



Hungarian Minimum Income Network

The Progressive Realization of Adequate Minimum Income Schemes

(Year 2 Report, 2014)

December 2014

What is the EMIN Project?

Bringing together various experts, professionals, academics and diverse entities active in the fight against poverty and social exclusion, the EUROPEAN MINIMUM INCOME NETWORK aims at building consensus towards the progressive realisation of adequate and accessible minimum income schemes in EU Member States.

The EMIN is a two-year project (2013-2014) funded by the European Commission, in line with the European Commission's Active Inclusion Recommendation of 2008, the Europe 2020 Strategy and in the context of the European Platform against Poverty and Social Exclusion.

You can also follow the work of the EMIN by clicking on 'follow' once you are on the EMIN blog <http://emin-eu.net>

Acknowledgements:

The following professionals have been already involved into the project:

- Zsuzsa Ferge – HAPN (co-author of the First National Report),
- Ágota Scharle - Budapest Institute (co-author of the First National Report titled *Analysis of Minimum Income Schemes in Hungary*),
- Bálint Missetics - Budapest Institute, activist of 'The City is for All' Movement (co-author of the First National Report titled *Analysis of Minimum Income Schemes in Hungary*)(he has also participated as lecturer at our conference titled 'Minimum Income and Poverty' on 18th September),
- István Dandé - Autonómia Foundation (co-author of the First National Report titled *Analysis of Minimum Income Schemes in Hungary*)
- Ferenc Köves – Trade Union of Professionals of the Social Field, social worker, member of the board of the trade union (he has also participated as lecturer at our conference titled 'Minimum Income and Poverty' on 18th September),
- Máté Varga – Civil College Foundation, community organizer (he has been participated in organizing the first conference in May).

The following professionals will be involved in the prospective underlying discussions:

- Ágnes Darvas - Eötvös Loránd University, Faculty of Social Sciences, university lecturer
- Mihály Nyilas - Eötvös Loránd University, Faculty of Social Sciences, university lecturer
- Gábor Erőss - member of the political party Együtt-PM,
- Katalin Csiba - member of the political party LMP,
- Tamás Meszerics - Member of European Parliament LMP,
- Norbert Ferencz - Trade-union of Social Professionals, social worker

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The opinions expressed do not represent the European Commission's official position.

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1) Introduction – The Hungarian Minimum Income Network as a bottom-up initiative

There are many methodological approaches regarding the theory of minimum income schemes (MIS) all over Europe, therefore it could be adapted in Hungary in several forms as well.

In terms of promoting an adequate MIS in Hungary HAPN decided on bottom-up initiatives in the EMIN project due to the Hungarian macro-societal climate and to increase active citizenship focusing on people experiencing poverty. In spite of the 10-year-long EU-membership there are still not enough grassroots initiatives in the country, therefore the aim of the Hungarian Anti-Poverty Network is to strengthen the bottom-up approaches through the minimum income scheme project as well. HAPN would like to achieve its project aims through the principles of subsidiarity, civil participation and partnership, mainly by campaigns and using the method of community organizing¹. At the same time HAPN would like to put emphasis on widening the group of experts in order to have a heterogeneous social base and a significant social capital for the project.

¹ As we summarized in our ICE Grundtvig Project Manual in page 1: *'Community organizing is a process of an organizer helping people in a disadvantaged situation to build power to alter the power structures and reach their goals. The people first have to meet and find out that many people face the same problems as themselves. They have to decide on a goal of their common self-interests, which is winnable. Then they have to believe things can change and need to recruit more people. They have to do research about the topic in order to be able to build a strategy of ongoing steps with a clear target person, a power map of stake-holders (constituents, potential allies and enemies) who have interest in the issue. They have to learn a lot and build an organization with responsible roles and democratic values. Furthermore they have to push with unconventional public events so they can win.'*

2) Prospects for the Progressive Realization of Adequate Minimum Income Schemes

2.1. Macro-Societal Climate of the project - Overview

This section reflects on recent processes which could be identified as negative to the implementation of MIS in Hungary.

The Hungarian Parliamentary, European Parliamentary and local authority elections have already taken place since we finished our previous report for the EMIN project. In that document our experts have highlighted the need for a considerable change in the political situation. The contrary has happened, the FIDESZ party - which declared that *'instead of chasing the illusions surrounding the welfare state, we have converted to a workfare state'* - was re-elected with two-thirds parliamentary supermajority, and had a landslide victory at the European Parliamentary and local authority elections as well. The unexpectedly good position of the extreme right party called Jobbik (Movement for a Better Hungary), which has even harsher views, is also a very unfavourable circumstance. The party finished as second at all the elections, strengthening itself in many parts of the country. Compared to the 2010 local authority elections the party has doubled its mayoral posts. It has also become the second strongest political power in nearly every county, while increasing its representation in municipal councils as well.

As it was highlighted by HAPN's experts, Zsuzsa Ferge, Bálint Missetics, Ágota Scharle and István Dandé in the national report (*Analysis of Minimum Income Schemes in Hungary*), the macro-societal processes of Hungary clearly justify the need for extension and development of the MIS. In this section, in order to support our claims, we aim to add some new information and data to those that have already been mentioned in the previous report.

In March 2014 a new OECD report was published titled *'Society at a Glance 2014'*, which gives a quite distressing picture about the country. The most important social indicators concerning Hungary are the following:

- The annual disposable household income in USD 9 300, which is the fourth lowest within OECD (Luxembourg is the first on the list with USD 36 400).
- Life expectancy in Hungary is 75 years. The country is 32nd out of 34 countries. When Hungarians were asked to rate their general satisfaction with life on a scale from 0 to 10, 4.7 was recorded, which is the lowest within the OECD area where the average is 6.6.

