



Workshop on

Changing life opportunities under illiberal rule: drivers of social structural change in Hungary

6-7 July 2023

Comments to

Ágota Scharle Activating vulnerable groups in Orbán's „work-based” society

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A recap of the presentation

Measures used for activation:

- Social and employment policy cuts
- Minimum wage increases
- Reductions in ALMP at all levels → Why? (Why no investment in rehabilitation and training?)

Broadening the scope: how did we get to the start position (2010) ?

- massive FDI influx, mass sales of state assets (Mihályi, 2010)
- social costs of private productivity gains burdened on public budgets and policies (Scheiring, 2019)
- badly calibrated portfolio of structural adjustment, social protection and re-employment (Köllő, 2009) (large scale job destruction, high social assistance low re-employment support, coupled with a strong skill bias among the insiders)

Consequences

Economic

Transition to a lower employment equilibrium: large drop of employment, low skilled pushed out, strong selection by age and skills, intensive race between technology and education expansion

Political

Policy-making fell hostage of these large (traditionally left voting) inactive groups in 1990's and 2000's

Election campaigns for welfare 'auctions', electoral budget cycles („honeymoon” spending periods

followed by periods of austerity -> the decline of trust in political institutions).

Social

Active-inactive divide, „we” work „you” do not

Large undereducated masses (sufficient for socialist but not for capitalist firms)

The idea of the „work-based society” was to mobilize the inactives back to work:

- to serve the immediate labour needs of the industry ..
- to adjust the taxpayer/beneficiary rates (for budgetary reasons) ..
- to get the votes of the inactives AND the mobilized as well ..

... immediately.

The measures applied

- soc pol cuts (penalty for inactivity)
- supply side measures (for job creation)
- public works (many times for local „oligarchs”)
- education responses (dual education, cuts on general education and higher education, etc)

... were all subordinated to this while everything else was considered of secondary importance

The result – after all – is a success ... on the short run.

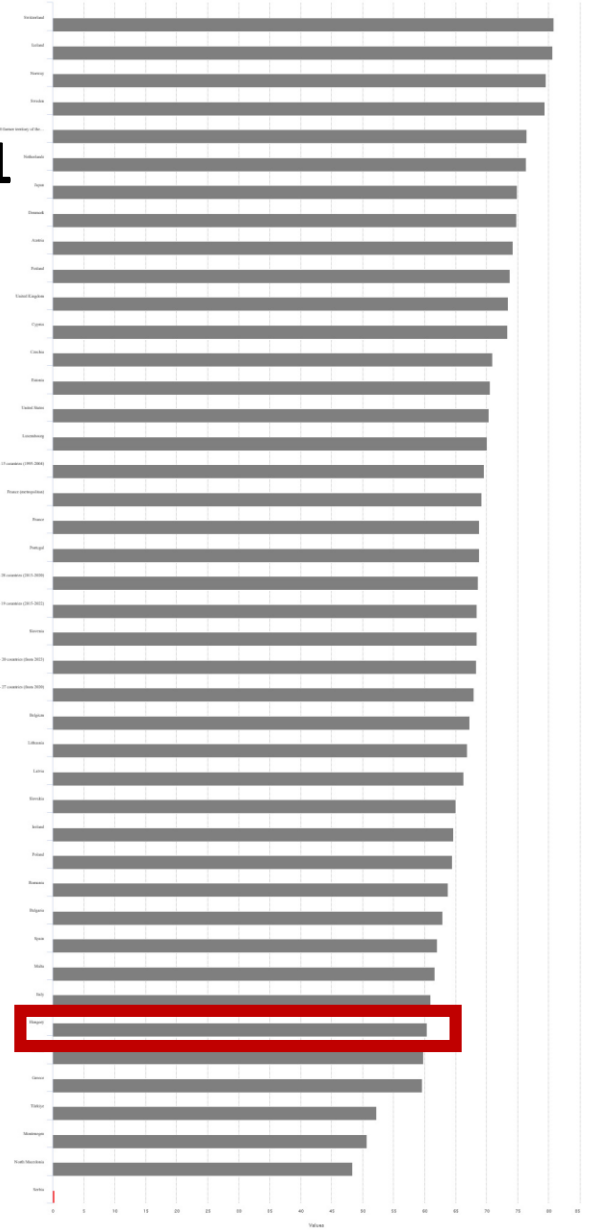
However, the lack of supportive environment for innovation, flexibility, human development on the one hand and failure to stop the inflow of the newly „produced” masses of the undereducated blocks chances to get into an intensive period (when labour reserves exhausted).

