics, as well as the accessibility of the various services and forms of family-support are neither better, nor worse than the urban average of the country; it is structured enough to present the whole range of the prevailing coping strategies of urban households; it has its own history of

internal community-relations, including the micro-level responses for various types of crisis-situations, etc. In short, Angyalföld seemed to meet two of the above-listed major aims of the empirical research. It "represents" urban life in the qualitative sense of the term, and it has a long-established history on its own to expect solid in-depth informations on the various aspects of change over time in the composition and everyday life of urban communities.

Further requirements of the research-project were met by a multi-step sampling procedure, based on the most detailed and most accurate available set of informations: the list of addresses of the 1990 Census which has been continuously updated by the National Population Register.

For the purposes of the Census, all the settlements are subdivided to the smallest geographical areas of **census-units**. These units contain approximately 100 addresses on the average. Each and every address refers to a **flat**. This way, the unit of sampling was not the household, but the dwelling. (Although the probability of finding several households under the same address was very low from the outset; data from the last, 1984-Microcensus indicated a chance below 1 per cent in Budapest.)

The steps of selection were the following:

First, every 6th census-unit of the 158 within the boundaries of the site of the research were chosen on a random basis. This way, we obtained 26 selected small areas (each containing a few blocks of houses, or --in case of the few single-story neighbourhoods of the community-- a bunch of neighbouring streets).

In each of the selected census-units, a further selection was made of the buildings (in this way, we aimed to ensure

sufficient representation of those with only one or two flats, and also of the 12-14-story buildings situated in the large housing estates which usually consist of 60-80 dwellings). This step resulted in the selection of 1 to 8 different buildings within the given census-unit.

The third step was the selection of particular addresses. 8 randomly picked flats were designated for investigation within the chosen buildings of the census-units, and an additional list of four dwellings served to provide sufficient reserves for cases of refusal or other reasons beyond unsuccessful attempts of primary investigation. This way, a primary sample of 208, and an additional reserve of 102 dwellings was drawn. The composition of the reserve guaranteed to reduce to the minimum the conceivable damages caused to the representativity of the sample by potential substitutions.

The list of the actual **households** was set up in a fourth step.

Our interviewers were asked to pay a preparatory visit to the selected houses, and fill in the names of the families registered under the given address in them. The names can usually be found on a board posted on the ground-floor of multi-storied houses, or they are readable outside the gates in the smaller ones. (Sometimes, the concierge gave us the necessary informations.) This preparatory visit also served to identify the most probable periods of the day when people could be found at home.

After the completion of the list of names, a uniform letter was mailed, informing people about the purpose of the study, and asking for cooperation. The interviewers fixed individually the actual dates of their visits.

Since we encountered a rather substantial refusal-rate in advance (which is an unanimously reported experience of empirical investigations of the past few years), we asked our interviewers to make the maximum possible efforts in favour of a successful completion of the interview. As a rule, they were instructed to make three attempts to find home those in the primary sample. Our research-coordinator had to be consulted before any substitutions were made (the addresses of the reserve-sample were not handed over before "emptying" the list of the primary one within each and every chosen building). However, all these efforts could not prevent a relatively high proportion of refusals and of unsuccessful attempts to gain cooperation. As we will see below, the unwillingness was most frequent among younger middle-aged couples with schoolchildren. This way, their ratio in the random-sample remained below the rate which Census-data for the community would have suggested.<sup>3</sup>

The unavoidable under-representation of families with children was, however, corrected by a deliberate bias toward them in drawing the sub-sample for more detailed in-depth interviews. The random-sample questionnaire contained a question on the willingness of the respondent to be interviewed in this second round of the empirical research. We got definite positive answers in 54 per cent of the 176 households. The final selection of the

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<sup>3</sup> This experience is also in accordance with the observation of other sociological researches run during the past few years. The explanations lay in the fact that these families are usually the most overburdened (fulfilling several jobs both, in the formal and in the informal economy, and also trying to keep pace with the intense demands of their households, their children and -- increasingly-- with the need for care of their elderly relatives. The intensity of their frustration (justified by several public opinion polls) also plays a part: they are the ones who have lost perhaps the most in subjective and relative terms during the recent years of economic decline, thus the least willing to reveal their day-to-day difficulties (which they frequently try to deny even for themselves).

30 cases of the sub-sample was based on a compromise between two, partially contradictory, considerations. On the one hand, we intended to ensure further representativity according to the fundamental socio-demographic characteristics (size and type of the households, their composition by age, sex and marital status, etc.); on the other hand, we made an attempt to get sufficient additional informations on all those aspects of family-life which relate to children<sup>4</sup>. After taking into account all the pros and cons, ultimately, we gave greater weight to the second consideration. The bias toward selecting a greater number of families with schoolchildren for in-depth interviews (31 children in 19 out of the 30 households of the sub-sample) gave us the opportunity to collect adequate and reliable informations about various options in day-care, variations in children's household-duties, and the underlying complexity of historical, cultural and socio-economic determinants behind the dispersion of child-related family-expenses. This way, we could countervail the deficit of the random-sample, and were able to fill in some of the "holes" in informations, left by the painfully high refusal-rate of families with children in the first round of interviews.

However, we had to pay some price for collecting more insightful qualitative informations about these types of households. The price was paid in giving up statistical interpretation of the findings of our sub-sample survey. The two conflicting considerations of "qualitative", as opposed to "quantitative" representativity resulted in diverging age-

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<sup>4</sup> A detailed ethnographic and sociological analysis of the interviews of the sub-sample survey is presented in: Horváth, Zs.: "Analysis of the 1992 Sub-sample questionnaire Data, Hungary", written as a separate paper within the Cross-national Research Project on "Urban Policy and Social Policy in the Context of Adjustment", Manuscript, Budapest, 1993.

compositions of the two samples of our study<sup>5</sup>. Thus, statistics will be presented in the Report only on the grounds of the random-sample survey (which rendered enough cases to analyse statistically reliable frequencies and distributions). Data drawn from the sub-sample will be used to a great extent to show in a more ethnographic manner the decisive aspects of daily life of the most typical formations of urban households, and to give detailed descriptions about the determinants and motives which shape them.

The succeeding analysis of our findings will hopefully show to the Reader the complexity of those challenges which urban households face nowadays in Hungary. Subsequent chapters are intended to demonstrate also the constraints, potentials, and problem-solving capacity of families in coping with their often cumbersome situation which has been created by rapid economic restructuring amid the drastically changed conditions of concurring systemic transformation of politics, institutions and social life.

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<sup>5</sup> Although we will turn to a detailed analysis of age-structures below, let us present here the three aggregated frequency-distributions of the adult population in the community, in our random- and sub-samples, respectively.

Age of the adult population (20 years and over)	Community (1990. Census-data) (%)	Random sample (%)	Sub-sample (%)
20 - 24 years old	9	7	8
25 - 39 years old	28	28	34
40 - 59 years old	33	28	30
60 years old and over	30	37	28
Together	100	100	100
Number of persons	102080	311	64



## V. CHANGING HOUSEHOLD-FORMATIONS OF THE URBAN POPULATION

Much in accordance with the above-described general population-trends, our community is also characterized by the predominance of small households. In two-third of the units in our random-sample survey, there lived only one or two persons, thus, the average of the sample gave the relatively low measure of 215 person/100 hhlds. This figure is nearly identical with the datum gained from the 1990 Census, which found 210 persons in every 100 households of the XIIIth district. (The corresponding measure for the entire capital was somewhat higher: 226 persons/100 hhlds.)

As it was pointed out earlier, the steady decrease of the number of those living together under the same roof is a long-established trend in the demographic currents of the country. Although retrospective statistics are not available for Angyalföld proper, a good approximation exists, which is the XIIIth district as a whole. Statistics show that the declining trend was in effect here throughout the previous decade. Ten years earlier, in 1980, the Census found a still higher index of 221 persons/100 hhlds (while, similarly, it was above the current standard also for the total of Budapest with a figure of 245 persons/100 hhlds).

The continuous descent of the size of the cohabitating units has been due in Angyalföld essentially to those general factors which were analyzed earlier: aging of the population, the low number of births, changed norms and patterns of family-formations, frequent widowhood and divorces, gradually improved living- and housing-conditions all played their role in the background. However, some of these factors are more accentuated



in our community than elsewhere, and conclude in a number of rather decisive characteristics of it. Let us turn to the more detailed analysis of them.

The demographic impact of the socio-economic history of the community is worth our attention in the first place. As recent ethnographic studies of the area revealed it<sup>1</sup>, "old" Angyalföld is truly old in the historical and demographic sense of the term alike. It is a late consequence of the once acknowledged prestigious status of the community (which was known countrywide as "the bastion of the working class") that one frequently finds families here, whose ascendants moved to the area several generations before. "True-born Angyalfolders" always have regarded their belonging to the community as a source of pride and self-esteem, worth handing down to their descendants. Thus, fathers passed their skills and the concomitant highly-esteemed social positions to their sons in a very concrete form. They introduced them to the foreman, who "brought up" the son as he would be "his own"; if deserved by discipline and "good behaviour", invited him for a drink, later to a Sunday-lunch at his house; and often "recommended" his daughter to the deserving young man, whom he ranked higher as a potential son-in-law than the probably better-off "aliens" from the "external" world. These patriarchic traditions of the community were preserved even against the historical storms, and concluded in a very closed community up until the late 1960s, when social cohesion proved to be inadequate to "protect" local factories (and, consequently, the neighbourhoods) against the invasion of second-ranked

<sup>1</sup> See: Gábor, L. - Győri, P. - Matern, É. - Tánczos, É.: Lakók és hatóságok Budapesten ("Dwellers and Authorities in Budapest"); Review of Social Policy, 1990/2; Institute of Sociology, HAS, Budapest, 1990.

"newcomers" of socialist industrialization. However, the distinctions have prevailed, and have left their noticable signs even on the contemporary socio-geographic map of our community. They manifest themselves, among other things, in a marked overrepresentation of the elderly in our community (see Table 5.2. later in this chapter).

The long-established history and the preserved stability of our community is reflected in the paths of move of the household-heads and their spouses through their life, until they finally settled in our area. settle

As it is shown in Table 5.1., more than one-fifth of the heads, and 13 per cent of their spouses were born within the close boundaries of the district, or, if not here, then in one of the neighbouring ones (altogether, 56 per cent of the heads, and 46 per cent of their partners named Budapest as their place of origin). Even the immigrants are by now old-established dwellers of the capital: as the average age of their arrival shows, both, men and women were very young when leaving their previous place of living (possibly, the settlement of their childhood). Their early move to the capital (most probably, to find some work here) reflects tellingly, what was said earlier in the historical introduction: given its central role and the best offers for employment, Budapest has always been the most important target of internal migration. However, gender-related differing patterns of move also get an expression in the table. Women (both, heads and spouses) have a greater ratio among migrants than men. The main explanation of the difference lays in the pre-war history of the capital, when the most important route of female upward mobility for teenage girls with poor peasant background was to "come up to

the city" to serve at houses of well-off families.<sup>2</sup> Later on, a significant proportion of them remained in Budapest, married and settled here. At the same time, men came generally at a somewhat later age, and most of them found employment in those large factories, which built their production mainly on the ever-reproduced availability of cheap labour from the countryside. Although, as said above, the post-war patterns changed a lot (and have become more similar for the two genders), Budapest has not lost its attractiveness. As it turned out from the detailed analysis of the tables combining the age at arrival with the current age of the respondent, the younger cohorts of the household-heads and their spouses also came to Budapest at an early stage of their life, though, besides work and marriage, the relatively new motive of studying in the capital also could have played a part in their move.

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<sup>2</sup> The phenomenon really was widespread: there were as many as 600 000 home-servants in the late 1940s in Hungary, and this type of employment did not lose its importance among the job-opportunities of the capital well until the late 1960s.

Table 5.1.

## Place of origin of household-heads and their spouses

Place of origin	Head of the household			Spouse		
	Male	Female	Together	Male	Female	Together
Budapest, XIIIth district	21,3	13,2	18,2	25,0	8,6	10,1
Budapest, other district	41,7	30,9	37,5	50,0	34,6	36,0
Other town	18,5	30,9	23,3	-	29,6	27,0
Village	15,7	20,6	17,6	25,0	23,5	23,6
Abroad	2,8	4,4	2,3	-	3,7	3,4
Together	100,0	100,0	100,0	100,0	100,0	100,0
Average age of moving to Budapest (only those born elsewhere)	22,8	22,5	22,6	23,0	19,3	19,4

Data in Table A7 in the Appendix support the old-rooted establishment of our community. In this context, it is not a surprise, but a reflection of history that the overwhelming majority of our respondents has been living here for more than a decade.<sup>3</sup> Besides traditions and perceptions of certain patterns of family-based strategies of social mobility, however, the decade-long limitations of the housing market also may have played certain role in attaining such a high degree of "stability". As it has been proved by a number of countrywide surveys, people generally have just one more new place of

<sup>3</sup> In fact, the ratio might be even slightly higher, since the survey measured the length of their stay in the community by the duration of living in the given flat. As quite a high proportion of them was born in the district (see Table 5.1.), possibly some of them could have had already another address within the neighbourhood.



residence after moving to "theirs" at the time of marriage. Closedness of the housing-market is especially true for Budapest, where chronic shortage of physical space has created serious obstacles for large-scale private construction, and also the state has remarkably withdrawn from building and distributing new dwellings.

Table A8 (Appendix) refines the picture with some further informations. The most telling of them are perhaps the average ages at the time of moving to the community. Remembering the data on average age at arrival to the capital (Table 5.1.), it can be seen, that most of our families found a settlement in the area of the research within a few years after residing in Budapest. The detailed distributions show that the majority of our respondents made these important changes of life several decades ago: 57-66 per cent of those who have been living in the capital for more than ten years, landed in this very neighbourhood also more than a decade ago. (Let us add that 43 per cent of all male-, and 49 per cent of all female heads have been living here already for more than 20 years.)

Thus, historical "aging" of the community has led to similar tendencies in its demographic composition. High correlation between the two processes is partly self-evident: if people live for long in a community with saturated space for dwelling<sup>4</sup> then

<sup>4</sup> Although the questionnaire of the random-sample survey did not ask about the exact year of construction, other indicators of housing indicate that newly built houses are rare in our community. In less than fifth of the cases were modern building-materials mentioned in response to questions on materials of the external wall or of the roof of the house, (while more than half of the houses in the district were already built from panel or cement); on our research-site, more than half of the dwellings consisted originally only from one room (while the corresponding ratio was below 28 per cent in 1990 in the XIIIth district as a whole). These figures indicate that the greater part of Angyalföld was built in the early decades of the century, and families inherited these flats (houses) from one generation to

this single fact practically excludes the inward moving of "new" (possibly younger) inhabitants. Such a "natural" development seems to be the main explanatory factor behind the substantial overrepresentation of advanced age-groups within the age-distribution of our community. While longitudinal trends on the city- and the district-level, respectively, unanimously indicate the general trends of decrease of younger, as opposed to the increase of older age-groups within the urban population, even the latest Census (not more than two years before our survey) had measured "only" a 27 per cent share of the elderly in the XIIIth district as a whole, which was considerably surpassed with its 30 per cent ratio in our closer neighbourhood.

Table 5.2.

**Percentage distribution of population according to age-categories**

Age-category (years)	Budapest		XIII.district		Community 1992
	1980	1990	1980	1990	
Under 25	29.7	31.5	26.7	28.8	24.1
Between 25-39	23.9	20.9	22.1	18.4	23.0
Between 40-49	12.3	14.9	13.1	13.7	9.5
Between 50-59	11.4	15.4	12.5	12.5	13.2
60 and over	20.2	21.3	22.7	26.6	30.2
Together	100.0	100.0	100.0	100.0	100.0

Source: 1980 and 1990 Census

Beside these apparent late effects of history, a detailed analysis of the survey-data revealed some additional factors in

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the other. As we will discuss it later at length, by now, these run-down old workers' houses are the self-perpetuating source of the ghettoization of poverty in the area.



the background of the remarkable biases from the district-level distributions. A partial explanation can be found in the surprising underrepresentation of two distinct age-groups of men in our households. Their "absence" is in a great part a matter of recent reality, though it has not been sufficiently documented by sociological research until now. Their loose and unclear belonging to the households has to do with the changing role of men in contemporary urban families. However, the two sub-groups have to be clearly differentiated from each other on the grounds of the varying underlying motives and causes of their, mostly temporary, absence.

As to the first group of "missing" male household-members, the earlier mentioned recent accentuation of claims of the urban youth for starting an independent life at an early age has to be taken into account. But, given the constraints of finance and housing, their claim cannot be fully satisfied from one day to the other. Instead, it is a lasting process of weakening their ties with their parents, which results in the circulation of an in- and outgoing status in the original households. They often find sub-tenancy for themselves for a few months, but, because of high rents and other unforeseeable changes of the conditions of living, they usually return to their parents's house, and remain again "full" members there for a while. It has to be noted, however that parents are more permissive toward their sons to accept and support these attempts of "adult-like" independence than toward their daughters. Girls usually remain integral members of their parents' household until they marry. This fact causes a gender-based difference in the actual presence of young age-groups, though, from an administrative point of view, both, boys and girls are reported as "members" of their ascendants'

households in more formal types of investigations, based on official registrations of residence.<sup>5</sup>

The second group of loose (mostly middle-aged) male household-members consists mainly of the partners of those women, who -- also from an "official" point of view -- live outside marriage, and are the heads either of their single households, or of the ones where only dependant children can be found beside them. Since widows automatically would be deprived of their widow-pensions in case of a new marriage, and divorced women would lose their entitlement for a higher family-allowance and for a relatively advantageous ranking in access to various social services, all these women have strong motives for refraining from a subsequent formalized marriage. Their reluctance to re-marry does not mean, however, the lack of a stable partner in their lives. These partners either are in a similar situation to their's (in which case they usually enjoy similar advantages, and would also lose a lot by formalizing the relationship), or have other (mostly work-related) motives to preserve their partial independence. This way, actually cohabitating partners move only temporarily into the women's households, and they also have the above-described in- and outgoing status there. It is not by accident that in most of the cases, the "true" essence of the household-positions of the seemingly existing partners could only

<sup>5</sup> The source of longitudinal comparison -- the subsequent Censuses -- belong to this type. It has to be noted, that there is a deeply rooted "respect" toward the authorities in Hungary. People often fear to refuse to respond official inquiries, and the interviewers of the Central Statistical Office (bearing a special certificate) represent those powerful bureaucracies in their eyes, whom one should better be "cautious" with. Thus, they report "formal" reality, as it is registered in their identity-cards. At the same time, sociological surveys have a different status in the eyes of the public, with the disadvantage of higher refusal-rates, but with the undeniable advantage of revealing a more "valid" reality.



be revealed by the in-depth interviews of the sub-sample survey when the responding women were more willing to open up the "secrets" and informalities of their everyday lives.

A glimpse to the age-distribution of the household-heads supports the above-outlined arguments. Longitudinal comparison with data of the 1988 Income-survey (Table A9, Appendix) shows that, despite the general decline of living standards, more fortunate layers of our community were able to "stabilize" the independence of their offsprings during the past few years. In fact, post-1989 changes have offered substantial advantages to those who had some accumulated reserves, and were "entrepreneurial" enough to mobilize them, even if taking considerable risks by doing so. Much of the former accumulation has been "frozen" into housing. However, the five years between 1987 and 1992 witnessed a substantial opening of the housing market (as part of a deliberate turn toward privatization, many of the previous restrictions and limitations have been eliminated), and the groups with an "entrepreneurial attitude" made good use of the good occasion. The change is reflected even on the very gross level of Census-data. While in 1990, the actual number of inhabitants of the XIIIth district dropped to 96.5 per cent of the corresponding figure of 1980, the number of households increased to 106 per cent in the meantime. The facts in Table A9 indicate the "purpose" of this process: descendants of middle-aged parents have become able to separate, and establish their own households, though five years earlier, one would have found them with great probability as "grown-up children" living still in their fathers' home. The 8 per cent jump of household-heads under the age of 29 (and the concurring 12 per cent drop of those between 50 and 59 years of age) signal

really important and meaningful streams in the ways and forms of living of contemporary urban Hungarians. A detailed analysis (and some interviews in the neighbourhood) revealed that most of these "entrepreneurial" new household-heads are young qualified male workers who, as a first stage of separation, buy the run-down, old, one-flat - one-room houses of the area (possibly those ones, where the heirs of the recently died dweller do not want to move in, instead, "sell" their "endowment" at a cheap rate), establish a single household before marriage, gradually repair the house with limited money and extra amount of lively work, "convert" it to modernized and more comfortable dwelling worth selling or enjoying a "status-adequate" way of life in it. In any case, they usually "have something to show" by the time they marry a few years later.

All the above-outlined important currents have obviously remarkable influence on the actual formation of households, and on the ways of daily cohabitation.

As it is shown in Table 5.3., much in accordance with what was said earlier about recent modifications in the most prevailing forms of living, the dominant household-arrangement in Angyalföld is that of one family-units. Nearly two-thirds of the households and three-quarters of their members live in such conditions here (as well, as in the better-off part of the district, and also in Budapest and other urban settlements of the country.)

The primary type of non-family formations is that of single households, which are particularly frequent (though, for entirely different reasons) on the two edges of the age-spectrum: among the young, and among the elderly. (Single households give roughly one-third of all households, and 16 per cent of all household-



members in our community. At the same time, the ratio of this formation is 35 per cent among households headed by a person under the age of 29, and is as high, as 58 per cent among the households of those aged 60 or over).

Extended families are not among the common household-formations anymore. If such arrangements occur, their actual content reveals the domination of one nucleus (usually, a middle-aged couple or parent with children), and a "side-role" of an old, widowed parent, who moved to them either because of the death of his/her spouse, and/or because of other strong motives for giving up independence (chronic illness with the accompanying need for permanent care, and serious financial difficulties are the most frequently mentioned underlying reasons). This restricted notion of "extendedness" (which should be called with somewhat more accuracy as "joint living of attached families") is reflected in the fact that the average size of this latter type of households does not significantly exceed that of the nuclear ones, and is certainly below the size of the traditional agrarian extended families, known to have 12-18 members living under the same roof.

While our random-sample presents the different aggregate types of households with relatively high accuracy, attention has to be drawn to two remarkable, though interrelated divergences from the district-level distribution of the last Census.

