

Dramatic increase in poverty in Hungary

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Three years after the right-wing government of Viktor Orban came to power, social misery in Hungary has expanded rapidly.

According to a survey by the Research Institute TARKI at the end of last year, poverty in Hungary has continued to grow sharply. Anyone who has to live on less than 260 euros a month is considered poor; by this measure, almost half of the Hungarian population—some 46.6 percent—are below the poverty line. In the Roma minority, this runs as high as 92 percent.

The report shows that four out of five households have no material reserves and would not be able to undertake repairs or pay other expenses amounting to 100,000 forints (around 330 euros). The difference in incomes between the top 10 percent and the bottom 10 percent on Hungary's income scale has risen by 25 percent since 2009. The share of the lowest ten percent of total income has fallen from 3.1 to 2.6 percent.

According to reputable estimates, more than 250,000 children in Hungary are not adequately nourished, with around 50,000 regularly suffering from hunger. The declining birth rate also provides a clear indication of the level of social misery. In the first half of 2013 there were 5.5 percent fewer children born than in the same period the previous year.

The official unemployment rate has fallen to 9.3 percent, the lowest level in five years. However, the numbers are heavily massaged by the official agencies. Some 300,000 people do not appear in the statistics because they do not receive any benefits despite being unemployed. Youth unemployment is officially below the European average. The reason is that this age group migrates en masse to other countries in the hope of finding better living conditions.

The impoverishment of broad sections of the population is a direct result of the austerity policies of the Orban government, which has imposed massive

cuts in public spending under pressure from the European Union and the International Monetary Fund. In 2008, Hungary was the first European country to agree to an assistance programme with the EU and the IMF.

In 2009, the risk of poverty in Hungary was still below the EU average. Attacks on almost all social sectors have since reversed this.

The introduction of a flat income tax rate of 16 percent (a so-called "flat tax") has weighed heavily on those in the lower and middle incomes brackets. The abolition of tax allowances has meant a loss of income for about two-thirds of taxpayers, while the income of high earners has increased by up to 37 percent.

Spending on education, health care and housing has also been drastically reduced. In addition, the "Hungarian Work Plan" introduced in summer 2011, which forces the unemployed into employment programmes that pay a maximum of 170 euros per month, has contributed to the increase of poverty.

There is also a dramatic increase in private debt. Many households took out low-interest loans in euros and other foreign currencies, which they can no longer pay back due to the rapid devaluation of the forint.

Despite gloomy economic forecasts, the Orban government wants to stick to its chosen course. The EU is urging further savings. A report by the European Commission predicts growth of 1.8 percent in 2014, but also an increase in the deficit to 3 percent and a new record level of government debt. Debt would be twice as high as in Poland, Slovakia or the Czech Republic, interest rates on government bonds would rise accordingly and increase the cost of refinancing the country.

The stark social differences inevitably lead to social conflicts. It is at this point that the unions jump in to divert workers' anger and suppress a social movement against the growing inequality. The three largest trade

union associations want to amalgamate to unify a trade union movement marked by fragmentation and fierce conflicts.

There are six union federations in Hungary with 120 individual unions as well as numerous independent unions. From the successor organization to the Stalinist labour unions to right-wing police unions, which link up with the fascist Jobbik party, they are all politically far to the right and have supported the policy of social devastation of the last 24 years.

For example, the LIGA union of István Gaskó is an alliance partner of the ruling Fidesz party and meets regularly with the party leadership. At a recent public meeting, Gasko was denounced by angry workers as a traitor and was chased from the podium, as the *Pester Lloyd* reported. The new “super union” is dominated by MSZSOSZ, the former state union, which is closely connected with the Hungarian Socialist Party (MSZP).

The current wave of cuts recalls the 1990s, when the introduction of capitalism meant millions lost their jobs and spending on welfare and education was drastically reduced. At that time, the Stalinist state party MSZMP (Hungarian Socialist Workers’ Party) played a leading role in Europe in the restoration of capitalism.

Over the following years, the heirs of the Stalinists, who now called themselves the Hungarian Socialist Party (MSZP), and the right-wing Fidesz alternated in government and each attacked working people equally. Ferenc Gyurcsány, who began his political career as chair of the Stalinist Youth League, rose to become one of the country’s wealthiest entrepreneurs. From 2004 to 2009, he led an MSZP government, and is therefore one of the most hated figures in Hungarian politics.

For the parliamentary elections in April, the MSZP, with Attila Mesterházy at its head, has reached an electoral alliance with Gyurcsány and the former prime minister, Gordon Bajnai. Gyurcsány now leads his own party, the Democratic Coalition (DK). The coalition’s policies are right-wing, based on strict budget consolidation and maintaining harsh austerity measures.

The reactionary policies of the Stalinist successor parties and the trade unions has led to the rise of extreme right-wing forces. The far-right Jobbik party has been represented in parliament for many years. In Ásotthalmon, with approximately 6,000 inhabitants, László Toroczkai, the founder of the fascist youth

movement “64 Burgkomitate”, has been elected mayor. Toroczkai ran as an “independent” candidate, replacing the Fidesz-incumbent on a 37 percent turnout. It is significant that the local representative of the Democratic Coalition, József Márki, supported Toroczkai.

In the meantime, a number of mayors in Hungary come from Jobbik. The Gyöngyöspata municipality, where Nazi gangs terrorized the residents of a Roma settlement for weeks, is governed by a Jobbik member.



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