



Measures to fight demographic decline in Hungary

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FRUZSINA ALBERT – EUROPEAN SOCIAL POLICY NETWORK

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In Hungary there has been an expansion of the family support system to boost population growth. Several recent measures support more well-off families while provisions for poor families have remained unchanged or are provided in kind. Some gender-related issues are also worth pointing out.

Description

A highlighted policy objective in Hungary is to help families in giving birth to the number of children they wish to have, as there is a significant gap between the number of desired versus actually born children. The former figure reaches 2 on average which, if realised, would lead to the stabilisation of the population size. Prime minister Viktor Orbán announced right after his re-election that the new government will have a “demographic focus” and will take further steps to increase birth-rates.

The strengthening of families and promotion of childbirth have been on the agenda for several years already, and the year 2018 was announced to be the Year of families. Over the previous years, there has been an expansion and transformation of the family support system: together with the new flat-rate tax system, a new family tax allowance was introduced in 2011, the base of which and the circle of those eligible have been gradually extended. Obviously, this is especially beneficial for families where the parents are employed and have higher income. Free or discounted meals in crèches, kindergartens and schools have been provided to children from families with low levels of income or with three or more children. In 2016, a lavish support for those having or planning to have three children was introduced (CSOK, a family home-creation measure which provides such families with a 10 million HUF [€32,250] support and another 10

million HUF [€32,250] credit at low interest rates for building or buying a new dwelling – for families with fewer children and for used dwellings the amounts are significantly lower). Access to this support is conditional to employment (excluding public works) and lack of debts. Before that, in 2014, to increase the employability of mothers with small children and improve the financial situation of families with children a Childcare Allowance Extra (GYED EXTRA) was introduced, allowing parents unlimited work while concurrently receiving maternity benefits and childcare allowance; its duration and scope have since been extended. Other family-related measures include the following: employers of mothers with small children receive tax reductions for three years and those of mothers with three or more children tax reductions for 5 years (since 2011); the capacity of day care and preschool facilities has been increased (also since 2011) and a new day care system for children under 3 has recently been introduced (in 2017).

From 2018 on any family with three or more children and with a mortgage on their home is allowed to deduct one million HUF (€3,200) from their debt after the birth of their third child, and a further one million after the birth of each subsequent child. In case a mother with a student loan has her first child, the loan gets suspended, with a second baby it is halved and with a third the whole loan is dismissed. The graduates’ period of eligibility for childcare allowance (GYED) is extended by one

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year, meaning that for university students also it is extended to two years. There are higher tax and contribution reductions for families with two children.

Other not yet introduced plans (HVG 2018) include the extension and improvement of child care capacities, more flexible and family-friendly labour market, and the increase of certain benefits. The prime minister announced a forthcoming consultation with women on demographic issues, which received some criticism (168 óra 2018).

Outlook & commentary

The birth rate in Hungary has increased over the past years from the absolute minimum of 1.24 in 2011 to 1.49 in 2016, but the government's aim is to increase it to 2.1 by 2030.

Compared to other EU or OECD countries, Hungary spends high amounts on family policy. Both the number of the various forms of family support and the available funds have significantly grown. These forms of family support are designed to promote childbirth, improve the labour market integration of parents of young children and improve the financial and housing situation of families. The family welfare system is very complex in Hungary, and familiarity with the various instruments has decreased between 2010 and 2016. The main reasons for this are: lower public attention, change in the names of measures, and higher publicity given to some forms of support. The impacts of these family support measures could be improved by more effectively informing the public about them (Kapitány 2015).

However, experts claim that policies supporting only the increase of fertility cannot stabilise the population size in a realistic time-span. Besides successful family policy, what is needed for a

sustainable demographic situation is a healthcare system that improves life expectancy, low levels of emigration and some immigration with young age profile. Also, family policies are only one factor in decisions regarding child bearing besides partnership relations and labour market or value systems (Kapitány and Spéder 2017).

Another line of criticism regarding recent family policy measures is that most of them favour well-off families: poor families cannot access or use them, even if they are employed legally, but on low wages. For example, family tax allowance, family home creation loan (CSOK), infant care fee (CSED), child care fee (GYED) are increased, while the amount of universal provisions provided without meeting further criteria apart from having children (family allowance, child care leave (GYES), child raising support (GYET)) or provisions for low income families with children (regular child protection benefit) have remained basically unchanged, resulting in a 30% loss in real value. The significant increase of the minimum wage in 2017 and 2018 has a positive effect on provisions which are in some way tied to the level of the minimum wage (GYED) or general income levels (CSED). However, GYES and GYET (for both: net 25,650 HUF, €83) and the maternity allowance (64,125 HUF, €207) have not changed since 2008. Thus changes in the family support system contribute to increasing inequalities. There are also some gender aspects worth pointing out: usually women receive the inflating family allowance while tax reductions often increase the income of men who typically earn more and receive it. Single parent families (most often with a female head) are also especially affected by poverty. There is an increasing public discourse on gender related issues preventing women from giving birth (Gregor and Kováts, 2018).

Further reading

168 óra 2018.05.30. "Nem való a férfinak, hogy háztartásbeli legyen" – miért nem szerződne a miniszterelnök a férfiakkal is a gyermekvállalásról? ["It is not for a man to stay home with children" - Why the prime minister would not make a contract with men also about childbirth?]:

<http://168ora.hu/itthon/nem-valo-a-ferfinak-hogy-haztartasbeli-legyen-miert-nem-szerzodne-a-miniszterelnok-a-ferfiakkal-is-a-gyerekvallasrol-150121>

Gregor, A. and Kováts, E. (2018). *Nőügyek 2018. Társadalmi problémák és megoldási stratégiák* [Women's issues. Social problems and strategies to solve them.]. Budapest, Friedrich Ebert Stiftung: <http://library.fes.de/pdf-files/bueros/budapest/14461.pdf>

HVG 2018.04.25. Itt az étlap, mivel akarja felpörgetni a nők szülési kedvét a kormány [Here is the menu the government would encourage women to have children with]:

http://hvg.hu/itthon/20180425_Itt_az_etlap_mivel_akarja_felporgetni_a_nok_szulesi_kedvet_a_korman

Kapitány, B. and Spéder, Zs. (2017). "Hitek és tévhitek a népességsökkenés megállításáról. Demográfiai kihívások és kezelési lehetőségeik". In: Urbán, L. (eds.) *Hegymenet. Társadalmi és politikai kihívások Magyarországon* [Going up the hill. Social and political challenges in Hungary]. Osiris kiadó, Budapest, pp.157-176.

Kapitány B. (2015). "A népesedéspolitikával kapcsolatos elvárások és a családtámogatások ismertségének változása Magyarországon 2010-2016 között" [Changes in expectations related to population policy and knowledge about the family support system in Hungary], *Demográfia*, 58 (4), 267–285.

Authors

[Fruzsina Albert](#) (Center for Social Sciences, Hungarian Academy of Sciences, Károli Gáspár University of the Reformed Church in Hungary)