As to the first one, our survey-data suggest as if the earlier trend of a steady decrease in the ratio of couples would have turned to an increase in the past few years. While both, the Budapest- and the district-level distributions show a drop between 1980 and 1990, the share of "classical", stabilized and acknowledged partnership exceeds even the 1980-datum of the

district in the case of our 1992-community. However, closer analysis revealed that the departure is essentially an artifact which emerges from the differences in classification. The Census takes note of cohabitation as it is declared in one's identity-card (thus, acknowledges only legally registered non-married partners), while our survey was more sensitive to the actual reality. (The ratio of households with a "married" head in the legal sense of the term gives only 86 per cent of all "couples" in our sample. By applying the more rigid classification of the Census, the share of this household-formation would be 46 per cent, indicating an unbroken continuation of the longterm trend of descent. It has to be added that the discrepancy between the "de jure" and "de facto" marital status is more frequent among those who still bring up children in their households. As it was already mentioned, many of them have good reasons not to formalize their relationship with the actually existing partner. Thus, they appear among the couples with children, and in this way, "raise" the share of neutral families in our sample.

The other divergence, i.e., a "drop" in the rate of single-parent households is a straight consequence of the very same difference in categorizations. Distributions show the rate of single parents remarkably lower in our sample than what was measured by the last Census. (A "Census-conform" categorization would provide a 11 per cent share of them in our community, and, simultaneously, would "lower" the rate of couples with children by some 2-3 per cent.)

Beside this "juggling" with alternative code-categories and the associated artificial differences in the distributions, a thorough analysis of the longterm trends in household-formations demonstrated, however, some **genuine** departures from the earlier



prevailing patterns. The most important among them is a recent re-appearance of middle-aged multi-family households. This divergence from the longitudinal community-level trends (which concluded in the actual disappearance of this type of extended households: the 1990-Census did not find any such case in Angyalföld) is a hard fact of recent reality. It is a product of increased hardships of living: after a decade-long trend toward the decomposition of former larger households, the current burdensome conditions force a part of the families to move again under the same roof. The re-appearance of the phenomenon is bound to the recent acceleration of migration which presses the poorer layers to give up independence and privacy, and to make temporary home for the even more deprived relatives, who attempt to cope with the hopeless situation of chronic unemployment in far ends of the country by probing fortune in the capital<sup>6</sup>. (The spreading of this form of consolidated "squatting" -- together with arbitrary occupation of empty huts and flats -- was frequently mentioned in both, the official and the "rank-and-file" interviews, as one of the most disturbing and unsettled social problems of the community.)

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<sup>6</sup> A recent ethnographic study on squatters in Angyalföld found that the overwhelming majority arrived to the area from the North- and North-eastern regions of Hungary, i.e., from those parts of the country where (as it was pointed out in Chapter I) the rate of unemployment is highest, and the hopes for re-employment are the least. (See: Matern,É.: Önkényes lakásfoglalók, kilakoltatottak /Squatters and Evicted Tenants/; in, Social Policy Review, 1990/2, Institute of Sociology, HAS, Budapest, 1990.

Table 5.3.

**Distribution of households, according to household-type**  
(Percentage distributions)

Type of the household	Budapest		XIIIth district		Community
	1980	1990	1980	1990	1992
Couples (with/without children - together)	56.4	52.2	51.5	48.3	53.4
Out of them:					
Couples, without children	25.7	23.9	26.5	24.3	25.8
Couples with children	30.7	28.3	25.0	24.0	27.6
One-parent families	9.6	14.5	9.5	12.9	9.1
Households, consisting of one family-unit, together	66.0	66.7	61.2	61.0	62.5
Out of them:					
Families living without other relatives	56.4	58.1	52.4	54.0	53.4
Families living with other relat.	9.6	8.6	8.6	7.2	9.1
Households, consisting of two or more family-units	1.8	1.1	1.4	0.7	0.6
Single-person households	26.6	26.3	30.4	30.5	33.5
Other types of households	5.6	5.9	7.2	7.6	3.4
Non-family types of households, together	32.2	32.2	37.6	38.1	36.9
Altogether	100.0	100.0	100.0	100.0	100.0

Source: 1980- and 1990-Census; Random-sample survey



A further disaggregation of statistics on the various types of households reveals, however, additional important changes over time. Table A9 (Appendix) focusses exclusively on families with young children (under the age of 15). In this regard, the Budapest-level distributions differ to a remarkable extent from those relating to the XIIth district. However, the differences do not follow from diverging patterns of family-planning, but are mainly due to a huge urban renewal program of the 1980s within the boundaries of the XIIIth district (though it affected only other parts of it, outside the Angyalföld-neighbourhood): the program prioritized numbersome and single-parent families, respectively, when deciding upon rules of entitlement in access to the some 9 000 state-built new dwellings. Thus, it resulted in a substantial rise of small children in the district, and also in an equation of the average number of them (figures for 1990 show an identical index of 1.5/family for both, the capital and the district, and we found the very same measure for our community -- although for different reasons which will be singled out below). Detailed analysis of the data (controlling the distribution according to the age of the parent/s/) shows that the greatest majority of urban families have two children nowadays, between whom there is a rather small age-difference of only 2-3 years; after having the desired 2, they usually stop, and introduce strict birth-control, or, turn to the device of abortion.

The interviews in our sub-sample survey revealed that, disregarding the cases where the pregnancy was not wanted, but for some reason, it was not possible to abort, it is clearly the woman who decides: how many children will be born. It is more the exception than the rule when another member of the family (including even the father) has a major influence on the woman in

this question. (The interviews brought to the light some cases when men were more willing to have a child than women. They had the greatest chance to convince their partner if they themselves had had no child before. In such cases, women gave up reluctance, even if they had already have their own children from a previous relationship.)

As a hard symptom of recent unfavourable trends of the general living standards, the majority of those who were still in their propagative age, did respond as not willing to have subsequent children, or if they wanted, then argued for postponing pregnancy to later years. (Only two women were uncertain on their actual standpoint.) All these women argued for the limitation of the number of children by pointing to the hardened financial situation of the family, and most of them referred also to unsatisfactory housing conditions. They felt that the increased difficulties also affected the relationship with their partners: some of the recent abortions were decided exactly because of these negative developments.

As to the forms of birth-control, the interviews revealed the widespread use of contraceptives and spirals which were considered also the most effective forms. There were several, who had tried both of these devices, but, because of medical reasons, they gave up, and have turned to more traditional solutions. The variety of the latter ones was also remarkable; the interviewees mentioned among them strategies of "watching out", "washing", and the use of condoms for men. A few couples admitted to trust only their fortune.

Abortion also functions as a form of birth-control: history of pregnancies revealed this fact in the case of at least one-third of our respondents. It is worth noting that the number of



abortions showed no association whatsoever with the varying educational level of women in our sub-sample.

At the time of our survey, the media dealt extensively with the new abortion law under preparation. The government had proposed two alternatives. The more rigorous version reflected the standpoint of the Christian Democrats, who would have introduced considerable restrictions. The other version represented the more liberal spirit of the Abortion Law in force. (After all, the latter version was enacted in June, 1993).

The views of our interviewees turned out to be very similar to those demonstrated by the great number of public opinion polls that had been conducted at the time of preparation. Opposition to any restrictions was almost unanimous. This general refusal turned out to be independent of age, educational attainment, the number of pregnancies and children, respectively, and did not show any associations even with the number of abortions our interviewees had experienced before. Neither religiosity seemed to influence their views on this particular subject.

The most frequently heard arguments referred to the sovereign right of the woman to decide, whether she would be willing to give birth to a child. Women emphasized with particular stress that, in their view, the state has no right at all to interfere in such matters.

They saw it very clearly that, in most of the cases, abortion is an emergency measure: *"No matter how much they may be right in that it is a live, living thing. I can't do anything about it. They should invent some kind of medicine, contraceptive, that all women will be able to use. If they invent this kind of a medicine, that can assure that nobody will get*

*pregnant if she uses this, then okay, let those who do not take it, face the responsibility."*

In the general view of our respondents, women have to consider their financial potentials in the first place, when they decide upon birth or abortion. Many argued that, given the present unfavorable economic situation, one rarely has a chance to make a really responsible decision in favour of delivery. Besides, some of them added that abortion may also be motivated by the often poor health of the pregnant woman, or, by other personal reasons, i.e., by the downturn of the marriage. *"It is easy for the Pope. He has not had to feed his children with semolina boiled in water when there was no money. I don't believe that the moral will change because of this law."* -- argued an elderly woman.

Others pointed to another moral aspect: if there will be put restrictions on abortion *"then perhaps there will only be more children in the garbage cans and in the plastic bags."* Some interviewees referred to the already very high number of children taken care of in state institutions: *"the state does not have enough children?"*

Older respondents recalled the selective effect of previous restrictive measures: *"The rich will go to the doctor and have him give them an injection for good money. But the poor will try to abort themselves with knitting needles. The poor will make the worst of this. How many of them have died bleeding. And if she keeps it, she will be unfortunate forever, and the child too."*

Finally, let us close this chapter with the characterization of the **heads of the households** (and their spouses) in our community. The distributions below point to some further aspects



of aging, and the gradual decomposition of the once prevalent formations of larger households.

Table 5.4. shows a remarkably high share of female-headed households in the neighbourhood: they make up 38.6 per cent. As a corollary of aging and gender-based differences in mortality-rates, these female-headed units are mostly the small households of elderly women, who survived their husbands, and live at present on their own. This is reflected in the fact that, on the average, female heads are more than 10 years older than their male counterparts, and (as it turns out from Table 5.5.) single widowed women with their 45.6 per cent ratio represent the decisive majority among them, with an average of 68 years of age.

Table 5.4.

**Sex and age of household-head and spouse**

Age	Head of the household			Spouse		
	Male	Female	Together	Male	Female	Together
29 years old or younger	17,6	5,8	13,1	-	17,3	15,8
Between 30-39 years of age	26,8	14,8	22,2	-	24,7	22,5
Between 40-49 years of age	14,8	10,3	13,1	12,5	11,1	11,2
Between 50-59 years of age	10,2	11,8	10,8	37,5	23,4	24,7
60 years old or older	30,6	57,3	40,8	50,0	23,5	25,8
Altogether	100,0	100,0	100,0	100,0	100,0	100,0
N =	108 (61,4%)	68 (38,6%)	176 (100,0%)	8 (9,6%)	81 (91,0%)	89 (100,0%)
Average age (years)	47,2	57,9	51,3	58,0	46,3	47,3

The high frequency of female widowhood is the main factor behind the markedly divergent age-composition of the 108 households headed by men, as opposed to the 68 female-headed ones. Truly young households are almost exclusively headed by men, but even the younger middle-aged ones (those between 30 and 39 years of age) are dominantly theirs: those under the age of 40 account for 44 per cent of all male-headed units, while the presence of this relatively young group is just 21 per cent among the female heads. The ratios on the other edge of the scale are just the opposite: 31 per cent of the men, and 57 per cent of the women are over their 60 among the household-heads.

A second concomitant consequence of the relatively advanced age of our community is the low occurrence of marriages: only half of the heads of the households lives together with somebody, who is either his/her husband/wife, or a stable cohabitating partner. In most of the cases (in 91 per cent of them), the spouse is a woman -- most frequently a few years younger than her husband (partner).<sup>7</sup> The age-distribution of women as spouses is just the reverse of female household-heads: those below the age of 40 account for 42 per cent, while elderly spouses represent a minority with 24 per cent. In those few cases (8 households), when married women are the heads of their households (which -- by definition -- means that their husbands have already retired, and this way, they are the only active earners of the family), the spouses are relatively old: 50 per cent of them is over 60, and on the average, they are 58 years old.

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<sup>7</sup> On the average, husbands of our sample are 1.8 years older than their spouses, which is representing the general trend. As demographic analyses have pointed out, the age-difference at marriage has been steadily decreasing in the last decades in Hungary. The aggregate figures of the 1990 Census for Budapest show a similarly low age-difference with an average of 2.8 years.



From the perspective of the actual marital status of the head, Table 5.5. confirms, what has been said above. However, one additional gender-related characteristic has to be pointed out: the absolute dominance of married men among the male heads (72.2 per cent).

Table 5.5.

**Marital status of male and female household-heads**

	Male	Average age (years)	Female	Average age (years)
Unmarried, single	13.0	35.2	10.3	43.3
Married	72.2	48.5	11.8	48.2
Separated	0.9	46.0	4.4	42.0
Divorced, single	9.3	48.6	27.9	53.3
Divorced, cohabitating	1.9	40.0	—	—
Widowed, single	1.9	73.0	45.6	68.0
Widowed, cohabitating	0.9	65.0	—	—
Together	100.0	47.2	100.0	57.9

The 60 per cent difference in the ratios of married male and female heads reflects a general phenomenon. Due to the complexity of supportive roles of women in the internal physical and psychological division of labour of the families, men rarely find it easy to lead a single life after divorce, or the death of their wife. As we will discuss it later in detail, the financial balance of the households also requires a peculiar division of roles: while men seek several jobs in the formal and informal economy, the only way of doing it, is to rely on women's work as housekeepers and general care-takers. The frequent diseases of

men and the high prevalence of their early disablement (reflected also in the gender-specific ratios of early retirement on the ground of ill health) is a further aspect of their poor capacity to cope with loneliness. And one also should add the informal pressure of the community: according to the dominant values and notions of "normality", a man living on his own is regarded as "deviant", while the solitude of a woman (especially, if she had already lived in marriage for a while, and had given birth to children, who then left for the "normal" reasons of adulthood) is found to meet conformity with the unwritten rules. One has to note, however that the slow changes, and the withering away of rigid traditionalism is expressed in the nearly-identical ratio of unmarried male and female single household-heads, which signals another aspect of the already mentioned accentuated drive of the young to start their adult life by separating from their parents.



## VI. ECONOMIC ACTIVITIES, EMPLOYMENT AND WORK IN URBAN HOUSEHOLDS

By focussing on the recent remarkable changes in people's access to employment and work, we aim at outlining here one of the most important aspects of economic restructuring in contemporary Hungary. It has to be recalled that the transformation of the labour market is a key-issue of successful adaptation of the macro-economy: it requires the complete decomposition of the former state-socialist structure of compulsory full employment in order to substitute it by new patterns and regulations of participation in work. As it will be demonstrated below, this aspect of the ongoing systemic transformation faces individuals and families with perhaps the sharpest hindrances of day to day life. They not only have to encounter the sudden loss of life-time security of employment, but are also confronted with a number of related challenges. Just to mention a few of them, they have to acquire new skills and qualifications within a short time; have to make earlier unknown decisions on accepting or refusing certain forms of job-contract; as a consequence of such decisions, they have to adjust spending and accumulation to altered ways of getting access to income; they have to approve new, market-based principles of entitlement for social security, and also for access to free health care; they are forced to learn new roles in order to adapt to the sharply changed conditions of attaining a decent earning, and, thus, frequently have to accept substantial modification of the once routinized division of labour within their families, etc. In short, it is the changed ways and forms of work and employment through which people experience the everyday meaning of the

current systemic transformation in perhaps the most profound and naked sense of the term.

The changing characteristics of employment are probably the most sensitive indicators of the country's "mid-way" situation at present. As we will see below, both, macro-statistics and our survey-data show a peculiar mixture of inertia (due to the retardatory strength of the recent past), and definite signs of a slow transformation (provoked by the necessity of adaptation). Just to give a few preliminary examples: booming unemployment has not induced yet any forms of job-sharing, or any significant rise in part-time employment. Instead, the phenomenon goes hand in hand with a surprising resistance of those types of employment, where people are able to preserve their classical positions in fixed "nine-to-five" tenure jobs within the old-established and slowly changing huge state-owned firms. Or: while the rapid spreading of small entrepreneurship is an undeniable indicator of gradual marketization, a closer examination shows that the majority of the owners are just "part-time" participants of the private sector, because simultaneously, they try to maintain their presence also in the more secure sphere of traditional state-employment (this way, they attempt to combine the dual advantages of low-paid stability and high-paid, though risky autonomy.)

Data in the subsequent tables below will justify these statements convincingly. The first in order (Table 6.1.) gives us an aggregate picture about the rapidity and sharpness of recent changes in primary economic status of the adult urban population.<sup>1</sup>

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<sup>1</sup> For the sake of a longitudinal follow-up of the changes in economic status, and a simultaneous adjustment of our data-set to conventions of cross-country comparisons, a dual categorization



Table 6.1.

**Distribution of the population aged 15 and over, according to the  
type of primary economic status**  
(Percentage distributions)

Type of economic activity	Budapest		XIIIth district		Community 1992
	1980	1990	1980	1990	
Active earner	60,9	55.1	60.2	54.8	35.7
Unemployed <sup>2</sup>	-	1.5	-	1.7	8.9
On pension	28.2	32.2	30.4	34.4	45.5
On child care fee/grant <sup>3</sup>	2.3	2.2	2.1	1.9	3.1
Student	4.9	7.0	4.2	5.4	5.0
Non-studying adult dependant	3.7	2.0	3.1	1.8	1.8
Together	100.0	100.0	100.0	100.0	100.0

Source: 1980- and 1990 Census, Random-sample survey

will be applied in analysing our survey-data. On the one hand, we classified economic activities of our respondents according to the old socialist typology with the underlying principle of differentiating "status in the labour force" from "work" (details of this categorization were described in Chapter II.); on the other hand, their "participation in one or another form of income-raising activities" was taken into account, leading to more market-conform concepts of "gainful employment", "unemployment" and "withdrawal from the labour market".

<sup>2</sup> Self-reported unemployment

<sup>3</sup> Childcare fee and childcare grant are two types of social security benefits, paid to parents (in practice, mostly to mothers) with previous regular employment who saty at home with their child until he/she reaches the age of 3. The first type is an earnings-related benefit, covering the period which follows the end of the fully paid first six month of maternity leave, up to the age of 2 of the child (as a maximum duration). The second is a flat-rate benefit for the last, third year. In principle, childcare leave is job-protected (though, with growing unemployment, neither the state, nor the firms themselves can guarantee this right anymore), and parents have a legalized option either to combine it with limited hours of part-time work, or to terminate it temporarily, by going back to full-time employment for a while, then taking off a break again.

It is perhaps not an exaggeration to call the developments of the post-1990 years a "sudden collapse of full employment". After some truly gradual (5 per cent) decrease throughout a decade, data of the table indicate an immediate drop of 19 per cent in the ratio of active earners within the very short period of the two years between 1990 and 1992. In addition, a comparison of age-related district-level distributions with those driven from our survey revealed that the withering away of job-security was experienced to a markedly different extent by the younger and older cohorts of the community. While the level of employment dropped within two years by some 11 per cent for those between 15-19 years of age, the decline amounted already for 17 per cent in case of those between 20-39. The older middle-aged groups were even more severely affected: the ratio of the employed 40-49 years olds fell by 26 per cent, and the decline was as sharp as 31 per cent for those between 50-59 years of age.

However, aging is not the only factor: while the elderly are more numerous among women, the drop of the share of active earners is significantly higher among men (their loss since 1990 is 17 per cent, while it is only 7 per cent in the female population of our community). This reverse tendency can only be explained by the gender-related differences in shrinking opportunities for gainful employment,<sup>4</sup> which, as it was pointed out earlier, men suffer more than women. In fact, the dramatic

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<sup>4</sup> One has to add that, due to the leading role of the capital in the economy of the country, there were practically no differences in the ratios of employment between men and women ten years before, i.e. before the outbreak of the economic crisis. The 1980 Census found that the ratios for those between school-leaving - and retirement ages were as high, as 86.9 per cent for men and 79.5 per cent for women. (Even this minor difference is caused by the above-mentioned gender-related characteristic of the childcare fee/grant, leading to just temporary underrepresentation of women among the actively employed.)



increase in the proportion of the unemployed points to the same direction: in accordance with the general trends, the share of them is remarkably higher -- 12.9 per cent -- among men, while women have experienced a lower risk of "only" 7.6 per cent. It has to be noted, however that a closer analysis of our data on unemployment proved somewhat more moderate rates. It turned out that some of those who declared themselves as "unemployed", were in fact engaged in one or another form of gainful activities at the time of responding to our questionnaire. True, these jobs were mainly temporary casual ones, thus, the interviewees did not regard them an end of their "unemployed" status, instead, as an only transitory "suspension" of it. (The actual rate of unemployment in our community still proved to be substantially higher than those calculated on the basis of registration at the local labour offices in Budapest in Spring, 1992. Even with the omission of these "working unemployed", the community-level unemployment-rate was as high as 14.2 per cent -- while official statistics showed only 8 per cent for the capital in this period.)

Another indicator of the substantial decrease in the stability of employment is the relatively high, 15 per cent rate of those in our sample who had lost their work within the few months prior to our visit in their household. The personal history of the "mini-sample" of these 24 persons reflects general tendencies: 17 of them was sacked from state-run large firms. The majority were men under the age of 50, who had worked on one or another post of socialist industry (either in manual work, or in non-qualified administrative jobs), though they had been working there only for a relatively short period before the firm (or a part of it) was closed down. 13 of them became unemployed, though

the more fortunate had other options to escape this situation: 6 of them retired, and three younger women went on longterm childcare leave<sup>5</sup>. The increased importance of these latter pathways is also demonstrated in Table 6.2. Due to increased interest in and access to various programs of early retirement, the ratio of 50-59 pensioners grew from the district-level ratio of 42.3 per cent in 1990 to a 65.3 share by 1992 in our community. Data of the random-sample survey indicate a similar increase of interest in the take-up of long-term childcare benefits: the ratio of women on childcare fee/grant jumped from 7.8 per cent to 12.2 per cent among those aged 20-29.. (Let us add that some of the in-depth interviews threw light to very deliberate decisions in the background: *"We planned to have another child anyway... We decided to have him now... For the time being, it is better to stay at home on fixed benefit than to face unemployment... Perhaps, things turn to the better in a few years..."*)

The rapid contraction of job-opportunities of its individual members has generated remarkable changes also in the activity-structure (and, as we will discuss it below, in the composition of incomes) of all types of households. Table 6.2. demonstrates a steady increase in the proportion of the units without a single member in full-time employment. Though part of this trend is a straight consequence of aging, the detailed distributions reveal

<sup>5</sup> A recent comprehensive analysis of the latest tendencies on the labour market revealed that the most powerful groups try to mobilize alternative, "preventive" pathways to avoid the hopeless situation of unemployment. Statistics show a remarkable increase in the take-up of childcare fee/grant, and also a jump in the various forms of early retirement (especially, in the ratio those on disability-pension). See: Laky, T.: A munkaerőpiac keresletét és kínálatát alakító folyamatok ("Factors Influencing Demand and Supply on the Labour Market"); Institute of Labour Studies, Budapest, 1993.

that the once prevalent formation of two-earners households has lost its dominance even in the younger layers of the urban population. Leaving aside the households which are headed by those in retirement-age, our survey-data show a shockingly high proportion --68 per cent-- of those units, where none or only one of the adult members are regularly employed.

