KATALIN **NOVÁK**

TÜNDE **FŰRÉSZ**











FAMILY-FRIENDLY DECADE

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WELCOME MESSAGE



Dear Reader,

hen the first edition of this volume was published four years ago, it seemed like after having gained voters' trust, we were going to face calm, peaceful times, ideal for development. Recent events, however, have rewritten the script of our future not only in Europe but throughout the world, as the waves of the coronavirus pandemic swept away our previous expectations.

Owing to many people's dedication and hard work, the years following 2018 will enter history as the times when the seeds of Hungarian family policy planted in 2010 bloomed, as while ten years ago for every five children planned, only three were born, by now this number has risen to four.

All signs indicate that we are moving towards the goals set forth for the Hungarian demographic policy at the first Budapest Demographic Forum in 2015. However, the pandemic made it clear again that Brussels cannot even handle short-term problems, let alone issues that have a great impact on decades to come, such as stopping the demographic decline of the continent.

Europe is rich and weak, making it the prime target for mass migration, which could be further exacerbated by the pandemic. Meanwhile, the gap further deepened between countries that want to treat depopulation by immigration and those who see the key in a family policy encouraging people to have children.

However, the biggest threat to family-friendly policy today is not coronavirus, migration or another economic crisis, but the fact that the traditional, Christian family model is under a constant ideological jet fire from the liberal leftwing. The family model of a man and a woman's alliance for life has been present for centuries, it is a cornerstone of our national and European identity and the source of our rejuvenation, therefore attacks made against it bring back the world of the darkest dictatorships.

Consequently, protecting the traditional family model is as important a factor in stopping depopulation as important it has been since 2010 to reframe our lives according to the policy helping families to have more children, including certain measures ranging from modifying the tax system, through labour market changes, home creation and family support, to extending the nursery and kindergarten network to cover the whole of the country.

The ship has been steered into the right direction. Hungary was a country of empty cribs. We have dreamt a family-friendly country, where bringing up many children does not only bring joy and adventure for life, but it also pays off for a parent. The situation is still concerning, but the goal that many thought unachievable even a few years ago, that is to slowly replace the scarce decades of depopulation by nation-growth, is finally appearing on the horizon.

Viktor Orbán Prime Minister of Hungary Budapest, July 2021

PREFACE





decade ago, at the end of the 2000s, as mothers raising small children, we were experiencing the then-vulnerable Hungary to be many things, but family-friendly. As parents, we felt and knew that us, families were not given attention or care amidst the economic and moral crisis, more to the contrary, those in power made decisions many times to our detriment. Families, the valuable communities of love which frame our lives and provide the foundation for our national community were neither receiving recognition, nor sufficient support. Families were left alone in Hungary before 2010. We both were lucky to work for Hungarian families as economists with the help of our husbands' support while raising three children.

2010 brought a pro-family turn, the decade of families started. The intergenerational family is starting to get back its originally important role. Family members—children, parents, grandparents, youngsters, and the elderly—started to receive recognition like never seen or experienced before. With persistent and hard work, many times battling difficult conditions and challenging circumstances, we have moved forward and we have managed to shape Hungary into a family-friendly country. Such a country, where living in a family is good, every child is a treasure, and families are the guarantee for the sustainable future.

In this volume, we are embarking on a journey to show how the family-friendly decade unfolded, what specific steps and measures were taken to achieve our goals. We would like to present to you the Hungarian model, which aims not to seek short-term solutions to solve demographic issues, such as migration or supporting the state aid system, but a family policy building on valuing work is in place to remedy population decline and the ageing of the society.

Results of a decade prove us right, the willingness to get married and to start a family has been growing continuously, the majority of statistical data mirrors Hungarian families' growth and expansion. We are going to show you where we began, what we have managed to achieve during the first decade and the way we are headed towards.

Please give a warm welcome to our new volume entitled "Family-friendly decade 2010–2020" which presents the history of building a family-friendly Hungary and provides a thorough summary of this past decade!

Katalin Novák, Minister For Families Tünde Fűrész, President of the Kopp Mária Institute for Population and Families (KINCS) Budapest, July 2021





Katalin Novák

owadays, conferences, debates and discussions more and more frequently deal with the world's overpopulation and its consequences and repercussions. Demographic challenges, however, present themselves in very different ways in different regions. There is a population explosion in the majority of Asia and Africa, there are countries in these regions whose population has grown threefold in the past fifty years. The population the so-called developed European countries is stagnating or decreasing. We also have to add that Europe values its Christian culture and Jewish-Christian heritage less and less and our region is often referred to as the "old continent" because of its ageing citizens.

Maternity wards are silent in Europe, cradles and playgrounds are empty. We have reached a point where none of the member states have enough children born to sustain their population. Young people on general have less children than they were planning. The number of Europeans in the world is getting lower and lower, since while every fifth person was a European in the middle of the 20th century, now it is only every tenth person, and this unfavourable tendency continues. As a result, the ageing Europe's significance, competitiveness, economic power and room for maneuver is declining in the global world order.

For the future of the European Union, in order to preserve our Christian culture, it is essential to help European citizens have the children they wish to have. It is to be celebrated that the majority of European citizens still wish to have more than two children on average, in spite of the ever-growing ideological attacks against traditional families. The stake is no less than the survival of the European people on one hand, and the preservation of the unique mind-set and culture of the Hungarians, Czechs, Poles, Slovaks, Germans, French, Swedes, Serbians, Croatians, Italians and so on. On the other hand, to enrich and transmit culture for future generations to come.

Although family policy falls within the sphere of national competence, for us, Hungarians, its international aspects are essential. We are part of Europe, we share a common European future which we can and would like to shape.

Hungary is in a peculiar position because there are many Hungarian compatriots over the boarders in the Carpathian Basin and on remote continents whose Hungarian identity is a value to be protected. Our goal is to help families in these communities to prosper in their motherland. With its Umbilical Cord programme (Köldökzsinór program) our family policy has crossed these borders, serving as unequivocal proof of our faith that every Hungarian child is a treasure, wherever they may be born in the world, as they ensure the survival of the Hungarian nation. Every Hungarian child is a lookout.

Europe has reached crossroads - survival is at stake. Seemingly it is easier to give to the pressure and let a mass of immigrants in who would like to live here and enjoy a relative prosperity. Moreover, these people traditionally live in large families, so mathematically the could provide a solution for the labour shortage and the low birth-rate. Seemingly it is easier to just stand by and watch young people miss out on starting a family.

Appearances are deceptive. We must take the steeper path. We must act so that Europe remained Europe, so that young people could start a family in time, have an own home and a vision for the future in Europe.

Hungary took the steeper path and ten years later we can see the results.

It is not a coincidence that interest in Hungarian family policy has increased and maybe that is why many people attack it.

Nowadays, Central Europe has become the primary spokesperson for family-friendliness, and a flag bearer for promoting the matter of families. Our goal is to unite those who want to take steps for families, to form an international alliance for families. This is why we are organising the Budapest Demographic Summit for the fourth time. We are jointly expressing our belief in promoting the cause of families at the event at the highest political level. We are not alone. By getting to know each-others' thoughts, we could learn from best practices, help meet challenges, and be able to share our experience, our results. We are honoured that all around the world more and more people think that it is worth paying attention to Hungary.

WORLD POPULATION TRENDS

During the 21st century, the growth of world population is expected to come to a halt: the population of developed countries will mostly decline and generally strongly ageing, while the proportion of the developing countries especially in sub-Saharan Africa and in Muslim and Arab populations—may increase within the world population. The process raises questions about the sustainability of pension systems, and predicts their shrinkage and eventual collapse. Furthermore, it may trigger migration flows leading to civilizational and cultural coexistence problems. The emergence of a society of impoverished and solitary elderly people is expected worldwide, while the issue of immigration from Islamic countries might become a politically increasingly polarising factor.

The world population continues to grow, although at a slower rate, and is expected to exceed 8 billion by the next decade. The reason for the continuous growth is the decrease in the number of children following the decrease in mortality with a certain time lag all across the world: the number of elderly people increases due to longer life expectancy, followed only slightly later by the decrease in the number of young people.

However, according to the United Nations (UN), world population growth is expected to slow down and come to a halt by the second half of the 21st century and may even start declining thereafter. The reason is that fertility is decreasing worldwide—in half of the world population, fertility has fallen from its mid-20th century high levels to being just sufficient, or below the level needed to sustain the population, and it is expected to further decline. According to a recent demographic projection, the world average total fertility rate (TFR)1 might fall to

1.66 from the current 2.4 by the end of the 21st century (Vollset et al. 2020). As it is well known. values below 2.1 are not sufficient to sustain the population. By the year 2100, 151 of the world's 191 currently sovereign states are expected to have fertility below the level needed to sustain their populations. As fertility has already fallen below reproduction level in many places, 2 the population of several countries—including Japan, China and Spain—may decline to half or even less by the end of the century. Globally, the number of elderly people aged 65 and over is expected to reach 2.46 billion by 2100, surpassing the population aged 14 and under (1.9 billion). However, the decrease in the number of young people poses a problem, because it predicts that the burden on economically active layers of society and on social welfare systems will increase. The UN's 2100 projection of the ageing index (the proportion of people aged 65 and over compared to those aged 0-14) confirms the likely rise from the current (2020) value of 36.7 to 129.5 in the next 80 years. The dependency ratio (the proportion of people aged 65 and over compared to those aged 15-64) reveals similarly sharp demographic changes: it is expected to increase from 14.3 to 37.7.

By the end of the century, the total population of EU Member States—including Hungary's as well on the basis of projections that do not expect a significant positive demographic turnaround—might fall according to Eurostat forecasts. The population of Hungary might fall from 9.74 million (2020) to 7.89 million according to Eurostat projections, and to 7.75 million according to the forecasts of the Demographic Research Institute of the Hungarian Central Office (KSH NKI), or even to 6 million based on the lower version of the latter projection (Obádovics, 2018). In Hungary,

¹ Fertility rate (TFR) expresses the average number of children a woman would give birth to if her expected fertility during her childbearing age were in line with the actual fertility rate of women her age in a given year.

Mexico and India serve as recent examples: the continuously declining fertility has just reached the margin of 2.1 in these countries, and is soon expected to fall well below. TFR reached 2.2 in 2017 in India, and 2.1 in 2019 in Mexico.

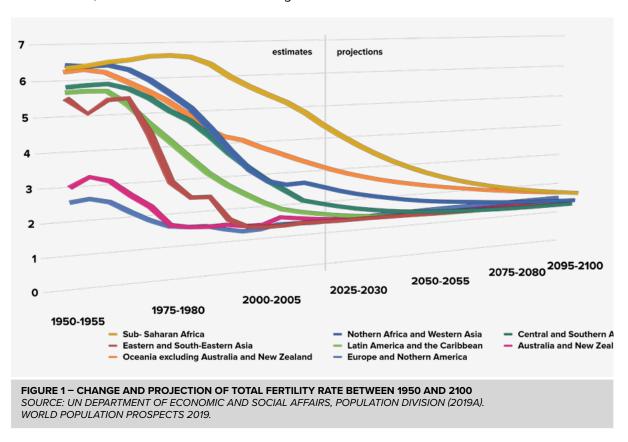


there were four people aged between 15–64 for every person over 65 in 2011, and there will be two in 2100, expectedly.

By the 1980s, the average fertility rate in Europe and North America had already fallen below the margin of 2.1 needed to sustain the population, and it was the result of a long social historical trend of demographic transition that had been proceeding since the end of the 19th century. At the same time, the rest of the world is following

Europe's path as well regarding demographic trends. A permanent decrease in fertility has already begun almost everywhere, even in most African countries.

By the increasing life expectancy at birth, the declining total fertility rate and the increasing average age of women at childbirth, both population decline and an increasing rate of ageing could be a case for all mankind in the longer term.



	1970	2000	2020	2030	2050	2075	2100
Life expectancy at birth (years)	55.4	65.6	72.3	74	76.8	79.4	81.7
Total fertility rate	4.93	2.78	2.47	2.38	2.21	2.05	1.94
Average age of women at first childbirth (years)	29	27.5	28.4	28.4	29	29.6	30.3
Proportion of people under the age of 15 in the total population (%)	37.5	30.1	25.5	23.6	21.1	19	17.5
Proportion of people aged 15-24 in the total population (%)	18.1	17.7	15.5	15.1	13.8	12.8	12
Proportion of people aged 25–64 in the total population (%)	39.1	45.3	49.7	49.6	49.2	48.6	48
Proportion of people over the age of 65 in the total population (%)	5.3	6.6	9.3	11.7	15.9	19.5	22.6

TABLE 1 - PROJECTION OF POPULATION SOURCE: UN, WORLD POPULATION PROSPECTS, 2019

UN projections mainly focused on overpopulation, the emergence of a "global population bomb", and therefore the importance of family, marriage and childbearing in developed countries, where depopulation takes place, was out of consideration. However, the importance of these factors would have been enhanced in public perception if the expected negative consequences of a fertility rate too low had been widely communicated earlier in the media. Nevertheless, this recognition is still a relatively peripheral issue in the public's perception in developed countries. even though it is quite clear now that instead of a "demographic explosion", a decline, an ageing, or in other words a "demographic winter" should rather be expected in the longer term.

As data in the table below show, fertility decline appears to have come to a halt at certain levels in different regions of the world in recent decades, but in the developed world, it is usually below the level needed to reproduce the population: it is around 1.5 in Europe, 1.8 in East Asia and 1.9 in North America. It is a question, at what level it

will stabilise in certain Latin-American locations, where the decline has also already reached the threshold of 2.1 and is expected to further decrease because of the fall in the willingness to have children. However, in the Arab world,3 fertility rate appears to be stabilising at around 2.9, while in Sub-Saharan Africa it is gradually declining, but still hovering around 5, well above the level needed to reproduce the population.

As a result, the Arab-Islamic and Sub-Saharan African worlds will not decrease but grow—both in terms of population and as a share of the world's population—even despite the fact that fertility rates show a decrease in these regions as well.

The term "Arab world" is somewhat simplistic, since in the region known as "North Africa and the Middle East" there are a number of non-Arabic speaking countries too. However, the majority of the region's population is Arabic-speaking, so for the sake of simplicity, it seems to be appropriate to use this term.

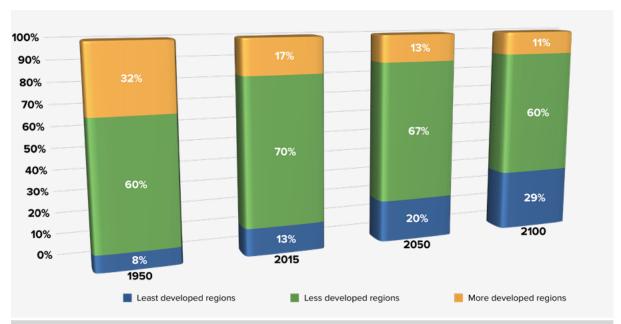


FIGURE 2 – DISTRIBUTION OF THE WORLD'S POPULATION ACCORDING TO THE STATE OF DEVELOPMENT OF THEIR PLACE OF RESIDENCE SOURCE: http://esa.un.org/unpd/wpp/Excel-Data/population.htm

(More developed regions: Europe, North America, Australia/New Zealand and Japan Less developed regions: Africa, Asia (excluding Japan), Central and South America, Melanesia, Micronesia and Polynesia)

	1965	1975	1985	1995	2005	2015
World	5.04	4.16	3.54	2.86	2.59	2.46
EU28	2.56	2.1	1.72	1.42	1.47	1.54
North America	2.93	1.78	1.83	1.94	2.01	1.82
East Asia and the Pacific	5.72	3.93	2.83	1.96	1.82	1.83
South Asia	5.99	5.46	4.76	3.89	3.14	2.47
Latin America	5.69	4.69	3.69	2.92	2.36	2.08
Arab world (North Africa and the Middle East)	6.93	6.44	5.9	3.87	2.9	2.89
Sub-Saharan Africa	6.67	6.8	6.64	6.02	5.52	4.91

TABLE 2 - TOTAL FERTILITY RATE IN MAJOR WORLD REGIONS (1965-2015) SOURCE: WORLD BANK

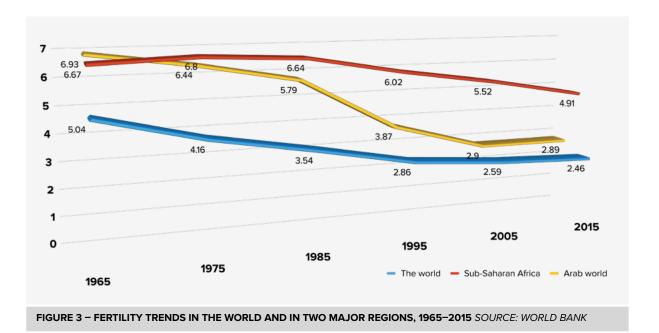
If current childbearing trends were to continue, Europe's population would essentially become extinct by about 3000 AD, according to the projection of Wolfgang Lutz, Austrian demographer (Lutz, 1999). In the 1990s, for example, the willingness to have children in the former GDR was as low as 0.77, and in the Italian province Ferrara it was 0.8, according to an Italian demographer, Golini. Hence it is realistic to expect a demographic version with a fertility of only 0.7–0.8, even in projections. The fact that some countries, such as South Korea, currently have a fertility rate of 0.84 denotes that this is no longer utopia.

The population of Europe of about 500 million in the 2000s would fall to 50,000 by 3000 AD , assuming fertility and mortality rates of that time and zero net migration. (Of which Hungary's population—proportionally—would be certainly less than a thousand.)

The slowdown in world fertility decline is shown on the chart below. The Demographic transition, together with the accompanying fertility decline is a global phenomenon, extending to the whole of humanity and this tendency is already under-



way in most African countries too. Although right now it is hard to even speculate where declining fertility levels in African countries will stop in 30–50 years time.





It is important to note, that those proposals which suggest even further fertility decline in order to solve global environmental problems among other things, are false.4 Regarding the rising levels of carbon dioxide emission and global warming as a probable consequence, the main emitters are developed countries and China, which are ageing but significantly over-consuming countries already having low fertility. Further ageing will cause increasingly serious economic and social problems. These problems can only be solved slowly and gradually, on the long term rather than the medium, even if the level of fertility would possibly increase again. However, a further decline in fertility will cause further, accelerating and increasing ageing.

On the long run, the best solution, the "middle ground" certainly seems to be to stabilise the average fertility of the world population at around 2.1, and as a result, a "stationary population" with a stable age structure and size will evolve5. It would avoid ageing as well as population explo-

sion. In most parts of the world, current trends are leading fertility rates well below this level, the only exceptions seem to be the Arab-Islamic world and Africa.

The "demographic window of opportunity" is a well-known concept among world population experts, in the context of third world countries. It denotes a period in which fertility is already declining sharply or is already relatively low, while the proportion of the elderly is still low because of the young age distribution of society due to the previously high number of children. In this case, the state's expenses are already relatively low on children and still relatively low on the elderly—thus resources are freeing up for the country's development. The "window of opportunity" has already closed in developed countries, so these countries are becoming interested in having more children again because of the pension system, for which the state has less and less resources.

⁴ For instance, climatologist Jorgen Randers has such a proposal (for more on this issue, see: Gergely, 2019).

⁵ stationary = with constant age distribution

DEMOGRAPHIC CHALLENGES IN THE WORLD

The world population on 1 January 2020 was 7.8 billion. The two most populous countries are China and India, with 36% of the world's population concentrated here. Today, 10% of the world's population, around 747 million people live in Europe, making it the continent with the third largest population in the world. Asia is in the first place with 60% of the population (over 4.6 billion people), followed by Africa (16%, 1.3 billion people), ahead of the "old" continent. We are followed by Latin America and the Caribbean (9%, 654 million people), North America (5%, 369 million people), and finally Oceania (0.5%, 43 million people)⁶.

Population is shaped by three factors: birth, mortality and migration. Across the world, all three factors of the population trends have been changing in recent years. These demographic challenges are going to be discussed in the subsection below.

Global challenges

Ageing of the world population

The ageing of the population is taking place in parallel with the number of people rising on Earth. The proportion of people aged 65 and over is increasing with the decline in fertility and the significant improvement of average life expectancy at birth.

The average life expectancy at birth means how many years a new-born baby can be expected to live under the mortality conditions of a given year. Owing to advances in medical science and significant improvements in public health worldwide, life expectancy has never been extended at such a rate as between 1950 and 2020, and it is projected to rise further by the end of the century. Over the past nearly seventy years, life

expectancy at birth in countries considered to be the richest has risen by almost 16 years, now exceeding 80 years of age. Thus, people living in these countries can expect the longest lives. In 1950, the gap between the poorest and richest groups of countries was 30 years of life, and it has narrowed to 17 years (Hungarian Statistical Office, 2017).

Changes can be tracked well by studying the proportion of the three main age groups in the population: From 1950 to the end of this century, by 2100, the proportion of people under 15 will fall by almost half (from 34% to 18%), while the proportion of people aged 65 and over will increase into a 4.5 larger group (from 5% to 23%). While currently the number of people under 15 is approximately double that of people over 60, by 2050, the two age groups are expected to balance each other.

By the end of the century, the UN predicts an improvement in mortality and further rise of life expectancy at birth: from the current 72 years to nearly 83 years. The greatest increase is expected in Africa and Latin America, where a new-born can expect to live 16, or respectively 12 years longer at birth in the future. As a result, life expectancy of people living on the black continent will more than double in terms of years (Hungarian Statistical Office, 2017).



⁶ World Population Day 2020 (KSH – Hungarian Central Office), according to the projections of the UN.