- Even if relative poverty is low in Hungary, with a poverty rate of 6.8% (compared to the OECD average of 11.3%), the number of people reporting that they cannot afford to buy sufficient food has increased more than in any other OECD country. 30% reported that they cannot afford to buy enough food.
- The unemployment rate is still over the OECD average.²

By the 2014 Eurostat data, one in three Hungarians (3,3 million) are now living in poverty while the average citizen has just 522 HUF (USD 2.19) per day for food and that amount is further reducing. This means that the average Hungarian must make ends meet with less than HUF 65 000 (USD 272, EUR 207) per month. (Source: Eurostat 2014)

2.2. The political climate

It has never taken this long for the winning parties – not since the change of the regime in 1990 – to form a new government as happened this year in Hungary. (Two months passed between the national elections and the formation of the new government.) FIDESZ party has not approved a programme neither for the national nor for the European Parliamentary and the local authority elections, so it is difficult to tackle what their real purpose is in the field of employment and social policy. It is also worrisome that Mr. János Lázár the Minister of Prime Minister's Office³ has announced – after some days of the national elections – that FIDESZ would like to ensure a workfare work scheme from January 2015 for all healthy and employable people.⁴ He has also mentioned that they would like to provide a more significant role for local authorities in the management of social benefits⁵ which increases the risk of a more discriminative practice, because of the insufficient capacities of local governments we are afraid that the 'worthy-unworthy poor dichotomy' and arbitrary practices could be strengthened mainly in the small villages of the regions that lag behind the most.

² As we have already highlighted previously referring to '*Society at a Glance 2014*', the above mentioned data are quoted from an OECD report. These data are calculated with a different methodological approach than the relevant ones of the Eurostat.

³ The government established a new institution called Minister of Prime Minister's Office. After the election, Prime Minister's Office (PMO) Chancellor János Lázár has received a large number of responsibilities, and further public funds are at his disposal as well. Mr Lázár, who is arguably Hungary's second most important politician, will have 27 PMO deputy secretaries under him, while previously he had only 11. Meanwhile a five-page, 104-sentence decree details the expanded purview of Hungary's PMO leader, who will now preside over some HUF 2.4 trillion, more than a third of the total expenditure of all the ministries. (hvg.hu)

⁴ Several studies confirmed (including the study of HAPN) that workfare work do not mean a way out from poverty. See more: The workfare scheme trap. HAPN, 2014

⁵ See: www.origo.hu/gazdasag/20140519 - last download: 19/05/2014

All in all, our opinion is that the political climate in Hungary – since our previous report was sent – has become more unfavourable concerning EMIN. The only positive socio-economic turnover is that the economy registered a modest recovery mainly driven by government investments and consumptions as well as net exports. Many experts viewed this process risky and unsustainable because of the low rate of FDI and the lack of crucial reforms in economy.

By the freshest news Hungary must face a HUF 1,7 trillion cut in annual spending. It was announced by the Minister of National Economy, Mihály Varga. National expenditure should be gradually reduced to 45% of Hungary's annual GDP, while the size of state redistribution will be radically cut. The package will not feature tax rises, only a reduction of state expenditure. These will be the biggest austerity measures in Hungary since the package of economy minister Lajos Bokros in 1995, which lowered annual spending by 5% in two years, and lowered his approval by rating 9%. The reduction probably will affect the most expenditures on education, health care, social affairs and state bureaucracy.

According to the latest information related to the budget (which is under negotiation at the moment) there is going to be a 10% reduction in social spending, which will lead to dramatic consequences concerning the lives of the poorest families.

3) Road Map that emerged from the work on the EMIN Project in Year 1

3.1. Suggested next steps to improve adequacy, coverage and/or take-up of minimum income schemes

Whereas the details of any major reform should be worked out through comprehensive consultations with experts, advocacy groups, trade unions, parliamentary parties and people living in poverty, the general direction of the following recommendations are arguably consensual at least within the Hungarian social policy field (and enjoys the support of some of the opposition parties as well⁶). We first address smaller alterations of the current system which could be introduced immediately and have some chance of being feasible within the current political constraints as well. These are followed with more far-reaching recommendations that would most likely require a considerable change in the political situation for their implementation.

Note that while budgetary constraints are considerable, the improvement of coverage, adequacy and access to quality services would be nonetheless feasible even without (significant) additional spending, through the rearrangement of financial resources from expensive workfare programs to cash transfers and more efficient activation measures.

3.1.1. Immediate measures

3.1.1.1. Adequacy

- Benefits should be regularly updated
- Workfare participants should be paid the minimum wage

Even within the current political constraints, it could be possible to put into place a transparent and effective mechanism for up-rating the level of social assistance (and that of the wage paid in related workfare programs) which would prevent its automatic loss of purchasing power due to inflation. The issue of paying the statutory minimum wage in workfare programs should also be raised. Increasing the amount of the housing allowance (and implementing an automatic mechanism for its uprating) or the family allowance (*családi pótlék*) are other – and possibly, politically more feasible – ways to

⁶ Such as Politics Can Be Different, Together – Discussion for Hungary, Hungarian Socialist Party.

bringing the income of the poorest households closer to what is necessary to live in a manner compatible with human dignity.⁷

3.1.1.2. Take-up

- The evaluation of benefit claims should be regularly monitored
- Behavioural conditions should be limited to job search and cooperation with the agencies of “activation” (job centre and social workers)

Take up as well as equitable participation in workfare programs could be enhanced if job centres would cooperate with social work agencies and would receive guidance on referring clients to these programmes⁸ and if the levels of non-take-up, sanctioning and discrimination were regularly monitored. Due process appeal should be available to those who have been excluded from social assistance or workfare because of assumed violation of behaviour conditions. A further step would be to ease sanctions that are currently very severe.