Table 6.2.

**Percentage distribution of households according to the number of economically active member**

Number of active earners	Budapest		XIIIth district		Community 1992
	1980	1990	1980	1990	
None	27.1	33.5	30.7	37.7	55.1
One	32.2	34.7	32.8	35.8	25.6
Two	33.2	25.5	29.7	22.1	17.6
Three or more	7.5	6.3	6.8	4.4	1.7
Together	100.0	100.0	100.0	100.0	100.0

Source: 1980- and 1990 Census; Random-sample survey

Besides immediate consequences for the attainable level of income and the affordable standard of consumption, these dramatic changes have also serious and lasting implications on people's values, aspirations and their perceptions of future outlook. The conflicts between prevailing values of the near-past and those of the present can be clearly demonstrated by a glimpse to the longterm tendencies in schooling. Table A11 (Appendix) shows a remarkable rise over time in the educational level of the urban population. The majority completed at least the 8-grades primary school (the only exceptions are those over the age of 60 who were



brought up in the pre-war times when elementary schooling consisted only of 6 grades); nearly half of those above the age of 18 continued their studies, and matriculated in one or another form of secondary schools, while every 5-7th of those over 25 did not stop even at this stage, but acquired a college-degree. These figures are the clear manifestations of the fact that the long-emphasized importance of schooling has generated high expectations. Even parents in the poorer layers of society made tremendous efforts to assist their children in continuing education beyond the compulsory age. These efforts were driven by the hope to reach a better social status for them through this most important channel of upward social mobility in a modernized economy. It is a great source of massive frustration nowadays that these efforts seem to be rapidly eroded, and prove to be a mere waste of time, money and energy in the eyes of those paying the most. Our survey-data show that the risk of losing one's job is highest among those who had enjoyed a rather prestigious position in old industries before. It is not by accident that one-third of those who gave up work a few months prior to the survey, possess a certificate of secondary-level vocational training: they had studied once in response to the challenges and promises of socialist industrialization which led them to a dead-end in searching substitutional forms of livelihood nowadays. A detailed analysis of the job-careers of the 47 respondents with vocational training in the background shows that even the temporary acceptance of lower-ranked posts of semi-skilled or unskilled work could not prevent some third of them from ending up in unemployment. Similarly, although the overwhelming majority of the younger groups of women matriculated in a secondary school, the rather good level of schooling did not protect them

against losing their posts in non-qualified office-work which are cut in the first place when a firm has to decide about "economizing" with its manpower.

In most of the cases, the ultimate loss of one's job is preceded by a history of downward move on the occupational hierarchy. This latter process is much wider in its effects than the threat of unemployment. Data in Table 6.3. indicate that economic restructuring generates a massive loss of earlier prestigious positions both, in manual and non-manual work. The synchronic increase of unemployment and under-employment is in a sense natural. At the last resort, people accept the downgrading of their former high position if otherwise they face to lose everything. A restructured economy needs much less "executives" or "specialists" than did the artificially grown bureaucracy of socialist management. On the level of personal options, it is more "rationale", however, to accept a "simple" office-work than to get on the doll. Similarly, "superfluous" non-qualified clerical workers or assistants find it a better solution to move to an unqualified job within the very same firm than to face the fate of losing any kind of secured earnings. True, there are also other forms of self-protection, though only for the more fortunate. If it is affordable, one can lengthen perhaps the years of study, or try to enter an adventureous life in private business.

Table 6.3.

**Percentage distribution of persons according to last known  
occupation**

Type of occupation	Budapest (1987)	XIII. distr. (1987)	Community (1992)
Executive/manager	8.9	9.7	3.3
Professional, specialist	19.8	28.0	12.7
Office worker	6.7	6.9	15.1
Skilled manual worker	17.0	15.1	15.5
Semi-skilled manual worker	14.5	9.5	8.3
Unskilled manual worker	4.4	2.8	11.7
Self-employed	2.6	2.4	4.6
Student/child not in school yet	24.5	24.7	27.6
Adult dependant	1.6	0.9	1.2
Together	100.0	100.0	100.0

Source: Income survey, 1987; Random-sample survey

Table 6.4. shows the extent of the structural changes from a different angle, i.e., from the rapidly altered composition of the economy according to industries. The changes point to an important characteristic of the socialist legacy. The sharp decrease of the ratios of those employed in manufacturing and construction reflect the necessary decomposition of the least efficient parts of the production, while job-opportunities are shifted toward the service-sector, i.e., toward a long-neglected and underdeveloped segment, whose "closing up" is an important precondition of successful marketization. (The same tendency can be seen from the shifting sources of the yearly GDP. While in 1988, the contribution of mining and manufacturing was still 34 per cent, it dropped to 29 per cent by 1991; the opposite could



be registered in relation to the service-sector, which raised its contribution from 22 per cent to 26 per cent in the meantime.)

Table 6.4.

**Composition according to industries**  
(Percentage distribution)

Industry	Budapest		XIIIth district		Community 1992
	1980	1990	1980	1990	
Manufacturing	34.7	27.1	35.0	25.5	16.2
Construction	10.2	9.3	11.7	9.7	4.2
Agric., forestry+ rel. services	4.8	3.7	3.4	3.3	-
Transport, communication	10.2	14.7	9.8	9.7	8.5
Trade (wholesale + retail)	12.9	9.5	12.7	14.4	10.6
Personal, financ. and computer services	6.2	9.5	6.3	9.7	20.4
Educ., health- and social services	13.2	16.0	13.8	15.6	14.8
Public administr. + science	7.8	9.3	7.3	12.1	25.4
Together	100.0	100.0	100.0	100.0	100.0

Source: 1980- and 1990 Census, Random-sample survey

It has to be added that by looking at the remarkable shifts in employment-opportunities, one can identify an important factor of the relatively favourable situation of the female labour force. Due to traditions, the types of earlier acquired skills in the second economy, and also to the rather low level of earnings,

women find it generally easier than men to accept the jobs offered by new private business in personal services, although these new forms of employment frequently turn out to be less stable both, in details of contract and in duration. However, their mere existence induces a high degree of flexibility of adaptation for women, even at the frequent oscillation of their status between employment and non-employment.

However, the gender-related differences in considerations when people seek work for themselves amid the drastically changed conditions could be revealed only from the in-depth interviews of the sub-sample. Statistics computed from data of the random-sample survey still show the unquestionable dominance of "classical", state-provided forms of employment. This fact is justified by Table 6.5. which presents some details about the types of economic activities of the household-heads and their spouses in our community. The figures show that 83 per cent of the male and 90 per cent of the female active earners work in state-owned firms/services or in public administration, while private enterprises give the basis of living for only 11 per cent of the male, and 5 per cent of the female employees. The latter figures are in accordance with the share of private ownership in the national economy: data on the distribution of properties show a roughly 15 per cent proportion of private entrepreneurs, but they own only about 5-8 per cent of the productive wealth of the country (since most of these firms are very small, family-based ones, giving employment to 1-5 employees). Cooperatives represent an inbetween position on this scale, though this form of ownership is more frequent in agriculture than in industries and services -- thus, it very rarely gives employment to the established urban population.

Table 6.5.

**Employment-status and type of income-contribution of household-head and spouse**

(Percentage distributions)

Type of economic activity and income-contribution	Head of the household			Spouse (M+F)
	Male	Female	Together	
<u>Active earners</u>	<u>50.0</u>	<u>29.4</u>	<u>42.0</u>	<u>31.5</u>
Out of them:				
- in state-employment	41.7	26.4	35.8	28.1
- works as member of cooperative	2.7	1.5	2.2	1.1
- in private business	5.6	1.5	4.0	2.3
<u>Self-declared unemployed</u>	<u>13.9</u>	<u>5.9</u>	<u>10.8</u>	<u>9.0</u>
Out of them:				
- gets unemployment benefit	0.9	1.5	1.1	-
- does not get unemployment benefit, but has some work	3.7	-	2.3	-
- does not get unemployment benefit, and has no work	9.3	4.4	7.4	9.0
<u>On childcare fee/grant</u>	<u>-</u>	<u>1.5</u>	<u>0.6</u>	<u>7.9</u>
<u>Pensioners</u>	<u>36.1</u>	<u>63.2</u>	<u>46.6</u>	<u>44.9</u>
Out of them:				
- on old-age pension + in part-time employment	27.8	38.2	3.18	38.2
- on old-age pension, not in employment	8.3	14.7	10.8	6.7
- receives other type of pension (disability, widow)	-	10.3	-	-
<u>Dependant adult (housewife)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6.7</u>
<u>Together</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Table 6.5. draws our attention also to some further aspects of the transitory character of the economy, and to the weakened functioning of the existing schemes of social security which

should render protection against the losses. The first to be mentioned is the shockingly poor performance of the unemployment benefit-scheme. While 10.8 per cent of the heads classified him/herself as "unemployed", not more than only 10.5 (!) per cent of them received a regular benefit at the time of the survey. True, a further 21 per cent had some casual work in the black or grey economy, but the majority (68 per cent) proved to be "unemployed" even in the strictest sense of the term. (Thus, the "cleared" rate of unemployment among the household-heads turned out to be as high as 13.1 per cent, i.e. just 1 per cent less than the rate calculated for the entire working population of the community.) The situation seemed to be even more severe among the spouses: none of the 8 women in this situation enjoyed either a benefit, or even a minimal earning on her own right<sup>6</sup>. The informations we got at the local labour office and from the people themselves seem to be convincing. The overwhelming majority of these people and their families suffer a sudden drop into absolute poverty, and, since they cannot rely on any "official" help, the only way to cope with the situation is to adapt to sharp oscillations in income and consumption, dependent on incalculable access to casual work here or there. Although the timing of our survey might give a partial explanation to the painfully low occurrence of "normal" transfer-payments for them (due to the former low rate of unemployment in the capital, the local labour offices were not prepared for the sudden and sharp boom, thus, there were long delays in administration and in the start of paying regularly to those who were entitled), there are also other indications of the poor functioning of the

<sup>6</sup> A 17.4 per cent unemployment-rate was measured by our survey among the spouses of the household-heads in the community.

unemployment benefit scheme. The countrywide Hungarian Household Panel Survey<sup>7</sup> (based on several repeated interviews within a year) found in Budapest in Spring, 1992 that only roughly one-third of the unemployed received the regular unemployment benefit they would have been entitled to; national statistics demonstrate a steady lengthening of the duration of the waiting-period for the first payment, and a simultaneous increase in the numbers of those, who, for one reason or another, drop out from the scheme. (The most frequent cause is "legal": while people further remain unemployed, their entitlement gets terminated after 12 months. Following the termination, their cases are referred to the local authorities, which can offer them, at best, a minimal sum of irregular "survival-assistance", greatly dependent on the available resources and the number of "competing" other groups of the poor in the given community<sup>8</sup>.)

The surprisingly high rates of both, male and female old-age pensioners, who, despite leaving behind the deserved age of retirement, work regularly, is another reflection of malfunctions in the social security scheme. Since pensions have not kept pace with inflation, people try to compensate their losses by seeking employment. However, employment-opportunities for the elderly are rapidly vanishing with the increase of unemployment, and they also often have to face humiliating conflicts generated by an

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<sup>7</sup> Sik, E.-Tóth, I. Gy.: Report on the First Findings of The Hungarian Household Panel Survey of 1991-1992; Department of Sociology, Budapest University of Economics - TÁRKI, Budapest, 1993.

<sup>8</sup> The new Social Act of 1993 attempted to reduce the degree of defenselessness in this regard by introducing a new type of targeted welfare assistance for the drop-outs of the unemployment benefit-scheme. However, because of severe deficits of their budgets, a great number of local governments are unable to ensure regular monthly payments for the chronically unemployed in their neighbourhood.



unjust competition among various groups of the most defenceless. Therefore, bitterness is growing both, among the once hard working, but now quickly impoverishing pensioners, and the most hopeless groups of the unemployed. Local authorities are overburdened with the everyday struggle to fill in the holes of social policy, which has shifted these conflicts from the central political and decision-making bodies (the government, the national trade unions, and the Parliament) to the local levels of the communities. (We will return to several further aspects of these most tenseful situations later, when analyzing various coping strategies of the households.)

An in-depth analysis of the survey-data also revealed the highly class-related access to gainful work for all those who, for one reason or another, were already out of the most secure realm of fulltime employment. The statement proved to be especially true in case of men, among whom unemployment has generated really very intense competition: only a part of former qualified workers with marketable skills (retired automechanics, those working earlier in fashionable jobs of the service-sector, etc.) and, above all, highly educated professionals had such an opportunity (though they belong to the better-off groups -- as we will see in the discussion of incomes below). True, this exclusiveness is less characteristic for women. The difference is mainly due to the above-indicated fact that they are more willing to seek and accept non-regular forms of work, which can be fit into the intra-household division of labour, and can be combined more easily with other activities at home. (Cleaning at houses, other forms of paid home-help, contracted piecework or sewing at home are important additional sources of income for many of those female pensioners, who were employed before as unskilled or

semiskilled factory-workers. At the same time, this segment of the informal labour market is hardly accessible for men. If they can, they mostly go back to their earlier workplace, and get -- if they get at all -- regular part-time employment there<sup>9</sup>.)

The picture is even more colourful, if we have a look on the access to and the combination of various types of work in the formal/informal economy for the three groups of young, middle-aged and elderly households (measured by the age of the head). (See Table A12 in the Appendix.) The figures of the table show that even the youngest groups have to face remarkable insecurity nowadays: 14.5 per cent of their families can at best rely on irregular income from work (5 per cent has no work-related income at all!), mainly due to the already mentioned high risk of unemployment of the male population in this cohort. The earlier described inflexibility of the labour market in the current phase of economic restructuring is indicated by the fact that at the same time, 37.1 per cent of the very same group lives from two or more earnings (often complemented even also by some extras from secondary jobs, or work in the informal economy). On top of it, as it is shown by a more detailed analysis of the data, inflexibility is piled up by the cast-like social segmentation of job-opportunities. While 47 per cent of the households with two members in full-time employment consists exclusively of highly educated adult members, the ratio of those families, where none of the adults continued schooling after compulsory primary education, is only 2 per cent in this group with the most stable income-situation (see later). The proportions are just the

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<sup>9</sup> These gender-differences and their background determinants are discussed at length in: Szalai, J.: Early Exit from Employment in Hungary; in: Time for Retirement (eds. Kohli, M. and Rein, M.), Cambridge University Press, New York, 1991.

opposite on the other end of the scale: the least educated households represent 40 per cent of those with no work-related income at all, while the share of the highly educated ones is only 25 per cent among them (and let us add: in this case, the background cause is not unemployment, but the excessive ratio of retired professionals, who otherwise have a more or less satisfactory income from their pensions, thus, do not feel the burning need for seeking additional employment). (Let us add here a comment on a closely related aspect of the very same types of differences. As our data show it: the lower the level of schooling, the longer hours have to be accomplished -- for less earning. While people with no schooling above the compulsory level work 42.7 hours a week on the average, the corresponding figure is only 40.4 h/week in case of those with a secondary-level certificate, and drops to 38.6 h/week among those with a university-degree.)

The range of available jobs is sharply narrowing by age: while the ratio of households without income from work reaches 17 per cent among the middle-aged, and an additional 29 per cent of them has hopes only for highly oscillating earnings from irregular access to jobs here and there, the rate of those in the most stable financial situation (with several members in well-paying full-time jobs) drops to 23.8 per cent. Given the low level of pensions and other statutory benefits, the situation of the elderly also cannot be regarded "unproblematic". Though most of them are already retired, we will see below that a great number of their households risks serious poverty just because of the withering away of access to additional income which they used to draw from work even a few years ago. Only a minority (22 per cent) has been able to preserve access to one or another form of

part-time employment<sup>10</sup>. However, this minority is recruited --as it was already pointed out-- from the better-educated and better-qualified groups of pensioners, whose knowledge and cumulated experience is welcome by their previous employer even amid the more difficult current economic conditions. These "pragmatic" considerations behind the increasingly selective employment-policy of the firms work, unfortunately, to the detriment of the more deprived strata of the elderly, and thus, contribute to the rapid increase of income-inequalities even within the retired population<sup>11</sup> (this disturbing phenomenon of the past years will be discussed in details in the next chapter).

Finally, let us give an overview about the varying degree of labour market-participation in families facing very diverse needs according to their life-cycle and composition. Table 6.6. presents figures on access to work according to the types of the households. It demonstrates that the share of those having no work-related income at all is quite remarkable among those bringing up children: it ranges from 17.9 per cent (in case of married couples with children) to 33.4 (!) per cent among one-parent families, who, besides serious financial constraints, also

<sup>10</sup> In comparison to the late-1980s, the drop is very sharp. The country-wide representative timebudget-survey of the Central Statistical Office found in 1987 that 68 per cent of the male-, and 51 per cent of the female pensioners was engaged in one or another forms of gainful work in an "average" day of the year. (See: A magyar társadalom életmódjának változásai /"Changes in the Ways of Life of Hungarian Society"/; CSO-Institute of Sociology, HAS, Budapest, 1990.

<sup>11</sup> The rapid increase of income-differentials among the elderly is a relatively new phenomenon of economic restructuring and of the wider processes of recent social transformation. The subsequent countrywide income surveys of the previous decades found a comparatively high degree of equality of incomes among the households of the retired population even in those periods, when statistical figures signaled an otherwise remarkable increase of inequalities (due mainly to occupational differences and the divergences of the earner/dependant ratios in various types of the households of active wage-earners).

face a wide range of difficulties and fragilities of everyday life. As we will see below, statutory benefits and social services are hardly capable of countervailing the lack of income from work. On the contrary: the shortage of money often generates a self-sustaining vicious circle which ultimately "prices them out" of access to childcare services, cheap schoolmeals, etc. Therefore, shrinking employment-opportunities seem to be the most decisive component of the rapid impoverishment of urban families with children. As we pointed out in Chapter II, they are the ones who face the highest risk to drop under the officially measured minimal level of subsistence. Hence, one can say that unemployment and the concomitant slow adaptation of the labour market are perhaps the most responsible factors behind poverty, especially, behind rapidly increasing child-poverty of the urban population.



Table 6.6.

**Percentage distribution of households, according to aggregated household-type and the number of working members**

Type of the household	One working member in reg., full-time work	works beside soc.sec.	Two (or more)* working members, all in reg., full-time empl.	Two working members, one in reg. full-time empl., other works beside soc.sec.	No working member	Together
Couple only	17.4	19.6	21.7	4.3	37.0	100.0
Couple, nuclear	46.4	-	32.1	3.6	17.9	100.0
Couple, extended	15.0	10.0	55.0	-	20.0	100.0
Single	17.0	16.9	-	-	66.1	100.0
One parent with child(ren) (nuclear + extended)	50.0	8.3	8.3	-	33.4	100.0
All other types	45.4	-	27.3	-	27.3	100.0
Together	25.6	12.5	19.3	1.7	40.9	100.0

\* There is only one household in the sample with three working members (parents with their adult, non-married child, who all work in the family-based small enterprise).

## VII. CHANGING FINANCES OF URBAN HOUSEHOLDS

### 1. Impacts of economic restructuring on the sources of living

As it was discussed in the previous chapter, transition toward a market-economy has deeply restructured the labour market within a few years. The consequences are felt not only in the increasing rates of unemployment, or, in a much aggravated access to stable and well-paying forms of work, but the changing conditions of labour force participation have severely affected also the daily running of the household-economies. The vanishing of secured employment has led to a drop in the share of work-related income, and the losses could not be counterbalanced in the greater part of society. The outcome has been a downward turn in the previous unbroken rise of living standards, accompanied by a significant increase of inequalities among households. While the least protected groups fell into hopeless and irreversible poverty, the more fortunate could activate much of their earlier "frozen" reserves, thus, have been able to defend themselves against deterioration.

In this chapter, we aim at outlining details of these recent socio-economic currents, and will analyze those strategies for coping which the various segments of urban society have tried to follow amid the increasingly strenuous circumstances. As we will see below, the mere protection (not to speak of improvement) of their past standards required a great deal of adaptivity from most of the individuals and their families. However, "adaptivity" in itself means very different things in their very different, and just partially maneuverable conditions. Some could respond by mobilizing all those varied and sophisticated crafts which had

been developed in the "hidden marketization process" of the earlier decades, and thus, have become the true winners of the ongoing systemic changes. At the same time, earlier acquired skills and routines, once indispensable contribution to production, and the consequent respected occupational position of others have become rapidly "devaluated" by the very same developments of economic transformation, thus, pushing them quickly to the loser-side. While the labour force status of its members has always played a determinant role in shaping the actual level of living of the households, work-related disparities were probably never as penetrating, as nowadays. As it will be demonstrated, the recent rapid segmentation of the labour market has led to sharpened inequalities in the standards and composition of income, consumption and wealth, which hardly can be compensated by any means of formal or informal redistribution.