Trends in fertility rates around the world

Fertility is one of the essential factors of the population of continents and countries, and it is characterised by a downward trend. As a result, global population growth is slowing down.

The most expressive indicator of fertility is the total fertility rate (TFR) or willingness to have children, and it expresses the number of children a woman would give birth to during her lifetime, according to the birth rate by age in a given year.

In the 1950s and '60s, the average number of children born to women worldwide was around 5. Today, this figure has reduced to half, 2.5 (see subsection *World population trends*). Since the second half of the 1960s, the rate has started to decline everywhere, except Africa, with the black continent having followed the other continents only with a delay of almost twenty years. Even today, Africa has the highest fertility: 4.7 children are born to a woman on average, and

the European Union has the lowest rate of 1.5. Today, in nearly half of the countries, women are not giving birth to enough children anymore to provide the 2.1 average number of children needed to reproduce the population. No country in Europe had a willingness to have children above the value of 2.0 in 2019. The value has also fallen below reproduction level in North America (to 1.85), while the other developing regions, alongside Africa, the forerunner, still typically have fertility rates that ensure natural increase or at least the sustaining of the population (2.2 in Asia, 2 in South America and the Caribbean, 2.4 in Oceania) (Hungarian Statistical Office, 2019).

World population growth is projected to take place in parallel with a further decline in fertility, the average number of children per woman will be just below reproduction level (2.0) by the turn of the century. While the average number of children in countries currently having high fertility levels will continuously decline until the end of the century, and it is expected to increase in countries with low fertility. As a result, Europe's

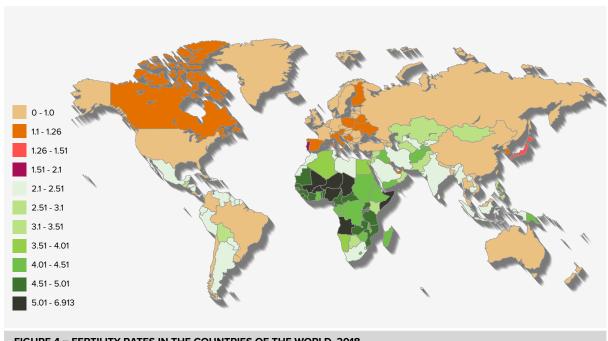


FIGURE 4 – FERTILITY RATES IN THE COUNTRIES OF THE WORLD, 2018
SOURCE: DATABASE OF THE UN (PICTURE EDITED BY THE MÁRIA KOPP INSTITUTE FOR DEMOGRAPHY AND FAMILIES)



fertility rate hopefully will rise from the current 1.5 to above 1.8, reaching Asia's and Latin America's rate of around 1.8 (Hungarian Statistical Office, 2017).

North America is also projected to have a somewhat higher TFR of 1.9, which is still insufficient for the reproduction of the population, but in Africa, at the same time, a TFR still above replacement level can be expected. So, the black continent's population will continuously increase for the rest of the century, some 80 years, unlike the stagnating or declining populations of other parts of the world.

The role of migration in world population trends

In addition to demographic indicators such as fertility, natural increase, life expectancy, the degree of ageing, dependency indexes and mortality, international migration also plays a significant role in demographic changes.

The most significant among the components of this global process is the population of hundreds of millions of people flowing from villages to cities. There is also an ongoing mass exodus of people from areas affected by natural or environmental disasters or military actions, to calmer and safer regions. Regarding the migration of masses towards the European region, refugee inflows related to conflicts in the Middle East and in Africa are mixed with the effect of the migration thrust that has developed due to a persistent, economic motive in several other countries over the last two to three decades and intensified in the 21st century. The latter is going to remain typical for the next decades in several developing countries in the world and will have an impact not only on the EU Member States. Emigration can

be motivated by economic, political or religious reasons, or family reunion as well.

According to several demographic research papers, the main drivers of migration processes are primarily of an economic, subsistence (financial) nature: from regions with poorer living standards and earning opportunities, populations flow towards richer, more prosperous areas in search of better opportunities. The process can be intensified—or weakened—by certain crises in a region, such as natural disasters, famine, civil wars or open armed conflicts. Since 2020, restrictions accompanying the COVID-19 pandemic have changed migration processes, slowing them down as countries have closed their borders or allowed people to enter their countries only on certain conditions.

Viewing the issue globally, receiving countries of international migration are located in Europe, North America and Australia/Oceania, while the sending countries in Africa, Asia, Latin America and the Caribbean.

According to UN figures for 2015–2020, the total number of international migrants worldwide is estimated at 258 million, from which around a third (78 million people) of individuals are staying in Europe, 80 million in Asia, 58 million in North America, 25 million in Africa and 8 million

in Australia and Oceania. Since the early 1990s, the number of migrants has grown dynamically, by more than two-thirds—from 153 million to 258 million.

The dynamic population growth in less developed countries, the persistence of significant differences in their living standards compared to the prosperous western regions and, on the other hand, labour shortages in wealthy countries due to the decline in the working-age populations reinforce each other by the coincidence of supply and demand. As a result, migration is expected to increase continuously in intensity at a global and European level in the decades ahead.

European challenges—families and migration

Changes in the population of the European Union today

There were 447 million people living in the EU27 Member States on 1 January 2020. Since 1960, the population of these countries has increased by 93 million people, influenced by natural increase on the one hand and migration on the other. Until the 1990s, population growth of the EU was mainly determined by the natural

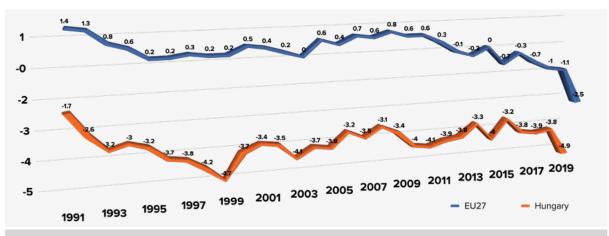
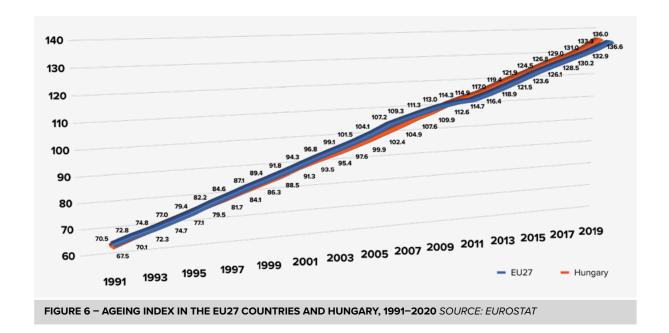


FIGURE 5 – AVERAGE OF NATURAL INCREASE AND DECREASE IN THE EU27 AND IN HUNGARY, 1991-2020 SOURCE: EUROSTAT



increase – that is the difference between the number of births and deaths.

Apart from migration, population trends are determined by the number of births and deaths and their balance. In essence, natural decrease/ increase is the difference between live births and deaths per 1000 people. It indicates how the number of the population has changed in an area in a given year. If the number is positive, there is a natural increase, and if it is negative, it is a natural decrease. The indicator of natural increase has gradually declined in EU27 countries. And since 2014, there has been a natural decrease in the EU27 average. In Hungary, only natural decrease has been underway over the last 30 years. The value started to decline sharply in 1991 and reached the worst value ever in 1999. when it was -4.2. In 2019, this figure was 3.8.

Ageing index indicates the ratio of elderly population (aged 65 and over) to paediatric population (aged 0–14). It is a key indicator of the change in age distribution and the ageing process, which is particularly relevant in the context of the demographic future. Over the past three decades, this value has almost doubled in the EU27 countries, including Hungary. The indicator has already

exceeded the hundred percent mark in 2010. And the Hungarian indicator is following the European index, with approximately one hundred and forty elderly people for every one hundred people under 14 in 2020.

Over the past three decades, excess mortality induced by ageing and a declining number of children has led to a natural decrease. The issue is also of primary importance for the global role, relevance and competitiveness of the European Union. Europe has now become the continent of empty cribs, there is no EU Member State country where enough children are born to sustain its population. Although there are some countries not experiencing sharp population decreases, however the only reason for this is the migration inflow.

"An ageing 'old continent' steadily losing its economic and geopolitical importance would have a serious need to have more European children, as both the lack of skilled workforce, the upkeep of the social insurance systems, and caring for the inactive elderly people would be a major challenge in the medium term, and much more attention should be paid to help Europeans have the children they want." (Fűrész – Molnár, 2020).

Families and migration in Europe

The balance of external migration, that is the immigration to and emigration from the EU, has been typically positive since 1960—excluding some years in the 1960s and 1980s. This makes it possible for the population of the 27 Member States—with significant regional differences—to show an overall growth, despite the natural decrease. However, this is a cause for concern, as the population not decreasing has only been the "result" of external migration in the last eight years (2012–2019), that is to say the EU is permanently unable to reproduce its own population.

The number of births in the European Union is decreasing: In 2019, 4 million 167 thousand live births were registered in the EU altogether, that is 1.9% (nearly 80 thousand) less than in 2018, and 437 thousand, almost a tenth (9.5%) less than in 2010. (In contrast, according to Eurostat's methodology, the number of births in Hungary

had increased by 3.1%, by nearly 3 thousand people between 2010-2019, but also decreased by 0.4% compared to 2018.)

Between 2010-2019, the average fertility rate in EU27 followed a basically stagnating or even decreasing trend (from 1.57 to 1.53)—with minor fluctuations.

In 2018 — in the absence of migration — none of the European regions reached the fertility rate 2.1 necessary for reproduction, with some regions recording even lower values than 1.25 (in the north-western part of the Iberian Peninsula, south-eastern Italy, Sardinia and certain parts of Greece).

The proportion of foreign-born people within the total population and within the population of women of childbearing age (20–39 years) is also closely related to this issue. In the Western European Member States, 14.9% of the population is foreign-born, while they only make up

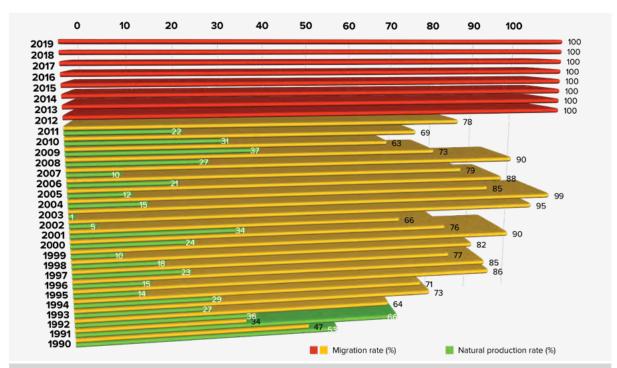


FIGURE 7 – THE MIGRATION BALANCE AND NATURAL INCREASE'S CONTRIBUTION TO THE POPULATION GROWTH OF THE EU, 1990–2019 SOURCE: EUROSTAT

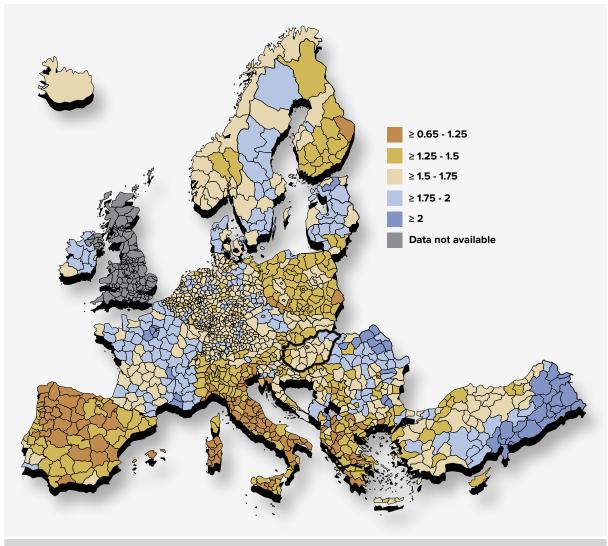


FIGURE 8 - TOTAL FERTILITY RATE BY REGIONS IN THE EUROPEAN UNION IN 2019 SOURCE: EUROSTAT

for 4.6% in Central and Eastern Europe (the EU average is 12.2%). Within this group of people, the proportion of the non-EU migrant population—coming from outside Member States—is 8.0% (9.1% in western Member States and 3.0% in the newer ones). This means that two thirds (65%) of the migrant population living in the European Union immigrated from outside the EU, and only one third (35%) came from other Member States. 86% of the migrant population (of whom, 87% are from outside of the Member

States) lives in countries that have been members for a longer time.

Although, it is the number and proportion of women of childbearing age that is most relevant in the reproduction and the changes in the composition of the population. The proportion of foreign-origin women in the 20–39 year-old women population is 16.6%, higher than it is in the total population. The proportion of women with a migrant background is more than one fifth

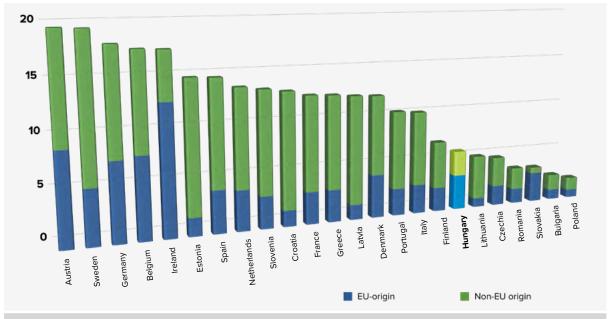
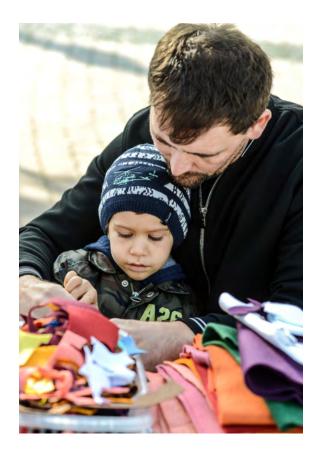
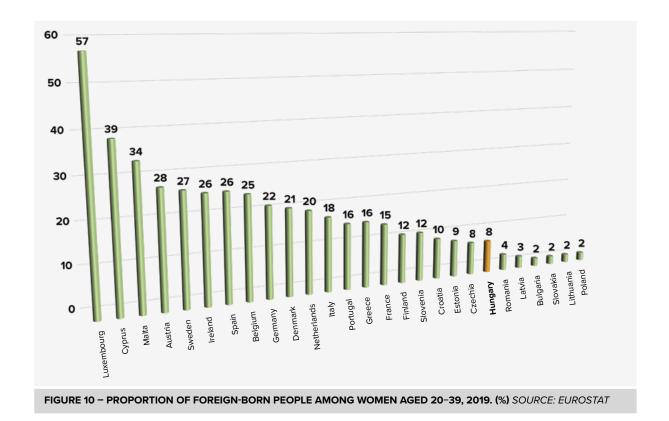


FIGURE 9 - PROPORTION OF FOREIGN-BORN PEOPLE WITHIN THE EU MEMBER STATES, 2019 (%) SOURCE: EUROSTAT



(20.6%) in the "old" Member States, that is almost two fifths higher than in the total population (i.e., 28% in Austria, 27% in Sweden, 26% in Spain and Ireland, 25% in Belgium, which means that more than one in four women of childbearing age have a migrant background), while it is only 4.6% in the newer Member States, which is the same as the proportion of the total foreign population. This demonstrates that in the West, the age distribution of the immigrant population is different from the resident population—with a higher proportion of younger groups of reproductive age — while in Central and Eastern Europe, there is no significant difference regarding the population pyramid.

The key explanation of this difference is that, in western Member States, the proportion of immigrants coming from outside the EU is significantly higher (14.5%) in the population of women of childbearing age (as well), while in the Central and Eastern European region it is only 3.2%, and they are also predominantly from European cultures (the Balkans, Ukraine, Russia), and not from the main countries of origin in the Middle East or Africa. (In the EU as a whole, the



proportion of "third world nationals" in this female population is 11.7%). The proportion of people in this group is especially high in Sweden (21%) and Spain (20%), but also in Austria, Belgium and Germany (15%).

If we compare these trends to the data on the proportion of live births among women with foreign, immigrant background in the total number of live births, we see that in the western countries, the proportion of such births is even higher than the proportion of women of childbearing age with a migrant background. In the Western European "old" Member States, the number of live births per one hundred women aged 20–39 with non-EU origin is one and a half times higher than for women of the resident population, while in the Member States that joined after 2004, the difference is only minimal. This also demonstrates that the fertility of immigrants from outside Europe is much higher.

If we look at the 2019 live birth rates by the origin of the mother in relation to total fertility rates, it is clear that the relatively higher TFR rates in Western Europe compared to the Central and Eastern Europe can no longer predominantly be attributed to the resident population. So, these countries are only able to more or less maintain their population balance, or at least tone down depopulation with the "help" of migration (especially if we do not only consider the excess live births of the immigrants who are already settled in the EU, but the regular new "supply" arriving from outside the EU year after year as well, in the context of their number in the total population). In contrast, Member States in Central and Eastern Europe, including Hungary, that have more traditional structures and are not migration-based, are in a much better position to sustain themselves.

Migratory pressure is a continuously growing issue, with the migration balance of EU countries showing an increasing trend according to Eurostat data (0.4 million in 2010, 1.5 million in 2015 and 2019). In terms of destination areas, the majority of new residents (80–90% in the last ten years) choose Western European countries that joined the EU before 2004, as opposed to the Central and Eastern European region for example, which offers a lower living standard (see Eurostat data). By country of origin, the main regions of origin are the Middle East and North Africa, and for example Albania and Kosovo from the European continent. Although the number of people requesting asylum has risen in recent years, they still cover only half of the total number of foreigners who immigrate into the EU from outside. Additionally, the issue of people entering the EU illegally is also problematic. Between 2010 and 2020, the number of people illegally crossing the border had varied between a 100 thousand and 1.8 million per year. 2015 and 2016 were exceptional years due to the delayed effect of the "Arab Spring" and the civil war in Syria that started in 2011, with 2.4 million people entering the EU without fulfilling the required procedures. In 2020, illegal migration's main countries of origin were Syria (17%), Morocco (14%), Tunisia (10%), Algeria (10%) and Afghanistan (8%).

In 2019, the number of people immigrating or returning to an EU country was 4.2 million, of which 1.8 million (42%) came from another Member State and 2.4 million (58%) from outside the EU. Additionally, the number of emigrants from Member States was 2.1 million, of which 1.5 million (70%) were of EU and 0.6 million (30%) of non-EU origin. Thus, the number of immigrants exceeded the number of emigrants by 2.1 million in total, of which 0.3 million were from within the EU and 1.8 million (86%) from outside, which resulted in a positive migration balance of 1.2 million at the EU-level.

There is an appreciable correlation between fertility rate and immigration. In countries where fertility has fallen, the pace of immigration has typically increased too. Meanwhile, out of the 27 EU countries, fertility has reached the highest growth in Hungary, where migration policy is rather reserved. At the same time, the willingness to have children is constantly declining in the western and northern parts of the continent, and this obviously opens up the space for immigration policies. The case of Germany is unique because the increasing rates of fertility nowadays are significantly affected by multigenerational immigrants (according to statistics, a quarter of the population is of foreign origin). Outstanding examples are Ireland and Finland, where fertility has fallen sharply, by more than 30-50% in the last decade, however immigration also remains low. The cases of Luxembourg and Malta are peculiar, where a determinant part of today's population consists of foreign citizens settled between 2010 and 2019. Latvia and Lithuania also show a characteristic trend, as besides the increasing fertility, there is a mass emigration taking place, mainly towards Western Europe.

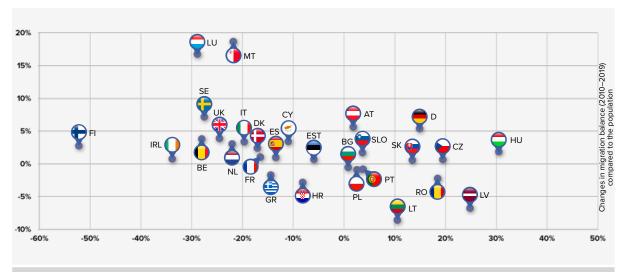


FIGURE 11 – CORRELATION BETWEEN FERTILITY RATES AND IMMIGRATION IN EU COUNTRIES, AND CHARACTERISTIC GROUPS OF THIS RELATION, 2010–2019 SOURCE: EUROSTAT

Population and migration policies of the EU

There are two prominent intervention mechanisms in relation with population strategy: the population and migration policy. Some intervention actions of population policies are direct (i.e. limiting abortions), while others are indirect (i.e. tax benefits)

Today's most dominant (Western) European tendencies abstain from direct interventions, and therefore, mainly indirect approaches are in use (Polónyi, 2006: 426). In spite of this, having children has fallen well below reproduction level, and one reason is that having children is approached from a labour market perspective, so the aim is to reintegrate parents having small children into the labour market as early as possible (Eur-Lex [undated]). This also opens a way for a mass inflow of foreign immigrants.

However, the openness of migration policies is a general characteristic of European countries, but there are differences in the attitudes towards the volume and other aspects of immigration. The main appeal of the EU as a receiving region is the higher living standard and quality of life. Besides, benefits are mutual, as the labour force and skills of immigrants serve as an important basis for economic development because the age distribution is heading towards ageing, i.e. the proportion of dependents is increasing. However, these benefits often remain unfulfilled, especially with immigrants coming from outside the EU, as unemployment rates are typically high among them due to integration problems, and their skills often do not meet the demands of the labour market. This phenomenon leads to the overburdening of Member States' social systems and budgets.