Further measures may include an easing of the definition of a suitable job (ie. the qualifications of job seekers should be given greater weight in the allocation of workfare positions). Lastly, behavioural conditions not related to availability to work or to employability, but prone to arbitrary application (e.g. the requirement to keep a tidy house) should be abolished.

3.1.2. Suggested measures in the mid-term

3.1.2.1. Evidence-based policies and participation in policy making

- The government should consult experts, stakeholders and consider EU recommendations
- EU directive on an adequate MIS in the EU member states⁹

It would significantly enhance the prospects of the implementation of an adequate minimum income scheme if the policy making process relied more intensively on the insights and recommendations of the European Union as well as the Hungarian social policy experts and people living in poverty. The goals and expected results of policy changes should be published in strategic documents, and the effects of their implementation should be monitored. The general use of poverty impact assessments

⁷ The costs would depend on the goals. If the objective is restricted to the maintenance of the current level of, for instance, family allowance, the yearly cost would amount to 30 million euros (assuming 3% inflation). If however uprating is understood as the restoration of the level in 2008 when uprating stopped, the cost would amount to over 200 million euros, 0.02% of the GDP.

⁸ The effectiveness of this has been confirmed by research on activation programs. (see Csoba, Judit (ed.) 2009: Social and labour market integration of marginalized groups. Debrecen University Press. (In Hungarian))

⁹ See the key messages at the end of the report.

could facilitate a more coordinated effort on poverty reduction on part of the legislation and government agencies.

3.1.2.2. Adequacy

- The level of minimum income should be significantly raised and be up-rated annually
- Participants of workfare programs should be paid the statutory minimum wage

The level of minimum income should be calculated as the difference of a legally defined minimum income level and the available resources of the household. This minimum should be defined through research, wide public dialogue and in consideration of the level of other benefits (especially family allowance and housing allowance). The level of minimum income (together with other available benefits) must cover the costs of essential needs and should approach the level of income necessary for a dignified life. According to a recent proposal, the equivalent minimum income should not be lower than the 150% of the retrospectively upgraded value of the statutory minimum for old-age pensions (approx. 33 000 HUF or 113 EUR, which roughly equals the upper threshold of the bottom income decile)¹⁰. It should be considered what might be the most adequate reference point for the level of minimum income, instead of the currently used (and sociologically totally arbitrary) minimum for old-age pensions (e.g. reference budgets, thresholds of relative poverty).

To prevent the level of minimum income to be directly dependent on the actual political situation and its automatic loss of purchasing power, its annual uprating (which at the very least should compensate for the inflation) should be legislated for. Participants of workfare programs should be paid the statutory minimum wage.

3.1.3. The bricks of the 'so-called' MIS of Hungary

Under Act III of 1993 on Social Administration and Social Provisions in Hungary two benefits for persons of active age are available: the regular social allowance and the employment substitute support. In the followings we shortly summarize the eligibility criteria of these two provisions:

3.1.3.1. The Regular Social Allowance¹¹

Those are entitled to the *benefit for persons in active age*, who on the starting day of the entitlement,

¹⁰ TÁRKI and Budapest Institute (2012): Mobility with joint forces: the decreasing of deep poverty with conditional transfers. http://www.tarki.hu/en/news/2012/items/20120329_HAHA_angol_tanulmany.pdf

¹¹ In Hungarian: 'rendszeres szociális segély'(RSZS). See more: <http://emmiugyfelszolgalat.gov.hu/aktualitasok/mi-mennyi-2014-ben-140122/mi-mennyi-2014-ben> – last download: 10/10/2014

- is considered to suffer from health damage or
- who reaches the retirement age within 5 years
- who raises a minor under 14 – provided that no other person receives child care allowance, child care benefit, pregnancy-maternity benefit in the family – and the care of the child cannot be assured in a day-time institute, or
- who meets the entitlement conditions for provision defined by the decree of municipality according to family, health and mental conditions.

The monthly amount of the regular social allowance is the difference between the amount of the family income limit and the actual monthly income of the family of the entitled person but it shall not exceed the prevailing minimum of the personal minimum wage of full-time employees reduced by the personal income tax, the employees' contribution, the health insurance contribution and the pension contribution (**HUF 77 300, EUR 246 in 2014**).

The family income limit is the same as the amount of the ratios belonging to the family consumption units multiplied by 90% of the prevailing minimum of the old-age pension.

The monthly amount of the regular social assistance is: 45 568 Ft (145 EUR)

In a family two persons may be simultaneously entitled to provision for persons in active age if one of the persons meets the requirements of employment substitute support and the other one fulfill conditions of regular social allowance. In this case the monthly amount of the regular social assistance is just: 22 768 Ft (72,6 EUR)

3.1.3.2. Employment substitute support¹²

The person whose entitlement to benefit for persons in active age is determined – excluding the one who is entitled to regular social assistance – is entitled to employment substitute support.

The monthly amount of the employment substitute support is the same as the 80% of the prevailing minimum of old-age pension, which is HUF 22 800 (72,6 EUR) in 2014.