Table 7.1. presents some aggregate indicators of the long-term tendencies in this regard, pointing to increased differentiation in the contribution of income from work to the monthly budget of various categories of households. While the growing ratios between 1982 and 1987 had reflected the rapid forge ahead of the second economy in the livelihood of Hungarian society, the drop throughout the next period was a consequence of the above-outlined new trends which have affected low- and high-income families alike. However, a closer look to the inequalities between the actual levels of earnings show that the differences in absolute terms have been substantially increasing in the meantime. While in 1987, the monthly average of earnings in the highest (10th) decile was 5.4 times above the corresponding figure in the lowest (1st) one, the index measuring their

distance jumped to 7.1 by 1992. The detailed analysis of our survey-data revealed that, despite the drop of the share of the work-related component of their monthly budget, households in the upper segment of the income-scale have reacted to the changes with a high degree of flexibility. They quickly learned to combine various forms of employment, and often complemented their decreasing wages and salaries from main job by engaging in simultaneous part-time activities in the second economy, and by entering (though, most frequently, just with "one foot") the world of private business which often provided them remarkable dividends and profit<sup>1</sup>. At the same time, a disaggregation of the data on the lower edge of the hierarchy pointed to extreme fragilities: earnings turned out to be not only more moderate in their level and share, but, due to the high proportion of casual work and temporary contracts, they also proved to be less stable in internal composition. In addition, household-members in these vulnerable groups rarely can substitute each other's contribution, given that even the unstable and non-guaranteed temporary access to any kinds of income-raising activities is usually dependent on the successful job-seeking and working

<sup>1</sup> Other sources also indicate that private business has gained a substantial importance in recent years in the income of the most affluent part of Hungarian society. The Hungarian Household Panel Survey (run in 1991-1992) found that as many as 46 per cent of the households in the highest quintile had regular income from the private sphere of the economy, which amounted to 17.1 per cent of their monthly resources. The picture is entirely different at the other end of the scale. Only 17 per cent of the households in the lowest quintile had access to this type of income, with a rather insignificant rate of 7 per cent contribution to their monthly resources. (The actual levels of business-related incomes show even greater inequalities: the per capita sum was 3 891 Fts per month in the highest, while only 392 Fts in the lowest decile.) (See: Toth, I.Gy.: A szociális újraelosztás és a háztartások jövedelmi szerkezete ("Welfare redistribution and the Composition of Incomes in the Households"); in: Sik, E.-Toth, I.Gy.: Report on the First Phase of the Hungarian Household Panel; Budapest University of Economics - TÁRKI, Budapest, 1993.)

capacity of only one among their members -- if he/she fails to get the much expected job, the budget might suffer substantial deficits from one month to the other.

Table 7.1.

Longterm changes in the share of work-related income

P.c. ratio of work-related income (including income from private business)	1982	Budapest 1987	Community 1992
Households with at least one member in full-time employment	82.0	83.5	79.3
Households with no member in full-time employment	11.3	14.8	14.8
Lowest (1.) quintile of the income-distr.	n.d.	61.5	47.6
Highest (5.) quintile of the income-distr.	n.d.	81.3	67.4
All households	70.8	71.5	44.1

n.d. = no data

Source: CSO-Representative Income Surveys, 1983 and 1988, resp.,  
Random-sample survey

These differences are the consequence of the above-indicated restructuring of the labour market which has created a remarkable apportionment of job-opportunities. Disparities in access to work are further intensified by previously unknown ways of informal job-protection and preventive actions of some strong groups of the employees, at the expense of weakening the chances of others. Cross-tabulations and in-depth interviews on personal labour-histories revealed the advantageous position of certain groups of



the younger - middleaged male qualified workers and of the somewhat older professionals in this regard. The most surprising fact about their recent job-career was the high incidence of entrances to new workplaces. This phenomenon can perhaps be called a "run-ahead"-type of adaptation to the entirely changed circumstances, manifesting itself in an early leave of those firms which are known to be closed down in the near future. By finding a new job in due course (even, if at the price of some loss in earnings), many of these employees in key-positions of production have been able to escape the threat and humiliation of being sacked out. Just to list a few characteristic examples, one can find among them those formerly well-paid mechanics who had been foremen in one or another of those established machine-producing firms of Angyalföld which got bankrupted with the collapse of the Comecon market; or, those highly qualified engineers from the near-by old company have to be referred here, who had specialized themselves in designing tractors exclusively for the large state-farms and for Soviet export, thus, with a turn to Westren markets, their expertise has become quickly outdated; or, the similar situation of those truck-drivers and repair-workers has to be noted, who had worked in the intra-factory service departments of the very same firms, and whose work and "firefighting" skills once had been indispensable in maintaining daily production amid the chronic shortage of fittings or raw material, but whose competence was entirely location-bound , etc. These highly qualified manual and non-manual cheerleaders of socialist production often were promoted to middle-range managerial positions in the second half of the 1980s when their companies experimented with introducing technical-organizational "innovations" in order to raise

productivity, and to make some hesitant steps toward marketization. Behind its face-value, such a promotion frequently implied an important step ahead on the route to collect new crafts and skills. Even if the firms ultimately failed, and have to be closed down nowadays, these employees had an early chance to "learn" a lot about the market (many of them had been sent even abroad for a few months, to get Western training in production and management), and this investment seems to pay in a relatively smooth adaptation in these days. True, entrance to a new company with better future perspectives is certainly just a second-best solution in comparison to their previous unquestionable security, but is an active approach of coping in a situation, when "official" ways of support are scarce and ineffective.

In most of the cases, these new forms of reacting to the sharp challenges of economic restructuring proved to originate in the earlier described old ways of family-based "monopolization" of certain positions in the intra-factory world of production. The well-established informal networks of a century-long paternalistic tradition around the old firms of Angyalföld are mobilized nowadays with remarkable efficiency in seeking jobs in- and outside the "hopelessly" declining enterprises. In other words, the well-kept and extensive personal relationships of the community turn out to be a convertible "capital", paying in a safeguarded and restricted circle of informal labour exchange among people, who have known and respected each other back for generations.

This is the deeper sociological explanation of the surprising fact that a fifth of the professionals and specialists, and not less than a quarter of qualified manual

workers of the community (known to be before, as the least fluctuating and most stable members of the workforce of the large socialist industries) worked at entirely new workplaces in Spring, 1992. As the questionnaires revealed it, they had started their new jobs only a few months before our visit to their homes, usually leaving behind much better-paid posts, but escaping the apparently unavoidable future of the vanishing of their old companies, and the consequent personal crisis of unemployment.<sup>2</sup> Many of these "fresh" employees work very hard (60-70 hours a week) to balance the financial losses, and also, to reach the previous position of "irreplaceability" among their new workmates. Although there is no possibility to compare our findings with other survey-data of this kind, a strong hypothesis can be formulated that this trade-off between relative loss of earnings and a modest gain in the security of employment is more characteristic and widespread in established working class communities (like ours) than in those which had been inhabited by "newcomer" immigrants throughout the decades of forced socialist industrialization. (This hypothesis is further confirmed by another evidence of our survey: the above-described informal way of preventive job-protection is found to be practically non-existent among the semi-skilled or unskilled female workers of our sample. Their recent job-careers show a rather limited scope for choice: they either get unemployed, or, in the few more

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<sup>2</sup> On the average, both groups earn roughly 25 per cent less than those with similar qualifications in their age-group, who have already spent at least a few years at their current workplace. It has to be noted that these significant differentials according to the length of employment in a given job are also manifestations of an otherwise well-known characteristic of the labour-market, namely, the inflexibilities caused by the strong rule of seniority which seemingly has not been weakened by the recent increase of competition.

fortunate cases, change in good times for well-paid temporary contracts in the private economy, profiting in current payments, but losing in long-term security.)

Table 7.2. refines the picture gained so far. Section A demonstrates the financial consequences of those sharpening age-differentials in access to work which were discussed at length in the previous chapter. Income-data show an increasing divergence during the past years of economic restructuring: the older is the household, the smaller are the chances to preserve the previous standard of income from earnings. There are understandable factors in the background of this clear relationship. The much altered rules and principles of entry to the labour market require a high degree of openness to principal reorganization of one's whole daily life, and the capability of acting in this way is in a natural decrease, as age progresses. True, the older groups of the workforce (once being the key-groups of socialist production) usually enjoy a relatively protected position for a few years after retirement. Due to a long history in full-time employment, their pensions and other earnings-related benefits are typically high enough to prevent sudden and sharp impoverishment. However, the fate of poverty hardly can be escaped on the long run. Given the earlier described erosion of non-valorized statutory benefits, the relative advantage is "eaten up" by inflation within a few years. This is reflected in the fact that not less than two-third of the oldest households (i.e., of those whose head is above the age of 70, thus, retired a long time ago) are in the first two quintiles of the income-distribution, and their mean per capita income is just 76 per cent of the average of the community.

Section B of the table completes the picture with data concerning the impact of recent economic processes on the various household-formations. While all groups experienced a substantial drop in the share of income from work between 1987 and 1992, the relative losses were, again, larger among the older households (no matter, whether single persons or couples lived in them). Although the threat of unemployment is greater for the younger families in a child-raising cycle of their lives, nevertheless, they turned out to be more adaptive to the new conditions. In their cases, the relative loss in the weight of earnings is usually less due to a forced exit from all kinds of employment, but more to a disadvantageous shift in the internal composition of activities, i.e., an increase in the proportion of the least secure and badly paid forms of casual or part-time labour among their income-raising activities.



Table 7.2.

**Changing proportions of work-related components of the monthly  
budgets of households**

Age of hhld-head	Income from work as a percentage of monthly total hhld-income	
	Budapest, 1987	Community, 1992
Section A		
29 years old or younger	73.7	76.1
30-39 years old	82.5	75.8
40-49 years old	88.0	66.1
50-59 years old	84.3	39.4
60 years old or older	29.6	10.3
Section B		
Type of hhld		
Single	48.9	26.5
Couple without children	69.2	41.4
Couple with children	72.7	63.2
Single parent with children	63.5	51.9

Source: CSO-Income Survey, 1988; Random-sample survey

By taking into account other resources of the family-budget, the unbeatable importance of income from work is underlined from a further perspective. Table 7.3. (and the related series of Tables A 13--A 16 in the Appendix) demonstrate(s) that neither the various benefit-schemes and other redistributive transfer-payments, nor the very limited scope of regular intra-family financial assistance can really compete with the decisive role of access to income from employment. As to the level of statutory benefits, their compensatory effect is largely restricted by the very definition of entitlement for them. Since the regulations usually prescribe a certain continuity of previous employment, and, since their levels are closely linked to earnings, their

increased share in the monthly budgets even somewhat accentuates the differences which are generated by the above-indicated intensified segmentation of job-opportunities. The inter-households informal redistribution of incomes also works more toward, than against differentiation. Both, cross-tabulations and the in-depth interviews revealed that private cash-payments do not only differ remarkably in their amount, but in addition, they serve very different functions in the various segments of society. The affluent groups are often helped by quite massive support, which is usually transferred from the well-off parents to the younger generation on occasions of "uncustomary" family-investments (i.e., when the younger household intends to buy some new and expensive equipments, or a car, and would need only a transitory help from the relatives to complete own resources; or in cases, when the larger family decides to start a joint private business, etc.). On the other hand, mutual financial help among the poor typically serves mere survival, though even this indispensable contribution to the safe fulfillment of very basic needs is rather scarce and minimal; if it occurs at all, it usually reaches the really modest sum of just a few Forints per month.

These associations can be expressed in a condensed way by presenting the correlation-indices between the successive categories of resources, and the total income of the households. While a strong positive relationship of  $r=0.78$  was measured, considering the determinig role of work-related incomes, and an index of  $r=0.58$  reflected to the concurring function of private redistribution, the connection turned out to be very limited (though, obviously, also positive in its orientation) between the monthly amount of statutory transfer-payments and the actual size

of the budget ( $r=0.21$ ). The only "corrective" elements among the resources are the various schemes of welfare assistance. However,

Table 7.3.

**Contribution of various types of income to the household-budgets in the lowest and highest quintiles of the distribution of per capita incomes**

	1. (lowest) q u i n t i l e	5. (highest)	Average
Average monthly total income of the households (Fts)	13 539	43 294	23 965
Average monthly per capita income (Fts )	4 870	20 412	11 233
Average monthly income from work (Fts)	6 196	29 614	13 062
Average monthly income from social security and other statutory benefits (Fts)	7 285	9 283	9 513
Average monthly income from welfare assistance (Fts)	58	-	72
Average monthly income from family-support and other informal resources (Fts)	-	4 397	1 318
P.c. ratio of households getting income from			
-- work	61.5	97.2	63.2
-- social sec./stat.benef.	76.9	69.4	80.5
-- welfare ass.	7.7	-	4.6
-- private res.	-	13.9	8.0

it is solely the negative sign of the index which points to the being of a remedial linkage; the actual value of  $r = -0.05$  shows a practically non-existent impact of these programmes on the genuine state of poverty.

Since these rather strong associations signal a substantial cumulation of relative advantages and disadvantages, one can hardly be surprised at the remarkable inequalities between the two poles of the income-scale. Figures in Table 7.3. confirm the substantial polarization among urban households: while the average per capita income in the lowest quintile does not reach even 50 per cent of the mean value of 5 617 Fts/capita/month, the corresponding figure in the upper fifth exceeds it by 3.6 times<sup>3</sup>. These figures also imply the poor performance of social protection. As further disaggregations revealed it, those dependent exclusively on incomes from state-redistribution (complemented in a few cases by some irregular assistance of the local authorities, or voluntary organizations of the community) have a high probability to find themselves in the lower segments of the income-scale. Given the very limited resources of the local governments and NGOs, their assistance is incapable of curing the serious deficiencies of these households. What they can do, is at best a kind of fire-fighting. As it was evidenced by several interviews with the personnel of local social services

<sup>3</sup> Looking at inequalities from a diachronic perspective, one can add here the remarkable accentuation of the polarization during the past years of economic transformation. While Branko Milanovic measured a 23.1 value of the Gini-index for 1987 (which was just slightly below the corresponding average index of 24.1 for Eastern Europe around the late 1980s), our survey indicates a jump to 36.6 by 1992. Thus, regarding the state of inequalities, Hungary has moved "out" from the region, and has become more similar to the OECD-countries. (See: Milanovic, B.: Determinants of Cross-Country Income Inequality: An "Augmented Kuznets' Hypothesis" ; Research Paper Series, No.3., The World Bank, Washington D.C., August, 1993.

and community-organizations, they try to give support to the most needy numbersome families in assisting at the start of the school year, or aim at giving a modest relief to the elderly, to meet the high and increasing expenses of medicines, or the rapidly inflating costs of heating and electricity etc. However, all what these local programmes can do, is dependent on their much fluctuating resources, therefore, it is in itself occasional and limited. Ironically and sadly, these irregular supports have a self-sustaining character. Since those in need never can calculate with a fixed amount, these contributions cannot help them in overcoming those uncertainties and insecurities of their daily life which are often the very cause of their poverty.

In the detailed analysis of the varying sources of livelihood in our community, the survey also revealed the **missing**, or seriously underrepresented elements of the regular budgets of the households. The lack of once important components of income (and consumption) called our attention to the boomerang-effects of industrialization and urbanization.

The findings of the survey demonstrated that the established urban families have lost their once lively contacts with agriculture. Thus, in situations of serious financial crisis, they cannot return any more to the traditional modes of compensation, which, once upon a time, had facilitated an efficient substitution of in-cash payments by family-based self-production. When in increased need, the urban poor of contemporary Hungary are fully dependent on the availability of in-cash resources. None of the households of our sample reported even some partial income from plant cultivation and/or from livestock-farming. True, a minority of them (19 per cent) produces some vegetables for self-consumption on the privately



owned small plot (usually somewhere in the suburban outskirts of the capital). However, this in-kind supplement has a limited role only among the elderly (roughly a quarter of them reported gardening among their daily activities, though there are no informations at our disposal about the income-equivalent of this production), while it has practically disappeared from the daily life of the younger generations (only 6 per cent of the households in the youngest age-group mentioned farming at all<sup>4</sup>).

Data on other forms of in-kind support within the families also show the evidence of the withering away of old traditions. Families do not get food from their relatives from the countryside, neither can they rely on the once existing network of regular exchange of clothes within the kinship, or, between younger and older families in the neighbourhood, etc.

These traditional forms are, however, replaced by the typical urban modes of overcoming transient financial constraints: every third of the households reported the take-up of occasional loans when running out of their fixed monthly budget. True, they are more reliant on the informal than on the formal networks even in this respect. The main lenders are their relatives or neighbours; loans drawn from banks, shops or employers were mentioned only in less than 10 per cent of the cases. This suspicion toward the "professional" repositories is, however, a sign of what perhaps can be called "residual

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<sup>4</sup> It has to be noted, however that while production for self-consumption has disappeared, another form of in-kind support seems partially substituting it: 18.8 per cent of the couples with children and 8.3 per cent of the one-parent families get decent meals regularly at their relatives's houses, which also can be regarded as a kind of intra-family transfers between elderly parents and their children/grandchildren. This is, however, a one-way form of support: the corresponding ratio of the elderly visiting their children for meals is below 3 per cent.

traditionalism", which trusts personal relationships more than the uncontrollable and unalterable rules of specialized bureaucracies. The findings indicate the strength and sufficient functioning of the ties within the community. 57 per cent of the poorest households could escape otherwise unmanagable temporary financial crises by borrowing from their relatives and neighbours, while **none** of them turned to any of the formal agents. The supportive role of the community was not negligible even among the relatively affluent families. 11 per cent of them took some advantage of loans during the preceding 12 months, and in three-quarters of the cases, the lenders were non-cohabitating family-members, friends or neighbours.

## 2. Relative and absolute poverty in the community

Although the variations described so far explain a great deal of the differences in the livelihood of various groups of the urban population, their actual situation cannot be fully characterized by looking only at the "input-side" of the household-economies. The ultimate utilization of incomes, and, as a consequence, the marked differences in the attainable standards of living are equally dependent on the varying size, composition, life-cycle, smaller or larger number of working, as opposed to dependant members in the households. As it will be discussed below, these socio-demographic characteristics (and all their robust social corollaries) prove to be specifically important in explaining the situation of families at the two poles of the income-scale, i.e., in clarifying, "why" the rich are rich, and the poor are poor.

Table 7.4. presents an insightful picture about the probabilities of finding the different households in either on the extremes of the hierarchy. Two types of categorization are shown: a more "customary" one, based on an ordering of the households according to their per capita income, and a more refined one, classifying them according to their position, when their incomes are measured on an equivalence scale<sup>5</sup>. The application of this latter type of indicator proved to be useful in controlling those deviations which, even in case of equal size, follow from those differences in needs which are posed by the varying age and economic activities of the household-members.

The table provides a number of important conclusions. Its first and third rows indicate the high incidence of relative poverty among families with children, regardless of the basis of computation. Some fifth of both, the two- and one-parent families are in the lowest quintiles anyway. Their identical position is due to the remarkable **absolute** differences in the average per capita incomes between the subsequent brackets<sup>6</sup>, which are too large to allow the move of families from one quintile to the

<sup>5</sup> We applied the CSO-methodology of converting household-incomes to consumption units which takes into account the differing needs of children, adults and the elderly. The subsequent scores are, as follows:

child under the age of 3 = 0.45 consumption units (c.u.);  
 child, aged 3-5 years = 0.5 c.u.; child, aged 6-14 years = 0.6 c.u.;  
 dependant child, aged 15-18 years = 0.7 c.u.; students in higher education and all adults in full-time employment = 1.0 c.u.;  
 male inactive earners and dependants, aged 19-59 years = 0.9 c.u.;  
 male inactive earners and dependants, aged 60-X years = 0.8 c.u.;  
 female inactive earners and dependants, aged 19-54 years = 0.9 c.u.;  
 female inactive earners and dependants, aged 55-X years = 0.8 c.u.

<sup>6</sup> The absolute forint-values of the differences between the average per capita incomes in the successive quintiles are, as follows:

2 666 Fts (23.7 p.c. of the average for the entire community) between the 1st and 2nd, 2 358 Fts (21 p.c.) between the 2nd and the 3rd, 2 206 Fts (19.6 p.c.) between the 3rd and the 4th, and 8 311 Fts (74 p.c.) between the 4th and 5th brackets.

other, when more refined adult equivalence scores are applied in their categorization. Although the attached scores lower the weight of children by estimating their needs under those of the adult members, nevertheless, even this "depreciation" does not overcome the factual positioning of these families in the lowest segment of the income-distribution.

Table 7.4.

**Incidences of getting into the lowest and highest quintiles**

(Percentage of hhlds in the 1st and 5th quintile)

	Type of the hhld			
	Single	Couple, without children	Couple with children	Single parent with children
P.c. ratio of hhlds in the				
1st quintile of per cap.distr.	3.5	8.7	26.5	25.0
5th quintile of per cap. distr.	19.3	28.3	22.4	-
1st quintile of equiv.scale distr.	15.8	13.0	26.5	25.0
5st quintile of equiv.scale distr.	12.3	30.4	20.4	25.0

The picture is less uniform, concerning the older households of single persons and couples. While computations on the basis of per capita income show little incidence of low income in their case, those on the basis of the equivalence scale "increase" the corresponding probability-ratios. The disparities follow from the diverging logic of the two calculations. Since the equivalence scale takes into account also the differences in bearing the burdens of undivided costs of household-maintenance (which per

capita computations distribute evenly among the members), it "puts up" the value of incomes in larger households, while "devaluates" those in the smaller ones, thus, "pushing" them toward the lower segments of the hierarchy.

Looking at relative poverty, as against affluence **within the same** household-formations, the sociological mapping of polarized income-differentials gets even more complex. As it is shown, families with children have roughly equal chances to find themselves either at the bottom, or on the top of the scale. At the same time, the per capita computations indicate a sharply higher rate of affluence than poverty among childless households, though the sharpness disappears (in addition, the tendency turns even to its opposite in case of those living alone) when the basis of the calculation is switched over to the equivalence scale.

These surprising findings signal significant inequalities in the **intra-group** distribution of incomes, calling our attention to the interplay of a number of additional factors in the background of shaping the distanced living of apparently "similar" (if not "identical") household-formations.

Further disaggregations brought to the light some of the decisive sociological constituents. Thus, it turned out that in 70 per cent of the households in the lowest quintile<sup>7</sup>, none of the adults has any further education above the compulsory level of 8 grades primary school, while in 57 per cent of the units in the upper fifth, at least one of the members holds a university-

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<sup>7</sup> Here we refer to ratios, averages and indices relating to the computations on the basis of the more "sensitive" equivalence scale. It has to be noted, however that the analysis showed much the same contrast when the distribution of per capita incomes was taken.



degree. Additionally, the average number of members in work is 2.6 times higher in the "affluent" than in the "poor" households, while the case is just the opposite, regarding the number of children -- which is 1.6 times higher at the bottom than on the top.

The list of apparent dissimilarities can be continued by pointing to the diverse ratios of female-headed households, which proved to be five per cents above the average (44 p.c.) in the 1st quintile, while substantially below it with only 31 per cent in the upper fifth; on top of this gender-bias, the heads are five years older at the bottom than among the well-to-do -- and these two characteristics together are significant enough to suggest a high probability of relative poverty.