There is a social-cultural perspective of the phenomenon as well: the integration of people of different ethnicities, cultures and religions is another problem, and after a certain point, it creates a growing tension within the society (Gödi, 2017). Examples include segregation in certain districts of metropolises, the emergence of parallel societies or fertility rates three times higher on average than the typical fertility on the continent, which leads to a significant decline in the proportion of the native population over time (European Commission), by 2050. In absolute terms, the most foreigners coming from outside the EU live in Germany, France, Italy and Spain



among the EU Member States. At the same time, this phenomenon is less perceptible in the Central and Eastern European region. The reason for this difference is the result of country-specific migration policy (i.e. the Western European tendency), and economic migration, as countries joined before 2004 are considered to be more attractive destinations from this latter aspect with their higher GDP per capita, according to the data of World Bank (even Italy and Spain, for example, have twice the GDP per capita of Central and Eastern European countries).

Concerning the composition of the EU's population, it is worth to highlight some of the above-mentioned facts, namely that on 1 January 2020, 54.5 million (12.2%) people of the EU's population of 447.3 million were not staying in their country of origin: 35.6 million of them, which is 8.0% of the EU27 population, were from a country outside Europe, and 18.9 million (4.2%) were from another EU country, which means that almost two-thirds (65%) of people of foreign origin immigrated from outside the EU. About a third of the immigrants, 17.9 million people have already acquired the nationality of their receiving country since their arrival.

In the past years, —since 2014—the number of migrant population has increased significantly. by a quarter (25%), which means an additional 11 million people; two-thirds (67%, or 7.5 million people) of this growth is because of immigration from outside the EU. Most of this increase, almost 90%, emerged in the "old" Member States. It is worth to note, that the increase in the overall number of the immigrant population from outside the EU (26%) was higher than that of foreigners coming from other Member States (24%), who enjoy the right of free entry and movement, which means that in spite of the Schengen border control system, there was no considerable difference in the conditions of entry into the EU for immigrants from outside the EU compared to EU citizens, according to the statistics.

It is not a surprise after the above facts, that Europe has been the continent of net immigration over the past 35 years. Every year since 1985, the

number of people who have moved into the EU was more than the number of those who have left, resulting in positive net migration (a total net migration surplus of 26.5 million between 1985-2019). In recent years, between 2013-2019, about 21.5 million people had immigrated into one of the EU countries, while only 15.3 had left, resulting in a population increase of 6.2 million. Out of the people who had immigrated during those 6 years, 9.8 million were immigrants from outside Europe, while the remaining 11.6 million were nationals of the Member States. In recent years, the inflow from outside the EU has accelerated: while the number of people coming into the EU was only 1.3 million in 2013, it reached a record of 2.4 million in 2019 (even during the 2015 refugee crisis there was an inflow of "only" 2.3 million). During the span of 7 years, an average of almost 2 million immigrants entered the EU yearly, the number of the immigrants entering the EU was 1.4 million more on average than that of the ones who were leaving it.

Regarding the territorial distribution of migration, in the "old" Member States—in wealthier regions in particular—immigration was predominant, while emigration was more typical of poorer regions and newer Member States, however, in 2019, the migration balance in Central and Eastern Europe was also slightly positive altogether. At the same time, this could not compensate for the negative balance of deaths and births, unlike in Western Europe, where a massive population increase also emerged "thanks to" immigration.

The EU's population increase seems to continue for the time being, but the number of deaths has been exceeding the number of the births since 2012, meaning that the European population would have been declining for the eighth year in a row without immigration. As seen above, nearly 10 million people have immigrated from outside the EU since 2013, while natural population decrease has been 1.8 million during the same period. At the same time, due to the positive migration balance of 8.2 million people over these 7 years, the population of the EU has increased by 6.4 million.

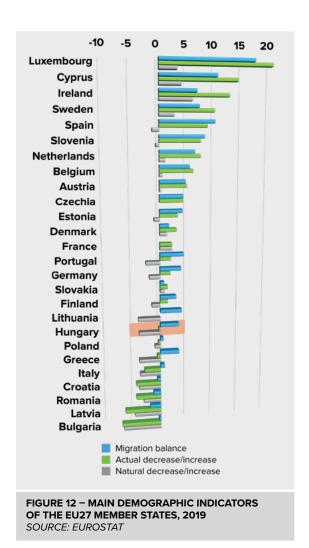
However, there is a difference between countries who joined the EU before 2004 and those who joined after, in their natural depopulation, migration processes and the balance between these two factors, which means that there is a significant gap between the two parts of the EU. Namely, the difference between deaths and births was negative in recent years for both the EU15 and EU12 (-0.6 million and -1.2 million), but migration balance was positive, 8.4 million for the "old" Member States and negative, -0.1 for the "new" Member States. In the 12 newly joined Member States, emigration—primarily towards the western half of Europe—is further aggravated by the fact that the number of deaths exceeding the number of births (as the population of these countries declined by 1.4 million people altogether between 2013 and 2019), while these western countries compensate for their natural population decrease with an immigration from Central and Eastern Europe and, even more so, from outside the EU, and not only compensates for the natural decline, but even increases its population (+7.8 million people). So in the case of the Central and Eastern European Member States that basically reject migration from outside, a turnaround in family policy and an increase in birth rates is even more necessary, as it would both remedy the deteriorating balance of births and deaths, and compensate for the emigration due to the draining effect of the "wealthier" half of the EU.

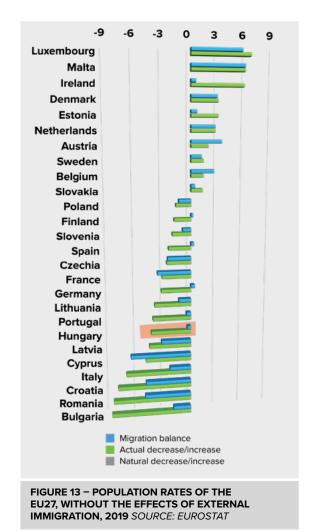
In 2019, the overall number of births exceeded deaths in 11 of the 27 Member States (41%), while the opposite was true in the remaining 16 countries (59%). At the same time, migration balance was positive in most of the Member States, 23 countries (85%), meaning that the number of people immigrated into the given country was higher than that of people who left: this has turned the negative balance of natural population decrease into positive in 7 countries, while it did not significantly influence depopulation in the remaining 16 Member States. As a result of all these, actually, population has increased in 18 countries, twothirds of the Member States, and it has decreased in one-third, 9 Member States (the distribution for EU15 is 12-3, and for EU12 it is 6-6).

The "old" Member States have relatively more favourable indicators of depopulation: -0.8 per thousand people, compared to -2.0 in the "new" Member States, and the related fact that births exceed deaths in more than half of the EU15 (in 8 countries which is three quarters of the 11 countries with positive balances) too only paint a more positive picture on the surface. Because in reality, a significant part of this is due to the migrant population, especially of those arriving from outside Europe. Namely, if we excluded live births (and deaths) related to immigrants from outside the EU, the number of births would exceed deaths in only 10 Member States, instead of the current 11, and also, if we excluded the emigration and immigration of migrants from outside the EU from the migration balance, the number of Member States with a migration surplus would fall from 23 to 13. At the same time, the number of Member States with a growing population would fall by 8, from 18 to 10, while two-thirds of the EU, 18 Member States would face a population decrease (from which 7 are "old" and 11 are "new" Member States, so the distribution would worsen to 8-7 for the EU15 and improve to 9-3 for the EU12). All in all, without external migration, the number of "old" Member States with an actual population increase would fall by one-third, while the demographic situation of Central and Eastern Europe is getting even worse by the immigration from outside, instead of improving. While in 80% of the earlier joining Member States, there is a population growth today, without outside immigration, this would fall to 53%, which is lower than the average 75% in the later acceded countries.

Country	Natural decrease/ increase	Migration balance	Actual decrease/ increase	Natural decrease/ increase	Migration balance	Actual decrease/ increase	
	Number of people Rate (permille)			Rate (permille)			
Bulgaria	-46,545	-2,012	-48,557	-6.7	-0.3	-7.0	
Latvia	-8,933	-3,360	-12,293	-4.7	-1.8	-6.4	
Romania	-60,169	-25,451	-85,620	-3.1	-1.3	-4.4	
Croatia	-15,659	-2,422	-18,081	-3.9	-0.6	-4.4	
Italy	-214,333	39,148	-175,185	-3.6	0.7	-2.9	
Greece	-41,202	35,168	-6,034	-3.8	3.3	-0.6	
Poland	-34,755	20,081	-14,674	-0.9	0.5	-0.4	
HUNGARY	-36,792	33,562	-3,230	-3.8	3.4	-0.3	
Lithuania	-10,888	10,794	-94	-3.9	3.9	-0.0	
Finland	-8,336	15,709	7,373	-1.5	2.8	1.3	
Slovakia	3,820	3,632	7,452	0.7	0.7	1.4	
Germany	-161,430	308,928	147,498	-1.9	3.7	1.8	
Portugal	-25,214	44,506	19,292	-2.5	4.3	1.9	
France	140,620	1,960	142,580	2.1	0.0	2.1	
Denmark	7,209	9,473	16,682	1.2	1.6	2.9	
Estonia	-1,302	5,458	4,156	-1.0	4.1	3.1	
Czechia	-131	44,270	44,139	0.0	4.1	4.1	
Austria	1,566	40,723	42,289	0.2	4.6	4.8	
Belgium	7,345	59,576	66,921	0.6	5.2	5.8	
Netherlands	17,795	107,627	125,422	1.0	6.2	7.2	
Slovenia	-1,260	16,213	14,953	-0.6	7.8	7.2	
Spain	-57,355	452,909	395,554	-1.2	9.6	8.4	
Sweden	25,757	71,647	97,404	2.5	7.0	9.5	
Ireland	28,330	31,870	60,200	5.7	6.5	12.2	
Cyprus	3,309	8,797	12,106	3.8	10.0	13.7	
Luxembourg	1,947	10,267	12,214	3.1	16.6	19.7	
Malta	662	20,343	21,005	1.3	40.4	41.7	
EU27	-485,944	1,359,416	873,472	-1.1	3.0	2.0	
EU12	-208,643	129,905	-78,738	-2.0	1.3	-0.8	
EU15	-277,301	1,229,511	952,210	-0.8	3.6	2.8	

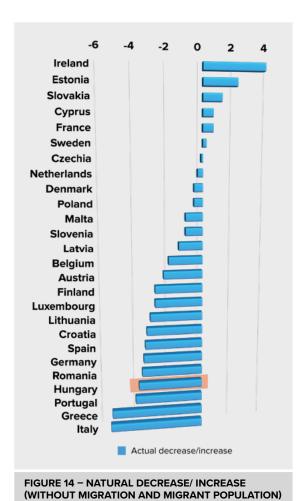
TABLE 3 – DEMOGRAPHIC DATA PER TOTAL POPULATION, 2019 SOURCE: EUROSTAT





An even more sophisticated picture emerges if we eliminate the effects of internal migration as well (respectively, the demographic indicators of citizens living in an EU Member State other than their home country), and only take a look at the demographic situation of the native, resident population of the Member States—excluding migration completely. Thus, in only 6 countries, just over a fifth of the 27 Member States would the number of births exceeding deaths, while 21 countries would have to face depopulation. Only a fifth of the "old" Member States would "produce" an increase: France, Ireland and to a very small extent, Sweden, and a quarter, 3 out of 12 of the "new" Member States. If we com-

pare this with the officially published figures, the 12–3 distribution of Member States with growing and shrinking populations would turn just the opposite, 3–12, meaning that instead of 80%, only 20% of them is able to increase their population based their own "native" population, while the remaining 60% can do it only as a result of external migration. On the contrary, the role of migration is much less significant on the eastern half of the EU (the distribution would be 3–9, instead of 6–6, if excluding migration). In we would take the population which migrated from Central and Eastern European countries to Western Europe into account in their own home countries, the picture of the later acceded



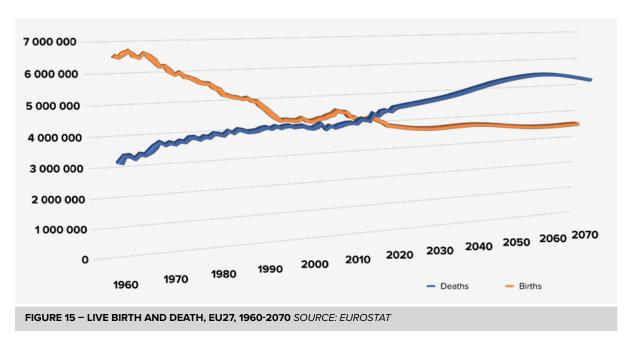
IN "OLD" AND "NEW" MEMBER STATES, 2019
SOURCE: EUROSTAT

Member States would be even more favourable: most probably, the population would grow not only in a quarter of these countries, but even in one third or half of them.

It is clear, that although Central and Eastern Europe is not in a favourable position structurally in terms of population decrease either, but in terms of the actual processes, its overall situation is still more favourable than that of the old Member States, which, with negligible exceptions, can ensure their reproduction only through migration and migrant population, instead of applying a family friendly policy, and this will entail a drastic change in the population's characteristics in the long run.



According to projections, European population will remain stable over the next two decades, and start to decline afterwards: it will reach a peak in 2025 of 449 million people, and after 2030, it will gradually start to decline, shrinking to 424 million by 2070, which means a decline of 5% over 50 years. These tendencies project a different picture by countries: in some Member States, a population decline is expected until the end of this period (in Bulgaria, Greece, Croatia, Italy, Latvia, Lithuania, Hungary, Poland and Romania), while in others, a population growth is predicted (in Denmark, Ireland, Cyprus, Luxemburg, Malta and Sweden). However, in some of the countries, the initial growth will be followed by a decline (Belgium, Czech Republic, Estonia, Spain, France, Germany, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland).



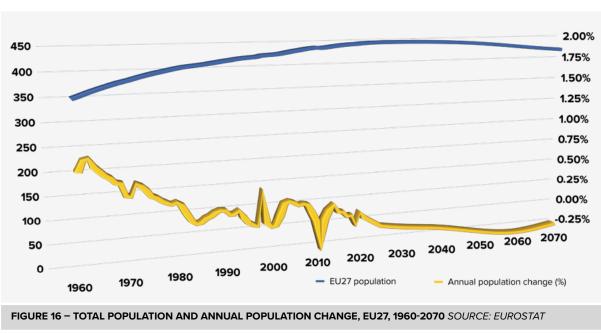




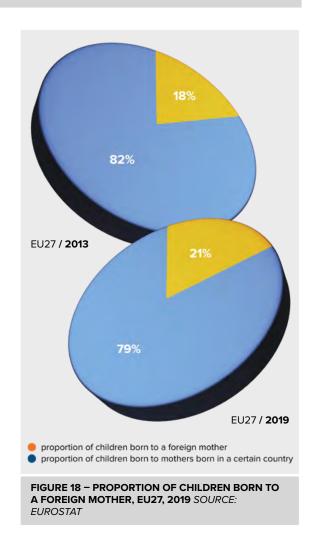
FIGURE 17 – IN EUROPE, A SIGNIFICANT PROPORTION OF CHILDREN ARE BORN TO MOTHERS FROM ABROAD SOURCE: EUROSTAT, edited by KINCS

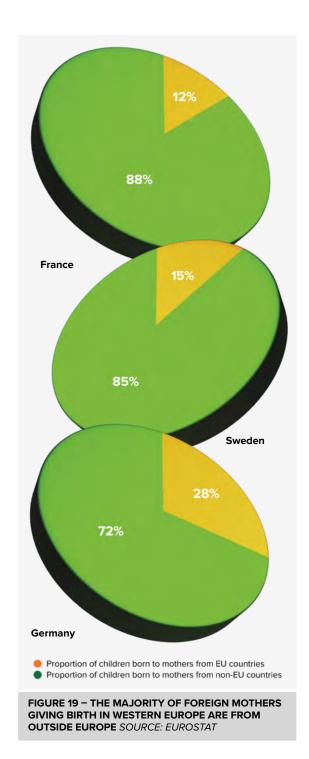
Birth characteristics in the European Union

The proportion of children born by foreign mother is increasing in the countries of the European Union. This is mainly the case in those Member States offering a higher living standard, typically in Western and Northern Europe, and in those countries, who have joined before 2004.

These countries are the main immigration destinations within the EU, one of the reasons being the level of economic development mentioned above. Another driving force of the migration process is the country's population-planning intervention, namely the ratio of the relative importance of population policy to migration policy. If the immigration policy is more pronounced than the pronatalist policy, which is aiming at increasing fertility, a significant number of foreigners can settle in the target areas, including women of childbearing age, between 15–49 years.

The aforementioned circumstances in some countries of the European Union result in a decrease in the willingness of having children among women belonging to the nation-state, or it is lower than the immigrant population. If this is the case, the proportion of babies born to foreign mothers increases.





It could pose another challenge, if a significant population of non-EU origin is located in a certain country. For example, the willingness to have children among those who come from the Middle East or Africa is much higher than among women from other EU countries. In this regard, the most affected areas are France, Sweden and Germany. In France, immigrants are present in outstanding numbers originating from the former North African colonial territories (such as Algeria and Morocco), in Sweden, from the Middle East (such as Syria and Iraq), and in Germany, it is the Turkish-origin immigrants who have relocated in high numbers.

It is noteworthy that a high proportion of live births belong to the non-resident population, which is the migrant population: in the EU, on average, one in five children (21%) have foreign parents (about a quarter of them (23%) are other EU countries' nationals, and three-quarters (77%) were born to non-EU immigrant mothers). Moreover, the proportion of such births is increasing (it was only 18% in 2013), and this increase is more pronounced in the cases of new-born babies of migrant parents of a non-EU origin (an increase from 13% to 16%) than for citizens of other EU Member States (essentially stagnating between 4 and 5%).

Overall, 5% of births in the EU (6% in the 15 older Member States and 1% in the newer Member States) are linked to immigrants from other Member States. However, this proportion of those arriving from outside the EU is already much higher, 16% of the EU average, meaning that about one in six new-borns has a foreign migrant background outside the EU. For the old Member States, this proportion is also higher, 20% — thus one in five new-borns are affected—but this number is only 3% in the 12 new Member States. The highest proportion of non-EU nationals—excluding microstates—of about one guarter are living in Sweden and Spain (26% and 23%) and they make up around one fifth of the population in Belgium, France, Germany, Austria and Italy, in one word, the most populous Member States are seriously affected in this regard. In Greece, Portugal, the Netherlands and Denmark, the numbers are slightly lower, close to the EU average, while Ireland and Finland have the lowest proportion standing at 11–12%. In the newer Member States, only the Slovenian and Croatian figures of around 10% are noteworthy, while for all the other countries it is 5% or less; in those countries, the vast majority of births, about 95–96%, can be attributed to the resident population, so the ethnically, culturally and religiously heterogeneous, mixed population structure, towards which the West is increasingly moving, is not yet typical here.

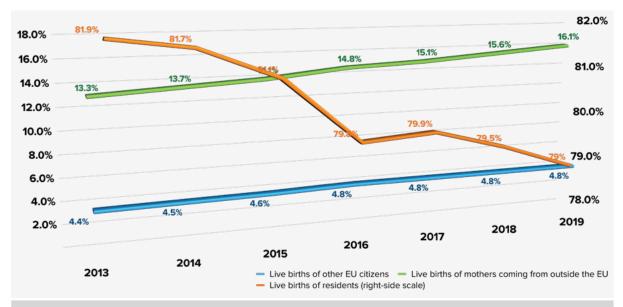


FIGURE 20 - CHANGE IN THE DISTRIBUTION OF LIVE BIRTHS BY NATIONALITY, EU-27 SOURCE: EUROSTAT

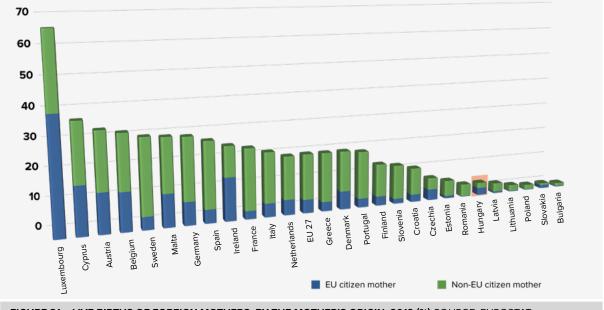


FIGURE 21 – LIVE BIRTHS OF FOREIGN MOTHERS, BY THE MOTHER'S ORIGIN, 2019 (%) SOURCE: EUROSTAT

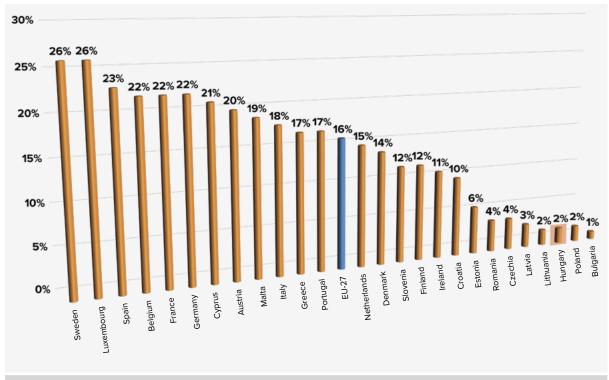


FIGURE 22 – PROPORTION OF LIVE BIRTHS OF MOTHERS FROM OUTSIDE THE EU IN "OLD" AND "NEW" MEMBER STATES, 2019 (%) SOURCE: EUROSTAT



The major European migration trends of the last decade—causes and consequences⁷

In this chapter, we review the development of the main migration trends targeting Europe over the last decade, with special regard to the large migration wave in 2015–2016. This chapter consists of two major units. In the first part, we review the main characteristics and consequences of irregular mass immigration, the composition of the masses arriving into Europe, and the different responses by the Member States and the EU. In the second part of the chapter, we provide an analysis on the structural factors that can be associated with mass emigration in the migration-emitting and transit regions surrounding Europe.