¹² In Hungarian: 'foglalkoztatást helyettesítő támogatás' (FHT). See more: <http://emmiugyfelszolgalat.gov.hu/aktualitasok/mi-mennyi-2014-ben-140122/mi-mennyi-2014-ben> – last download: 10/10/2014

In a family only one person can receive employment substitute support at one time.

Our opinion is that these social benefits do not meet the requirements of ensuring a dignified life and they are not sufficient as basis of integration to the labour market and the society.

3.1.4. Coverage

- Social assistance should be made available to the working poor

We recommend expanding the coverage of the minimum income scheme to the working poor through ensuring that all households whose equivalent income falls below the defined minimum are eligible regardless of whether their members are employed or unemployed. This could decrease work disincentives. The scope of coverage expansion is dependent on the level of minimum income, as well as on the extent of disregard (see *section 5.2.5* below).

3.1.5. Take-up

- Sanctions on failing to meet behavioural conditions should be eased

As mentioned, earlier research is very scant about the causes of non-take-up. Nonetheless, even in the absence of evidence it is more than likely that take-up would be increased through the reconfiguration of conditionality, the lightening of sanctions, and by insuring the legal and equitable management of workfare programs. Conditions related to the eligibility to minimum income should be related solely to availability for work and employability (such as cooperation with the job centres and social work agencies, participation in education and training to improve employability, etc.). Other behavioural conditions, especially when they allow for a violation of the right to respect for the private and family life, and home, of recipients, should be abolished. Conditions should be defined in the national 'Act on Social Administration and Social Assistance', and local authorities should not be authorised to impose further conditions. While there is strong public support for further conditions, public opinion could be arguably won in favour of a decent minimum income scheme which is conditional only on willingness to work and/or be trained. Arbitrary and clientalistic implementation of workfare programs should be prevented through central regulation, monitoring, and strengthening the rights of participants. Sanctions for violations of conditions should be eased considerably.

3.1.6. Link with access to quality services and activation measures

- Quality and accessibility of active labour market measures (ALMPs) should be improved

The improvement of access to quality services requires increased funding for, and a reorganization of social work agencies (called family care centres), further training of their personnel and the establishment of quality assurance. Instead of the widespread use of workfare programs, which all

evaluation studies¹³ have found to be unable to improve the primary labour market participants, activation should principally rely on personalized activation, social work, trainings, transit employment, rehabilitation and wage subsidies. Activation measures should be adapted on the basis of the needs of the unemployed person (and his/her family). The capacity and expertise of job centres and social work (family care) agencies should be developed, and the latter should be organized at the sub-regional level (with local access) to guarantee uniformly high standards. The current trend whereby the long-term unemployed most in need of activation are the least likely to participate in personalised programs should be reversed. In order to facilitate the employment of the non-skilled unemployed, it is necessary to monitor and increase the standard of trainings.

The improvement of ALMPs has been supported by the European Social Fund. Recent evaluation studies showed that some of the ESF funded schemes which included a personalised combination of training, labour market counselling, mentoring and wage subsidies for disadvantaged jobseekers can significantly improve the reemployment chances of long term unemployed individuals.¹⁴ Also personalised training schemes for the unskilled should be expanded to cover a substantial proportion of unskilled jobseekers.

3.1.7 Links with the labour market

- Behavioural conditions should be limited to job search and cooperation with the job centre fine-tuned withdrawal rules should be worked out to decrease work disincentives (rather than keeping the benefit level low or stopping it altogether for non-compliance with behavioural conditions, however minor)

Instead of keeping or further increasing the gap between the level of social assistance and the statutory minimum wage, work disincentives should be addressed through job search conditions, and through a slower rate of benefit withdrawal. Empirical studies show that increasing the difference between social

¹³ Csoba, Judit and Nagy, Zita Éva (2011): The evaluation of training, wage subsidy and public works programs in Hungary. *The Hungarian Labour Market 2011*. Budapest: IE HAS 2012, pp. 96-122; Firlé, Réka and Szabó, Péter András (2007): Targeting and labour supply effect of the regular social assistance, *Working Papers in Public Finance*, No. 18, April 2007. Fleck, Gábor and Messing, Vera (2009): Transformations of Roma employment policies In. *The Hungarian labour market 2009*. Budapest: IE HAS 2010, pp. 83-98; Köllő, János and Scharle, Ágota (2011): The impact of the expansion of public works programs on long-term unemployment In. *The Hungarian labour market 2011*, IE HAS 2012 pp 123-137. Váradi, Mónika (2009): *Az „Út A Munkához” Program Hatásvizsgálatának eredményei*. Kutatási összefoglaló. Budapest: MTA Térsegfejlesztési Kutatások Osztálya.

¹⁴ Adamecz et al: *Targeting and Roma inclusion impact evaluation of two mainstream EU funded active labour market programmes*, Budapest Institute, 2013.

assistance and the minimum wage was not successful in significantly increasing the reemployment rate of recipients.¹⁵ Incentives to work should therefore not be secured through the low value of minimum income, but by a slower rate of withdrawal of the benefit upon employment, and by decreasing the marginal effective tax rate on low wages by disregarding a part of the wage in the calculation of entitlement. Work disincentives could also be decreased by initially only suspending (instead of terminating) the entitlement to minimum income upon an increase in the income of the person at the first phase of employment, which then could be easily renewed upon recurring unemployment (or wage decrease).

Workfare at a Glance According to the current policies of the government and the plans related to the budget for 2015, the decision-makers intend to reduce the system of social transfers and substitute it with a broader workfare system. Based on this concept HAPN has realized that besides concentrating on people experiencing poverty as a whole, our network has to focus on empowering workfare workers as a large group of working poor.