And all starts again (with importing low educated guest workers from all around the world)

Employment and activity by sex and age (1992-2020) - annual data

Geographical entity (reporting) / Time: Time frequency: Annual / Age class: From 20 to 64 years / Unit of measure: Percentage of total population / Sex: Total / Employment indicator: Total employment / Excludes population coverage: LFSD / Values in red represent not available data.

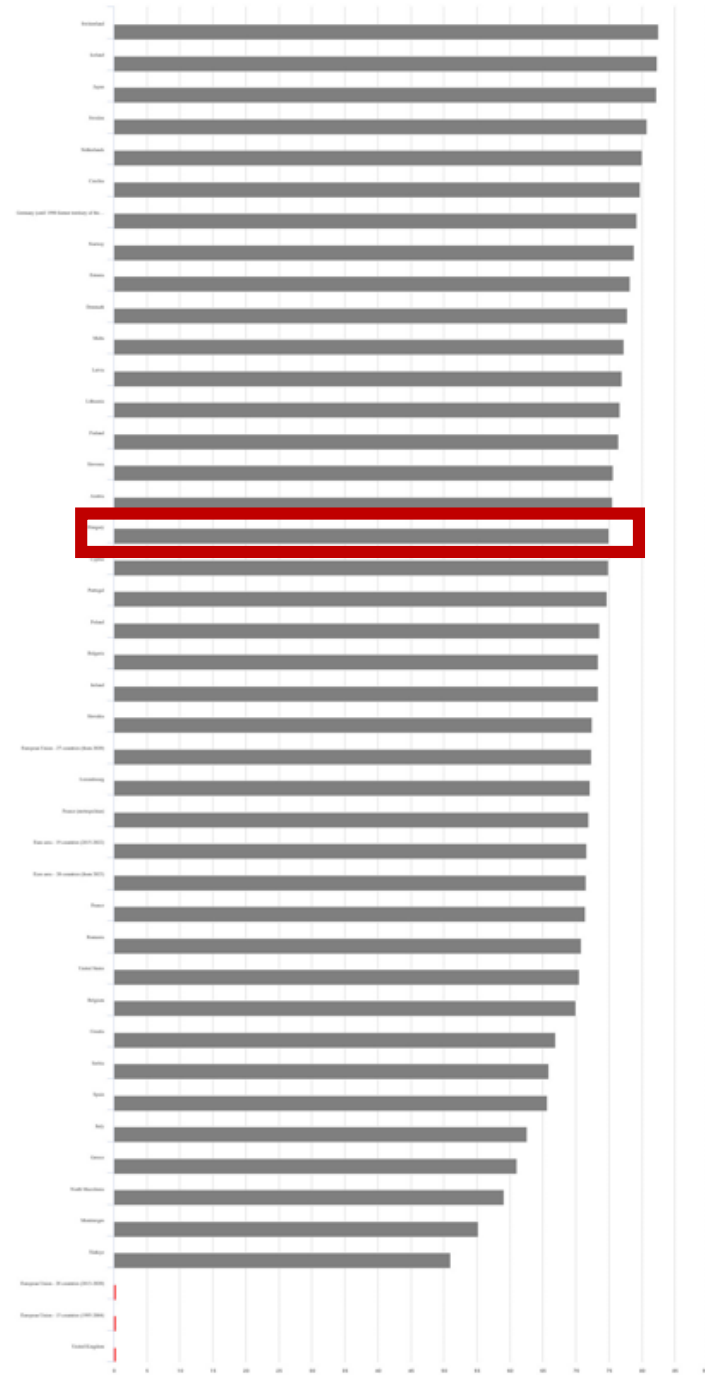
2011



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2020



Employment rate, 2022

(% of total population, age group 20-64)