The 2015–2016 European migration wave

Europe—and in particular Western Europe—has been an important destination of immigration since the middle of the 20th century. While the 1950s and 1960s were spent in the spirit of the so-called foreign worker programmes (see the FRG), in later decades the main impetus for immigration was provided by family reunifications, which was partly related to these programmes. Another important trend was that after the end of colonial dependence, citizens of many African countries migrated to Western Europe (mainly to France and Belgium). Immigrant communities (diasporas) from outside Europe clearly settled and got established in these decades. Besides labour migration, hundreds of thousands of fugitives escaping various conflicts also contributed to the acceleration of the process. From the 1990s, but especially after the turn of the millennium, globalisation itself fuelled immigration: the explosive development of communication technologies and the widening of mobility channels significantly reduced the costs of migration (even moving across continents). Enchanted by the promise of a better living standard, many came to the continent outside of the legal ways as well.

Before the big migration explosion in 2015, according to Eurostat, the increase in the number of asylum applications lodged in the EU could already be observed: 431,100 applications were registered by Member State authorities in 2013 and 594,180 in 2014. However, the real migration explosion was undoubtedly brought by the year of 2015: hundreds of thousands of refugees fleeing the Syrian war, as well as other refugees and economic migrants joining the refugee inflows, typically other Middle Eastern immigrants (Iragis, Afghanis, Iranians, etc.) and, to a lesser number, sub-Saharan Africans also arrived in the EU in just a few months. The guestion arises about why this huge crowd started their journey exactly at that certain time. In our opinion, there were several reasons for this. After the outbreak of the Syrian war in 2011, a significant proportion of Syrians fleeing to neighbouring states (Jordan, Lebanon, Turkey) presumably was hoping to return home in the foreseeable future. Most of the refugees could have still thought so in 2015, but many of them no longer wanted to wait and started traveling towards Europe (joined by those directly leaving Syria due to the war). The development of the migration crisis was also fuelled by other factors (Turkish behaviour, the changing intensity of the war in Syria, the unfortunate communication of Western European leaders, favourable weather conditions, etc.). (As mentioned, not only Syrians arrived in great numbers, other nationalities also tried to take advantage of the Syrian refugee wave by joining it to get to Europe.)

The refugee crisis turned into a permanent migration crisis in a short time. The seriousness of the situation is well illustrated by the statistics (Frontex): 885,386 illegal border crossings were registered on the Eastern Mediterranean (Turkey–Greece) route and 764,033 in the Western

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Balkans in 2015.8 The asylum figures already mentioned also signalled the "explosion": according to Eurostat, a total of 1,322,850 applications were lodged in the EU in 2015, most of them (476,620) in the primary destination country, Germany. Hungary, Sweden and Austria also received an outstanding number of applications in absolute terms and in proportion to the population. In 2015, the relative majority of asylum seekers (28%, more than 368,000 individuals) were Syrian nationals. They were followed by the Afghans (14%) and Iragis (9%), but tens of thousands of asylum seekers also came from Pakistan (4%), Eritrea (3%), Nigeria (2%), Iran (2%) and Somalia (2%).9 The majority of those arriving (72%) were men, and in terms of their age distribution, they are under 34 years (82%).

The high intensity of mass irregular immigration persisted until the spring of 2016, when the EU-Turkey Statement was concluded. Following the closure of the Turkish-Greek border, arrivals fell to a fraction of the previous level, so the agreement with Ankara, although it meant an "outsourcing" of border protection, proved to be one of the most effective measures to curb migration (European Commission, 2018). From 2016, the number of arrivals via the most frequent Mediterranean migration routes decreased year by year. It also became obvious, that the majority of illegal immigrants heading for Europe were not fleeing war conflicts but have left in the hope of better job opportunities and livelihoods. A 2016 survey of the International Organization for Migration (IOM) involving 8,000 people, surveyed foreigners on one of the most important transit routes to Europe, in Libya, found that 88% of migrants left their country for economic reasons, and 77% of them were already unemployed before leaving (IOM 2016: 5). In the context of the migration crisis in the Canary Islands in the autumn of 2020, it also could be seen that the main reasons for leaving were the loss of job opportunities and the economic downturn due to COVID-19, rather than persecution and violence (Marsai–Vargha 2020: 2–3).

While the number of illegal border crossings, after a steady decline fell close to the 2013 levels (124,000) by 2020, Europe is still unable to breathe a sigh of relief.10 An important conclusion of recent years is that enormous migratory pressure can develop on each route in a short period of time: as it happened in relation to the Central Mediterranean route in 2016 (Libya / Tunisia-Italy) or the Western Mediterranean route in 2018 (Morocco-Spain).11 The ethnic composition of those arriving has also undergone an important change in recent years: an ever increasing proportion of people who are arriving in Europe are from sub-Saharan Africa, the Maghreb and South Asia. While we can still find areas with an unstable security among the major regions of origin, many actually leave in search of better economic opportunities.

The migration "explosion" of 2015–2016 and the inflow experienced in the following years resulted in a number of important consequences for the EU: some of which are highlighted below.

1. Political crisis. The first is the political crisis, which had a major impact mostly on the relationship between the EU and the Member States. The root of the problem is that no consensus was reached whatsoever in the assessment and management of mass immigration—to the contrary, a competition of different narratives emerged in a short time. The humanitarian narrative by the European Commission, and the majority of the European Parliament and the core countries became the dominant approach, which meant, for a long time, all people arriving were treated exclusively—and erroneously—as

Note: The Eastern Mediterranean route can be considered as the "hallway" to the Western Balkan route, so the two statistics essentially overlap.

⁹ Note: Many people came from the Balkan states, traditional countries of origin, but this group of individuals need to be treated separately from the immigration of third-country nationals from outside Europe.

¹⁰ To a large extent, because of the COVID pandemic that erupted last year (FRONTEX 2021).

¹¹ The most recent example is the sudden, heavy traffic on the West African route: Since August 2020, tens of thousands have arrived in the Spanish Canary Islands.



a homogeneous mass of refugees, setting the duties to help everyone as a moral compass to Member States. In this framework, solidarity with the front countries became one of the key words. The other approach sought to draw attention to the obvious (security) risks of mass immigration, emphasizing the importance of protecting external borders. This was led initially by Hungary and then by the V4s. Later, others also joined (Austria, Italy, Denmark). The lack of a unified response and the strong over-politicization of the issue of mass immigration clearly was crippling for the EU as a whole.

- 2. Security risks. Among the various risks associated with mass migration, those related to security should be highlighted. Uncontrolled immigration contributed to the deterioration of Europeans' general sense of security. It is no coincidence that the issue of immigration was also one of the top three issues in the Eurobarometer 2020 summer survey, which was conducted at the time of the coronavirus pandemic (Eurobarometer, 2020). The majority of the tragic terrorist attacks in Europe since 2015 were organised/perpetrated by persons of a migrant background, which also contributed to this tendency.
- 3. Economic and social costs of the receiving countries. This group of consequences is extremely complex and multi-layered. Mass immigration has immediate and quantifiable economic costs (border protection, processing of asylum applications, taking care of newcom-

ers, benefits, integration programmes, etc.). These can be a very heavy burden even for the richest EU Member States. These burdens may persist in the medium term if groups that are legally remaining in the country are not integrated into the labour market of the host country (i.e. they are permanently in need of the social system).12 Some of the effects do not necessarily emerge immediately, and some of them are not quantifiable. We can mention here an altered state of the religious-cultural-ethnic equilibrium of the host society, which—although some think it is important as self-worth and competitive advantage (see multiculturalism) experience show that it can be a source of serious problems. In extreme cases, parallel social structures may emerge, but it is safe to say that the geographical segregation of immigrant communities for economic, social and cultural self-organization reasons is already a reality in many Northern and Western European cities (see for instance Kovács, 2021).

Fortunately, in recent years, more and more people recognised the importance of protecting external borders in order to strengthen the security of the EU. At the same time, however, it can be said that the one-sided, humanitarian narrative continues to be strong among leading Western European and Brussels-based politicians. Fortunately, there are also programmes to strengthen the retention capacity of origin and transit regions, especially in Africa. However,

¹² In the case of expulsion, the cost of repatriation can also be particularly high.

the EU still has plenty of room for manoeuvre in this area, while there are already successful examples of Member States' policies to help individuals stay in their area (one of the pioneers is Hungary's Hungary Helps programme).

The lack of consensus between the mainstream of Western Europe and the "Easterners" with an austerity standpoint and their allies will most likely continue to be insurmountable for quite some time.

The demographic situation of the regions of origin around Europe and its migration consequences

With regard to migration to Europe and its demographic consequences, it is essential to examine the trends we see in relation to the regions around our continent. It is all the more important to analyse this, because—as we have seen—Europe basically remains a target region in the international system. In addition, the effects of the recent years' migration crisis can already be seen in the demographic indicators of some countries: By 2019, for example, in the case of Germany, the Syrian community became part of the five largest immigrant groups. Although the migrants within Europe and from the post-Soviet region are still in majority today, these proportions are changing. This is well illustrated by the growing number of communities in North Africa and the Middle East trying to reach the EU via well-defined migration corridors (i.e. Algeria-France, Morocco-Spain) taking advantage of both legal and illegal paths.

If we look at immediate geographical environment of Europe, the Middle East and Africa, the demographic trends in each region do not make us bullish. According to UN medium-variant projections for 2019, the population of the sub-Saharan region is going to grow from the current 1.094 billion to 2.118 billion by 2050. Over the same period, the population of North Africa is going to increase from 264 million to 372 million, and that of West Asia, which mostly includes the Middle East, is going to increase from 280 million to 382 million (UN DESA 2019: 2–3).

	2020	2030	2040	2050
North Africa (population, million people)	264	288	330	372
Sub-Saharan Africa (population, million people)	1,094	1,400	1,746	2,118
West Asia (population, million people)	280	320	354	382

TABLE 4 – LONG-TERM ESTIMATES OF THE POPULATION OF EACH LARGE REGION SOURCE: UN DESA 2019: 2–3.

Moreover, South Africa, for example, a region of lower importance to European migration, takes a minimal share from this growth, with 20 million additional people: the population explosion is taking place in areas from where people depart towards to the old continent. Assuming that there will be no exacerbating factors and that the current proportion remains in place—that is, for example, that the migration rate for Africa remains at around 3%—it will represent a community of more than 80 million compared to the current situation with a migratory population of 40 million from countries of African origin inside and outside the continent. For Europe, the number of African immigrants will increase from 10.6 million to 21 million in this case. However, this static scenario does not take into account the significant changes in the migration rates of the African population in recent decades: on the one hand, the number of people leaving the continent increased since the previous dominance of inner continental migration (this proportion is currently 53-47%), on the other hand, the migration rate from around 2% has climbed to 3% in four decades. As Pew Research points out, between 2010 and 2017, eight of the ten fastest-growing immigrant communities were African at a global level. It is thought-provoking that while the number of migrants on Earth increased by an average of 17% during the examined period, the growth rate for the eight sub-Saharan communities were between 55% and 334%. The civil war in South Sudan played an important role in these outstanding numbers, as it has drove abroad more than two million people, while the turmoil in the Central African Republic drove away another 720 thousand (an increase of 334% and 204%, respectively). Also, Eritreans extend the picture (610,000 people, an increase of 119%) and the Sudanese (almost 2 million people, an increase of 63%) fleeing dictatorships and bad economic prospects (Pew Research, 2018).

In relation to the Middle East and North Africa, the demographic transition is much more advanced and the fertility rate in several countries i.e. the North African region (excluding Egypt) and the Gulf States has dropped to below 3, and in the case of the UAE and Qatar, below 2, which indicates the end of the transition. However, in some countries, the fertility rate is still relatively high (above 3.5 in Iraq, Yemen and the Palestinian territories). And if we go a little further to the East, Afghanistan, the country that traditionally emit illegal migration towards Europe, had a fertility rate of 4.56 in the period between 2015-2020.

Although high fertility rates are discussed by many for having positive effects (such as a populous, young labour force), the speed of population explosion is increasingly emerging as an element destabilising political, economic, and social systems in some countries. For the purpose of illustrating the pressure resulting from this tendency, it is worth noting that, for example, the population of both Egypt and Ethiopia grow by almost two million people per year. (Egypt Independent, 2021) In practical terms, this means that the capacity of the various social and administration provision systems (schools, healthcare facilities, administration, garbage collection, drinking water and electricity supply) should be increased by this amount.

We also need to be careful about the labour market opportunities. According to the IMF, between 2010 and 2035, 450 million new workers will appear in the entire sub-Saharan Africa, looking for a job (Capital Markets, 2016). Considering the severe effects of the COVID-19 pandemic on African economies and the fact that 53 million new jobs were created in the region during the "golden decades" of the continent's economic growth between 2000 and

2015 (World Economic Forum, 2016), it is difficult to imagine how to integrate so many people into the labour market. Although huge crowds obviously will find a job in the informal sectors, there will be tens of millions left without jobs, livelihoods and prospects in sub-Saharan Africa and North Africa who will choose to emigrate, be it through legal or illegal channels.

Considering all of this, we should not be surprised that according to Gallup's 2018 statistics, the willingness of people living in the sub-Saharan region to migrate is the highest in the world, and this value, albeit slowly, is growing. In the survey, one in three people in Black Africa answered yes to the question of whether they would leave their homeland permanently, if they could. The same value was 26% for the MENA region (Middle East and North Africa), so one in four people said yes. In the world, five in ten countries having the highest willingness to migrate can be found in sub-Saharan Africa and the twelfth is Syria. Referring back to the previous paragraph, it is particularly interesting that we cannot necessarily find among them the most economically and politically unstable countries where wars and armed conflicts take place, but the list includes fundamentally strong and even prosperous entities such as Ghana, Sierra Leone or Liberia, where 49–71% of citizens would leave their country. In comparison, for example, in Syria, the proportion of those wishing to leave is "only" 46% (Gallup, 2018). Of course, that does not mean that so many people will actually start their journey, yet the prospects are not encouraging.

Notwithstanding the scope and space of this publication, in this chapter we have examined only one factor, the demographic trends in the Middle East and Africa, in light of how they may affect the migration to Europe. We did not go into detail on how armed conflicts, climate change, fragile statehoods, the rise of the jihadist ideology, and the combination of all these will increase the number of people heading to Europe. At the same time, all in all, we can say that the outlook is rather gloomy, and the states of the old continent will have to reckon with the maintained migratory pressure on them in the future.

FAMILY IN CRISIS?

The traditional marriage and family is being put in relative terms, being devaluated and many times, being put into a negative context, more and more often in the mainstream political discourse and its media appearances. In parallel, the promotion of alternative family models and forms of partnership has become a central topic of the carefully directed European public discourse. In recent times, it became apparent that while various groups fight for adopting alternative family forms, only a few people stand up for the silent majority, the traditional families that are considered old-fashioned by some people.

But what do European citizens think about this issue? The Századvég School of Politics Foundation, in cooperation with the Mária Kopp Institute, conducted a gap-filling representative survey on family attitudes in European countries in 2020 (Europa Project, 2020). The survey confirmed the presumption that there is a difference in the attitudes of Latin and Germanic peoples towards the family, and the research highlighted the importance of the family in the lives of people belonging to each nation. Presumably, because of the socialist, communist heritage pushing the family into the background, the family has greatest importance in the lives of Central and Eastern-European citizens. 90% of the citizens of the founding countries of the European Union and the Member States that joined in the 20th century, -let us call them "Westerners" -consider family important or very important, while in the case of the V4s (the Czech Republic, Poland, Hungary and Slovakia), this figure stands at 96%, in Hungary, it is 98%. Even in the Netherlands, having the lowest rate, 82% of citizens said their family was important or very important to them.

When we ask Europeans about the ideal number of children, 61% of citizens in "western" Member States would like to have two children, 17% three or more children, while only 5% idealise a childless lifestyle. In the case of the V4s, the proportion of those who prefer the family model

with two children is similar, however, 27% of them would like a large family, while 3% imagine their lives without children. In the case of Hungary, 46% would like two children, 45% three or more children, while only 1% of respondents can imagine their lives without a child; in contrast, eight times as many people belong to this group in Finland or Germany.

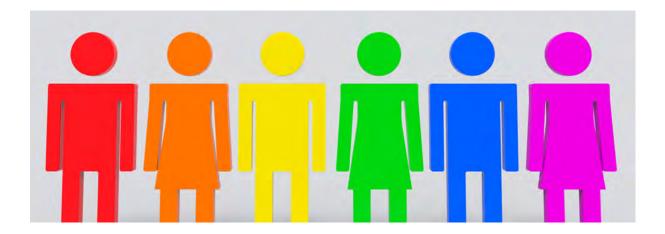
The proportion of respondents is similar when they are asked about support for starting a family. In the "western" Member States, 79% consider it preferable to support families, while in the case of the V4s, this is 90%. In Hungary, 97% agree, but even in the least supportive Netherlands, 58% of people think the same.

In Western Europe, there are twice as many who believe that the problem of population decline should be solved by increasing the number of children to be born instead of forcing immigration. 72% of V4 nationals and 88% of Hungarians agree, only in Ireland and the United Kingdom immigration is supported by an additional 1–2%. The strengthening of the family-friendly mentality was supported by 81% of both the "Westerners" and the V4s, and Hungary stands out here as well with 96% agreeing.

Thus, when given the opportunity to express their views, Europeans clearly proved to be family-friendly, despite the mainstream political forces and the opinions continuously reiterated by the media, they considered it important to support families, they would like to have a family-friendly social environment and they would support to increase children born to European families in contrast to supporting migration, as they also want more than two children on average.

In the 21st century, the dangerous belief that puts different social groups in opposition of each other has gained significant ground. Some see families, especially large families, as accelerators of climate change, and portray those having





more children as threats to the environment, the ecosystem. Needless to say, how wrong is this approach, among others, partly because of the smaller ecological footprint of large families (Családok és a környezetvédelem 2020) (Families and the Environment, 2020) and because of the lifestyle of excessive consumption that is so characteristic of the developed world (No. 2021).

The doors of the EU's power hubs in Brussels, Berlin and in Paris are all open to frighteningly effective lobbyists of the gender and LGBTQ movements. In March 2021, the European Parliament adopted its resolution (https://www. europarl.europa.eu 2021), with an overwhelming majority of votes. In Europe, the number of countries where gay marriage, same-sex marriage, is recognised—even in spite of a social resistance—is constantly growing. In 2001, the Netherlands was the first such Member State to do so, and today this possibility exists in no less than 14 Member States, more than half of the EU countries. Such countries that traditionally have Christian values, like Ireland and Malta also introduced same-sex marriage. In addition, "sensitisation" is taking place with great intensity already at children's level, for example by rewriting classic children's stories or allowing sex change operations on minors as well. However, Central Eastern Europe fights against these trends and continues to recognise only traditional, male-female marriage as marriage: In addition to Hungary, the constitutions of Bulgaria, Croatia, Poland, Latvia, Lithuania and Slovakia

also recognise marriage between a man and a woman only. Slovenians rejected the introduction of same-sex marriage in a referendum, while in Estonia, the parliament in first reading, supported the definition of marriage as a union of a man and a woman. This sociocultural divide is also confirmed by the Századvég Foundation's comprehensive survey called Project 28: a representative survey of 35 countries shows that nearly twice as many citizens of the V4s, former socialist and Western Balkan countries think that marriage is only between women and men as in the founding states of the EU and in the Member States that joined in the 20th century (Századvég 2019).

The question inevitably arises whether, in the longer run, the cornerstones of society, families, will be sturdy enough to deal with current unfavourable demographic trends, or whether individual, individualistic ideas will finally prevail over community interest, endangering the future of families and nations, the survival of peoples. An ageing Europe would have a serious need for more European children, as both the lack of a skilled workforce and the need to care for the inactive elderly population would already pose a major challenge in the medium term, and much more attention should be drawn to help Europeans have the children they want (Fűrész-Molnár, 2020). However, solutions based on a country's own resources, European families, can almost exclusively be seen only in nation states.

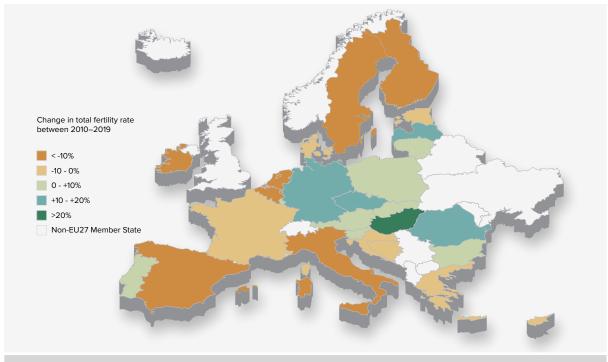


FIGURE 23 - CHANGE IN TOTAL FERTILITY RATE BETWEEN, 2010-2019 SOURCE: EUROSTAT

It is also clear from the demographic data that we cannot talk about the institution of families being in crisis in the case of the V4 member countries. According to Eurostat data, compared to 2010, fertility rate increased the most in Hungary, by almost a quarter, the Czech Republic is in the 3rd place, Slovakia is in the 6th place, and Poland is in the 10th when ranked among the EU countries. Of the countries to which millions of migrants flowed in during the last decade, only Germany has seen a substantial increase (11%) in fertility rates, while in other primary destination countries, it has either declined or stagnated.