¹⁵ Joachim Wolff (2001): The Hungarian Unemployment Insurance Benefit System and Incentives to Return to Work. LMU IS, Sonderforschungsbereich 386, Paper 253; Cseres-Gergely Zsombor and Scharle Ágota (2012): Evaluating the impact of Hungarian labour market policies. In. The Hungarian labour market 2012. Budapest: Research Centre for Economic and Regional Studies, Hungarian Academy of Sciences and National Employment Non-Profit Public Company, pp 160-172.

4) The Workfare Works Scheme

Given the central importance that the Government gives to this scheme and that it is likely to be one of the few ways that people in poverty who cannot access decent work may get some access to financial resources, however limited, we will continue to critically assess this scheme. We will highlight the weaknesses of this scheme against the ambition to ensure that all people can live in dignity and against commitments made at EU and International levels. We will also seek to highlight the unevenness in the application of the schemes and highlight practices which are an affront to human dignity as well as highlight practices where despite the limitations of the scheme efforts are made to try to use the scheme in a way that provides some positive opportunities for the people who are on the scheme. In September a study was published by HAPN titled '*The Workfare Scheme Trap*'. It is a summary of a non-representative research which was based on 533 questionnaires and 42 interviews.

The main findings of the research are the following:

- The majority of public scheme workers are doing low prestige jobs.
- This type of employment does not help the members of the target group to get back into the labour market.
- The salary is lower than the minimum wage (net 50 262 HUF, 160 EUR), the living wage is under the poverty line as well.
- The workfare work scheme is unpredictable, the majority of people work part time and the working conditions are unfavourable.

In spite of these facts majority of respondents prefer to stay in this position, because the money they earn in short term is more than the level of relevant social transfers; and their opinion is that it is easier to get into the world of workfare work scheme than find their way back into the primary labour market.

The most threatening feature of this system is that workfare workers get into a vicious circle by the workfare work scheme, because in most of these cases they circulate in the world of grey/black labour market, workfare work scheme and social transfers. *According to the most optimistic estimates only 5-10% of the workfare workers can find their way back to the primary labour market.*

5) Developing Consensus and Steps Taken to Advance the Road Map – The Main Events So Far

a. 'Possible Steps on the Way forward on Adequate Minimum Income' – conference

There was a conference organised by the Hungarian Anti-Poverty Network (HAPN) in 2013 with the title of 'Possible Steps on the Way forward on Adequate Minimum Income' in which the HAPN leaders and involved professionals took part. Among the 30 participants there were churches, universities and NGOs. A detailed report was published in one of the major Hungarian daily journals (Népszabadság). In early 2013 HAPN submitted an inception report on the implementation of the EMIN project in Hungary.

b. 'Electing Champions for a Social Europe' – campaign and roundtable discussion about the introduction of an adequate MIS

- On the 9th of April 2014 the new management of the HAPN was formed. The new management is working in line with the strategy (approved in 2013), as committed as the previous one. Since the new set-up, an important step was taken in the implementation of the project, the conference held on the 20th of May 2014. It was linked to a campaign called 'Electing Champions for a Social Europe'. Unfortunately, the two biggest parties - FIDESZ (Hungarian Civic Union) and MSZP (Hungarian Socialist Party) - were not represented, moreover the two small parties Demokratikus Koalíció (Democratic Coalition Party) and the Haza Nem Eladó Mozgalom (Homeland is Not for Sale) have not accepted our invitation. Four party representatives were present at the conference:

- Gábor Erőss, Phd- Együtt-PM (Together-Dialogue for Hungary),
- Katalin Tóth- Seres Mária Szövetségesei (Maria Seres Allies),
- Katalin, Csiba- Lehet Más a Politika- (Politics Can Be Different)
- László, Sipos – Jobbik (The Movement for a Better Hungary).

The politicians took part in a roundtable discussion about several issues. Concerning the EMIN project two questions were raised:

- How would they like to fight against poverty if they will be elected as MPs?
- Do they support the implementation of European Minimum Income Scheme?

All the participants agreed on the importance of fighting against social exclusion and poverty, but the representative of Jobbik Party and Maria Seres Allies emphasized the importance of behavioural conditions towards people living in poverty.

The representative of Together-Dialogue for Hungary party has mentioned that a minimum income scheme is already included in their program on Hungarian level. He can support the idea of it on European level too. The candidate of Politics Can Be Different said that the party has not yet established its position concerning the topic, but they support 'a physical deprivation-free Europe'. She was open for further debates, but her opinion was that, at the moment a minimum income scheme on European level cannot be financed from the current budget. Katalin Tóth's opinion was that there is a need for the minimum income scheme, but it should be linked to strong conditions, mainly to work. László Sipos on behalf of Jobbik party has supported the idea on the basis of work, sustainability and social justice. Their party also upholds the idea of European minimum pension.

Unfortunately none of the four MP-candidates has been elected.