However, the affluence of the more fortunate group of the elderly households can be bound also to the social implications of some decisive demographic drifts. Among the factors explaining their favourable situation, their relative advantage in age is possibly one of the strongest. On the average, pensioners at the upper extreme are 14 (!) years younger than at the bottom. This remarkable age-difference has cumulative consequences: the affluent young pensioners can be affluent just because of starting (and ending) their occupational career later, thus, retiring from nominally better-paid posts. In addition, due to certain biases in recent measures for indexation, their benefits are comparatively better protected, thus, their households have a better chance to escape the rapid devalorization of the main source of living.

Looking at these remarkable differences, it has to be concluded that the individual characteristics of the members matter a lot in the actual positioning of their households.

Neither the fate of retirement, nor single parenthood, neither the size, nor the formation of one's family can explain in itself poverty or good fortune.

While the relative measures applied so far are insightful in underlying the scope and character of income-inequalities, a fair picture about the living of the urban population requires a closer analysis also of the **absolute** standards. Such an overview is all the more important, because the two approaches bear upon principally different policy-implications. While the diminution of tenseful polarization, and the alleviation of relative poverty call for a well-targeted longer-term programme of income-redistribution, the state of absolute poverty urges for immediate actions. The necessity of prompt assistance is particularly pressing amid the circumstances of economic decline, when those below a certain absolute level cannot meet even their most restricted basic needs.

Much in accordance with a number of recent macro-statistical surveys<sup>8</sup>, our findings brought to the light a dramatic boom of absolute poverty in the urban population of contemporary Hungary. Either defined in its relation to the mean per capita income, or, measured as the cash-equivalent of a most limited "consumer basket" for survival, the number of those living below the poverty line has been remarkably growing during the past years.

Table 7.5. demonstrates these increases, by applying two different definitions of poverty. Firstly, the poverty line was drawn at 50 per cent of the mean per capita income; secondly, the

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<sup>8</sup> For a comprehensive analysis of recent trends, see: A létminimum szintjén és alatt élő népesség jellemzői (Some Characteristics of the Population Living Below the Subsistence Minimum); Special Report of the Central Statistical Office, CSO, Budapest, July, 1993.

officially defined urban subsistence minima of the respective years were taken for computation.

Table 7.5.

**Percentage ratios of absolute poverty**

	Budapest 1987	XIIIth district 1987	Community 1992
<u>P.c. ratio of households:</u>			
below 50 per cent of mean per cap. income*	4.9	2.7	9.7
below the subsistence minimum**	4.1	2.2	17.2
<u>P.c. ratio of persons:</u>			
below 50 per cent of mean per cap. income*	7.9	3.6	13.8
below the subsistence minimum**	6.6	3.1	21.3

\* For 1987: 3 000 Fts; for 1992: 5 676 Fts.

\*\* For 1987: 2 900 Fts; for Spring, 1992: 7 000 Fts.

Source: Income survey, 1988; Random-sample survey, 1992

As the data show, the incidence of falling into absolute poverty has been multiplied in urban households between 1987 and 1992. Though the different calculations indicate the factual magnitude of the increase with remarkable discord<sup>9</sup>, the tendency is undisputably clear. It can be stated even with the greatest

<sup>9</sup> Due to the low number of cases, the district-level ratios of the 1988-Income survey should be taken with great precaution.

rigour that the risk of poverty has been at least doubled among households, while on the individual level, it has risen by 75 per cent as a minimum.

One has to add here a brief comment on the divergence in the cash-equivalent of the two definitions of the poverty-line. While in 1987, the difference was negligible, there has been a substantial parting since then: the 1992-value of the normatively determined minimum of subsistence exceeds by some 25 per cent of the benchmark of poverty, when measured in relation to the average income. The divergence is, however, meaningful in its socio-economic implications. It reflects the earlier described general decline of the real income of Hungarian households throughout the past years of economic restructuring. Recent relative impoverishment of the entire population concluded in the phenomenon of shifting the normative measure of the necessary minimum for meeting basic needs (i.e., the cash-value of the subsistence minimum) closer to the mean per capita income.

However, one hardly could state that the sum of 7 000 Fts per head is too generous, when looked upon from the perspective of the attainable level of consumption. In fact, this amount earmarks a very limited standard. This is clearly justified by a few telling indicators, cited from the most recent poverty-report of the Central Statistical Office. People in the households with a per capita income of 6 800 - 7 000 Fts (i.e., in the neighbourhood of the subsistence minimum) eat 25 per cent less meat, 32 per cent less vegetables, 40 per cent less fruits, spend 38 per cent less on clothing, 47 per cent less on household-

equipments, 53 per cent less on education, and 70 per cent less on recreation than "average" households do<sup>10</sup>.

At the same time, those below the relatively defined poverty-line are in a dramatic situation. As it will be discussed at length in the next chapter, serious undernutrition, dangerous cumulation of unpaid rents and bills, children's drop-out from school, poor health, and run-down homes are customary phenomena of their hopeless everyday living. As the detailed analysis revealed it, numbersome families with children have a particularly high risk to face these extreme deficiencies: they are twice as many among the poorests than their proportion in the community would indicate. More often than not, at least one of the parents is unemployed, though with too short prehistory of continuous employment to be entitled for regular benefits. In these most vulnerable families, the sudden drop of earnings cannot be countervailed by any means: the children are in the age of compulsory schooling (thus, there are also serious limitations for a further reduction of consumption), and the adults often lack the necessary qualifications and crafts to find even casual black labour. Neither can they count, however, with external help. Their relatives are typically too poor as well to give them any support (as our data show, this is the only group without a penny from informal resources); and, ironically, their chances are below the "more deserving" elderly poor also to receive local welfare assistance, which the personnel of social services frequently refuses to provide by referring to their "disordered" way of living. Common family-crises are as much among the causes

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<sup>10</sup> See: A létminimum szintjén és alatt élő népesség jellemzői (Some Characteristics of the Population Living Below the Subsistence Minimum); CSO, Budapest, July, 1993.



as among the consequences of this situation: as the in-depths interviews pointed out, the dramatic state of poverty is often accompanied by chronic diseases, early deaths, extensive drinking, ruined partner-relations and serious neglect of children -- where it is inextricable to tell, which of the crashes came first, and which followed.

## VIII. SUBSTANCES OF EVERYDAY LIFE AMID THE CONDITIONS OF ECONOMIC DECLINE

As it was discussed earlier in this report, the diverse macro-level indicators of recent trends in changes of real income and consumption unanimously show that the concurring currents of accelerated price-increases, growing unemployment, substantial cuts in public spending, and falling investments to housing and public infrastructure have created severe conditions for Hungarian society during the past years of economic decline. Macro-statistics always present, however, "averages" for larger segments of the population, let alone national measures, which are essentially too much aggregated to express the dramatic differences in the socio-economic "allocation" of the disadvantages that follow. At any rate, the uneven share of increased burdens is apparent even by walking on the streets of Budapest, or looking at people's baskets in the supermarket. These daily adventures often give the shocking impression of caste-like gaps. Neighbours of the same block, or children travelling to school on the same bus-route each morning, seem to be parted from each other by unsurmountable distances nowadays.

Obviously, the above-discussed immense increase in the differentiation of incomes suggests much of these visible consequences. As is known from life-experience and the vast literature on socio-cultural variations of consumer's habits alike, the relationship is, however, by no means categorical between the magnitude of cash at disposal, and the way of its utilization. One's actual choices when spending quite a lot on items which others regard easily suspendable are informed by a great number of additional factors, which range from imperative family-obligations to deeply socialized behavioral patterns,

long-term strategies and aspirations for living, and personal perceptions of future limitations or potentials.

This very complexity of consumption inspired us to collect as much informations on the decisions, priorities and constraints of households, as possible. By applying a multisided approach, we attempted to broaden the picture beyond making a simple balance-sheet between income and expenditure, and tried to reveal major characteristics of the varying household-economies.

Thus, beside asking about regular spending on the most basic items like food, accommodation, heating, travel to work or school, etc., we strived at mapping also the varying access to a number of those in-kind public services which people do not "encounter" among their incomes, but without which they suffer serious deficiencies.

The incorporation of the use of public facilities into the concept of everyday consumption (especially, the utilization of educational and health services) was all the more important for us, because a better targeting of state-subsidies in these segments is one of the most burning issues amid the general cut of central expenses. Therefore, we aimed at rendering a double-sided picture here, confronting the findings of our survey with the intentions laid down in a number of city- and district-level programs, or, expressed by our interviewees at the local government.

In addition to data on current consumption, we also attempted to get an exhaustive view on past savings and investments in the materialized form of durables and assets at the households' disposal. As it will be discussed below, the varying degree of previous cumulation proved to be nearly as important to determine the present standard of living, as did the

cash-flow of monthly income. For all those, who could make some profit from the earlier prosperous decades, the mobilization of the accumulated "reserves" turned out to be the most fundamental safeguard against impoverishment. On the other hand, the far-reaching prehistory of the present severe conditions of many among the contemporary poor could be identified by their deprivation from former acquisition. Being reliant exclusively on external help, their vulnerability has been severely deepened amid the recently amplified general financial constraints.

Data in Table 8.1. give a general picture about the levels of certain regular expenses in poor, "average" and well-off households at our research-site. Before turning to a detailed interpretation of the findings, it has to be noted that the cash-values on food-consumption have to be looked upon with some precaution. As the more illustrative informations on listing the "customary" items of their regular diet revealed it in those 30 cases where both, the random-sample questionnaire and the in-depth interview of the sub-sample was run, it was the sums reported to be spent on food that often turned out to be unrealistically low, when initially asked only in a "typical monthly aggregate". A cross-checking in these 30 cases indicated frequent under-estimation, most probably due to the unfollowable constant price-increases of certain, less frequently bought, items. True, the likelihood of under-estimation proved to be somewhat bigger upward on the income-scale (where the constraints are usually less stringent, thus, housewives can remain on the safe side even without keeping in mind the exact sum spent at each and every occasion), but the relationship was not strong enough to suggest any linear determination. In all those further

aspects, where a comparison was possible<sup>1</sup>, our survey-data on various household-expenses (even on saving) appeared to be in close correspondance with findings from other sources.

Though the list of items in Table 8.1. is by no means exhaustive, it comprises those basic items where most of the families (and not only the truly poor ones) hardly can make serious reductions without facing harsh consequences. After all, people must cope somehow with the rising prices of transport in order to get to their workplaces; similarly, rents and utilities have to be paid without risking dislodgement; neither can parents' economize on costs of schooling, if they want their children to accomplish their studies; nor can one expect cuts in food-expenses, which are far from being "luxurious" even in the "average" households of contemporary Hungary<sup>2</sup>.

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<sup>1</sup> See Sík, E.: A háztartások gazdasági helyzete és magatartása ("Economic Situation and Behavioural Patterns of Households"); in: Social Report, 1992 (eds.: Andorka, R. - Kolosi, T. - Vukovich, Gy.), TÁRKI, Budapest, 1993.; Létminimum, 1989-1991 (Subsistence Minima, 1989-1991); CSO, Budapest, July, 1991, and Household Budget Survey 1989, 1991; CSO, Budapest, 1993.

<sup>2</sup> For a discussion of customary diets and sources of procurement of food in households with differing income, see Zsuzsa Horváth's Background Report to this study. The paper presents a rich account about the varied skills of "economizing" in food-consumption. It also points to those warning consequences of lasting serious restrictions among the poorest which have been manifested in a frequent incidence of symptoms of undernutrition. It has to be noted that the encountered details about the miserable cuisine of several interviewees among the chronically ill elderly poor in the community were confirmed by the district's medical service-personnel, who repeatedly identified inadequate and unhealthy diet as the straightforward forebear of severe health conditions in the aged population of Angyalföld. (Horváth, Zs.: Urban Poverty and Social Policy in the Context of Adjustment: Analysis of the 1992 Sub-sample Questionnaire, Hungary; Manuscript, Budapest, 1993.



Table 8.1.

**Mapping spendings on basic needs in different income-categories  
of households**

Monthly expenses (in Fts) on diff. need-categ.	Income-category of households			
	Most needy*	Poor**	Average	Affluent***
a/ rent/owner's contr. to house- maintenance	594	529	658	864
b/ utilities	3 344	3 179	3 468	4 529
c/ travel to and from work/ school	790	784	748	1 070
d/ education	340	228	187	248
e/ food	7 235	7 596	8 526	11 829
Total spending on items a-e:				
- in Fts	12 303	12 289	13 587	18 540
- in % of monthly hhld-income	98	96	57	43
Estimated gap in monthly hhld- income****	2 114	1 526	1 229	1 449
P.c. ratio of hhlds able to spare	0	3.2	32.7	57.1
Average sum of monthly savings(Fts)	-	65	1 489	3 972

\* Most needy: those living below the poverty-line, defined as 50 per cent of the mean per capita income of the community (below 5 617 Fts/capita)

\*\* Poor: those living below the normatively defined subsistence-minimum (7 000 Fts/capita).

\*\*\* Affluent: households in the highest (5.) quintile of the per capita income-distribution.

\*\*\*\* Estimated gap: the respondents' own estimation about the necessary amount of money missing to meet hhld-needs on an acceptable level.

Owed to the low elasticity of these elements of everyday consumption, the absolute figures show a rather even picture. Spending is in a very limited association with the magnitude of the available income, however, the evenness works clearly to the detriment of the poorest households. They exhaust nearly their entire revenue (98 p.c. of it) by meeting the minimal conditions of getting to work, educating children, paying costs of housing, electricity, fuel and heating, etc. Though dry statistical figures are incapable of presenting tellingly enough the depth of deprivation and all-round scarcity in these families, yet it is clear that spending on new garments, newspapers, books, entertainment, vacation, gifts, fashionable toys for children, etc. hardly ever can be squeezed in. At the same time, even "average" households have sufficient room in their budgets to make real choices, and to set priorities. "Basics" consume just somewhat more than half of their regular income, not to speak of those on the top, where the corresponding group-average amounts only for 43 per cent.

Beside these heavy disparities in the "free" financial capacities beyond covering the costs of indispensable necessities of daily life, the surprising rigidity of certain expenses in Table 8.1. requires a number of additional comments on its own right.

As to the data in the first row, the odd evenness of monthly rents (or, owner's contribution) is worth a brief preliminary remark here (foregoing a more detailed presentation of longterm changes in further aspects of housing, which will follow later in this chapter). As it is shown, in contrast to a 3.5 multiplier between their average monthly incomes, well-off families pay just

45 per cent more on this item than the poorest do. This fact reflects the decade-long disfunctions in the distribution of state-owned housing, which have generated a number of abnormalities also in the private sector<sup>3</sup>. During the first three decades of socialism, the centralized distribution of apartments functioned as a special reward-system, which provided the best units at highly subsidized costs to the most honoured qualified workers, professionals and cadres. These politically driven past priorities (and exclusions) have led to socially unjust allocation, which left behind serious and hardly curable consequences for the present. Those once rewarded, either have become less well-off pensioners by time passing, or, had "capitalized" their dwellings on the gray market of extensive informal exchange for pay in the 1970s and '80s. This peculiar "capitalization" of the better parts in the state-owned stock helped them to move further upward to exclusive private apartments, this way, turning the gained fortune to proper wealth. At the same time, the very same process broadened the social composition of renters toward the less affluent layers of society, which, by the general rise of income, also could make a modest step ahead. At any rate, the present tenants are either too old, or, owed to a downturn in their revenue, too impoverished by now to face a fiscally reasonable rise and simultaneous differentiation according to quality-criteria. Thus, rents are very much depressed on the top (and even if an owner's contribution has to be paid instead, it is usually below the rate

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<sup>3</sup> For a detailed discussion, see: Hungary: Housing Policy Reform in Hungary; World Bank Report No. 9031-HU, The World Bank, Washington D.C., May 1991, and also Makonnen, R.-Neményi, M.-Szalai, J.: Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Interventions; TWURD Working Papers No.7., The World Bank, Washington D.C., July, 1993.

what adequate house-maintenance would require, but is "naturally" adjusted to the prevailing charges in the state rental sector), while many among the "late-comer" poor are forced to accept relatively unfavourable bargains on the open market of subletting. This unfair heritage of socialism (which, at the same time, cannot be remedied from one day to the other, and even longer-term corrections require a comprehensive set of simultaneous measures<sup>4</sup>) concludes in a negligible proportion of the related expenses in the budget of the rich for excellent housing, while amounts to some 5 per cent of the household-income of the most needy -- though by paying a nearly identical monthly overdue, they still remain ghettoized into apartments often below any acceptable standards (see below).

Nevertheless, rising rents are less burning even for the poorest households than are the hardships caused by an extra-high rate of inflation in expenses for utilities. Taking the yearly average of 1980 as the point of departure, the aggregated price-index of household-energy, fuel and electricity reached 669 per cent by Spring, 1992, while average consumer prices accounted for "only" 460 per cent. Earlier advance in raising the standards of access to these infrastructural services by substantial investments of informal work in the second economy have to be

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<sup>3</sup> Housing reforms are at present in the focus of political debates. While recent legislation gave priority to economic considerations of investments and maintenance, the social implications of ongoing privatization, cuts in rent- and interest-subsidies require substantial compensation. The Social Act of June, 1993 declared it as a task and responsibility of the local governments to create some balance between market-needs and the financial capacity of the population in their municipality. However, the decentralization of tensions does not promise an easy solution, which has been signalled by a dramatic cumulation of arrears, and also, by the rapidly increasing number of welfare-claimants even among those who hardly can be regarded poor in all other spheres of life, still, cannot cope with the sudden jump of overdues.

paid for with current serious charges. With the vanishing of central subsidies in the background, not only further modernization has slowed down, but also the retreat of previous standards has been endangered. The quarterly reports of the municipal company entrusted to collect the bills of all Budapest-based households signal a severe state of affairs. Its statistics indicate that each month, some 5-10 per cent less of the utilities are paid promptly, moreover, a constantly increasing proportion of the active debt of the city-administration consists from year-long arrears<sup>5</sup>.

Recent sociological investigations throw light to the other side of the coin, by pointing to dramatic choices on the individual level. Either one is a disciplined citizen without unpaid invoice, and sacrifices in eating, health, education, etc., or, tries to maintain certain "customary" standards in clothing, childcare and comfort by facing the humiliating experiences to abandon the support of retired elderly parents, to queue up for welfare, to cheat on public transport, etc<sup>6</sup>.

Our survey confirmed this gloomy picture by revealing a number of tangible contradictions between earlier work and investment to elevate the housing conditions in the community, and the current deficiencies of the households in meeting the costs that follow. If one looks at data on the level of comfort, the qualitative indices are truly impressive: electricity is there in all the households of the neighbourhood; 86 per cent of

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<sup>5</sup> See: Quarterly Financial Reports, Budapest City Company in Charge of Bill-Collection, 1989-

<sup>6</sup> A detailed discussion of increased conflicts between the parties is presented in: Gábor, L. - Györi, P.: Ujra a díjhátralékosságról (Repeatedly on Arrears); Academic dissertation, Manuscript, Budapest, 1993.



them are attached to mains of gas (owed to the vast micro-level movement of modernization throughout the preceding decade which, according to the reported ratio of intramural changes, embraced some 40 per cent also of the families in our relatively less well-to-do populace); all households use running water; 28 per cent of their apartments are heated from district centers, etc.

Looking at the very same data from a financial perspective, this advantages turn, however, to serious constraints. Even the small size of our sample was large enough to pick up two cases, where, in the time of our visit, electricity was switched off because of longterm incapability of covering the bills (in addition, further 9 per cent of the families reported a temporary suspension of pay during the preceding 12 months, though they were able to catch up in due course to escape similar serious consequences); district-heating cannot be turned off by individual will, even if a sudden drop of income owed to unemployment would invoke for doing so; neither can be the consumption of gas substituted in urban dwellings, where old-fashioned fireplaces and wood-stoves were changed to up-to-date equipments a long time ago, etc.

The double-sidedness of these findings signals a genuine "catch 22" -situation. On the one hand, a subsidized stock of cheap state-housing with reduced comfort cannot be created because of lack of capital at the disposal of local governments, on the other hand, a sufficient capital cannot be cumulated because of the very fact of serious financial deficit on the part of the tax-paying population. The outcome is devastating for all parties. The standard of public infrastructure is further deteriorating, while in the meantime, an increasing number of families appears among the claimant for social assistance, or

endangers normal routines by giving up heating and lightning. Thus, it is hardly a surprise that nearly half of our respondents named these kinds of ascending troubles as the major symptom of definite decline in personal living standards, and two-third among the poorest families reported that they had to turn off heating even on the coldest Winter-days preceding the field-work of our investigation.

In addition to the housing-related costs which account to not less than the third of all the listed expenses in the most needy households, they are also the ones who pay a disproportionate price for the mere access to work or education. As the horizontal resemblance of the data in Table 8.1. shows, their total spending on travel to work (school) exceeds not only in relative, but also in absolute terms the corresponding expenses of "average" households in the community!

Further cross-tabulations revealed the major causes behind this shocking discovery. The first is the multiplied fare which they have to pay nowadays for the transport of their children (although school-children's season-tickets are subsidized, still, their price had increased by 169 per cent within the three-years' period preceding our survey) which abruptly rose the expenditures in families with several children in the age of compulsory education -- and here one has to recall the over-representation of these families among those on the bottom. More important are, however, the consequences of the much-referred segmentation of the labour market. Due to the fact that many among the working poor are immensely dependent on opportunities for casual labour which alway comes in a sudden and incalculable manner, they pay far more for bare access than "ordinary" employers do. First, occasional show-up excludes them from company-based transport-

contributions, vindicated exclusively for regular staff. Second, it is not worth buying a still cheaper full-price season ticket if one does not know in advance, whether it will come round at all. Further, nor can the poor count with any reimbursement for transport from social security or local assistance: if they are unemployed, nobody covers the extra costs of otherwise "expected" job-seeking<sup>7</sup>; if they work, the very fact of "working status", (let alone an extremely uncertain one) hinders any entitlement. What remains, is either to pay for the most costly one-way tickets at each occasion, or to cheat -- with the risk of meeting high fines and humiliation.