In terms of marriages, the V4 countries paint a similarly favourable picture, including Hungary, where83% more people got married in 2019 than in 2010. In the case of the Czech Republic and Slovakia, the number of marriages also increased significantly, while in Poland — although from a much higher base value — a decrease occurred. When examining the number of new marriages and how long they last, it is very important that, according to the Hungarian youth (KINCS 2019),

the relationship's stability—before job security and being a homeowner — is the most important factor when deciding on having a child.

It is also an undoubted fact that while fewer and fewer children are born within a marriage in most European countries, the proportion of children born within a marriage in Hungary, Estonia and Latvia has increased since 2010.

Examining the Eurostat database, we can see that among the V4 countries, although to a lesser extent than the favourable Hungarian figures, the number of divorces decreased in the Czech Republic and Slovakia, while in Poland it has slightly increased in the last ten years. The last time when there were so few divorces in Hungary was in 1958, which is proof that not only more marriages take place, but they also prove more lasting.

In the case of abortions registered in Eurostat, we can also see particularly favourable changes in the Czech Republic, Hungary and Slovakia, an increase can only be observed in Poland (legal rules only allow abortion in a much narrower scope). The number of abortions have not been this low in Hungary since 1954, the number of abortions within marriages has fallen by almost half, and by almost two thirds in the case of non-married individuals.

The constantly expanding system of Hungarian family policy measures focusing on strengthening the well-being of families can be a positive argument for young people currently living and working in Western Europe to decide to return to Hungary. Similar trends can be observed in the other V4 countries. Statistical data show that in 2019, more people returned to Hungary than those who took up work abroad, while in a significant proportion young people are returning home and starting a family, young people, who want to raise their children in a safe and family-friendly country (Gyeney, 2020).

In Hungary, the public opinion on the family and the "large family way of life" has significantly improved over the last decade, and the preconception concerning whoever has more children will live his life in poverty, was finally debunked. A serious result of the previous decade is that not only three, but four out of every five children Hungarians wish to have are now born.

Since Europeans also want far more children, they consider more children ideal in their families than how many will eventually be born, so we can be confident that family-friendly commitment will appear more pronounced across Europe. This is also facilitated by the international family-friendly association, which has more and more members in Europe and in the world, as it is shown by the growing number of participants in the Budapest Demographic Summits.

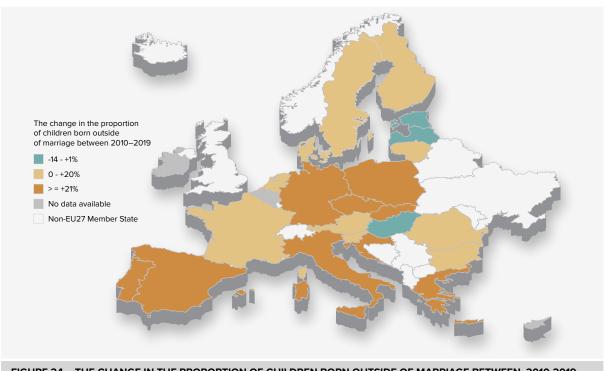


FIGURE 24 – THE CHANGE IN THE PROPORTION OF CHILDREN BORN OUTSIDE OF MARRIAGE BETWEEN, 2010-2019 SOURCE: EUROSTAT



FAMILY-FRIENDLIES IN BUDAPEST

The issue of families in the 2011 Hungarian EU Presidency programme

During the EU Presidency, the thematic week "Europe for Families, Families for Europe" was concluded by a two-day informal ministerial conference, which took place between 31 March and 1 April in 2011, in Gödöllő. The event was inaugurated by Prime Minister Viktor Orbán, who emphasised in his speech that one of the obvious measures of the condition of families is the number of children born. He said that the willingness to have children is a measure of how parents think about the community they live in and how they think about the future in which their children will live. The Prime Minister already stressed this thought in 2011: "It is my personal conviction that Europe cannot build its future on immigration instead of families. He, who expects help from someone else, will sooner or later have to pay the price." He also said that the family is still the most important institution for young Hungarians, and everything should be done so that having children will not be an obstacle, they will not have to choose between a career or a family. Regarding the demographic trend, the Prime Minister outlined: "We need all the good practices of Europe so that we can stop and then reverse the trend of depopulation in Hungary in a natural way."

Gabriella Vukovich, head of the Hungarian Statistical Office, presented the most important demographic characteristics of the EU Member States and relevant forecasts. The most serious demographic problems are ageing, declining fertility and increasing immigration. In his speech, László Andor, a Hungarian member of the European Commission, drew attention to the fact that the demographic crisis is a global problem with which both the EU Member States and Hungary have to deal. He said Europe is becoming more diverse, and more and more young people seek prosperity in another Member State. The combined effect of a shortage in the active labour force ad ageing will be a serious concern, as well as the integration of migrants. However, for the coming years, the EU 2020 strategy will provide us guidance. Speeches were given by: Yves Roland-Gosselin, President of the Confederation of Family Organisations of the European Union, and Stéphane Buffetaut, the representative of the European Social and Economic Committee.

At the end of the conference, the Belgian, Spanish and Hungarian presidency trio, with the consent of Poland, issued a statement on



the impact reconciling work and family life has on demographic processes. The declaration identifies four key issues as the main direction of intervention: the priority of promoting policy interventions to harmonise work and family life, achieving equal opportunities for women and men, getting over demographic challenges via a combination of measures, and achieving the objectives of the Europe 2020 strategy. Proposed intervention points included the implementation of family support programmes and policies, the



development of atypical family-friendly forms of employment, the transformation of public services into family-friendly ones, and the strengthening of gender equality.

In the summer of 2014, the Hungarian Demographic Research Institute organised the 12th international conference of the European Association for Population Studies of which the main topic was the demographic interpretation and evaluation of regime change. The biennial conference of the European Association for Population Studies, founded in 1983—which one of the most important, if not the most important international scientific societies of the demographic profession—are attended by a significant number of speakers and students not only from Europe but also from other continents.

The Hungarian Institute of the Balassi Institute in Prague organised an international conference in September 2015, of which the main goal was to present the main demographic trends of the V4 countries.

The international conference entitled "The Future of Families—Families of the Future", held on 30 September 2015, was organised by the Confederation of Family Associations in the Carpathian Basin and the European People's Party Group, on the topic of population processes and family policy in Europe and Hungary, which was actually a preparatory meeting of the Budapest Demographic Forum.



The Budapest Demographic Summits

Hungary is committed to representing the case of families and population at international forums, and-following the idea of the internationally renowned professor of demography Pál Demény—every two years from 2015 organises the Budapest Demographic Summit with the participation of leading politicians, ministers, religious and non-governmental organizations, economic actors and media representatives. Demographic processes fundamentally determine our future. Overpopulation and the threat of the disappearance of the depopulating, ageing nations also pose a challenge to our communities, so we need to talk sincerely about population issues. The conference series established an opportunity for participants to share their thoughts on the impact of family and population policies on competitiveness, sustainability and the development of future strategies. Hungary also constantly stands up for the issue of families and demography, with its high level of political commitment provided by the Demographic Summits.

2015 – Budapest Demographic Summit: Focus on families!

The first demographic summit provided an opportunity to finally talk about demography widely and openly, free of political taboos. Prime Minister Viktor Orbán said at this event: "[...] children

multiply the power of their parents, they multiply the power of the family, and a generation of children multiplies the power of a nation, an entire country, and ultimately our entire civilization. Through children, we will be able to do more and achieve more. That is what we think. So, a child is such a motivating force, such a positive motivating force in the life of society as well, to which we do not know similar". At the summit, a number of European countries were represented at a high political level from the United Kingdom through the V4 countries to Turkey. In addition to political decision-makers, primarily ministers, dozens of scientific and economic experts, representatives of civil and religious organisations delivered speeches, including Mihály Csíkszentmihályi and Pál Demény.

2017 – Budapest Demographic Summit II: Let the families be strong again!

The II. The Budapest Demographic Summit took place even more widely, with speakers from four continents, to which the series of programs of the World Meeting of Families was closely connected. The event was come into existence in collaboration with "One of Us" led by Jamie Mayor Oreja, former Spanish minister, and the campaign of World Congress of Families. In his speech, Prime Minister Viktor Orbán emphasised: "It is important to state that the restoration of natural reproduction is a national matter, not just one national matter among many, but 'the'



national matter. And it is also a European matter, not just one European matter, but 'the' European matter." The Prime Minister announced that the government would declare 2018 the Year of Families in Hungary and that he would establish a family research institute named after Professor Mária Kopp.

2019 – Budapest Demographic Summit III: Family first!

The third summit brought a breakthrough, in the sense that the event was now honoured by the presence and speeches of high-level political leaders from five continents, such as President of Serbia Aleksandar Vučić, Prime Minister of the Czech Republic Andrei Babiš, former Prime Minister of Australia, Tony Abbott, ministers for families from many countries, from Brazil to Poland, through Bulgaria, Latvia, Bangladesh and the Cape Verde Islands, achieving the highest level of political commitment to the issue of families and demography. Prime Minister Viktor Orbán worded the task ahead of us this way: "We only win if we will be able to build a family support system in which those who have children are quaranteed a better living standard than if the same people would not have had children. This is the turning point. If having a child helps raising your living standards. Not like when you are old and your child will take care of you, but here and now, while you are still a parent raising a child. By having a child, you

are already in a better financial position than if you had made the decision not to have a child."

Since 2010, Hungary has been the flag-bearer of the establishment and active operation of an increasingly strong international family party association, in which the Mária Kopp Institute for Demography and Families also plays an active role.

Executive Network for Family Values

In 2019, the Mária Kopp Institute for Demography and Families initiated the establishment of a professional network to provide the platform for regular meetings and honest exchanges of experiences for professionals and opinion-formers committed to preserving family values from Europe and the wider international scene, as well as to create an up-to-date, family-friendly network to shape European and international policies and trends. At the meetings of the professional network, members of European Parliament, national governments, internationally recognised family organisations and representatives of the world of science and media discuss possible ways to strengthen families and family values. The interest in these meetings that fill a niche is well illustrated by the fact that some 31 representatives of European and international organisations have so far taken part in the events

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Katalin Novák

hen it comes to our lives, we tend to forget about times that are unpleasant to remember. Memory has its limits, especially of past decades. Bad experiences, previous problems tend to sink into oblivion.

For me, the beginning of the 2000s was full of decisive and wonderful moments, since that is when I became a mother, when my children were born, in 2004, 2006 and 2008, in a row. They occupied all my days, so I did not follow public events very closely, I was living the busy life of mothers of small children. At that time, I only took responsibility for my own immediate family, and had no idea that in a decade or so, all Hungarian families' future will be linked to my job, a job that means serving all Hungarian families as Minister for Families. I have been working as an active shaper of the Hungarian family policy since 2014 which is an unusually long time and I had to chance to be responsible for an area and all the people affected by it. I also know from my experience as a mother, that much more possibilities are open to families that wish to have children or are already bringing up children than at the time when I was expecting my children. Nowadays, parents with young children have a wide variety of family policy tools, they face a lot less hardships when considering starting or extending their family.

Compared to our times, in the mid-2000s, families received painfully little, and what they received was taken away from them over time. Leftist-liberal governments then abolished the family-type taxation, home creation scheme, they also narrowed the scope of the child care benefits, cancelled the 13th month pension, which were all introduced during the first Orbán government, and they did nothing to prevent families from entering the foreign currency debt crisis and even encouraged many families to flee abroad without saying anything. These austerity measures, putting families in the back seat happened exactly at a time when support would have been most needed due to our Hungarian demographic factors. Due to the Ratkó-era's ban on abortion at the beginning of the 50s, the 2000s would have been optimal to stop the decline of the Hungarian population that had been present since 1981, as a very large age group (the children of people born during the abortion ban) entered childbearing age. Unfortunately, this historic opportunity was missed, which is not only a huge mistake by the then-government, but also an unforgiveable crime. As the ideal family model for our parents included two children in the 70s (fertility rate stood at 1.98 in 1970), their children, who are currently 40-50 years old, had a much less inclination towards having children (in 2011, fertility rate skydived into a historic low of 1.23). This difficult heritage left its mark on the 2010s, when these negative effects had to be counterweighted with an active, predictable and generous family policy. Counterweighted with a Christian conservative family policy, the philosophy and tools of which are in stark contrast to the attitude and measures affecting families in the mid-2000s.

For governments at the time, families were only a problem and an item of expenditure. Family policy was practically non-existent, children, women and elderly people were only represented separately in the needs-based social policy. They only focused on individuals, for example they were talking about "child poverty", without taking any notice of the child's immediate environment and family. Benefits and family support belonged to the same category. The message was: You do not have to do anything, you do not have to work, even better if you do not have children just live for the day. Hungarians beyond the border were not even acknowledged, the idea of preserving the nation was not even mentioned.

Raising children in the mid-2000s was a much bigger challenge than it is today, one could never know what else would be taken away from families under the pretext of "crisis management", or where their room for manoeuvre would be narrowed down. It is not by chance that the willingness to have children decreased in that unstable, beyond hope environment, and Hungary slipped back to be amongst the last in Europe. The situation was tragic, but fortunately, there were already some people who did not turn a blind eye to this tendency and started a movement so that more wanted and planned children would be born, as Hungarians always wanted at least two children, even in the most difficult times. They drew attention to the demographic challenges that were crucial to the preservation of our nation back then and ever since. The Roundtable on Population, established by Mária Kopp, clearly showed that we have to act, and with their recommendations. the Roundtable provided a great foundation to the family and demographic policy to come after the 2010 change of government.

THE DEMOGRAPHIC HISTORY OF THE HUNGARIAN NATION IN A NUTSHELL

At the time of the Hungarian conquest, the estimated number of the population was between 400–500 thousand, around 1200, it was 1.1 million, around 1300 it was 1.5 million people (Századok statisztikája, 2011 [Statistics of centuries, 2011]). Based on sporadic data, historians and demographers concluded that in the first six hundred years after founding the state, the general population growth trend was like that of the other European states and nations, around 3–4 permille per year (Für, 2011).

Before the Battle of Mohács, the country's population is estimated to have been between 3.5–4 million, equivalent to that of England's at the time. The 150 years of Turkish (Ottoman) rule marked a serious break in the country's population growth, by the end of the occupation, population numbers fell to where they stood before Mohács—i.e., four million people. (The population size should have doubled during that period, based on the country's natural population growth attributes.) However, in the 1710s, only 50% of the 4 million people, two million persons were Hungarian (Tóth, 2018). At the time of the

first census, during the reign of Joseph II, 8.1–8.2 million people lived in the then state territory (without Croatia), out of which the population of the territory of our country today was 2.7 million (Századok statisztikája, 2011 [Statistics of centuries 2011]). This number almost doubled in the next hundred years, and again doubled in the century that followed. The dynamic growth was curbed by the two wars in the first half of the 20th century, the area and population loss caused by the Trianon Treaty, the emigration of many, and lately, in recent decades, it has been the natural decrease of the population.

In the first decade of the 21st century, women made up 52% of the population. The number of women per thousand men increased from 1,019 in 1870 to 1,096 in 2017, which, in addition to the boy birth surplus, was influenced by mortality rates, wars and migration as well (Andorka, 2001).

To understand the demographic trends of the last century, aside from the above-mentioned events, the total fertility rate (TTR) needs to be reviewed as well, which shows how many chil-

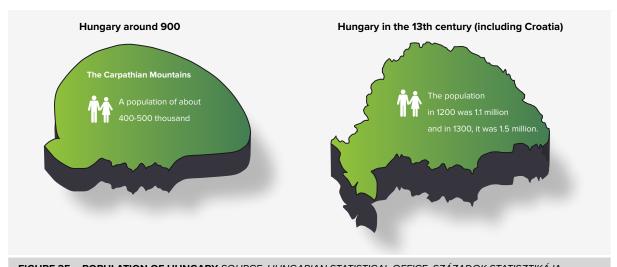


FIGURE 25 – POPULATION OF HUNGARY SOURCE: HUNGARIAN STATISTICAL OFFICE, SZÁZADOK STATISZTIKÁJA (STATISTICS OF CENTURIES): 57.

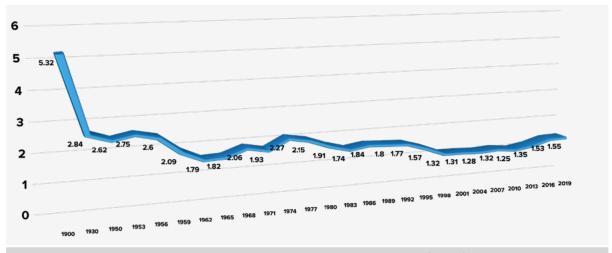


FIGURE 26 - CHANGES IN FERTILITY RATE IN HUNGARY SINCE 1900 SOURCE: CSALÁDBARÁT FORDULAT 2010-2018: 60.

dren a woman would give birth to during her lifetime, based on the probability of women her age giving birth in the same year. The total fertility rate had gradually decreased from 5.32 in 1900 to the lowest of 1.23 in 2011, slowly rising to 1.49 in 2016.

Apart from the economic shock of the regime change, births were fundamentally influenced by the sharp rise of women's education, which, amongst others, also contributed to the child-bearing age being delayed. Until the mid-1990s, it was the 20–24 age group, and until 2009, it was the 25–29 age group which had the most children, thus determining the national fertility rates.

The population 'pyramid', which is a typical feature shape of a younger population, has over time been engraved by emigration, wars, births and mortality, so today, as for other many European countries too, it shows an ageing population structure. It is clear that from the 18th century to the first half of the last century there was a high rate of live births and somewhat lower mortality, but since the middle of the century, both rates, especially live births per thousand inhabitants began to decline, significantly exceeding the drop in mortality rate after the 70s. Meanwhile,

family households started to become smaller; while in the 18th–19th century usually four to five family members lived under the same roof, in the past century this number shrunk to three or fewer on average.

Year	Live births	Mortality
1823	30.6	23.2
1831	29.3	48.5
1876	46.7	34.9
1900	39.7	26.3
1925	28.4	17.1
1950	20.9	11.4
1975	18.4	12.4
2000	9.6	13.3
2010	9.0	13.0
2016	9.5	12.9

TABLE 5 – LIVE BIRTHS AND MORTALITY PER 1000 INHABITANTS¹³ SOURCE: HUNGARIAN STATISTICAL OFFICE

¹³ In: SZÁZADOK STATISZTIKÁJA. Statisztikai érdekességek a magyar történelemből. KSH. 2011. pp.40. (table 2.10)

Year	Persons
1747-1748	400
1843	540
1949	339
1996	294
2001	291
2005	288
2011	287
2016	283

TABLE 6 – FAMILY MEMBERS PER HUNDRED FAMILIES¹⁴ SOURCE: HUNGARIAN STATISTICAL OFFICE

As demographic researcher Mrs Pongrácz said in 2009: "The recurrent breaches of the family policy system stability resulted in unpredictability and uncertainty, which may be a serious barrier in having children at a time of increasing family planning awareness. The obvious message of this is that families' and children's security does not constitute a value for every group in society, [...] the root cause why efforts directed towards bettering demographic indicators failed is the ever-changing support system, lack of stability, which is indispensable for a successful family policy. (Pongráczné, 2009: 2). Family policy should be characterised by predictability, complexity, but also flexibility. This was recognised by Hungary's family policy after 2010, the goals, results and future plans of which will be detailed in the following chapters.

¹⁴ In: SZÁZADOK STATISZTIKÁJA. Statisztikai érdekességek a magyar történelemből. KSH. 2011. pp.42. (table 2.13)



HUNGARY'S DEMOGRAPHIC CHARACTERISTICS AND CHALLENGES

Demographic trends of the country are strongly linked to how families operate. Hungary's long standing unfavourable demographic trends are utmost connected to disturbances of family functions and values, and the vulnerability of its economic bases. Restricting the ever growing negative, more and more virtuous cycles that are present in the population is a national, social cause of great importance, which cannot be resolved without strengthening the financial, societal and moral position of families.

Hungary's demography has fully changed due to the 20th century's so-called demographic transition. It has changed since the 1960s from a previously very young society having a high number of children and a low life expectancy to an elderly society which has a low fertility rate and a rather favourable life expectancy.

We witnessed controversial tendencies in the second half of the 20th century. Birth rates fluctuated, mortality rates worsened, age distribution got even more distorted, family structure has changed swiftly, the traditional family model vanished and the number of single-parent families and singles became significant.

Amongst these circumstances, and as their result, a new era began in Hungary's demographic history in 1980. Depopulation started in 1981. According to a 1980 census, Hungary's population was 10 million 709 thousand, while in 1990, it was 10 million 375 thousand. Population numbers continued to decrease between 1990-2010, on January 1st 2010, Hungary's population stood at 10 million 14 thousand.

The continuous and significant depopulation is undoubtedly one of the most definitive demographic crisis phenomena.

In today's Hungary, since the beginning of the 20th century, the change in population and age distribution has increasingly been shaped by the first *demographic transition*, induced by industrialisation and modernisation, a transition which decreased the previously very high number of children, increased the population and the population started ageing.

In Hungary, the area and population loss of Trianon undoubtedly had a negative effect on the reproduction processes as well. According to surveys, females of all birth cohorts who were still in their childbearing age in the 1920s did not undertake to have children, and this is still a tendency in our country.