The event was followed by wide media attention. Both leftist and rightest press published articles about it. The main articles:

- <http://nol.hu/belfold/johet-az-europai-minimumjovedelem-1463129>
- <http://www.hrportal.hu/c/ezek-a-partok-tamogatnak-europai-szintu-minimumjovedelem-bevezeteset-20140520.html>
- [http://www.ma.hu/belfold/212817/Az Unio tudna megvedeni minket a saját kormányunktól?place=srss](http://www.ma.hu/belfold/212817/Az_Unio_tudna_megvedeni_minket_a_sajat_kormanyun_ktol?place=srss)
- <http://www.hirado.hu/2014/05/20/kepviselojeloltek-targyaltak-az-europai-minimumjovedelemrol/?source=hirkereso>
- <http://nepszava.hu/cikk/1021173-partok-az-europai-szintu-minimumjovedelem-bevezeteserol/>
- <http://magyarhirlap.hu/negy-part-tamogatja-az-europai-szintu-minimalbert>
- http://www.mon.hu/ep-valasztas-negy-part-nem-zarkozik-el-az-europai-szintu-minimumjovedelem-bevezetesetol/2557946?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+mon%2Forszagos+%28Magyar+Online+O

c. 'Minimum Income and Poverty' – the EMIN national conference

On the 18th of September, the national conference of the EMIN project was held in Budapest organised by EAPN Hungary (HAPN). Representatives of a large spectrum of stakeholders - including the government - attended the conference. After the event, several stakeholders offered to build a partnership to push together for an adequate MIS in Hungary. New volunteers also offered their help to EAPN Hungary.

Representatives of many social institutions, NGOs, trade unions (including the Trade Union of Professionals of the Social Field (SZTDSZ), of higher-education institutions (Eötvös Loránd Science University, Faculty of Social Sciences – ELTE-TÁTK, King Sigismund Business School – ZSKF, John Wesley College – WJLF) and people who directly experience poverty attended the conference and the afternoon workshops.

From the governmental side, representatives of three political parties (including the government's) took part: Zsófia Tóth, Advisor from the Ministry of Human Capacities; Lajos Korózs, member of the Hungarian Socialist Party (MSZP); Máté Kanász-Nagy, member of Politics Can Be Different (LMP) party.

Several media reported on the event:

- <http://www.mul.hu/index.php/business/692-legyen-magyarorszagon-minimumjovedelem> – quoting Fintan Farrell, coordinator of the EU level EMIN.
- <http://www.vg.hu/kozelet/tarsadalom/megallithato-a-magyar-szegenyseg-zuhanasa-435647> – About minimum income as a possible solution against poverty in Hungary.
- http://magyarinfo.blog.hu/2014/09/18/miert_kell_nekunk_a_minimumjovedelem – Strong and grounded arguments for minimum income in Hungary.
- <http://mandiner.hu/tag/minimumjovedelem/fullsite> – Popular site relaying the arguments in favour of minimum income posted on the previous article.
- Radio:
 1. Rádió Q (it broadcasts in the capital) in its programme called 'Hordalék' had a summary of the conclusions of the event on 21/09.
 2. Civil Rádió (broadcasting also in Budapest) made an interview with Krisztina Jász, steering-committee coordinator of HAPN in Hungary) on 02/10.

d. '5. BP' campaign

Between August and October 2014 HAPN participated in a five-pillar-based campaign with other civil actors from the field of social inclusion, education, culture by the coordination of an umbrella organization called 'Human Platform'¹⁶.

The campaign concentrated on the municipal elections in Budapest. The input of HAPN was a social political package about the possible solutions of income poverty which focused on the concept of the adequate MIS¹⁷.

e. International Day for the Eradication of Poverty – 17th October

HAPN organized a demonstration on 17th October on *the International Day for Eradication of Poverty* in Budapest, so did our partners in Pécs and Miskolc. The aims of these events were to raise awareness to the growing number of people experiencing poverty, the circumstances they live in and to the government policies that only increase these problems. Among the speakers were people living in poverty, social experts as well as poets and musicians. The focuses of different speeches were income poverty, minimum income and workfare scheme work. Representative of HAPN handed over an open letter for representatives of Ministry of Interiors and Ministry of National Economy. Once the demonstration ended the participants could take part in a roundtable discussion about energy poverty, its reasons and effects on people and the whole of society.

Many of our partner organisations showed their solidarity and support to the cause by taking part in the preparation as well as the demonstration itself. This event not only raised attention to the issues of poverty but also brought together the people who work on similar problems.

Several media reported on the event as well:

- <http://mul.hu/index.php/sajtoesemenyek/732-2014-10-17-figyelem-a-szegenyseg-elleni-kuzdelem-vilagnapja-oktober-17>

¹⁶ In order to achieve this goal HAPN has become an active member of Human Platform Association, which is one of the strongest civil umbrella organisations in the country. *'Human Platform Association (HP) unites professional associations, NGOs and individuals working in the field of health care, culture, education and social care. HP is dedicated to represent and protect professional values, improve quality of life and foster social solidarity. HP's task is to enhance interest representation and further social control over public authorities in social matters, and to monitor state actions and the redistribution of resources in the related fields. By formulating criticism and recommendations with regards to ongoing as well as prospective government programmes, HP seek to contribute to the development of well-reasoned and sustainable policies.'*(humanplatform.hu)

¹⁷ The campaign document is available here: <http://humanplatform.hu/szocialis-plafon-helyett-letminimumot/> - last download: 10/10/2014

- <http://gepnarancs.hu/2014/10/meg-ker/>
- http://www.szabadsfold.hu/aktualis/orom_a_kozmunka
- <http://nepszava.hu/cikk/1036739-eljen-meg-havi-65-ezerbol---a-magyarok-harmada-probalja>
- <http://old.minap.hu/mivid.php?ext.a46371>
- <http://rtl.hu/rtlklub/hirek/tuntetett-a-szegenysegellenes-halozat>
- <http://www.atv.hu/videok/video-20141017-esti-hirado-2014-10-17>
- <http://www.mul.hu/index.php/eco-human/744-elszegenyedunk-magyarorszag>
- <http://www.atv.hu/videok/video-20141017-magyarorszagon-minden-3-ember-szegeny>
- http://magyarinfo.blog.hu/2014/10/17/ossz_e_tuzes_azokert_akik_szamara_a_szegenyseg_elleni_kuzdelem_egy_mindennapi_harc