Concerning education, the poor face similar pitfalls of daily life. In absolute terms, they pay four-fifth more than the "average", and also nearly 40 per cent more than those on the top of the income-scale. Obviously, part of the explanation of these differences is demographic which is owed, once again, to the over-representation of school-children in the group at the bottom.

However, remembering that schooling is principally "free" in Hungary<sup>8</sup>, such an "easy" reasoning is by no means

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<sup>7</sup> In the time of our survey, the travel-costs of job-seeking of even the registered unemployed were not reimbursed. However, some corrections of the corresponding regulations were made since then (in Spring, 1993), bounding reimbursement to double-stamped certificates by the labour offices and the visited workplace, respectively.

<sup>8</sup> Due to the proliferation of private institutions at all levels, the situation is, however, rapidly changing in these days. In 1992, the number of registered private schools was already 150 (which equals to 1.5 per cent of all units within the educational system), though, concerning students' enrollment, their role was still very minor with a proportion of 0.6 per cent (See: Statisztikai évkönyv, 1992 /Statistical Yearbook, 1992/; CSO, Budapest, 1993. -- A description of the four-tier structure of the Hungarian school-system, with a discussion of major short-and medium-term reform proposals, can be found in: Makkonen, R.-Neményi, M.- Szalai, J.: Hungary in the 1980s: A Historical review

satisfactory. True, in the most formal (legal) sense of the terms, parents do not pay entrance- or tuition fees within the state-run system, i.e., in those institutions where all the children of our sample study<sup>9</sup>. Nonetheless, the case is different in everyday reality. Given the serious and chronic under-finance of all the institutions in question, headmasters and teachers continuously ask for parents' contribution even for such basics like wall-painting, aquisition of chalks, blackboards, books, TVs or videos in the classrooms, etc. Moreover, in a heated competition with the flourishing private market of training of all kinds, there is an increasing pressure also for "valorizing" teachers' salaries - though, the only promising chance for at least temporary solutions is to claim, once again, on parents' purse. The list can be continued endlessly. Without such constant "begging" (as the public names it), state-run schools would face permanent crises, implying the risk to abate the most fundamental commands concerning curricula, exams, etc.

Nonetheless, assistance in obviating the collapse of their children's schools concludes in a remarkable charge on the side of the affected households. As the itemized interviews revealed it, on a yearly basis, families in our community spend 5 - 10 000 Fts in order to help the maintenance of "normal" standards of their children's classes. Data in Tables A17 and A18 (in the Appendix) confirm these impressive sums, pointing to the extra-large burdens of numbersome families on the one hand, single parents on the other (the average --wich does not include the

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of Social Policy and Urban Level Interventions; TWURD Working Papers, No.7,, The World Bank, Washington D.C., July, 1993.

<sup>9</sup> To be more accurate: with the exception of one single child in a private preschool.

above-discussed travel-expenses-- is near to 15 000 Fts/annum in the first, while 6 000 Fts/annum in the second instance).

The agenda of the deep conflicts around schooling is not exhausted, however, by reference to the peculiarity of the prevailing arrangement in the public sphere, where the loosening capacity of those in administration is "substituted" by increasing, though unregulated financial commitments of the users. At least, two further results of the survey are worth particular attention here.

First, as the in-depth interviews revealed it in accordance with daily observations, and, also with findings of a number of ethnographic studies, it is the satisfactory schooling of their children, what poor families give up at the last resort. The high-ranked priority originates in their own life-experience. If once they saw better days, they know it very well: what assisted most, it was the full and never-questioned commitment of their parents to educate them properly<sup>10</sup>. Thus, they would regard an all-out personal failure to break with the unwritten compulsion of these traditions. The internalized spirit requires sometimes heroic efforts. Besides time and energy, they have to devote a disproportionately large part of income to facilitate their children's studies with all the equipments and books what "others" have, to keep pace with the better-off parents in

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<sup>10</sup> One has to recall here that, besides the political pledge and strong measures on the part of the Communist Party in power, the speedy rise in the level of education is owed to a great deal to this persistent strain to teach children at all costs, which was a fundamental drive even among the poorest families of the 1950s and '60s. The meritorious results are clearly reflected by the longterm data in Table A11.



informal school-contributions, and, also, to dress them at a standard what they never would afford for themselves<sup>11</sup>.

However, the string is often too thin not to be tiered: financial crises, sudden diseases, alcoholism, neurosis, (all too frequent events and phenomena in the daily life of the poor) can easily invoke a unanticipated, though hardly cureable, unbalance in these families. The ultimate victims are the children themselves, for whom previous protection suddenly turns to shocking neglect. Besides the numerous examples depicted by the interviewed teachers and health-visitors, probation officers of the district reported analogous precedents in almost all the prehistories of young delinquents under their guard.

The second comment relates to adult education. As the disaggregation of the total of study-related costs demonstrated it, aside from a truly affluent and highly mobile minority, there is no room left in the budget of contemporary urban households to spend on such services. If adults learn at all, they do it mostly during working hours at subsidized firm-based courses. Obviously, these courses serve promotion, thus, hardly ever are available for the "superfluous" unskilled staff. The situation is rather gloomy also in the public sphere: none of our respondents (neither in the random-, nor in the sub-sample) reported participation in any retraining, which are often brought up by policy-makers as the one and only genuine remedy against misdeed amid the rapidly changing requirements of successful employment. In the in-depth interviews, people either expressed

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<sup>11</sup> On the reflections of general child-centeredness in the composition of consumption, see also: Salamin, J.: A háztartások gazdálkodása az infláció körülményei között; ("The Home-economics of Households Amid the Conditions of Inflation"); in: On Costliness (eds.: Gábor, L.-Szalai, J.), Social Policy Review Series, Institute of Sociology, HAS, Budapest, 1991.

full ignorance concerning the mere existence of such programs, or, more frequently, they revealed some timid efforts, but, after confronting with a number of unfavourable preconditions of attendance (unadjustable timing, individual contribution, compulsory acceptance of extremely low-paid jobs after accomplishment of the course, etc.), they rather withdrew.

The picture on major spheres of everyday consumption would be disturbingly incomplete without a summary of the informations gained on the use of medical services in our community. It has to be recalled in this context that the overall health-status in Hungary is one of the lowests in a European rank-order, and, as reflected by the trends of mortality, it has been continuously deteriorating for the past three decades<sup>12</sup>. Thus, a further decay implies intolerably serious risks. At the same time, the acceleration of the negative trend is a most probable repercussion of the current unfavourable conditions.

The survey revealed a number of alerting facts in urge for comprehensive action. The effective growth of traditionally high alcohol-consumption was unanimously reported by all the district doctors and health-visitors, which they identified as the major factor behind the increased incidence of cardiovascular diseases, hepatic complains and recent upward turn of active tuberculosis in the district. Our experience confirmed the medical report. "Sacrifices in eating for temporary relief in spirits or wine" were frequent comments of the interviewers after their visits in the community. And people gave also the rationale. As a woman put

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<sup>12</sup> For a summary discussion of a set of distinguished health-indicators, and the current constraints of the medical system hindering effective improvement, see: Makonnen, R.-Neményi, M.-Szalai, J.: Hungary in the 1980s: A Historical Review of Social Policy and Urban Level Intervention; TWURD Working Papers, No.7., The World Bank, Washington D.C., July, 1993.

it: *"I 'dampen' myself from time to time. Then I don't care. You should understand it. My husband died three months ago. Before, he was in hospital for a year. And, now, I am here, with three children shouting from three corners."* --The passage is not incidental at all. Early death<sup>13</sup>, preceded by years on disability-pension, chronic diseases, high occurrence of disastrous occupational accidents, serious surgeries concluding in inability to work, etc. were repeatedly told "medical events" of the life-stories that we heard. The poorer the respondent was, the more dramatic were the consequences.

The diabolic concentricity of poverty rarely seems to be broken. Prevention is hindered by financial constraints and rundown housing conditions; the diseases that follow, end up in reduced capacity to work, which "naturally" leads to a fall in income. Thus, the reproduction of serious deprivation becomes self-maintaining, passed over generation by generation.

True, the young have probably some chance to escape. Owed to the above-described child-centeredness, and also, to a general incline to pay more attention to health at least when acute cure is needed, ill children were reported to be taken to the doctor in all the families -- poor and wealthier alike. Pediatricists confirmed the rather satisfying picture in this regard, though forecasted a probable decline, due to the threat of closing down a number of medical units in the near future.

The dramatic shortage of resources in the municipal budget is not countervailed by advance in the private sphere. Full-priced medication is too expensive even for the most affluent part of society to afford it as a "replacement" of public

<sup>13</sup> The interview was done with a 37-year old widow. Her husband was 42 when died.

services. However, institutional reforms in state-run health care are much lagging behind the financial and organizational ones in social security. The discrepancy generates an anarchic situation -- once again, to the detriment of the poorest. They cannot meet the costs of private clinics, while the under-staffed local unit either reduces office-hours, or closes completely. Outpatient clinics and hospitals accept claims only with precursory reference of the family-doctor, to whom the non-registered unemployed cannot turn, given their recent exclusion from entitlement for free medical care<sup>14</sup>. Public clinics do not hand out free medicine any more, while the market-prices are continuously rising without any effective control of the health-administration. At the last resort, elderly and non-employed people have the "right" to apply for means-tested municipal assistance, but the known calamities of such a procedure refrain many of those in urgent need for care.

Looked upon from whichever aspect, the multifold limitations of public support are proved to be very severe in the light of our research-experience. The conclusion is analogous to people's own assessment, who state with repeated bitterness that, apart from themselves and a few relatives, they cannot rely on anybody else -- as they could not either in the past. True, the socio-political context has been fully changed, nonetheless, the deep-

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<sup>14</sup> In a replacement of the old system of financing the costs of health care from the central revenue, a contribution-based health insurance-scheme has been established in late 1992. Transformation in finance is accompanied by a re-definition of entitlement for "free" medical care. Regulations on administration list those agents which are authorized to issue the necessary insurance-cards. Though the legislation does not intend to banish the universality of access to free medical care, the imperfect way of administration excludes many of those -- their number is not yet assessed -- who are not properly "attached" to any organization. At any rate, unregistered unemployed are perhaps the best identifiable, numerous group among those who fall through the holes of faulty "safety net".

rooted lesson has not lost its rationale. This is clearly demonstrated by the three last rows in Table 8.1. (see also Tables A17-A18) which render some insightful informations on the major ways of coping, in other words, on the extraordinary skillfulness of urban families to spare even for saving amid the lasting deficit of their budget.

In the country-specific section of the Hungarian questionnaire, all the respondents of the random-sample survey were asked to give a rough estimate of the monthly amount their household is in short of running the "normal" routines of life. The sums are more telling in their proportion to income than barely taken. In the light of the above discussion, one hardly would regard it an overestimation that the poorest households would need some 17 per cent more than what they actually have -- however, if they got it, they still would remain some 32 per cent off the level of normatively calculated subsistence!

After all, desires follow reality: neither do "average" families dream of more than preserving their standards from last year. At least, this is suggested by the fact that their "scarcity-ratio" is in full correspondence with the macro-level index of the fall in per capita real income within the year preceding our survey.

The highest rate of deficit (20 per cent) can be seen in single households (Table A 17), where it also reflects reality, though from the perspective of their old inhabitants. As data on saving and on extra-household support show, they are the ones, who, owed to long-established values and traditions, see the meaning of their life in continuous assistance to their children. However, the customary way which they once followed, cannot be maintained any more. If they "dream" of extras, they need it



simply to fulfill the double compulsions of support, and simultaneous disciplined pay for bills. As they often complained to us, the surrender of either of these principal values under the coercion of mere survival is the most unbearable cast of their current life.

Sparing at the expense of serious restrictions on current consumption seems to be the most widespread way of self-protection also among the least "traditional" well-to-do families in our community. Regardless of the actual level of income, some 20-40 per cent of the households follows this safest strategy for coping. However, when asked about concrete purposes, the ambitions were highly uneven. Those "economizing" from an income for minimal subsistence, named embarrassing basic necessities: pay to the doctor, Christmas-presents for the kids, and, repeatedly -- catch-up with rents and utilities. Less pressing needs were mentioned, however, in households of the more well-to-do. The sacrifices in their current consumption serve to spare for an expensive trip abroad, the purchase of new furniture or a car. Though price-increases hit them too, still, they live in a macrocosm which is far apart from that of their neighbours.

The deviation of the two edges of the hierarchy is, however, not a mere "by-product" of a definite turn toward marketization. At the very most, all, what was hided before, has now become public and visible. In other words, the poor are not poor just because of their most disadvantaged current situation. As it was demonstrated in Chapter 2, their incremental deprivation dates back well into the socio-political history of "socialist"

Table 8.2.

**Indicators of past acquisition in households currently belonging  
to different income-categories**

	Income-category of the households			
	Most needy*	Poor*	Average*	Affluent*
P.c. ratio of hhlts with:				
Several properties <sup>1/</sup>	--	--	6.9	16.7
Some property <sup>2/</sup>	11.8	12.9	35.6	58.3
No property, but at least one expensive hhld-equipment <sup>3/</sup>	64.7	58.1	71.3	91.7
Lack of basic hhld-equipments <sup>4/</sup>	17.6	16.1	11.5	--

\* See the definition of the categories below Table 8.1.

1/ Several real estates in the possession of the household

2/ Either a flat or a weekend-house in the possession of the household

3/ Coloured tv-set, automatic washing machine and/or car in the possession of the household

4/ At least one of the following equipments is missing:  
television, radio, washing machine, refrigerator.

Table 8.3.

**Indicators of past acquisition by the age of the population**

	Below 20	Between 20-50	Over 50
	years of age		
P.c. ratio of those living in hhlts :			
-possessing several real estate(s)	3.0	4.0	9.4
-lacking basic hhld-equipments	11.9	9.9	11.9

decades, i.e., to their omission from the mainstream process of private accumulation in the prosperous years of the 1970s and early 1980s.

In this context, it has to be recalled that the period in question earmarked the remarkable modernization of the private sphere of life through people's ever-intensifying participation in the informal economy. Long-buried desires for "catching up" to Western standards gave the impetus of devoting all "free" time to production, and organizing family-life around the unquestioned priority of material advancement. The strength of these motives and aspirations is reflected in the impressive data on the rapid improvement of housing conditions, and the speed of furnishing the households with modern commodities.

Within the short period of 15 years (between 1970 and 1985), the ratio of dwellings with running water jumped from 35.6 to 76.6 per cent, of those connected to the sewage-system from 37.9 to 78.0 per cent; the density-ratio decreased from 1.94 to 1.26 person/room, and the proportion of sizeable flats (with three or more rooms) mounted from 10.8 to 31.9 per cent. As to the possession of durables, the longitudinal trends show a similar expedition of progress. While the indices of the degree of supply had demonstrated a modest standard with 30 refrigerators, 53 washing machines, 50 tv-sets, 72 radios per 100 households in 1970, the corresponding figures indicated a proximity to saturation with 106 refrigerators, 99 washing machines, 112 tv-sets and 160 radios in 1985<sup>15</sup>.

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<sup>15</sup> For a detailed analysis of these historical trends, see: Salamin, J.: Changing Trends in Household-Economies in the Period of Accelerated Inflation; in: Collected Essays on the Political Economy of Inflation (eds.: Gábor, L. and Szalai, J.); Series in Social Policy, Publications of the Max Weber Foundation, Budapest, 1991., and Farkas, E.J.-Vajda, A.: On the Situation in

Owed to the intensity of these developments, the unwritten rules of what the inventory of an "average" urban household should consist of, have also changed remarkably. Within the historically short period of twenty years, Western standards have become the general frame of reference. Under the compulsion of these norms, the non-possession of certain durable goods gained the straightforward interpretation of poverty and backwardness.

Beside these strong socio-cultural implications, the holding of previously accumulated durables proved to have, however, additional functions in the more constrained days of recent economic decline. The once "frozen" assets, serving the exclusive purpose of immediate consumption amid the past conditions of political and economic measures against proprietorship, have been suddenly "deliberated" with the collapse of the old rule. The legal acknowledgement of the right for private ownership and the turn toward marketization has opened the door for a vast movement of "capitalizing" the available stock. The use-value of acquired commodities has been rapidly switched to current income. Flats and garages became the base for a wide range of entrepreneurial activities; cars, freezers, videos, sewing machines, even telephones were turned to effective tools of production. Obviously, the potentials of the business depend on the magnitude of the capital in motion which, apart from the assets in hold of the tiny layer of the truly rich, is not great enough to raise genuine profit. Nevertheless, even the modest possessions of the majority render enough income to replace the earlier discussed loss of regular earnings, thus, to slow down the process of impoverishment. This way, even if the volume of capital at

private disposal is insufficient to turn the current decline into economic growth, at least, it is a spontaneously operated effective instrument of self-protection amid the conditions of decreasing macro-level economic performance, and seriously reduced social spending on income-maintenance.

Looked upon from this perspective, lacking past involvement in informal production has become the source of multiple deprivation of the poor. Being absent from the above-indicated vast popular movement of acquisition, at present, they not only suffer an apparent shortfall in standards of housing and the actual furnishing of their households, but are also deprived from any "space of maneuver" in resolving the frequent liquidity-crises of their daily lives. They have practically nothing to "mobilize", let alone their most inadequate standard of immediate consumption. Thus, the exclusion from past accumulation has landed in the sharp intensification of their defenselessness, relegating them to the harsh play of conditions fully out of their control.

The determinant role of these diverse prehistories in shaping the current situation is clearly demonstrated by the data in Table 8.2. The most of what the poor could attain was to equip their households with the normatively prescribed inventory of the late 1980s. True, the once sharp differences in the bare (yes or no) indicators of possession of elementary commodities have diminished by now. However, marked qualitative disparities have replaced them, as much indicating, as generating the parting socio-economic conditions of the better- and worse-off families of the community.

As the in-depth interviews revealed it, in most of the cases, the devices in the houses of the poor are rarely "bought"



in the classical sense of the term; instead, they come to the household through complicated in-kind bargains and second-hand exchanges. Truly "modern" commodities have been always missing from the supply: the equipments are outdated and worn, and often cease to function a few weeks after acquiring them. Obviously, the inferior state of the furnishing has further implications: old and overused machines and tools have to be repaired more frequently. Thus, their possession introduces a further incalculable element into the stretched spending -- if not in money, then in time. Further, the consequences on a marked deviation in the running of daily life also have to be taken into account. While an automatic washing machine spares time and energy, a microwave deliberates from standing by the oven for hours, a freezer helps to economize in daily shopping and assists to make use of low food-prices at seasons, etc., the poor have to "replace" these blessings of modernity by raw physical strength and squeezed time-use. Thus, the differences in material conditions are deeply embedded into diverse ways of life which render the liberty of choice in activities and personal contacts on the upper edge, while imprison into constrained daily tasks and restrained private networks on the lower one. Our interviewees clearly saw these evident implications. As one of them phrased it in a most persuasive way: *"I can tell you, who are the rich. You see them in the shop. If the queue is too long in the state-store, they easily give up, and walk away to the empty delicatessen round the corner. They can afford it! They do not count, as we do, how many rolls or eggs to buy, where and when!"*

Table 8.3. points to the historical aspect of these determinations. Looked upon from a generational perspective, the

data show the lasting impact of economic decline. Disproving the expectations of their ancestors, the linear trend of material advancement could not be continued by the younger generations. The real beneficiaries of the short period of prosperity were those currently in their fifties and sixties who had been in the apogee of their working capacity to accumulate a really lasting wealth. The subsequent generation (those in their middle ages today) still could make some use, though mostly in terms of modernization. At least, this is indicated by the fact that the possession of modern equipments is highest in the households where they live. The genuine losers are, however, the "late-comers" of history, who, starting their adult life amid the lasting conditions of a downward turn, are already forced to make painful concession even in the once-attained qualitative standards. Not only manifest poverty (indicated this time by the lack of elementary devices) shows a repeated increase among them, but the gradual drift is expressed also in less visible, though rather painful sacrifices in comfort and up-to-date furnishing. These symptoms clearly signal a yet unspelled, though frightening, aspect of lasting decline, namely, that the daily life of the youngest layers of the poor is forcefully curbed to a standard which Hungarian society had hoped to leave behind some 20-30 years ago.

The threat of a fall-back to once transgressed standards is equally alarming in the sphere of housing. Although the slow-down of private construction and the cessation of investments of the state is hopefully just a transitory feature of the current drastic descent of macro-economic performance, one has to underline some of the implied dangers. Our survey-data indicate the socially unjust distribution of the lasting consequences. In

the light of the findings on various aspects of the material well-being of our households, it is probably not surprising that we found remarkable inequalities within our community also in this respect: the poor have a very scarce access to sufficient housing, while the well-to-do live amid conditions, which are acceptable even looking at them from a Western perspective.

As the data of the survey show, the fate of the poor never was different: most of them did not ever have a chance to attain better circumstances. In fact, the spatial analysis of our data revealed that those with a low level of current income had been incapable of improving their housing conditions in the more prosperous decades. Their exclusion from keeping pace with the remarkable rise of "acceptable" standards has ultimately led to a significant ghettoization: at present, they are concentrated in the most run-down part of our research-area, in the small flats of those 80-100 years old buildings, which once had been built for the great masses of migrant workers, but have neither been modernized, nor sufficiently renovated during the past periods, thus, they have practically lost all their marketable value. The great majority of these flats consist of only one small room with a kitchen, and they usually lack a bathroom -- even a toilet. It would be a mistake to think that these apartments in an unaltered backward state of the turn of the century are inhabited only by the elderly, who somehow have remained in them. Our findings show a relatively high turn-over of owners and tenants, though all of them come exclusively from the poorest layers of the society, who never had a prospect to get any higher on the ladder.

Table 8.4.

## Indicators of housing conditions in the community

	Income-category of the households			
	Most needy*	Poor*	Average*	Affluent*
P.c. ratio of apartments in the ownership of the family	--	--	18.9	38.9
P.c. ratio of apartments with high comfort**	17.6	12.9	27.0	52.8
P.c. ratio of apartments without toilet inside	41.2	41.9	25.3	19.4
P.c. ratio of apartments with:				
-- one room only	52.9	64.5	54.3	37.1
-- three or more rooms	11.8	12.9	16.2	31.5
Density (no. of persons per room)	2.20	1.95	1.48	1.20
P.c. ratio of hhllds getting access to current apartm. through previous accumulation***	11.8	12.9	27.0	47.2
P.c. ratio of hhllds claiming urgent repair	64.7	57.3	58.5	41.7

\* See the definition of the categories below Table 8.1.