In Hungary, there was no "baby boom"—a growth in the number of births— after World War II either, which stabilised the labile reproduction in Western Europe at the time. It was quite the opposite, by the 1960s, we had a uniquely low average number of children (1.8). The development of a family support system began at the end of the 1960s, but its positive effects were already insufficient to counterweight the population decline, which had already started due to the combined effect of the long-lasting low number of children, growing mortality rates and emigration.

Changes in mortality rates should also be noted, as in the 20th century population development, mortality is "the other side of the coin". The increase in life expectancy is one factor that counterbalances —or even solves the problem of—the low number of children being born. In Hungary, however, a mortality crisis gradually evolved in the second half of the 20th century. The increase in life expectancy stopped, especially among men. The risk of death among 45–49-year-olds had grown threefold by the end of the 1980s.

The negative balance brought forward by emigration and the international movement of people undoubtedly had a role to play in the decrease of the population, however, it can only be demonstrated from time to time with the evaluation of each census. Hungary was characterised by emigration for the most part of the 20th century, according to calculations, the cumulative effect of the 1956 exodus was a loss of 250 thousand people.

The continuous and significant depopulation is undoubtedly one of the most definitive demographic crisis phenomena. The rate of women among the population further increased, while in 1980 there was 1,064 women for every 1,000 men, in 2001, the ratio was already 1,103 women for every 1,000 men. This increase was clearly a result of the evidently longer life expectancy of women, and its impacts has been visible since the beginning of the 1980s.

There were major changes in the population's age distribution, rapid ageing could be observed during this time. The number of children below 15 years decreased from 2.5 million (in 1980) to below 1.5 million (in 2010), the number of people among 20–44 years fluctuated, and the age group of people aged 60 and more has grown by 23%.

Dependency rates changed significantly as well. Demographics considers 0-14 year-olds to be children, and those above 65 to be the elderly. These groups are called inactive age groups, while 15-64-year-olds are called adults or the working age population. Dependency or age dependency ratios quantify the "maintenance burden" on the working age population, and the so-called ageing index quantifies the elderly to paediatric population's ratio. Dependency ratios are important firstly from an economic-societal standpoint, the ageing index is mostly remarkable for its demographic effects and consequences. As for the reproduction of the population, the examination of the number and ratio of women in society of childbearing age (between 15-49 years) is very important. Since 2006, the number of the elderly has outweighed the young



population, so the ageing index is bigger than 100%, while in 1980 it was only 69.1%. It has been growing continuously and dynamically, surpassing 90% in 2000, and exceeding 112.6% in 2010. This means that the elderly population is gradually becoming dominant within the inactive age group. Generations that are transitioning from working age to the elderly age has extended tremendously, as the large population of people born in the 1950s is entering old age, and as mortality rates are getting better, the number of minors is decreasing, because the birth rate is low. There is a significant difference in the ageing index of men and women, which is also mirrored in men's much lower life expectancy.

While ageing became the usual tendency in age distribution, its fluctuation is also significant due to the remarkable changes in birth numbers in the past. In parallel to depopulation, the process of demographic ageing also occurs, which means the average age of the population is growing, the number and proportion of elderly people are increasing, and the number of young people is getting smaller. In 1980, the average age was 36.2 years, the rate of 60-year-olds or older was 17%. In 2010, such data were 40.9 years and 22.5%. When talking about average age, the difference between the two sexes is shown by the numbers. The average age for men was 34.6 years in 1980, while in 2010 it was 38.7. In the same years, these values were 37.7 and 43 years for women.

Hungary saw an unprecedented drop in fertility in the past century. Women's total number of children¹⁵, shown by the total fertility rate,16 has dropped from 1.9 to 1.25. As a result of low fertility rates, the annual birth rate has reached a historic low of less than 90 thousand. With the drop in the average number of children, the timing of having children has also changed. The time of giving birth to a first child has shifted from the age of 20–24 to the age of 25–29.

On one hand, the overall effect of these tendencies had a strong negative impact on the age distribution of the population, one the other hand, the chances of permanently postponing pregnancy increased by the ever-growing age of first-time moms, reducing the final number of children by the female birth cohorts on the long term. The general outlook was further exacerbated by the fact that the regime change accelerated the so-called second demographic transition, the whole demographic behaviour is changing across generations, new behavioural patterns emerge and new directions are being shown.

Considering the distribution of the population across main types of settlements, this also changed significantly in the past decade. With previous immigration trends flattening—more-

over, opposite tendencies emerging—the population decrease of Budapest accelerated, and other cities' population decrease started as well. However, except for those villages that are becoming towns, the population of villages is no longer declining.

Changes in the composition of the population by marital status have been significant since 1980. While the total number of the population declined, the number of non-married people grew, and married population declined even more sharply than the average population's decline, while the number of the unmarried and divorced increased, and the total number of widows came close to 1 million, the majority of whom are older women. Simultaneously, the number of non-marital cohabitations also increased.

The change in marriage tendencies in the given years became even more visible. The number of first marriages and remarriages dropped significantly. If observed by age groups, these changes mostly affect young people. Marriage rates of those under 25 years decreased to less than half of what was previously observed.

The number of births continued to drop radically even from the 1980s' level. Within the number of births, those being born outside of marriage

Year	Marriages	Divorces	Live births	Mortality	Population decline	TFR
1980	80,331	27,797	148,673	145,355	3,318	1.91
1990	66,405	24,888	125,679	145,660	-19,981	1.87
2001	43,583	24,391	97,047	132,183	-35,136	1.31
2010	35,520	23,873	90,335	130,456	-40,121	1.25

TABLE 7 - POPULATION CHANGES 1980-2010 SOURCE: HUNGARIAN STATISTICAL OFFICE

¹⁵ The average number of children given birth to by an average woman, for women who finished their fertility history.

The total number of children is a synthetic indicator of fertility, it characterizes the intensity of fertility very well, although it can only be measured in older birth cohorts, and older birth cohorts' number of children no longer characterizes the current conditions if their fertility is changing. Therefore, demography shows the "average number of children" (total fertility rate, TFR) based on the population according to the annual data, and this is how it shows the current conditions of having children.

increased, and it approached 40% in their share of total live births.

The permanent and continuous decline in population is unsettling in itself. Abortion numbers exceeded 100 thousand per year between 1957 and 1975, with the highest case number being 206,817 in 1969. Later on, the permission procedures for discontinuing pregnancy became somewhat stricter, however, simultaneously, new, modern contraceptives were introduced, and access to these got simpler too. All this contributed to the fact that fewer babies were born than expected. This phenomenon projected the subsequent depopulation.

The decrease in the number of children is connected to the economic change of regime on multiple levels. Among these, family formation planning stands out, including the changing pattern of having children, it being more and more Western-like, which is also mirrored in the shift of childbearing starting in older ages. This—together with the significant economic and societal hardships of the regime change's first period, and the left-wing governments' antinatalist policy—resulted in a major drop in fertility, similar to the one during World War I. As a result, a long and very deep birth decline has emerged, therefore, as a result of which a longer-term reproduction of the population is highly doubtful.

From 2000 onwards, the populous generations of the 1970s should have been more present in the overall childbearing. Such a family support system would have been favourable, which could have been used by these generations in a predictable way, supporting their strategies for starting and extending a family. This would have been all the more justified because these generations were our last real reserve to alleviate or possibly stop depopulation from our own resources.

Hungary is amongst the few countries of the world that has formulated and declared objectives for the population multiple times in the past decade, and also attached concrete measures to them. The most important dates and events are the following:

- 1953: ban on artificial abortion
- ▶ 1967: introduction of child care aid
- ▶ 1973: demographic policy action package
- ▶ 1985: introduction of child care allowance
- ▶ 1990: extension of the family allowance, increasing its amount
- ▶ 1999: re-introduction of child care allowance

At the beginning of the 1980s, a new, unprecedented population trend emerged. In 1981, the natural increase of the population stopped, and a decrease has started. A longer-term conception for demographic policy was needed, which—besides including important population movement trends and also births and deaths—included the issue of families too.

"A long-term demographic policy conception was announced in October 1984. The fundamental goal of the resolution was to slow down population decline, to view it in a longer perspective, and as the composition of the population becomes more favourable, its ultimate goal was to reach population growth.

To this end, they have set out to increase fertility rates and the number of births, to ameliorate mortality rates, and to strengthen the role of families. Perhaps the most important measure introduced after that was the partial replacement of the child care aid by the child care allowance. The basic goal of the child care allowance was to support children of all walks of society, to reduce social disparities in fertility, to acknowledge the social benefits of having children among the older populations at a childbearing age and among working women with a higher income. At the same time, many other forms of social policy support came about, especially in the field of housing construction. As a result, the annual calendar-year fertility rate increased, and it was at a higher level until the beginning of the 1990s than before 1984." (Kamarás, 2001: 15)

Both fertility rate and the number of births showed great fluctuation in the past decades. Population increase-oriented measures play an important (decisive) role in reaching these targets, as well

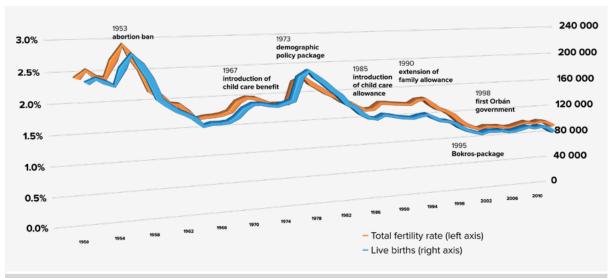


FIGURE 27 – TOTAL FERTILITY RATE, NUMBER OF LIVE BIRTHS AND KEY MEASURES CONCERNING THE POPULATION AND FAMILIES, 1949–2000 SOURCE: KINCS

as people's timing of having children, which is also a result of these measures.

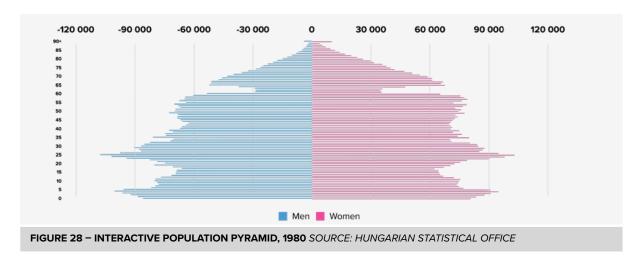
Total fertility rate, number of live births and key measures concerning the population and families (1949–2000)

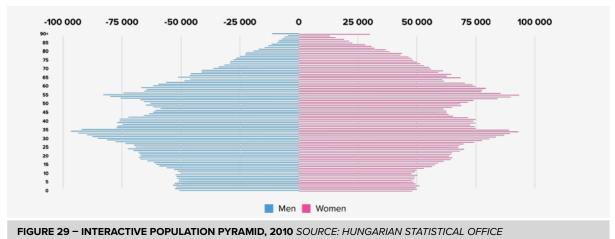
Before 2010, the main demographic characteristics in Hungary could be summarised by the following: low and further decreasing number of births, high, but declining mortality, continuous and increasingly significant depopulation. The age distribution is considered to be quite old even in European terms. Demographic change accelerated significantly in these years, the number of births has fallen sharply, the number of marriages decreased, population decline has become faster and the "Ratkó-effect" has become perceptible.

The negative "Ratkó-effect"

In Europe, after World War II, Hungary was the first to have a lower reproduction level than its fertility rate. The steep decline of births and fertility in the first half of the 1960s was a negative outcome of the mid-1950s "baby boom", which was caused by the strict abortion ban that lasted a few years and the total liberalisation that followed. The years between 1953–1956 brought the most children, with more than 200 thousand babies born in this period. After withdrawing the measures, however, numbers nosedived. In 1962, only 130 thousand babies were born.

The large number of children of the "Ratkó-parents" entered the age of getting married and having children twenty years later, resulting in another wave of births in the middle of the 1970s. Fertility rates were again above the reproduction level for a short while, but from the following decades up to present day it could not reach it again. In the following years, a decline occurred. It was the year of 1981 that marked the start of the population decline in Hungary. By 1998, we had reached the point when the number of new-borns dropped to below the psychological threshold of 100 thousand. This is also thought-provoking,





because the "Ratkó-grandchildren" entered their most fertile years at this time. In 2010, just over 90 thousand babies were born only.

The decrease in birth numbers is primarily caused by the fact that in recent years, the behaviour towards having children has changed worldwide, including Hungary. The most fertile period of the childbearing age is when women are in their 20s, but children are being born later; while in 1970, women had babies at 25 on average, in 2010, their average age was already 30 years.

The negative "Ratkó-effect" is significantly represented in two areas. On the one hand, "Ratkó-children" — those being born between 1953 and 1956 — reached retirement age which is a

great burden on the Hungarian pension system that operates on a pay-as-you-go basis, as the number of pensioners increases, while the number of working-age people decreases, and the "Ratkó-grandchildren" will—according to the current regulations — retire in the middle of the 2030s.

On the other hand, "Ratkó-grandchildren" who were born in the 1970s, are slowly leaving behind their childbearing age, and the missed opportunity of having children will never be met. Considering that people are having children ever later in their lives, the "Ratkó-grandchildren" entered the reproductive age in the early 2000s. For them, the wave of having children never happened, unlike in their parents' and grandparents' case.

The family- and child-friendly Hungarian nation

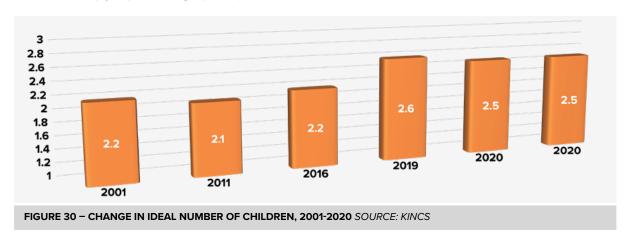
An important indicator of the changes in demographics is what people consider to be the ideal number of children, and how it differs from the actual number of children being born. Multiple early-2000s surveys showed that Hungarians considered many more children to be ideal than the number of babies actually born.

According to recent surveys—conducted by the Mária Kopp Institute for Demography and Families in 2019, then in 2020 among 18–49-year-olds in their childbearing age—the majority of respondents consider two or more children to be the ideal number of children to have.

The survey also asked how many children respondents want altogether in their lifetime. Results show that nearly half of them (48.9%) want two children, and an additional 27.4% plan to have three children during the course of their lives. The next category is those who want one child, 13.8%, and approximately 10% want four or more children. The 2019 data indicated similar results, although those wanting three children reached a few percent higher number in 2019 than in 2020 (by 5 percentage points).

Childbearing-aged Hungarians' ideal number of children is 2.52 on average, their ideal number of children planned is 2.37, so both the ideal number of children and the number of children planned exceed 2.1 which is necessary for reproduction. In a 2003 study, Mária Kopp and Árpád Skrabski made the following statement on population policy and its goals: "The basic goal of demographic policy should be to help manifest those children who are wanted by their parents but have not been born yet" (Kopp-Skrabski, 2003). The Hungarian government has set itself the important goal of helping planned and wanted children to be born. Ten years ago, only three out of every five children were born, while this number today is four, so the gap between the number of planned children and those actually born became smaller.

According to our estimates, if the willingness to have children would have stayed at its lowest point as in 2010, 115,000 fewer children would have been born in the past 10 years.



HUNGARIAN FAMILIES AFTER THE MILLENNIUM

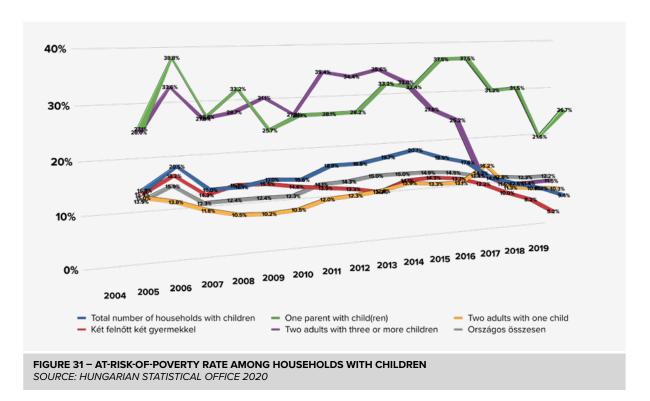
Families in economic crisis

The situation of families and the stability of relationships were shockingly weak in the years of the millennium. Half of the marriages—even with their low number to begin with—ended in divorce, and the termination of long-standing marriages due to the spouse's death also reflected the population's appalling morbidity and mortality rates.

Considering the living standards and income conditions of families with children, after the slowly improving tendency of the early 2000s, a long downturn followed from 2005 to 2012, of about seven scarce years. It is important to point out that being at-risk-of-poverty due to having children further aggravated the unfavourable fertility indicators. This could be the reason behind the 2011 low point of 1.23. The situation was continuously exacerbated by the

anti-family measures of left-wing governments and the negative communication concerning families, which grew even stronger in the years of the world economic crisis.

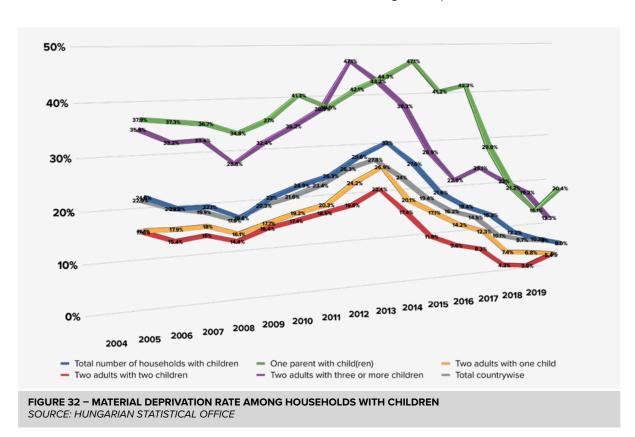
Data verified by the statistical system of the European Union clearly show that the situation's dramatic deterioration, which peaked in 2012and2013, turned into a continuous and trend-like improvement which continues up to this day. Poverty rates of families worsened due to the measures taken by socialist liberal governments, however, a dynamic improvement occurred between 2013 and 2020. Until 2013, irresponsible measures from previous times still affected the financial status of families, but all data developed positively from the year of the turn.



Family and being at-risk-of-poverty

The method of the deprivation poverty index should be reformed, however, when examining this traditional index, we can see that the same process is mirrored by the change of consumption opportunities. Financial deprivation estimates families' living conditions along 9 factors. We may call a family financially gravely deprived, if at least 4 out of the 9 statements are true of them. The 9 statements are:

- having arrears for housing bills and credit repayment;
- 2. lack of appropriate heating in the flat;
- 3. lack of coverage for unexpected expenses;
- 4. the inability to consume meat, fish or equivalent nutrients every two days;
- 5. lack of a one-week holiday outside of the home per year;
- 6. having no car due to financial reasons;
- having no washing machine due to financial reasons;
- having no colour television due to financial reasons;
- 9. having no telephone due to financial reasons.





The turn took place in 2013, from that time onwards, we could also point out the poverty-decreasing effects of the pro-family governance style. Behind the change in poverty indicators—in a straightforward manner—stand the outcome from economic policy, family policy and social policy interventions and income policy measures.

The examination of households with children brings us to the conclusion that government measures can majorly influence the income, risk of poverty and the tendencies towards or the fact of leaving behind unfavourable life situations or poverty. At the beginning of the 2000s, we were experiencing a gradual deterioration, but since 2012-13, an improvement process is perceptible. The economic crisis starting in 2007 which also affected our country has found us in a weakened, resource-lacking, indebted, dispirited and unfavourable place. The government back then did not make any rational efforts, and without a consideration for family policy—aside from austerity measures—did not even look for a tool to protect families. The consequences of which brought families with children serious hardships. Child poverty increased, life expectancy decreased. The change has been brought forward by economic patriotism and the revived impetus of the governmental commitment and family-friendly governance in 2010. Certain elements of the relationship culture have been improving ever since, poverty is continuously decreasing, and the hope for a country slowly finding itself is growing stronger, a country which could leave behind the precarious phenomena of the new millennium's first decade, to develop into a country of families.



Anti-family attempts (2002–2010): years of austerity measures

The government policy of the second socialist-liberal era immediately (2002–2010) returned to the narrower, poverty policy-oriented interpretation of family policy. It is true that they managed to avoid the total dismantling that happened once before during the Bokros-Horn package, and in the first years, they also left in place the family-type taxation, and in addition to a 20% raise they also introduced the 13th month family allowance, dark clouds were already starting to appear on the sky as the financial resources of the government's generous policy was not covered by the nation's economic performance, but from credits, therefore the country again started to be indebted and vulnerable to foreign capital. However, they did fully undermine the system supporting families.

Year	As a percent of GDP			
2002	55			
2003	57.6			
2004	58.5			
2005	60.5			
2006	64.6			
2007	65.6			
2008	71.8			
2009	78.2			
2010	80.6			
TABLE 8 – GOVERNMENT DEBT TO GDP SOURCE: HUNGARIAN STATISTICAL OFFICE				

At the time of the government change in 2002 there was prosperity, an economy that was getting stronger, and excess money to spare. The financial conditions were therefore provided. The emphasis was put on pursuing other directions

than helping and supporting families. During the first Orbán government, child care allowance and child care benefit were restored, and the family-type taxation was extended multi-fold. Education allowance was introduced (which was basically the symbolic renaming of the family allowance to send a social policy message to parents that they need to continuously keep their children in school from the beginning of school age). A complex and differentiated system was built. During this time, therefore, family policy evolved in new directions, based on conscious decisions. In 2002, the first Orbán government handed over governance to the left-wing with a well-thought-out, transparent and stable family policy toolkit, having created a unified law on regulating family support.