6) Future Activities

Given the difficult political context, the future work of the emerging Hungarian Minimum Income Network will focus on three areas:

During a management meeting in June 2014, consensus was reached on the definition of minimum income. From the numerous available literatures, Péter Mózer's (expert of social policy¹⁸) definition was approved by HAPN. According to this: *'There is a necessity to reshape the conditions of receiving support and the support system of job seekers. This new proposal suggests the following: by modifying the existing support system launch a new one, the minimum income. This is based on individual entitlement. The following group of people will be entitled:*

- *who are not entitled to get pension*
- *their income/salary is low (in-work poverty)*
- *invalid people with disabilities within the active age group*
- *job seekers within the active age group*¹⁹ (Esély, 2013/6,p. 25-31.).

There are two main reasons why we suggested a new definition:

1. since we have sent EAPN the Hungarian National Report and the Inception Report, a new theoretical approach came to light. As we have already highlighted - in the former chapter about regular social assistance and employment substitute support - the current system is insufficient and a lot of people in need fall out of it. We have to reshape the system of conditionality and the level of financial benefits as well. The existing provisions should be converted, and we have to introduce a new financial benefit: the adequate MIS.

2. In September 2014 Károly Cibere was appointed to the position of State Secretary of Social Affairs and Inclusion at Ministry of Human Capacities. He participated in writing the document 'Nemzeti Szociálpolitikai Konceptió' ('National Social Political Concept')²⁰ which aimed to reshape the structure of the social system including the social benefits. The basic ideas of this document reflected on the

¹⁸ Péter Mózer was also asked as an expert for the first EMIN report.

¹⁹ By the latest data (July 2014) of National Employment Service, more than 50% of registered job seekers (414 000 people) are not entitled to any kind of financial benefits. There are – approximately 350-460 thousand people in active age in Hungary who haven't got any transparent regular income.

²⁰ The document can be downloaded here: http://www.efoesz.hu/download/nemzeti_szocialpolitikai_koncepcio_munkaanyaga.pdf - last download: 10/10/2014.

necessary changes which HAPN finds crucial concerning EMIN. This theoretical background could be a good basis for further negotiations.

We suggest an individual entitlement based benefit²¹ for the following reasons:

- the Hungarian income tax system is individual based – (so it makes the harmonization easier with the minimum income scheme than in the case of the household-based version)
- in order to avoid the income-test, determination of the financial benefit is calculated by a special tax rate based on the individual's disposal income.
- **The adequate MIS has to provide a social minimum including costs of clothing, food and transport. In order to ensure the real opportunity of labour market and social integration the MIS should be supplemented by complex services.**

6.1 Seeking for Improvements in the Existing Minimum Income Schemes

Drawing on the road map outlined above efforts will be made to try to seek improvements in the existing MIS as well as to have follow-up from positive commitments made at EU level in relation to the Active Inclusion Recommendation and the Social Investment package.

a. Elaborate and promote a new Minimum Income Scheme for Hungary:

Based on the definition for Minimum Income outlined above, develop and elaborate the main elements of an accessible and adequate Minimum Income Schemes, including the principles and definitions and key conditions that should be part of such a scheme. Once elaborated this scheme would be promoted to try to win public and political support for the progressive realisation of the scheme.

In order to achieve this goal HAPN builds a strong partnership with NGOs and movements which focus on income poverty or support the concept of an adequate MIS such as Civil College Fund, Association of Community Developers, Human Platform, First Hungarian Association for Unconditional Basic Income, Movement for Unconditional Basic Income²² and Kéthly Anna Association

The Minimum Income Scheme and empowerment of workfare workers will be in the focus of our projects financed by the Norwegian NGO Fund and Porticus Foundation. Altogether in these projects HAPN concentrates on countrywide campaigns on income poverty involving 15 other NGOs and on

²¹ In the National Report there was a household/family based approach. We modified it.

²² These civil actors agree on promoting adequate MIS in Hungary as the first step of reducing income poverty.

creating a basis for a successful lobby work with the help of community organizing. HAPN also starts its roadshows throughout the country with the help of Civil College Foundation.

HAPN continues its debate-generating work on an adequate MIS. On the 11th of November, on the occasion of the World Social Work Day an all-day event²³ will be held in Budapest with basic rights in its center. One of the workshops will focus on rights for a social minimum, moderated by Johanna László and Krisztina Jász. This event also gives us the opportunity to build stronger partnerships with the representatives of trade unions.

²³ See the programme here: http://szia.org/sites/default/files/2014_SzocMunkaNapjai.pdf

7) Closing Remarks

7.1. Key obstacles concerning our project aims:

- Very unfavourable political climate

As it is already mentioned above the political climate is openly hostile with people living in poverty. The criminalization process against this deprived group of society is manifested in several measures including the regulation of social benefits, homelessness, workfare work, etc. The budget plan for 2015 would decrease the amount of money spent on family allowance with 13 billion HUF and 6.5 billion HUF in the case of childcare allowance, in total there is plan for a 10% reduction in social spending in 2015²⁴. The language which is used in governmental speeches about people experiencing poverty is blaming and rejective. In comparison with last years' data there is a 100 000 increase in the group of people living in poverty. The present governmental plans only concentrate on the workforce. Currently it seems there is neither openness towards progressive answers on poverty such as an adequate MIS, nor real public consultation.