\*\* Dwellings with running water, bathroom, toilet and central heating

\*\*\* Cases when the dwelling was bought, inherited or built by the family itself.

Table 8.4. presents a set of indicators on the prevailing housing conditions in our community, demonstrating the highly unequal chances of our respondents to get into the better segments of the housing market. Data on the ratios of one-room flats, the lack of toilet inside, and on the level of comfort show that our research-area represents the older and impoverished part of the XIIIth district: while the 1990 Census found only 37.4 per cent of the extra-small flats, 12.8 of those lacking a

toilet inside, and 14.2 of the ones not reaching the minimum-standards of comfort, the corresponding figures in our community were significantly higher: 53.7, 25 and 25 per cent, respectively. At the same time, we rarely found those high-quality flats which give nearly half (48.7 per cent) of the overall dwelling-stock of the district; they represented only 27.8 per cent of the apartments in our area, inhabited overwhelmingly by the households of the well-to-do professionals or qualified workers.

Concerning the life-stage of the inhabitants, the single households of the elderly are really over-represented among those living amid poor housing conditions, though the shocking ratio of families with children squeezed into one room (40.5 per cent) is a clear justification of the rather high turn-over on the "market" of principally non-marketable flats.<sup>16</sup>

The poor condition of the housing-stock of the community is further indicated by the neglect of renovation and internal repair, though no less than three-fifth of our respondents mentioned an urgent need for it. If any repair occurred at all, then it was done on the basis of heroic efforts of the families themselves; although the state (better to say: the local authority) is the owner of nearly three quarters of the stock, the chronic budgetary constraints preclude even a minimal contribution on its part.

The most important sign of the definite end of a prosperous era is perhaps the radical shift in access to housing, shown by the sharp demarcation line between the older and the younger

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<sup>16</sup> This is one of the signs of the earlier described, historically rooted deformation of the housing market of the capital, analyzed at length also by the World Bank Report on Housing in Hungary; The World Bank, Washington D.C., 1991.



generations of our households. The new phenomenon of the most dangerous route of squatting occurs exclusively among families with children, who suffer the simultaneous plugging of state-construction (and delivery), and the disappearance of sufficient resources for entering the private market. While the dominant proportion of the elderly got hold of the present dwelling through state-distribution or private inheritance decades ago, the corresponding ratios show a 40 per cent drop among families with children. This is a dramatic indicator of the above-described vacuum-situation and its hardly resolvable personal consequences, which is owed to the disequilibrium between the rapid withdrawal of central support, and the slow evolvement of new credit-arrangements and financial assistance-schemes on the local level.

## IX. SOME ASPECTS OF THE DAILY ACTIVITIES IN THE URBAN COMMUNITY

In contrast to the highly structured distribution of income and wealth discussed so far, **time** is the one and only mobilizable "stock", which -- at least in principle -- is equally accessible for all members of society. True, the 24 hours of the day are a "blank sheet", and one could say for the first sight that people are free to decide, how to spend it. However, their freedom is much restricted in actual reality. Their work- and family obligations, the compulsion of the prevailing norms and expectations concerning "normal" routines at different stages of life, the pressure of indispensable necessities induce limitations, much similar to the more apparent constraints of cash and consumption. After all, the socially, economically and demographically determined utilization of time turns out to be no less structured than the unequally distributed material "assets". The close correspondence between the two major resources of everyday living is clearly reflected in the trade-off between them: in setting priorities and in the ordering of the fulfillment of various needs (even in making sometimes painful sacrifices), people are usually well aware of the fact that one can "buy" time for money, and vice versa -- a lot can be "spared" in cash, when investing more in time.

Taken all these considerations together, a realistic picture about the urban living conditions of contemporary Hungary cannot be given without an account on the changing patterns of economizing with time. Such an analysis has to focus once again on people's reactions to the multivarious challenges accompanying the ongoing deep restructuring of the economy. Hence, in the analysis below, individual time-use will be put into its context, and will be seen, as a contributing element to the varying

strategies for coping and adjustment of families as cooperating units. Therefore, we will focus on the division of tasks, roles and work-loads among their members, keeping in mind that an adequate coordination of duties and responsibilities highly determines the potentials to make use of the most efficient way of adjustment, i.e., to maximalize and stabilize access to gainful activities in the external world of paid labour.

Due to the decade-long employment policy of socialist economy, the patterns of the division of labour within the households have been gradually adopted to the fact that virtually all adults work eight hours a day amid conditions that employees cannot influence at all. Neither the start of the work-day, nor the breaks, nor the frequent compulsions of the employers to go on extra shifts even on the weekends could be negotiated -- instead, personal and family-needs had to be subordinated. Beside the multifold negative effects of this history, there seems to be also a positive one: a relatively high degree of equality in sharing the household-duties between the male and female members of the families. We do not intend to say that century-long traditionalism and women's "second-class citizenry" has withered away in all its aspects. (Perhaps even to opposite would be true, concerning the level of female earnings which are some 20-30 below the male workmates in the same job, or, the apparent inequalities in opportunities for occupational mobility, etc.). Nevertheless, the internal relationship of the families has changed remarkably. This fact is convincingly demonstrated also by subsequent cross-national time-budget surveys, concluding unequivocally that although socialism never met its early promises about women's emancipation (instead, subordinated and exploited them), ironically enough, it induced some equality

where it projected a future disappearance of the institution itself -- in the families.

We have to add that the above analyzed trends of modernization and the substantial expansion of the second economy worked in the same direction. The most rational participation in the two labour markets of the coexisting two spheres of production (dictated by the dual pressures of external rules on the one hand, and of the extensive needs of the households on the other) required a close and circumspect planning of cooperation between family-members, leading to a widespread equalization in sharing and fulfilling the multiple duties.

According to the findings of the survey, these "equalizing" tendencies did not vanish with the fall of employment in the formal economy. As the data in Table 9.1. show, both, male and female members of our community work still hard in various gainful activities. The figures indicate high participation-rates, and a substantial length of the average weekly working time of all the various age-groups of men and women. Thus, it is suggested that shrinking job-opportunities have not yet affected the **duration of time** devoted to work (it is forty five hours a week on the average; in other words, 9 hours on a weekday), though significantly modified the **forms** of it.<sup>1</sup>

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<sup>1</sup> The corresponding data of the last countrywide representative Time-Budget Survey in 1986-87 (published in: Time-Budget, Publications in Social Statistics, CSO, Budapest, 1990) have already suggested these tendencies (i.e., the surprising "resistance" of working times, and a significant re-shaping of the forms and spheres of gainful activities), though they have become probably more pronounced during the latest few years. Since the different methods applied by our research do not permit any direct comparisons (thus the overall averages spent on various activities by the population on any given day of the year cannot be related to the calculations based on the self-reported "average length devoted to work on an ordinary week"), both, the findings of our random-sample research and the more detailed accounts of the in-depth interviews of the sub-sample survey indicate even some further lengthening of the time spent with

Table 9.1.

Participation rates in gainful activities and average weekly working hours of male and female adult members of the community, by age

	AGE			
	15-39 years of age	Between 40-59 years of age	60 years old or older	Together
MALE				
P.c. ratio of those doing any gainful activities	70.6	58.8	19.5	52.9
Average weekly working time (in hours)	47.6	44.2	50.6	47.0
FEMALE				
P.c. ratio of those doing any gainful activities	60.0	59.6	12.3	41.1
Average weekly working time (in hours)	40.9	46.1	38.9	42.7

Although there are differences between the two genders, they probably remain below any expectations: neither the ratio of participation, nor the average length of time in work is much less among women than men in the youngest age-group (although this is the usual life-stage of child-delivery); in the next cohort, the female figures even exceed those of the male workers (59.6 per cent of women between the age of 40 and 59 spend 46.1 // hours a week by gainful activities, while the corresponding figures for men are 58.8 p.c. and 44.2 hours, respectively).

gainful activities, though -- as it was already described above -- the increase of the duration seems to be accompanied by a diminishing rate of those, who actually have access to work at all.

The findings for the retired elderly are shocking, though primarily not in the dimension of gender-inequalities. They rather call our attention to a massive and heroic struggle against the rapid deterioration of their situation. Those who work, do it really very hard: men for an average of 50.6 /!/, and women for 38.6 hours a week! (In the light of these work-loads, it would be more correct, and also more accurate, to speak about "pensioned" people, instead of "retired" elderly.)

Such an intensive participation of both sexes in the labour market cannot be sustained in any other forms than by a well-targeted division of tasks within the walls of the house. Meals have to be cooked, children have to be supervised, laundry has to be washed, and even the repair of one or another equipment cannot be postponed for ever. The regular fulfillment of these tasks has become even more indispensable with the decrease of real incomes, since only perhaps the most affluent groups can still afford to buy services for the substitution of houseworks done at home.<sup>2</sup>

Table 9.2. shows that the "near-uniformity" of the loads of work for pay induce also a nearly-equal share in the sphere of unpaid homeworks. Although longitudinal comparisons with the time-budget data of 1987 (Table 9.2./B) have to be handled with due caution because of the technical-methodological differences in the ways of data-collection, the tendency of gender-neutral participation in certain duties once done virtually exclusively

<sup>2</sup> In the physical sense of the term, our community can easily get access to nearly all types of services in the neighbourhood. A detailed description of them is presented in Appendix B. The *financial* resources, however, are rapidly diminishing. Recent price-increases have seriously affected even the once widespread use of the daily child-care services of creches, kindergardens and school-based day-centers. Less and less families can afford to pay for them, and, as it was revealed by a number of interviews with the personnel, the most endangered children are the most probable drop-outs.



by women (e.g., cleaning or cooking) has even been accentuated under the increase of the multifaceted pressures, experienced by families in recent times.

Table 9.2.(A).

**Participation rates of men, women and children in various kinds of household-duties; indices of unequal division of labour between men and women**

	Percentage ratio of those doing				
	Adult men (aged 15 or over)	Adult women (aged 15 or over)	Active male e a r n e r	Active female	Child (All dependant children, regardless of age)
Indoor household duties, together	88.6	95.7	89.8	94.7	40.3
Out of them:					
Cooking	63.6	91.9	71.2	93.0	22.4
Cleaning the house	82.1	91.4	79.7	91.2	38.8
Washing up	55.7	87.0	55.9	84.2	19.4
Canning, food preservation	16.4	49.2	11.9	42.1	3.0
Washing	27.9	85.4	27.1	86.0	3.0
Sewing	17.1	72.4	15.3	73.7	1.5
Heating	7.9	3.8	5.1	3.5	1.5
Repair-work	75.0	11.9	76.3	7.0	9.0
Daily shopping	65.0	78.4	64.4	74.2	32.8
Care for child(ren)	14.3	20.5	13.6	22.8	3.0
Official errands	59.3	63.8	57.6	59.6	1.5
Gardening	21.4	15.1	8.5	12.3	6.0

Table 9.2. (B)

Participation rates of men, women and children in various kinds of household-duties; indices of unequal division of labour between men and women (1987<sup>3</sup>, 1992)

	Indices of gender-bias*			
	All adults,	All adult,	Active	Active
	1992	1987	earners 1992	earners 1987
Indoor household duties, together	1.08	1.57	1.05	1.60
Out of them:				
Cooking	1.44	2.34	1.31	1.44
Cleaning the house	1.11	2.20	1.14	2.27
Washing up	1.56	5.10	1.51	5.72
Canning, food preservation	3.00	3.20	3.54	2.17
Washing	3.06	9.07	3.17	11.60
Sewing	4.23	83.00	4.82	75.00
Heating	0.48	0.74	0.69	0.53
Repair-work	0.20	0.21	0.09	0.16
Daily shopping	1.21	1.42	1.68	1.80
Care for child(ren)	1.43	1.21	1.68	1.07
Official errands	1.08	1.30	1.03	1.30
Gardening	0.71	0.72	1.45	0.61

\* The ratio of participating women, divided by the corresponding ratio of men. The bases of calculations were the percentage ratios of those actually engaging in the given activity.

This "equalization" is also suggested by the detailed analyses: there seem to be no remarkable difference between the various social groups in the participation-rates of fulfilling various household-tasks. The respective figures are much around the overall averages, regardless of the diverse level of schooling, income, or the rather segmented occupational structure of the community. Even age does not play a decisive role in this regard. Young men and the more "traditional" elderly alike, take over nearly all kinds of tasks from their spouses, when rationality, or the compulsion of pressing needs dictate it.

<sup>3</sup> Changes in the Way of Life of the Hungarian Society: Report on the Countrywide Representative Time-Budget Survey, 1986-1987; CSO, Budapest, 1990. -- Data for Budapest.

While sharing is common, the scope and number of duties is, of course, not identical in the various types of the families. Where there are several children, an ever-lasting coordination is needed between the simultaneous tasks of supervising homework of the schoolchild, getting home from nursery with the toddler, buying food for dinner etc. Obviously, the profile of daily routines is entirely different of this in the households of the elderly. Their main duties are dictated by the frequent necessity of all-day care for the chronically ill spouse, which is often supplemented by the call for the grandmother's baby-sitting somewhere in a far-away district, where the younger part of the family lives.

This variety of the daily tasks is demonstrated by the substantially differing male and female participation-rates in Table 9.3., which confirm that the differences are much less rooted in gender-inequalities per se than in the highly diversing potentials of the various types of households to share at all. In this regard, female single parents (living mostly in nuclear families) and the elderly in solitude face the most insurmountable difficulties. Given their loneliness, accompanied by severely limited -- if not extremely poor -- financial capacities (which hinders the purchase of services, that would make life easier), they have to fulfill all the emerging duties usually without even the hope for getting help from somewhere. Although children might assist the parent whom they live with, the threat of stigmatization (which is a frequent experience of schoolchildren after divorce) drives their mother not to make too much use of it.

Table 9.3.

Participation rates of different household-members in selected household-duties, for various types of the households (p.c. ratios of doers)

	Type of activity			
	At least one of the indoor duties	Repair- work	Dayly shopping	Care for children
Couple with children (nuclear households only)				
Head (male)	86.2	89.7	79.3	34.5
Spouse (female)	96.9	18.8	87.5	59.4
Child	41.7	10.4	31.2	2.1*
All other types of families with children				
Male head	33.3	66.7	33.3	33.3
Female head	100.0	11.1	77.8	55.6
Child	33.3	5.6	33.3	-
Other member	62.5	-	87.5	25.0
One-parent families				
Male parent	75.0	62.5	83.3	12.5
Female parent	100.0	12.5	87.5	62.5
Child	25.0	6.3	25.0	-
Other member	80.0	6.7	73.3	13.3
Active couple, without child				
Male head	95.0	70.0	60.0	2.5
Female head	93.3	6.7	86.7	-
Spouse	96.6	17.2	69.0	10.3
Other member	89.3	25.0	57.1	3.6
Inactive couple				
Head	86.2	79.3	82.4	17.2
Spouse	96.4	14.3	64.3	17.9
Inactive, single				
Male	100.0	85.7	100.0	-
Female	97.6	12.2	85.4	2.4

\* Care for younger sibling.

They seemingly build less on children's participation than cohabitating parents do. In fact, children in this latter type of the households take a surprisingly high share of the duties around the home: above the age of 12-14, they do regular shopping, help in repair, give assistance to cooking and are frequently the ones, who day by day clean and heat the house. Let us recall. poverty is the highest in this type of the families with children. As the findings in Table 9.3. show, the only way to cope with it is an early introduction of the youngest members to the responsibilities of regular participation in work -- though yet only within the framework of the households. Nevertheless, the interviews with teachers of the local schools revealed that exhausted, overworked, undernourished, neurotic children of poor families are frequently found even among the very young pupils of the primary schools. These are the cases, where mere financial help is not enough any more to hinder the lasting effects of marginalization and to halt the accompanying social disintegration of a remarkable segment of an entire generation.

## CONCLUSIONS AND RECOMMENDATIONS

Longterm socio-economic trends show a continuous expansion of poverty in Hungary since the late 1970s, which has hit the urban segment of society in particular. However, the trends of a steady increase of the number of those living below the level of subsistence have turned to rapid acceleration during the past few years of the systemic transformation of the former state-socialist order. The causes behind the unfavourable recent development are often identified in the working of the market.

The findings of our study raise strong doubts about such a direct correlation between marketization and the evolvement of apparent cast-like social differentiation. They indicate that, instead of the play of any "fatalistic" determinants, the recent expansion of poverty is bound partly to the prevailing dogmatic neo-liberal interpretation of the necessary economic transformation, and partly is due to those legacies of the state-socialist past which have not yet been terminated.

The paper presented the historical antecedents of the current state of affairs through a statistical documentation of the trends in the standards and conditions of living in the past decades. The discussion resulted in the conclusion that the gradual increase of poverty was due to the malfunctioning of socialist redistribution amid the emergence of a dual socio-economic order, which was based on the co-existence of the state-controlled formal and the market-regulated informal (second) economy. The analysis confirmed that the poor have been increasingly left without formal support in those currents, when the alleviation of poverty of the majority was due to an expanding participation in the informal spheres of production. Thus, the market in itself cannot be made responsible for the



growth of poverty. Rather, the genuine causes should be identified in currents of effective disintegration. The paper argued that the new trends of the rapid creation of a class of "secondary citizenry" are rooted in a long-maintained neglect of those who once had been the bases and the main army of the fabric of socialist economy, but who never had been elevated from their continuously reproduced poverty.

In identifying the groups at highest risk, the increasing occurrence of severe symptoms of child poverty had to be underlined in the first place.

The study revealed, however, less visible, though equally disturbing symptoms of serious deprivation among the elderly, and in families of the longterm unemployed, with an extraordinary high representation of the new immigrants among them.

Attention had to be drawn also to the hopeless situation of large groups of young school-leavers, whose perspective is also to proliferate the large group of those facing irreversible fall into destitution.

The study made clear the incapability of local programs to mitigate these serious tensions. At present, social workers and welfare officers can offer only temporary solutions: the poor resources for financial assistance and the serious shortage of the available social services set severe limitations to any generous actions, and restrict practical aid to a kind of day-to-day firefighting.

Beside the natural frustration on the part of those who face the inadequacy of their daily work "on the field", a great deal of controversies could be discovered in current policy-decisions and actions. In the background of a chaotic situation in the field of welfare, one can encounter a disturbing confusion of the

prevailing interpretations of the genuine causes of poverty, and the most promising "remedies" against its further increase.

The most frequent explanations identify lasting decline in economic growth, as the major origin. It is argued that recent expansion of poverty follows directly from the chronic stagnation of economic performance over the past one and a half decade. Any rise in the standard of living would presuppose a positive turn of the trend, i.e., a substantial improvement of productivity and a stable increase of the yearly GDP.

Although such a reasoning might have a justifiable logic from a pure macroeconomic perspective, one would seriously doubt, however, any automatic and direct benevolence of growth for all households, "evenly". A thorough revision of the facts does not confirm a linear association.

Such a one-to-one relationship hardly can be justified, when looked at data of the distribution of personal income and consumption during the recent period of definite decline. Disaggregated statistical data show that several social groups have effectively gained in the meantime, even in comparison to their previous standard. In other words, one faces two, simultaneous phenomena in Hungary nowadays: a speedy and significant rise of the standard of living and substantial accumulation of wealth in the upper segments of society, which is accompanied by definite deterioration of the living conditions and an increase of absolute poverty toward the lower edge of the income-scale. Thus, neither the current unstoppable expansion, nor the much-hoped future decrease of poverty cannot be bound simply to macro-level indicators of the state of the economy. It is most probable that further cuts in social spending in favour

of production would simply intensify the prevailing inequalities, without any promise to ever reduce them.

Another reasoning presents current poverty as the necessary price for a successful transition from state-socialism to a market-regulated economy. It describes the phenomenon as the unavoidable accompanying feature of the current changes, suggesting that it would automatically disappear after the full accomplishment of economic restructuring and marketization.

There are, however, disturbing puzzles here. First, the steady growth of poverty started well under socialism; thus, it hardly can be related to those systemic changes, which have begun with the collapse of the old regime in 1989. Second, such arguments suggest that poverty is a "fatal" phenomenon, a price, which should be paid by some people for the advance of the society as a whole. However, the legitimizing principles of the uneven share of the burdens remain in the dark. Third, the faith in "automatic" improvement disregards the internal logic of poverty. It is forgotten that the lack of adequate income is just one (although usually the most decisive) of its features, which is in close correlation (and in a self-sustaining interrelation) with other aspects of life (e.g. all-round defenselessness, poor health, low education, lack of utilizable skills and qualifications, frailty of personal relationships, etc). It is rather difficult to think that all these aspects of poverty would be suddenly and spontaneously outdistanced just by a rise in personal income. The complex solution seems to require a wide range of well-targeted additional interventions, too.

Similar to the above-cited neoliberal approach (which expects automatic improvement from rapid marketization), the third strand of thoughts (a kind of socialist conservatism) also

starts off from the historical demarcation line of 1989-90. However, its explanation for the recent expansion of poverty goes the other way round: it identifies the major cause in the "too" rapid withdrawal of the central state. It is argued that the hurried decomposition of the "old" state has left behind a vacuum in social policy, hitting those vulnerable groups in the first place, whose daily livelihood had been the most dependent on central redistribution. Thus, the denationalization of social services in the name of privatization and the decentralization of certain benefit-schemes are the most responsible factors behind the recent increase.

Although these arguments seem rather convincing from a synchronic perspective, there is a serious "catch 22" built into them. It cannot be denied that drastic cuts of central payments cause an immediate deterioration in the situation of those households, whose financial resources were mainly dependent on transfer payments before.

However, the diachronic approach indicates a somewhat different picture. A closer look at longitudinal changes of the income distribution shows that the very same groups have always belonged to the poorest segments of the Hungarian society; thus, central redistribution never was able to induce substantial corrections into their financial situation. Instead, the relative alleviation of poverty was a product of gradual "liberalization" of the overpower of the central state, which created a limited scope for autonomous economic activities for the larger part of the society. Those, who were able to put their livelihood on two pillars (i.e., kept one foot in the state-controlled, and another in the informal economy), could achieve a substantial improvement over the last two decades (that is, well

before the collapse of socialism); whereas those, who had been reliant only on the state, have lost both, in absolute and in relative terms.