The Medgyessy and the Gyurcsány governments did not keep the majority of the family policy inventions of the first civic government. They unfolded and strongly narrowed the home creation support scheme—restricting its availability only to families having three or more children—and they fixed family tax benefits to a certain maximum income, which was only partially counterbalanced by the universal increase in the family allowance.

Let us now see in detail what family policy measures different governments introduced or discontinued between 2002–2010.

The Medgyessy government announced the "Welfare regime change" programme, which had its financial basis, as owing to the first Orbán government, they began to govern in a prosperous economic state. During Péter Medgyessy's two-year term as being prime minister, the government only set out general social policy goals, which were mirrored by certain family policy measures too. They introduced the 13th month family allowance, in the case of twin births families received doubled child care benefit and twice as long time period, the amount of maternity allowance also somewhat increased, but they discontinued, for instance, education allowance. These measures increased the prime minister's popularity, but we can still not talk about a "welfare regime change". Literature calls the 2002–2004 time period corrective family policy, as it made big promises in its communication, but in reality, it only made a few corrections in the previous governments' measures.

In 2004 the president of the then Hungarian Socialist Party, Ferenc Gyurcsány, formed government. The Gyurcsány government made more radical changes than the first Orbán government and the following Medgyessy government. The Gyurcsány government's goal was to help families that have or want to have children, but only to help the poorest, the result of which is guestionable too, due to the conflicting measures which affect each other. The first Gyurcsány government significantly narrowed the eligibility for family tax benefit and terminated the tax benefit of one and two-children families. Regular child protection support was included into the family allowance, this is how family allowance was increased. Regular child protection support was replaced by the child protection benefit, but this meant a benefit in kind from then onwards (food and schooling benefits, etc.). The regular social benefit could only be availed by a single person, so the amount of support reaching families decreased. It is visible from all of the above, that the goal of providing more support to the poorest people was not reached through the family support system. The increased family allowance that both the poor and well-to-do received could not compensate for the lost support and benefits.

By the time of the second Gyurcsány government, family policy had narrowed down to a series of "child poverty" reduction measures, but in reality, it was only a rhetoric. Only the poor children were targeted. However, efforts were not fruitful, as neither the children, nor the families' poverty were lessened. The "programme" was hopeless and ineffective, as it only mentioned children, it did not take into consideration the correlation with the context of the whole family and wider society. In order to "diminish child poverty", the Gyurcsány government cut back not only on the family support system, but also on the social support system: the child care benefit and reg-

ular social benefit could not be availed at once, and part of the regular social benefit could be provided by the municipalities in kind. Due to the restrictive measures introduced before, couples in poorer families were driven to divorce, as part of family policy, the regular social benefit changed from an individual entitlement to family entitlement. If they had gotten divorced, both of them could receive the benefit.

In 2009–2010, the Bajnai government—supported by the Hungarian Socialist Party and the Alliance—was formed, which saw the "exit" out of the economic crisis in curbing welfare benefits. They froze family allowance, reduced the amount of the child care benefit, and also curbed the amount of the minimum social security pension which also serves as a basis for calculating the amount of other benefits. The housing support system ("szocpol"), which was introduced by the first Orbán government in 2001, and which provided non-repayable support for real estate purchase regardless of the number of children, was terminated. As such, the leftist-liberal government fundamentally hindered young married couples and families with small children from achieving their housing goals, and in many regards, made it downright impossible. The negative measures of the Bajnai era gravely damaged the social trust that was forming around the millennium with regards to a predictable family policy. As a result, the natural decrease of the population started to gain impetus again, and fertility rate drastically decreased. It decreased from 1.35 in 2008 to 1.25 in 2010. There were no substantive measures to lower the socialisation deficit of poor families and their children, and to lessen the disadvantages caused by this deficit either. There was not much done about curtailing the reproduction spirals of poverty either.

Left-wing governments are rather characterised by the benefit-like financial support mostly in cash, and none of these governments paid enough attention to improve the various support types or services targeting families. Between 2002–2010, the number of nurseries, their capacity and the number of attending children also decreased.

In conclusion, the first negative measure of the governments between 2002–2010 had an effect on the education allowance which was successfully introduced by the previous, Viktor Orbánled government, in such a way that attending school was no longer a precondition to receiving family allowance, in spite of it previously turning back 60% of school-age children who had not been fulfilling their compulsory education to school. According to the accusation, the civic government withdrew the family allowance from those whose children did not fulfil compulsory education set out in the law. In reality, exactly the opposite happened, if a parent's behaviour was questionable, no support they were otherwise eligible for after each child was withdrawn, because the quardian who was ordered by law did spend the amount received as it was beneficial for the child, moreover, if such a breach occurred, this was the only way to make sure the support really served the child's interest. In the case of family allowance, this is how 100% of the targeted expenditure could be utilised for the first time, in a way that was avoiding retribution by involving staff members of child protective services to handle the situation in a helpful manner. Socialists therefore discontinued a very humane and modern construction.

With the elimination of the schooling condition, a family support's poverty-policy retune started without leaving any incentive measures in place. At the heart of the "new" concept was to neglect the educative awareness and responsibility of the parents. This concept led to another modification, the downsizing of the family support system.

A radical change only came in 2004, already at the time of the Gyurcsány-led government, when family tax benefit was completely taken away



from those raising one or two children, and it only benefited those raising three children, with a significantly smaller, actually symbolic amount of support (EUR 11.48/children). This practically erased family-type taxation again. This is also shown in the expenditure, within all family support categories family tax benefit-related expenditure decreased from 26% in 2001 to only 3% in 2004.

At the same time, the so-called regular child protection support was also put an end to, which aimed to help poor families, verified by measuring inspection. As a matter of fact, having unified these withdrawn resources significantly increased the amount of family allowance, to almost double the original amount. The termination of certain elements of the support system, however, was not followed by the introduction of an additional resource. As a result, the old socialist practice prevailed that certain groups were supported by resources withdrawn from other groups. The situation, however, is well characterised by the fact that in 2005 they already ended the 13th month family allowance that had only been introduced a few years before, and even lowered the maximum age of eligibility from 23 to 20 years.

As a result of these modifications, family policy was only interpreted in a social policy context, even though it entails the needs and interests of the whole nation, and then even eroded its strength step by step.

The nosediving did not end here. Referring to austerity, they decreased child care benefit from three to two years in 2009, while the promised development of nurseries and kindergartens never happened. In the same year, however—by terminating the so-called social policy benefits—, the housing support system was permanently impaired too.

The measures that were placing a burden on families continued with the abolishment of the 13th month pension, and the situation was further exacerbated by announcing that the compensation for gas and district heating will also gradually be abolished.

There were no substantive measures to lower the socialisation deficit of poor families and their children, and to lessen the disadvantages caused by this deficit either. There was not much done about curtailing the reproduction spirals of poverty either.





Roundtable on Population an alarm bell for families

Mária Kopp, a medical doctor, psychiatrist, head of the Semmelweis University's Institute of Behavioural Sciences, the greatest researcher and true knower of Hungarians' state of mind, recognising the gravity of our demographic situation and that no attention is being directed towards it at a social and political decision-making level, founded the Roundtable on Population on 11 November 2009. Among the founders of the Roundtable on Population were members of professional, civilian, church, advocacy and political groups who stated in their founding declaration that the aim of the Roundtable on Population is to provide a foundation for a broad societal cooperation which keeps the issue of demography on the agenda and forms recommendations for the government/decision makers to improve the demographic situation.

Both Mária Kopp's and other surveys highlighted that the number of children who are actually born is significantly lower than what young people or those starting a family had planned. According to their statement, this outlines the sphere of legitimate community action for governments, social players and civil organisations, while also underpinning measures that help families bring

wanted, planned children to the world. This is why they made a recommendation to create a family support system based on a social consensus which will provide families having and raising children with stability for decades to come, both in its principles and in its elements.

Due to the above determinations, in order to solve the visible, substantial problems and to address the alarming demographic shifts and tendencies, Mária Kopp, together with the then president of the Hungarian Academy of Sciences, founded the Roundtable on Population as a professional volunteer organisation, which aims to initiate social, legislative changes. "To solve the problem, we need a broad social cooperation. Now we were given an opportunity, so that experts, politicians, entrepreneurs, religious denominations of a historic background, civil society organisations and trade unions could all sit at the same table. Not to conduct a debate of principles, but to put forward specific recommendations," said Mária Kopp in 2009.

In the history of the Roundtable on Population, the time period until Mária Kopp's sudden and tragic death in 2012 was a key period in many respects. The Roundtable on Population was operating in working groups, each one concentrating on a certain problem area and made recommendations in each topic on how to solve





it. As the Roundtable on Population provided an opportunity to review these target areas in a focused way, this period has proven to be very fruitful. This—even though we fully acknowledge all professional expertise of the members—required Mária Kopp's strength with which she had steered the different working groups and experts who sometimes had very different ideological backgrounds into the same direction, towards the same goal with her integrative personality, agility, motivation, and unbelievable ability to overview the whole process. Between 2009-2012, many recommendations raised the attention and sometimes objection of both decision-makers and the press.

The issues that had been tabled for discussion by the Roundtable on Population since its establishment were the following:

- To review the advantages and disadvantages of the existing family support system, to map the room for transformation.
- Family-type tax system.
- To help harmonise family and work to earn a living.
- To extend the daycare facilities for children.
- To share the workload between men and women both in the families and in the labour market.
- To improve access for housing for young people wanting to have children, to facilitate multi-generational cohabitation.
- Social, pension and healthcare scheme.
- Forms and crises of relationships: looking for and finding a partner, conflicts and resolutions.
- Education for family life (CSÉN)
- Family-friendly pregnancy and obstetric
- Mental health of families.

After 2010, many actions took place in Hungary which are clearly reflecting many of the professional opinions and resolutions of the Roundtable on Population. The majority of these statements have not only been listened to by the Orbán government, but they have been realised too, many of them are now a natural part of the everyday life of families, including family taxation, the child care benefits that operate in a much more flexible way than before, the system of nurseries and home creation. The Roundtable on Population is still operating today, and its goal is to continue adhering to the basic principles alongside which Mária Kopp launched it.

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Katalin Novák

ne can quickly and easily destroy trust, howeverit can only be rebuilt by long and consistent work. The second Orbán government formed in 2010 began its mandate with a heavy legacy, having not just to fix the damages caused by the economic crisis, but also Hungarian people's self-esteem, trust and faith in the future. In Hungary, families were the biggest losers of the years of the economic crisis; raising a child meant a serious poverty risk for many. The situation was dramatic and it could only be changed though decisive, swift and radical measures. The new government knew that protecting and supporting families, as well as building a work-and family-based community could be the key to development, and not just in economic terms, but also at mentally and spiritually.

This required an approach that views families as resources, as Minister of Human Capacities Zoltán Balog said: "children should be resources for their own families and, later, also for the communities". Family was no longer only a small community to command relevance in the private sphere as it became the "key to preserving the nation", which has evolved into a public matter entirely personal in nature. Protecting and supporting families became the key element of resolving the country's demographic situation. "Demography is not just one of the national issues, it is the national issue itself," Hungary's prime minister said at the second Budapest Demographic Summit.

The legal foundations of a family-centered governance were swiftly enshrined by government lawmakers with a two-thirds majority into Hungary's Fundamental Law, and also into Act CCXI of 2011 on the Protection of Families. The Fundamental Law has, since the beginning of the decade, categorically defined the notion of family, thus protecting it, even though at the time of the definition no one knew what types of attacks will be launched

against traditional families: "We believe that family and nation are the principal framework of our coexistence, and that our fundamental cohesive values are loyalty, faith and love... Hungary protects the institution of marriage as the union of one man and one woman established by voluntary decision, as well as the family, which forms the basis of the nation's survival. Family ties shall be based on marriage, and the relationship between parents and children. The mother shall be a woman, the father shall be a man."

The cardinal legislation on family protection cemented the issue of supporting families. It sets out in a separate chapter that having a job and having children are factors that, by amplifying each other, serve Hungarians' welfare and well-being. The paradigm shift, however, took place not only at a legislative level as it's gradually been integrated into everyday life as well. Year by year, as families were given more and more attention and support, the number of family-friendly initiatives and programmes also rose. In Hungary having a family, living in a big family, or applying family-friendly solutions has become trendy.

The concept of family has been redefined not just in public thinking, but also at the level of public administration, where family policy was forever separated from the needs-based social policy and evolved into an individual sectoral policy which, by now, can present remarkable results. In order to achieve this, the government has for a decade been a consistent and firm supporter of values pertaining to the family. Family policy, however, is not a separate, independent area of governing. On the contrary: in is intertwined with to all other areas. Families serve as the common ground. Today we have more instruments available due to an economic development based on striking the right balance between work and family.

FAMILY = RESOURCE

"Family is the most important national resource of Hungary."
(Act CCXI on the Protection of Families)

The real crisis of developed countries today is a combined moral crisis, which has several social, economic and societal components. Changes taking place in the years before 2010 have disrupted the existential and spiritual-intellectual foundations that are essential for the harmonious functioning of society. At the time, Hungary, too, was characterised by a lack of public trust, competition and exclusion. Inter-generational solidarity has become weaker. The number of once pro-life Hungarians has diminished, and marriage, as well as having children, have shifted to later stages of life.

After 2010, children and family have become the greatest and most important resources for the Hungarian government, an approach entirely different from that of the preceding period marred by a rather problem-centric attitude towards families. Between 2002 and 2010 decisions taken by left-wing governments have pushed families to the background, restrictive measures imposed on them have led to a feeling of financial and existential insecurity, thus decreasing the sense of security of those planning to have children.

2010 saw a pro-family turnaround in Hungary. By introducing its new family support scheme, the government conveys its appreciation towards families with children, as well as towards the older generation, and projects a safe future for the youth. Moreover, families have regained their dignity, and not just in a financial, but in a mental sense as well. This is particularly important because loneliness, isolation and the lack of social relationships are detrimental to physical and mental health, and family serves as the best tool in preventing these. Family is an entity that provides room for real personal fulfilment. Being satisfied with life, finding an inner balance and

having confidence promote health, and family is the most important resource of all these. Members of a happy family, those who love and are loved, tend to live longer. Having children is a life-long task, it gives life a meaning and provides society with a safe future (Kopp–Skrabski 1995).

Family is a resource, because its members help one another in a loving community, they approach each other differently than outsiders do. In Hungary, out of all kinds of relationships, close family connections are the strongest form of social support, reflecting—beyond historical reasons—the traditional family-centric mentality of Hungarian people. By providing deeply-ingrained relationships, living in a marriage and being a parent are considered resources. The positive impact of this on one's career, well-being and health is explained by the diverse benefits of family connections (Engler 2011, 2017).

While in many countries in Europe and America, the institution of marriage and family is attacked and relativized in the name of radical liberal views, Hungary has—since 2010—made available numerous economic, cultural, social and political means to support and protect families.



FAMILY POLICY AS A STRATEGIC SECTOR

"Family protection and the reinforcement of family welfare is a task shared by the State, local governments, non-governmental organisations, media providers, and businesses. The achievement of these objectives also receives special attention from Churches."

(Act CCXI on the Protection of Families)

Between 2002 and 2010 under leftist-liberal governments no family policy in the classic sense existed in Hungary. Supporting families, which mostly consisted of small amounts of allowances on a universal basis (family allowance), represented only a small part of the social policy subsystem. The dominating approach was rather a problem-centric than a resource-centered one, therefore it's no wonder that it was families who bore the brunt of the global economic crisis.

In comparison, the 2010 elections brought about a fundamental paradigm shift, as the civic government approached families with an entirely new vision: it advocated strengthening families as the basic units of society, confident that the whole nation will benefit if the smallest constituents of society—i.e. families—grow, extend and multiply. The government has put families at the centre of its social policy.

As the first manifestation of this shift, it was laid down in Hungary's *Fundamental Law* that families are entitled to protection and support, the details of which have been, and are still regulated by the cardinal law that came into effect on 1 January 2012. As a first, emblematic measure, the government has introduced a family-type taxation which, in the form of a family tax benefit, meant and still means significant monthly savings for working families with children.

A change in approach at the level of public administration is also under way, but it took long years to free family policy from the shackles of social policy both at an organisational and a procedural level. The Department of Family Policy began its

work between 2010 and 2014 within the State Secretariat for Social and Family Affairs—then headed by Miklós Soltész-of the Ministry of Human Capacities. Until 2012, this was the only department inside public administration that dealt exclusively with family policy. In 2012, Deputy State Secretary for Family and Equal Opportunities (Attila Fülöp), as deputy state secretary, was put in charge of the supervision of the family policy sector. During these years, a number of developments took place at a legislative level in the form of family-friendly initiatives (tenders, programmes), but social policy and family policy remained intertwined. This was also due to the fact that during the years of balancing the budget, financial resources for supporting families were more limited than in subsequent years, when the performance of the economy already laid the groundwork for applying extensive family policy instruments.

From 2014, during the restructuring of the government, an independent state secretariat dealing with family policy - the State Secretariat for Family and Youth Affairs, headed by Katalin Novák began its operation within the Ministry of Human Capacities, then headed by Zoltán Balog from 2012. Katalin Novák's work was helped by her two deputies, the Deputy State Secretary for Family and Demographic Policy and the Deputy State Secretary for Youth Affairs and Equal Opportunities. During these years family policy has received bigger room for manoeuvre, launching significant child welfare and home creation schemes. Child day-care provision and intervention in early childhood was detached from the child protection scheme, and their restructuring was managed by independent ministerial commissioners. In



fact, family policy became an independent policy and sector between 2014 and 2018.

Following the third election victory of the ruling party in 2018, family policy was thrust even more into the focus. July 2019 saw the launch of the Family Protection Action Plan, which provided families with unprecedented, large-scale, generous opportunities. In October 2020, family affairs and family policy were elevated to a ministerial status under Minister Katalin Novák, who, as a minister without portfolio, managed to achieve that today the entire governance is permeated by a family-centric mindset, the so-called "family mainstreaming".

The family-friendly approach can be perceived not only in the state's operation, but also at the level of municipalities, social and economic organisations, churches and the media as well. Talking about families and family values, as well as actively taking steps for them in Hungary, is a strategic issue for society as a whole, which has a significant presence in all aspects of life.

SOCIAL POLICY VS. FAMILY POLICY

"The support of families shall be separated from the eligibility-based social provision system.

The State shall primarily contribute to responsible parenting by providing subsidies."

(Act CCXI on the Protection of Families)

Despite the fact that Hungary's population has been in decline since 1981, not even after the regime change in the 90s did a national consensus evolve in terms of demographic and family policy issues. Instead of supporting families' efforts to have children, left-wing and liberal governments have dismantled and weakened the family support systems.

In 2010 the government declared a pro-family turnaround and, in the second half of the decade, the already completed "Hungarian model" also received increasing attention abroad. The national, Christian government began working towards a work- and knowledge-based, family-centric, strengthening country and nation (Pro-family turnaround 2017).

2010 saw the start of a process during which the eligibility-based social policy was detached from family policy, thus separating family support from the benefits-based social policy. According to the novel Hungarian approach, social policy is an institutionalising social action aiming to mitigate social inequalities and disadvantages, which organises and operates its services based on state, community and individual responsibility (Lakner 2012). In other words, social policy is a historically established institutional system, which satisfies certain needs that cannot be adequately satisfied via market relations, and operates as an individual subsystem mostly using the instruments of state reallocation (Farkas 2012).

After 2010, however, family policy was no longer a part of social policy. It has become a subsystem with separate objectives, which not only promotes the financial support of families, but also helps to satisfy citizens' diverse needs related

to family. By contrast, the most important goal of social policy is social integration and creating opportunities, i.e. preventing social marginalisation or helping people move back from the brim, and mitigating any shortcomings that stem from disadvantaged situations.

Family policy is a community policy that views family as the core value of national community. It is an integrated system that protects and serves society in various ways. The primary objective of family support systems and policies is to allow people to make free decisions without compulsion about starting a family or their own children, and to provide people with the community's supportive attention without damaging the personal intimity of their families (Farkas 2012).

The main goal of family policy is to promote families' inner stability, protect their autonomy, increase their security, promote the idea of having children, strengthen their relation with the world of work and foster intergenerational cooperation. Family policy is effective if it is stable, complex, targeted and flexible at the same time (Lakner 2012).



FAMILY AS THE MOST PERSONAL PUBLIC MATTER

"As the basic unit of society, family is the guarantee for the nation's survival and the natural environment of the development of human personality, which must be respected by the State."

(Act CCXI on the Protection of Families)

While there are many countries in the world, where discussing family as part of the public discourse is considered a taboo. In Hungary the family—although it chiefly belongs in the private sphere—has also been one of the most important public issues since 2010. The national government has put its family support policy into the focus of its measures. Representing this approach is the public policy fact that distinguishes government forces from other actors of the Hungarian and European political spectrum. Across the whole of Europe, family-friendly policy has become the target of ideological attacks, which fail to reflect both the needs and attitudes of the people. Instead, they can be viewed as often rather hostile manifestations

born in the shadow of the media dominance and opinion dictatorship of the extreme liberalist political mainstream. Despite this, Hungary remains committed to family-centric governance, which makes it the only country in Europe that is capable of constantly increasing and keeping family support standards at a particularly high level. This internationally recognised high standard manifests itself not just in especially high expenditures in terms of GDP, but also in the fact that the support scheme - with its flexible differentiation and exceptional focus - is able to follow the needs of families in different life situations. As a result, besides its measurable impact of boosting demography, it efficiently promotes predictability and security that are so



important for families. The system that's evolved is unique to Hungary, and offers an additional special feature, namely that certain elements of the benefits are consciously extended to Hungarians living beyond the borders who will, in this way, be integrated and tied back into the national community.