- General apathy of Hungarian people

Since there is no real governmental will to visibly change the social state of people experiencing poverty, it is essential to raise awareness and solidarity in society. Though the Hungarian society is deeply divided and highly influenced by the stigmatizing processes of the current political climate. Among these circumstances there is a need for community building and increasing active citizenship as well as civil participation.

- Weak opposition parties

In all elections (the Hungarian Parliamentary, European Parliamentary and local authority elections) opposition parties – including Politics Can Be Different and Together-Dialogue for Hungary which are supportive of the concept of MIS – provided a weak performance. Hence, in the political arena their support is not enough for promoting an adequate MIS.

- Complex and confusing social transfer system

The structure of social transfers is complicated, gives a wide space to discretionarity (e.g. social assistance), therefore the benefits often cannot be reached by those who need them.

²⁴ See the budget plan for 2015 here: <http://www.parlament.hu/irom40/01794/01794.pdf>

7.2. Key proposals for the progressive realization of adequate MIS:

- Campaigns in Budapest and in the countryside

There must be a strong emphasis on countrywide campaigning in promoting an adequate MIS. In the campaigning process three elements are crucial:

1. providing information, conceptual and definitional clarification²⁵,
2. mobilizing groups of the society with various social status – involving people experiencing poverty as stakeholders surrounded by people with better social status as allies – in order to widen the supportive background of the concept of an adequate MIS²⁶,
3. providing knowledge about community organizing in order to encourage localities to organize themselves to promote the concept of an adequate MIS in their surroundings²⁷.

- Empowerment of workfare workers

Since within poverty there is a circulation between beneficiaries of social assistance and members of the workfare programmes, and because widening the base of workforce is a priority in the current governmental policy, it is important to concentrate on empowering workfare workers as a special and growing group of the working poor. Therefore HAPN supports the activities of the Budapest-based movement of Workfare Workers for the Future. HAPN is planning to encourage the establishment of similar groups throughout the country.

- Widening the group of experts

It is a necessity to gain more experts for the promotion of an adequate MIS in order to maintain the academic debate about the topic as well as to win influential supporters to the concept of an adequate MIS. It would be a remarkable step forward to involve scholars from the right conservative side into the promotion of MIS.

²⁵ By the help of the EMIN project HAPN has recognized a multilevel confusion in separating the notions from each other: minimum income is frequently mixed up with minimum wage, and also often misapplied as a synonym of basic income. To clarify the differences HAPN already had and is planning to have efforts – e.g. 1. the national EMIN conference, 2. the campaign called 'Electing Champions for a Social Europe', 3. the Budapest campaign called '5. BP' coordinated by Human Platform, 4. round-table discussions, 5. television and radio interviews, published articles has already given opportunities. In the future our countrywide campaign about income poverty financed by the Norwegian Fund will widen our possibilities in promoting adequate answers on poverty.

²⁶ This activity is the pillar of HAPN's above referred project financed by the Norwegian Fund.

²⁷ Our projects financed by the Norwegian NGO Fund and from Porticus Foundation have community organizing as emphatic element.

- Strong media presence

Although within the EMIN project the topic has started to gain an increasing media attention especially in the on-line media it is necessary to strengthen the media presence both on-line and off-line, taking into account that certain groups of society – especially older people – still prefer traditional forms (journals, daily papers etc.) of media consumption. Another challenge is to win the sympathy of the right conservative media. Regarding to the importance of advertising, HAPN is working on a media strategy to promote the concept of an adequate MIS properly.

7.3. Key Messages

- EU directive

Taking into consideration that the Hungarian government is on the path of criminalizing poverty rather than combating it, for the successive introduction of an adequate MIS HAPN finds it essential to have an EU level regulation about the topic. This question cannot be managed only from the national level. An EU directive is necessary to build an adequate MIS into the social political structure of the member states. A universal EU level regulation is the key of a concept of MIS based on the same principles.

- Reframing the approach on social benefits

Social benefits should not be communicated as social costs rather as key elements of socio-economic stabilization, and ways of reducing state spending on long-term by the help of prevention. Reframing seems even more fundamental in countries such as Hungary where poverty is already high and still increasing and society is deeply divided.

- Restructuring the social system

Social benefits – including an adequate MIS – must go with high quality social services. For this in Hungary it is necessary to raise the prestige of social workers and social professionals in order to keep proper human capacity in the social sphere. An adequate MIS does not mean alms from the state, the level of MIS has to be based on the living wage taking into consideration the reference budget

standards of the country²⁸. Conditions of MIS must be kept as low as possible – a fair means-test is the only acceptable condition - in order to reach the target group.

- Involving citizens and trade unions in the public discussion on the topic, encouraging civil participation

Since in Hungary there is a blaming, hostile atmosphere from the governmental side towards people experiencing poverty, it is essential to inform and involve more and more citizens and civil actors into the process of promoting an adequate MIS. As wages in several fields are extremely repressed in Hungary – particularly in the social field including social work (note that social workers could be the main allies of people experiencing poverty!) – it is necessary to connect the promotion of an adequate MIS with the demand of increasing the minimum wage. This demand could decrease the fears from work dis-incentives in the concept of MIS and could support the raising group of the working poor. Trade unions as representatives of the working poor are key partners in the process.

The topic of promoting an adequate MIS in Europe and in Hungary is open to further debates. HAPN builds upon the fact that throughout these debates the above mentioned key messages are going to be taken into consideration.

²⁸ Therefore the outcomes of the pilot project (funded by the European Commission) called '**The** European Reference Budgets Network' should be widely disseminated. For further information see: <http://www.referencebudgets.eu/> - last download: 10/10/2014.