Looked upon from these historical perspectives, it is justifiable to say that from the late 1960s onwards, gradual marketization has meant an effective protection against poverty, while centralized redistribution on its own has acted toward the maintenance and reproduction of it.

It also follows that the current institutional withdrawal of the state is in fact the completion of a process, which has already started decades ago. The gradual erosion of the omnipotent rule of the party-state over the society has in a way "prepared" it even under the seemingly unbroken endurance of the old regime.

As the paper attempted to demonstrate it, the state of the old Communist rule never helped those, who could not help themselves. Therefore, its withdrawal can hardly be interpreted as a phenomenon of unprecedented and "new" neglect. Instead, the institutional decomposition of the socialist legacy is perhaps the most important precondition for a genuine change in the prevailing inequalities and in the self-sustaining inequities of central redistribution.

On the grounds of the study, one is strongly inclined to take a fourth position. The authors equally doubt the "just transitory" character of poverty in contemporary Hungary and those simplistic interpretations, which, in a strive for alleviating it, believe in the aptitude of mere economic measures.

Some concrete recommendations for short- and medium-term actions follow from these conclusions.

In order to prevent the ultimate splitting of Hungarian society, most urgently, the legal guarantees for universal social rights should be laid down in a categorical manner. The establishment of the yet painfully missing institutional framework for their realization similarly cannot be postponed for long. Clear regulations to comprise the unconditioned access to basic health-, child- and social services of individuals and families in greatest need should be on the top of the priority-list of legislative actions. The introduction of the guarantees requires centrally allocated and well-targeted funds, further, a clearly defined division of both, responsibilities and resources between the central state and the local governments. Such a most needed program would imply important amendments in the current Social Act and in the Act on Local Governments as well, as modifications of the regulations on "contribution-based" access to health-care or entitlements for welfare assistance.

The amendment of legislation on social policy is on the agenda of accomplishing the process of systemic transformation in Hungary. Therefore, one can only hope that the current painful holes in access to social security and other statutory benefits will shortly be filled in -- at least on the level of adjusting the rules to the much changed conditions of people's life.

However, the overall transformation takes time, while the pressing needs cannot wait.

On the grounds of our research-results, four priority-areas in a major demand for immediate intervention have to be designated here.

The first set of actions should relate to the recent boom of unemployment. Given the limited resources of the state budget and of the social security fund, one hardly can think that the



extremely high poverty-risks of the unemployed and their families can be reduced by a substantial rise of the benefits. The only way out is through re-employment and by facilitating all possible access to work. Thus, yet scarce and ill-functioning retraining programmes should be rapidly developed, and either community-based, or private job-creation has to lead the list of subsidized investments. These programmes should be assisted by a much enlarged scheme of adequate long- and medium-term credits.

The second set of needs to introduce new programmes and financial arrangements is initiated by the deepened imbalance of the housing market, which turned out to be one of the most important background determinants of a dangerous and hopeless impoverishment of many urban families. As our survey revealed it, sufficient financial support schemes at the local level would be at least of temporary help. Given the virtual vanishing of state-financed construction, there is not too much hope for generous social housing arrangements in the near future. In such conditions, the introduction of rent-rebate should assist in mitigating the often unbearable constraints of the private budgets of the urban households.

The third and perhaps most dramatic issue crying for urgent intervention is the rapidly increasing threat of poverty among children. Even amid the current serious financial deficits of all the central funds, one has to claim a substantial rise of child-related benefits, and their due adjustment to the continuous increase of consumer prices. However, mere financial support cannot stop the frightening processes of dropping out from schools, neither can it hinder growing juvenile delinquency. Therefore, a range of coordinated educational and training

programmes and well-designed subsidy-schemes should assist purposeful and effective prevention.

Last, but not least, the formidable state of poverty prevailing in the single households of the elderly requires immediate actions in home- and medical care. Besides the pressing need for arrangements guaranteeing automatic and universal access to free medication above a certain age, normative schemes of financial assistance have to be introduced to prevent their evidenced starvation and too soon death in full neglect.

A P P E N D I X

(TABLES)

Table A1.

**Differential impact of consumer price increases between 1989 and 1991**  
**(Average price level of 1989=100.0)**

Type of the household	Basic goods of everyday consumption	The 1991-level of prices of House - building and - buying	Goods bought less frequently or of lesser importance	Luxury goods and services	All consumer goods and services
Households of active earners with					
Low level	163.7	156.0	156.4	173.7	163.7
Medium of per	162.1	156.4	155.7	174.7	163.3
High monthly income	160.4	156.9	156.6	176.4	163.2
Together	162.1	156.2	155.3	175.3	163.3
Households of inactive earners					
	162.5	156.4	154.9	166.7	161.2
Households, headed by active earner, with					
0	161.9	156.3	155.3	169.6	162.1
1 children	162.2	156.0	155.8	174.3	162.9
2	162.9	156.0	156.8	177.1	164.3
3 or more	164.2	156.6	157.9	175.6	164.9

Source: Minutes in Consumer Prices; CSO, Budapest, 1990-1992.

Table A2.

Some socio-demographic indicators of population, households and families in Hungary, for selected years between 1970-1991

	1970	1980	1984	1989	1990	1991
Size of the population, in 1000	10 322	10 709	10 640	10 421	10 375	10 359
Ratio of the urban population (%)	51.0	54.7	56.0	59.4	61.9	62.2
Natural population-growth (%)	3.1	0.3	-2.0	-2.0	-1.9	-1.9
Ratio of the population aged 60 and over (%)	17.1	17.1	17.9	n.a.	18.9	19.1
Infant-mortality (%)	35.9	23.2	20.4	15.7	14.7	15.6
Average life-expectancy at birth (years)						
male	66.31	65.45	65.05	65.4	65.13	65.02
female	72.08	72.70	73.16	73.79	73.71	73.83
Average life-expectancy at the age of 40 (years)						
male	31.51	29.60	28.98	29.07	28.84	28.72
female	35.76	35.48	35.79	36.17	36.06	36.17
Average life-expectancy at the age of 60 (years)						
male	15.19	14.58	14.55	14.79	14.72	14.74
female	18.19	18.32	18.67	19.16	19.02	19.15
Yearly number of marriages per 1000 non-married women over the age of 14	62.1	51.1	45.0	36.8	35.9	32.3
Yearly number of divorces per 1000 marriages	8.4	9.8	10.5	9.6	9.9	9.8

Table A2. (cont.)

**Some socio-demographic indicators of population, households and families in Hungary, for selected years between 1970-1991**

	1970	1980	1984	1989	1990	1991
Ratio of divorced women among all women over the age of 14 (%)	3.8	5.9	6.6	7.7	8.2	8.4
Ratio of children born outside marriage, as a percentage of all child-births of the year	5.4	7.1	8.8	12.4	13.1	14.1
Average size of households	2.95	2.79	2.70	n.a.	2.66	n.a.
Ratio of one-member households (%)	17.5	19.6	19.8	n.a.	24.3	n.a.
Ratio of "large" households (with 5 or more members) (%)	14.0	10.5	8.6	n.d.	8.0	n.d.
Average size of families	3.01	2.94	2.92	n.d.	2.93	n.d.
Ratio of one-parent families (%)	10.2	11.3	12.6	n.d.	15.5	n.d.
Ratio of families without children (%)	33.7	25.2	35.2	n.d.	34.3	n.d.
Ratio of "large" families (with 4 or more children) (%)	2.9	1.6	1.2	n.d.	1.4	n.d.

n.d.: no data available

Sources: Social Report 1990 and 1992, resp. (eds.: Andorka, R -Kolosi, T -Vukovich, Gy.) TÁRKI, Budapest, 1990 and 1992. resp.



Table A3.

Some indicators of the standards of housing, for selected years  
between 1970-1991

	1970	1980	1984	1990	1991
Number of newly built flat per 1000 inhabitants	7.8	8.3	6.6	4.2	3.2
Percentage ratio of flats with one room only	45.6	26.7	n.d.	15.4	n.d.
Percentage ratio of flats with 3 or more rooms	10.8	24.3	31.1	39.6	40.2
Number of persons per 100 rooms	194	146	129	114	111
Percentage ratio of flats with running water (inside the dwelling)	35.6	65.0	76.6	83.3	83.7
Percentage ratio of flats with toilet (inside the dwelling)	27.0	53.3	64.8	74.1	75.0
Percentage ratio of flats attached to communal sewage	37.9	67.8	78.0	83.8	84.2

Source: Social Report 1990 and 1992 (eds.: Andorka, R.-Kolosi, T.-Vukovich, Gy.); TÁRKI, Budapest, 1990 and 1992., resp.

Table A4.

## Number and ratio of persons living below the subsistence level

Number of persons living below the minimum			Ratio of those living below the minimum, as a % of the total pupulation living			
Years	In the Households with      without active    active earner(s)		In all hhlds	In the Households with      without active    active earner(s)		In all hhlds
	(I n   1 000)			(P e r c e n t a g e)		
A. From the Income Surveys						
1977*	963.7	274.2	1 237.9	10.7	18.0	11.7
1982	906.7	195.7	1 102.4	10.0	11.9	10.3
1987	1 191.2	152.8	1 344.0	13.5	8.5	12.7
1992**	1 419.7	224.1	1 643.8	16.5	11.8	15.6
B. From the Household Surveys						
1978*	1 314.8	322.8	1 637.6	14.4	21.1	15.4
1980*	1 179.9	247.4	1 427.3	13.2	17.2	13.8
1982	1 360.0	218.7	1 578.7	15.0	13.3	14.8
1983	1 476.8	314.9	1 791.7	16.5	18.0	16.7
1985	1 426.3	247.4	1 673.7	16.0	14.2	15.7
1987	1 279.5	188.8	1 468.3	14.5	10.5	13.8
1991	1 914.8	332.5	2 247.3	25.2	12.6	22.0

\* Subsistence minima were retrospectively calculated by the CSO only back to 1982. The values for 1977, and 1980 are estimated ones, with the assumption, that the ratio of the national subsistence minimum to the average monthly per capita income was the same for those years, as for 1982 (the year of the first retrospective official calculation). Average monthly per capita income data are drawn from the Household Surveys for 1978 and 1980, and from the (more accurate) data of the Income survey for 1977.

\*\* Own calculations, based on microsimulation-data of the Central Statistical Office.

Source: Published data of subsequent Income- and Household Surveys of the CSO; Statistical Yearbooks; "Some Characteristics of the Population Living Below the Subsistence Minimum", Special Publication of the CSO, Budapest, July, 1993.

Table A5.

Composition of the entire population and of those living in poverty<sup>x/</sup>

	Composition of the population living in the lowest decile, 1982		Composition of the entire population 1982	
	below the subsist. minimum, 1991		1991	
Active earners	23.7	32.1	45.7	37.4
Persons on childcare fee/grant	4.8	4.0	2.2	2.1
Unemployed (self-reported)	-	5.2	-	2.6
Pensioners and other adult receiving regular soc. assistance	17.3	13.0	20.3	28.0
All dependant children	40.6	38.1	26.2	26.2
Out of them:				
-0-14 years old depend.	37.2	30.5	21.7	19.3
-Students aged 15-25	3.2	7.6	4.5	6.9
Non-studying depend.adults, receiving no regular income	13.4	7.6	5.6	3.7
Together	100.0	100.0	100.0	100.0

<sup>x/</sup> Due to the lack of data about the composition of the population living below the subsistence minima before 1984, the table presents the composition of those living in the lowest decile of the income distribution (computed on the basis of per capita income) for the year 1982. Detailed analysis of the data show, however, that this definition of poverty leads to more rigorous income-levels than the one based on the concept of the subsistence minimum. Thus, only tentative conclusions can be drawn from the table.

Source: Own calculations based on data from the 1983-Income Survey, and from the 1991-Household Survey of the CSO.

Table A6.

**Risks of dropping below the minimum 1985, 1987 (on the basis of the Household Surveys)**

Type of residence and economic activity	Ratio of those living below the subsistence level as a percentage of the total population in the given group	
	1985	1987
Urban, active earners	13.9	13.4
Rural, active earners	9.6	6.8
Urban, on child care fee/grant	42.1	40.3
Rural, on child care fee/grant	25.3	18.6
Urban, pensioners	8.7	7.5
Rural, pensioners	6.6	4.4
Urban, children	28.2	27.8
Rural, children	21.0	18.2
All other adult dependants (Urban-Rural)	28.0	27.6
Total	15.7	13.8

Sources: Statistical Yearbook, 1989, CSO, Budapest, and Book of Facts '91; Ráció Publishing House, Budapest, 1991.

Table A7.

**How long have been living the household-heads and spouses in the community?**  
(Percentage distributions)

Duration of the period living in the community	Head of the household			Spouse		
	Male	Female	Together	Male	Female	Together
for more than 10 years	51,9	64,7	56,8	62,5	50,6	51,7
for the last 6-10 years	17,6	20,6	18,8	37,5	17,3	19,1
for the last 3-5 years	13,0	8,8	11,4	-	13,6	12,4
for the last 1-2 years	17,6	5,9	13,1	-	18,5	16,9
Together	100,0	100,0	100,0	100,0	100,0	100,0

Source: Random-sample survey, 1992.

Table A8.

**Length of time since in the community, according to the length of the  
period since in Budapest**

(Male and female household-heads, spouses)

Length of the period since in Budapest	<i>Percentage ratio of male household-heads living in the community for the last</i>			
	0-4 y e a r s	5-10	more than 10	Together
0 - 4 years	100	-	-	100
5 - 10 years	63	37	-	100
More than 10 years (or born here)	23	19	58	100
Together	27	20	53	100
Average age at moving to the community	31,9	35,0	29,2	19,5
<i>Percentage ratio of female household-heads living in the community for the last</i>				
	0-4 y e a r s	5-10	more than 10	Together
0 - 4 years	-	-	-	100
5 - 10 years	100	-	-	100
More than 10 years (or born here)	9	25	66	100
Together	12	24	64	100
Average age at moving to the community	31,0	48,5	31,6	35,7

Table A8. (cont.)

**Length of time since in the community, according to the length of the  
period since in Budapest**  
(Male and female household-heads, spouses)

	<i>Percentage ratio of spouses living in the community for the last</i>			
	0-4 y e a r s	5-10 y e a r s	more than 10 y e a r s	Together
0 - 4 years	100	-	-	100
5 - 10 years	50	50	-	100
More than 10 years (or born here)	22	21	57	100
Together	26	22	52	100
Average age at moving to the community	29,2	37,8	31,1	32,1

Source: Random-sample survey, 1992.

Table A9.

**Distribution of families according to type, and according to the  
number of children under the age of 15**  
(Percentage distributions)

Type of family/number	Budapest		XIIIth district		Community
	1980	1990	1980	1990	1992
of children					
Couple+1 child	39.4	33.3	46.1	33.8	45.7
Couple+2 children	25.5	27.2	27.2	25.0	22.9
Couple+ 3 or more children	4.8	5.7	3.8	4.3	5.7
One parent+1 child	21.4	23.4	17.8	26.7	11.4
One parent+ 2 children	7.8	8.8	4.5	8.8	11.4
One parent+ 3 or more children	1.2	1.6	0.6	1.4	2.9
Together	100.0	100.0	100.0	100.0	100.0
Average number of children/family	1.8	1.5	1.4	1.5	1.5

Source: 1980- and 1990 Census; Random-sample survey



Table A10.

## Percentage distribution according to age of head

Age of hhld-head	Budapest (1987)	XIII. district (1987)	Community (1992)
-29	6.9	4.9	13.1
30-39	21.0	23.8	22.1
40-49	21.0	17.9	13.1
50-59	18.8	22.0	10.8
60-69	16.8	16.2	23.3
70-	15.5	15.2	17.6
Together	100.0	100.0	100.0
Average age of head (years)	50.6	50.8	51.3

Source: CSO - Income-survey, 1988 and Random-sample survey, 1992

Table A11.

Changes in the level of schooling  
(Ratios in per cent)

Level of schooling	Budapest		XIIIth district		Community
	1980	1990	1980	1990	1992
Out of those aged 15 years or over: <u>at least completed</u> <u>primary school</u>	78.3	77.0	87.0	86.6	87.8
Out of those aged 18 years or over: <u>at least completed</u> <u>secondary school</u>	38.8	37.2	45.2	44.4	48.4
Out of those aged 25 years or over: <u>degree in higher</u> <u>education</u>	13.1	12.7	19.1	19.3	16.0

Source: 1980- and 1990 Census; Random-sample survey

Table A12

Percentage distribution of the households, according to the age of the head, the number of working members and the type of their work-related income-contribution

Number of working member and form of contribution	Age of the household-head			Together
	15-39 years old	40-59	60 years old or over	
Only unemployed or inactive adults, none of them works	4.8	16.7	73.6	35.8
Only unemployed or inactive adults; though there is irreg. income from work	9.7	28.6	22.2	19.3
One member in full-time employment; no other job/gainful work	40.3	21.4	1.4	19.9
One member in full-time employment plus extras from second job/gainful work in the formal/informal economy	8.1	9.5	1.4	5.7
At least two member in full-time employment; (with or without extras)	37.1	23.8	1.4	19.3
Together	100.0	100.0	100.0	100.0

Source: Random-sample survey

Table A13.

**Contribution of various types of income to the household-budgets in  
different household-formations**

Type of income	Household-formation			
	Single person	Couple without children	Couple with children	Single parent with children
Average monthly total income of the households (Fts)	11 257	23 793	38 655	27 851
Average monthly per capita income (Fts)	11 257	11 897	11 315	9 279
Average monthly income from work (Fts)	4 451	10 128	25 473	13 692
Average monthly income from social security and other statutory benefits (Fts)	6 654	12 713	10 355	9 925
Average monthly income from welfare assistance (Fts)	91	43	31	317
Average monthly income from family-support and other informal resources (Fts)	61	909	2 796	3 917
P.c. ratio of households getting income from				
- work	35.1	65.2	87.8	75.0
- social sec./stat.benef.	82.5	72.7	85.7	92.7
- welfare ass.	5.3	2.2	4.1	16.7
- private res.	3.5	10.9	6.1	33.3

Table A14.

**Contribution of various types of income to the household-budgets  
according to the number of household-members**

Type of income	Number of hhld/members				
	one	two	three	four	five
Average monthly total income of the households (Fts)	11 257	22 968	33 220	49 731	37 743
Average monthly per capita income (Fts)	11 257	11 484	11 073	12 433	7 549
Average monthly income from work (Fts)	4 451	10 858	23 350	27 454	19 186
Average monthly income from social security and other statutory benefits (Fts)	6 654	11 363	7 826	13 715	18 557
Average monthly income from welfare assistance (Fts)	91	39	97	100	-
Average monthly income from family-support and other informal resources (Fts)	61	708	1 947	8 462	-
P.c. ratio of households getting income from					
- work	35.1	67.8	84.2	84.6	100.0
- social sec./stat.benef.	82.5	72.9	81.6	92.3	100.0
- welfare ass.	5.3	3.4	5.3	7.7	-
- private res.	3.5	8.5	10.5	23.1	-

Table A15.

Contribution of various types of income to the household/budgets,  
according to the number of working hhd/members

Type of income	No. of working members			
	none	one	two	three
Average monthly total income of the households (Fts)	12 555	22 832	40 899	45 160
Average monthly per capita income (Fts)	8 226	11 765	14 592	14 507
Average monthly income from work (Fts)	-	12 270	31 193	40 600
Average monthly income from social security and other statutory benefits (Fts)	11 839	9 740	6 148	4 560
Average monthly income from welfare assistance (Fts)	87	106	-	-
Average monthly income from family-support and other informal resources (Fts)	629	716	3 558	-
P.c. ratio of households getting income from				
- work	-	100.0	100.0	100.0
- social sec./stat.benef.	98.4	73.5	65.0	40.0
- welfare ass.	6.3	5.9	-	-
- private res.	7.9	7.4	10.0	-

Table A16.

Contribution of various types of income to the household-budgets,  
according to the number of dependant children

Type of income	No. of dependant children			
	none	one	two	three
Average monthly total income of the households (Fts)	19 646	30 254	45 845	38 466
Average monthly per capita income (Fts)	11 423	10 426	11 672	7 693
Average monthly income from work (Fts)	9 577	23 269	23 663	17 933
Average monthly income from social security and other statutory benefits (Fts)	9 661	5 550	12 694	20 533
Average monthly income from welfare assistance (Fts)	57	12	300	-
Average monthly income from family-support and other informal resources (Fts)	351	1 423	9 188	-
P.c. ratio of households getting income from				
- work	55.0	84.6	81.3	100.0
- social sec./stat.benef.	75.6	88.5	93.8	100.0
- welfare ass.	3.8	3.8	12.5	-
- private res.	5.3	3.8	37.5	-



Table A17.

## Indicators of spendings and saving in different household-formations

Monthly expenses (in Fts) on diff. need-categ.	Formation of the household			
	Single	Couple without children	Couple with children	One parent with children
a/ rent/owner's contr. to house- maintenance	558	411	800	1 573
b/ utilities	2 548	3 502	4 752	2 725
c/ travel to and from work/ school	224	362	1 641	537
d/ education	-	46	490	534
e/ food	4 711	9 371	11 677	9 667
Total spending on items a-e:				
- in Fts	8 041	13 692	19 360	15 036
- in % of monthly hhld-income	71	58	50	54
Estimated gap in monthly hhld- income****	2 272	3 102	2 927	2 933
P.c. ratio of hhlds able to spare	28.8	43.5	32.7	16.7
Average sum of monthly savings(Fts)	712	2 478	1 857	750

Table A18.

**Indicators of spendings and saving according to the number of household-members**

Monthly expenses (in Fts) on diff. need-categ.	Number of household-members				
	One	Two	Three	Four	Five
a/ rent/owner's contr. to house- maintenance	558	458	995	900	933
b/ utilities	2 548	3 467	4 059	5 275	4 750
c/ travel to and from work/ school	224	447	1 356	1 430	2 931
d/ education	-	103	348	360	1 215
e/ food	4 711	9 391	10 135	13 731	12 571
Total spending on items a-e:					
- in Fts	8 041	13 866	16 839	21 696	22 400
- in % of monthly hhld-income	71	60	51	44	59
Estimated gap in monthly hhld- income****	2 272	2 966	2 842	2 508	4 500
P.c. ratio of hhlds able to spare	28.8	35.6	37.1	30.8	14.3
Average sum of monthly savings(Fts)	712	1 983	1 763	2 308	429