The result of the government's consistent and sustained support policy was that it succeeded in putting an end to several decades of a continually declining willingness to have children, even managing to turn it into a positive direction. Although the results are encouraging, additional efforts are needed, because even though the fertility rate rose from 1.23 to 1.55 at an unprecedented pace, the prospects of any further improvement may be at risk if the current impetus loses momentum.

Steps taken in recent years towards developing a family infrastructure gave a new direction to supportive interventions and effectively increased people's sense of trust and security, because buying a home and improving and consolidating people's housing conditions have become key issues for young people who wish to start a family. The measures also help in maintaining the current momentum of the construction sector, which is the driving force behind the national economy and which, via gaining strength, is able to mobilise the other actors of the economic revival in a complex way.

The policy harmonising broad economic and social policy connections clearly demonstrates how the personal issue and interest of certain individuals and families can be intertwined with the interests of the entire national community. That is how the issue of families is becoming the most personal public matter, in which everyone can recognise the common interest and the cultural, spiritual and mental cohesion of the state and the individual, the wider society and families. And the government does no more than—while respecting the integrity and protection of privacy—seek to secure conditions that enable families to make free choices through a support scheme that encourages them to have children.



In other words, it helps to create conditions that put families in a favourable position.

Maintaining and encouraging positive public discourse about having children is just as important, since even though financial support is needed, an appreciative, supportive public discourse about families is even more crucial. The opinion of others, a family-friendly public sentiment and the supportive messages conveyed by the media can strengthen the feeling that the willingness to have and raise children is an important public matter to everyone, to the entire national community. Instead of being damaged, the personal nature and intimacy of having children is rather strengthened by prioritising the harmony of family life and the security of maintaining children, while the birth of additional children can be regarded as some type of "inclusion feast" not only for the relatives but, as a promise and opportunity for the future, also for the wider community and the nation. This is how the most personal public matter becomes everyone's issue, and this is how the thought—that supporting families and having children are distinguished values of the Hungarian community—can sink in.

LET WANTED CHILDREN BE BORN!

"Hungary shall support the commitment to have children." (Hungary's Fundamental Law)

This motto was first used by Professor Mária Kopp, the founder of the Roundtable on Population. She was followed by the Hungarian government, which made it a decisive aspect of its philosophy on family policy. Hungary's family and demographic policy does not wish to force people to have more children than they would want to, but it's one of its main goals to make it possible for everyone to have at least as many children as they wish and plan to have.

Hungarians are undoubtedly family- and child-friendly people. According to an international research, in Europe it is Hungarians to whom family is the most important thing in life (https://szazadveg.hu/hu/2020/12/14/csalad~n1505). 40% of Hungarians find that there should be three, 46% that there should be two children in a family so, in terms of having children, most people think about numbers that reach the replacement fertility rates. The number of children actually born, however, is much lower.

In the 2000s the biggest gap between the number of planned and the number of born babies was observed in Hungary (Murinkó and Rohr 2018). That is what the government wishes to change when supporting those planning to either have children or extend their families with a wide range of family-related measures. The primary goal of the measures is to reduce or demolish barriers that hinder people from having children, whether it is a financial or a housing barrier.

Since every life situation is and every family is different, family policy does not offer a 'one size fits all' approach, but opportunities out of which families can choose based on their own decisions. It is their free choice to decide which family-related support schemes or benefits they wish to use, and which programme they want to join. It is this large degree of freedom that makes Hungary's family policy special, which is the most complex family policy system with the highest number of options in Europe, a comparison also supported by the European family policy review (KINCS 2019).



HAVING CHILDREN IS A MATTER OF SUSTAINABILITY

"There is no sustainable development or economic growth without the birth of children and the expansion of families." (Act CCXI on the Protection of Families)



Turning demographic trends into a positive direction, halting the decline of the Hungarian population and operating a competitive economy are goals that cannot be achieved without strengthening families and increasing people's willingness to have children. Some see immigration as a cure to the problem of ageing and declining societies but, as world-renowned demographer Prof. Pál Demény wrote in his study entitled Policy challenges of Europe's demographic changes [even though] immigration policy can temporarily alleviate the distortion of the age structure, it would probably be at the cost of radically changing the cultural and ethnic composition of the host population". In his opinion, immigration rather has a negative than a positive impact on the economy. Quoting words: "immigration has an adverse effect on the financial standards and the social well-being of the poorer sections of the host society".

Sharing the view of Professor Demény, the Hungarian government has embarked on a pro-natalist policy in order to address the fertility deficit, and introduced numerous measures to encourage people's reproductive willingness. Although this is a more difficult and lengthier way to remedy the demographic problems than the immigration-based demographic policy, taking a time horizon of ten years—on the basis of most statistical data and the examination of social trends—this is the more effective solution, which

not only ensure the maintenance of economic and social stability, but also preserves the cultural, ethnic and religious stability.

Within the context of family and demographic policy, the issue of sustainability gains meaning in various aspects. Beyond the economic necessities, the need for the biological reproduction of the Hungarian society has also become relevant from a national politics viewpoint. As the number of Hungarians declines, their presence in the territory of historic Hungary, the Trianon territories and within the national borders, is dwindling. Recognising this, after the demographic policy debates of the 20th century, has once again become a key issue for both Hungary's modern national self-identity and the government's policy. This is the main reason why Hungary considers the improvement of the demographic situation a fundamental question in terms of its national sustainability.

The need for sustainability is also a specific issue in the lives of Hungarian families. Having and raising children have become public matters because without well-organised, accessible and high quality services, and without effective measures and supportive programmes, today's families living in one-generational coexistence would be unable to meet their own quality requirements from either a material, or from a mental viewpoint. If Hungary had no high-quality support schemes and the government's policy, as well as the public discourse, were not permeated by a family-friendly approach, the improving trends of having children would reverse in the lack of sustainability.

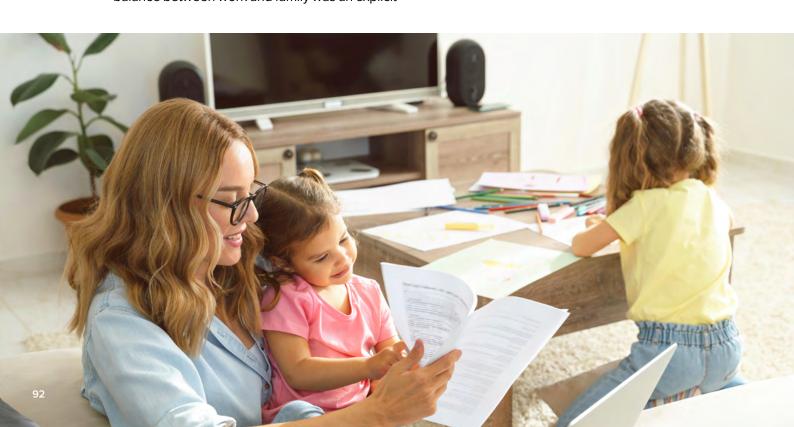
BUILDING A FAMILY- AND WORK-BASED SOCIETY

"The State shall promote the reconciliation of work and family life. The State shall promote and support the development and preservation of a family-friendly attitude in all fields of social and economic life." (Act CCXI on the Protection of Families)

There were times when work and having children were almost mutually exclusive due to the lack, or insufficient amount or level, of support and benefits, because having and raising children especially many children - entailed a growing risk of poverty. This was the situation the incoming government wanted to change in 2010, which it declared in the cardinal law on the protection of families: "The commitment to have children must not result in the impoverishment of the family".

Making people's commitment to work and have children two mutually reinforcing, and not hindering, factors was a headline target. Creating a balance between work and family was an explicit target both at the macro and micro levels, i.e. at the level of society and economy and at the level of individuals and families, respectively.

At the micro level, i.e. at the level of families, family policy measures focused on the harmonisation of work and family responsibilities. Family-type taxation, childcare facilities that can be used in a flexible way alongside work, nurseries, child welfare programmes in kindergartens and schools, grandparent allocations, benefits helping non-standard employment and additional holidays to be used after children all serve this purpose.





At the macro level, the first and overriding goal is to build a work- and family-based community. Creating jobs and protecting workplaces are of vital importance in this regard. This entails improving families' living standards and thus improving their sense of security, which results in a growing willingness to have children. The fact that—compared to 2010—the number of people in employment (the number of working people in Hungary is nearly one million more than ten years ago) has seen a similar growth to the country's fertility rate showing people's reproductive willingness (which rose from 1.25 to 1.56) highlights, that results were achieved both in the world of work and in the field of having children.

Some key aspects of family benefits are linked to employment, the main result of which is the government leaving behind its paternalistic approach. It no longer conveys the message that anyone with a proper behaviour is welcome by the state into the circle of those supported or privileged. Instead, it's sending a modern and humane message that working families can obtain - through their own efforts - the financial resources necessary for their families and for

raising children, and that the state provides them help in a natural way, often by forgoing certain tax revenues to their benefit.

The system of family-type tax benefits is a good example, since it helps strengthen the dignity of family members, as they can feel the support of the political community exercising political power and of the government, whilst being able to remain the rightful owners of the assets they acquired with their own work. This way no one owes anyone, but the public trust and the faith in having a dialogue and an understanding deepens. This reciprocity can serve as the basis for families with children for a sustainable family budget or business, as it becomes clear for everyone that work, personal efforts and the institutional support from society legitimise cooperation without the coercion of political adaptation, and serves both the public interest and the national understanding.

INTERGENERATIONAL COOPERATION: RESPECTING THE RETIRED AND THE YOUTH

"Intergeneration relationships, including those between grandparents and grandchildren, have particular significance in the lives of families." (Act CCXI on the Protection of Families)

> "Parents shall be obliged to take care of their minor children. Adult children shall be obliged to take care of their parents if they are in need." (Hungary's Fundamental Law)

A fundamental principle of family policy is that it thinks not only in a micro family consisting of parents and their minor children, but in a broader sense: it also considers grandparents, additional relatives and adult children as parts of the loving community we call family. In line with this, Hungary's family policy considers not just the members of the older generation, but also the adult children as resources, whose presence and activity in the family—an integral part of mutual appreciation and help—is decisive. As laid down in the *Fundamental Law of Hungary* as well, intergenerational cooperation is a reciprocal relation the basis of which is mutual care.

The weakening of supportive intergenerational relations is usually the result of objective, modernisation effects, and much less attributable to the distortion or loss of values. The co-habitational conditions for parents, grandparents and children have deteriorated nationwide (and not just in Hungary) to an extent, where the physical distance of certain elements of the family structure often puts a seemingly insurmountable burden on the lives of families.

The so-called "Women 40"—or grandmothers' pension or child care allowance for grandparents—introduced in the 2010s is specifically designed to reinforce the supportive intergenerational relations with the assistance of the Hungarian state. The institutionalised inclusion of grandparents into the home care of children

is an unprecedented measure in Europe. As a wanted, yet collateral side-effect, all this makes parents' presence on the labour market possible, provides children with safe custody and care and relief to the welfare network, while connecting generations about to drift apart, putting them in a position dependent on mutual assistance.

The gradual reintroduction of the 13th month pension is also more than just a symbolic provision. Naturally, the improvement of the pensioner generation's consumer potential is not a negligible financial benefit, but the main value of the measure is that - besides the elderly - Hungary's entire society can sense a type of responsible, supportive care stemming from the fact that - in the midst of a serious global health, and consequently economic, crisis - Hungary was the only one in Europe to provide extra income for elderly people by undertaking a special financial sacrifice. Knowing the older generation's helpful attitudes, a significant portion of this extra income would go towards supporting those grown-up children and grandchildren who have started their own families. Thus, some of this new financial strength will surely land in the common family coffers.

Young career starters are often seen by the public as still in need of care and support, as many of them are unable to create an independent existence even whilst living in their parents'



homes, and many have insufficient incomes to substantiate family formation decisions.

However, the income tax relief for under 25s goes beyond this approach, as the main message of the measure is that it is worthwhile to take up a meaningful and stable job, because the income remains in their pockets; it serves to promote their independence and helps stabilise their place in the labour market. Through this measure the government's message to youth people is that they are mindful of them and seek to find a partner in them in nation-building.

The reduction and forgiveness of student loans in the event of childbirth is also unique in the continent. It aims to ensure that students in higher education do not start their lives in debt when having children. Easing and taking the burden of loan repayments off the shoulders of young people is a special Hungarian benefit, which will hopefully help bring forward family decisions about having children because, contrary to their preliminary plans, couples often postpone having their first child as they are not financially independent.

Together, the prenatal baby loan for the newly-wed, the graduate or student child care allowance, the housing benefits, the student loan discounts and the PIT relief for under 25s form a special and complex family support package. This, of course, was designed to help couples to have children, but it also conveys a sense of responsibility for the current young generation and the basic ethical position and future-oriented approach of the government.



STRONG FAMILIES, STRONG NATION

"Without harmoniously functioning families, there is no well-functioning society."

(Act CCXI on the Protection of Families)

In 2017, at the II. Budapest Demographic Forum, the motto of which was "Let the families be strong again!", Viktor Orbán, the Prime Minister of Hungary, said: "Strong families create a strong and competitive society, economy, a strong and competitive Hungary and Europe."

This commitment was already enshrined in the government's programme, which appeared in the *National affairs policy* ahead of the 2010 elections: "Family is a common denominator both nationally and in Europe that we must protect with the utmost care. The spiritual and mental health of Hungary and Europe hinges on how we restore and keep the health of families, both at home and in a common Europe." Accordingly, the focus of the government's policy has shifted towards the family, as only communities based on happy, harmonious, and healthy families can form a self-conscious, strong, self-respecting national community.

Families are the building blocks of society. If these building blocks are strong and durable enough, and even properly connected to each other, they form a structure that provides rocksolid protection for those who live in it — the members of these families — even amidst the most ferocious storms. The strength of this edifice, the resilience and effectiveness of the nation are represented by the right building blocks: strong families that function well and in harmony. At the same time, supporting them, improving their situation and ensuring their prosperity is an investment in the future, the key to maintaining competitiveness and sustainable development. After all, a truly strong nation can only be made up of communities that are based on happy and healthy families.

In a community, family plays a particularly important role, as everyone learns there that it is natural to adapt to each other during life, to take into account the needs of the other people (Farkas 2018). In this view, the members of communal societies have not only freedom but also responsibility, as the community is built not on the struggle of individuals but on the balance of rights and obligations. Perhaps this distinguishes a "population" of discrete residents from a community of a nation, in which people do not stand alone in the world and are responsible not only for themselves, as they live their lives as members of family communities, the community of communities, and the nation. In the meantime. they bear responsibility for other Hungarians, too.

FAMILY PROTECTION ABOVE ALL

"The state—also because of the dignity and value in themselves—protects the institution of family and marriage."

(Act CCXI on the Protection of Families)

In this changing and all-transforming day and age, there are many lurking dangers that threaten the institution of the family. Many consider it an outdated formation and do their best to relativize the concept of family itself, as much as possible. As a consequence of secularisation, individualisation, and urbanisation - all characteristics of modern societies - the family, as a social unit, is increasingly marginalised, and family values are often given a new interpretation. In comparison, since 2010, Hungary has openly and effectively supported the preservation of traditional family values with the undisquised intention of strengthening and expanding Hungarian families so that they would multiply and prosper. (Fűrész–Skrabski 2021)

The protection of families was never called into question in Hungary in the 2010s. The government has always stood by families, even when the economic crisis and its mismanagement by leftist-liberal governments have brought the country to the brink of bankruptcy and pushed people into a credit trap. During the Ajka aluminium plant accident (aka the red sludge disaster) or the flooding of the Danube, putting up a defence overwrote everything else. When the government introduced protective measures after the 2015 migrant crisis, its main focus was the interest of families, just like during the coronavirus, when it left no stones unturned to tackle the epidemic and allow Hungarians swift access to the vaccines. No external interest or influence could ever override efforts to protect families.

The protection of families and life is also reflected in the fact that many family support schemes are available and can be applied to even with a foetus that's 91 days old, from family tax benefits to home creation allowances to mortgage relief. This principle is also enshrined in the pivotal family protection law: "The life of the foetus is entitled to protection and respect from conception, as well as support in accordance with a separate law."

In ten years, the protection of family interests and family values has become so accepted in public discourse that the vast majority of people support and recognise the goals and achievements of family policy, its acceptance is widespread, and family policy is surrounded by social consensus. Among Europeans, Hungarians are among the first to think that it is important for the state to support families (97% agree), and there is also a broad consensus that, in addition to financial support for families, strengthening a family-friendly mentality is important (96% agree with this too). This family-centric thinking is the basis for building a family-friendly Hungary, it provides the ammunition to protect and support families both financially and morally. Whatever happens in our narrower or wider environment, for us Hungarians, family always comes first and will remain the first.



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Katalin Novák

e laid the foundations and thus planted the tree of our family policy in 2010. Even then, the small shrub provided a number of new opportunities for Hungarian families, but since then, its branches have become stronger and it has grown many more shoots, as well. In the last ten years, we have watered, protected and fed this shrub, which has grown to become a tree with a remarkable foliage, the proud symbol of Hungarian family policy.

Family policies are really effective if besides being flexible, specific and complex, they also provide stability. Hungarian family policy is exactly like that: it strives to provide opportunities for every situation and for every family, while it does not force anything; it does not adopt a one-size-fits-all approach, but it lets the family decide what they would like to avail and how.

The most important areas of our family policy are associated with taking over the burdens of raising children, harmonising family and work, helping families to purchase their own home, the cooperation of generations and family-friendliness. Our commitment to the protection of life is demonstrated by the fact that several forms of family support are available during pregnancy.

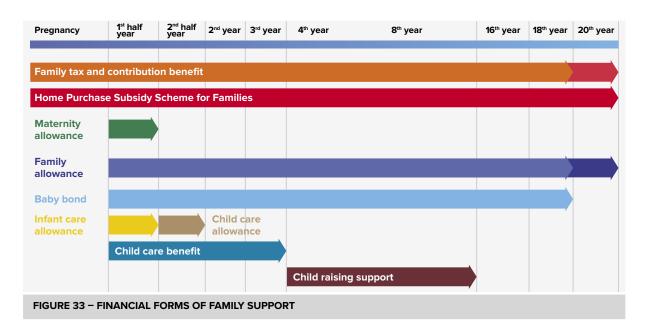
Our goal has been clear from the beginning: starting a family should not pose a risk of poverty, what is more, responsible parents should be better off financially than people with no children. Today, we would not only like parents to be at least as comfortable financially as people with no children, but to have a better quality of life, to have more financial opportunities and to explicitly benefit from having children, not only spiritually, but financially as well. Because children are valuable, they are the most important investments of our lives. Forms of family support, family benefit and welfare services serve this purpose, available in a large number and through various means to Hungarian families. Due to this complexity, our family policy system might seem a little bit complicated from time to time. Considering only the system of financial forms of family support, it is clear that there are many elements.

Besides cash benefits, we have other services and allowances, many of which are unparalleled in Europe—real "Hungaricums"—such as the following: student loan is cancelled on the birth of a child; mothers of four and young people under 25 are exempt from personal income tax; large families receive car purchase subsidy; the district nurse network; Europe's largest social holiday programme, the Erzsébet camps; and the home creation and home renovation subsidy.

Currently, almost 5% of the GDP is directed towards the support of families. Even by international standards, this number is considered quite high. Between 2010 and 2020, the amount from the budgetary resources granted to parents increased from 3.5% of the GDP to 4.8%, meaning that all in all, compared to the budget from ten years earlier, the government spent more than two and a half times more on the support of families. In 2021, 7.46 billion euros remain at Hungarian families.

In addition to establishing families financially, we should also remember that during the last decade, families have strengthened not only existentially, but also spiritually and emotionally. Today, having a family and raising children are sources of pride. Families are respected members of our smaller and larger communities and our nation. Meanwhile, a generation has grown up that, in recent years, has seen that living in a family is a good thing. For this generation, having children might be more natural than for the previous generation, who had to face many doubts and challenges.

Luckily, for more than a decade, Hungarian families have been provided with the opportunities for stability, respect and development. Our active and consistent family policy is the key to the growth, expansion and multiplication of Hungarian families.



2010-2014: THE YEARS OF TRANSFORMATION

Family Taxation: Taking Over the Expenses of Raising Children Partially

Family tax and contribution benefit: the flagship of the family support system

The Fundamental Law of Hungary devotes particular attention to families, because they ensure the survival of the nation. Therefore, encouraging having children and helping raising children—established by the state's family policy—are essential.

After the civic government took office in 2010, it reformulated family policy. The previous leftist-liberal government's aid-based policy, based on the support of inactive groups of society and the excessive taxation of active people, consequently strongly hindering economic performance, had proven to be unsustainable. The goal is the establishment of a family and work-based society, one of the foundations of which is a flat-rate, family-friendly tax system. The two fundamental pillars of the support system are the family tax benefit, introduced in 2011, and the home creation measures, implemented since 2012.

The flat rate tax system does not penalise anymore if someone would like to earn more money by doing more work. The tax rate does not change, meaning that the state does not deduct more in proportion from the extra money earned by increasing the amount of work than from the salary achieved by less work. Nevertheless, the family tax benefit takes into account the expenses of raising children, thus, depending on the number of children, reduces the amount of payable tax fairly, since raising children serves the survival of the nation and ensures the functionality of the country and the various subsystems, i.e., the pension system or healthcare. Thus, one

of the most important elements of the family policy measures introduced by the government is the family tax benefit. Before 2011, this benefit could only be claimed by families with three or more children, and the amount was only EUR 11.48 per child per month. The left-wing governments' previous approach which practically penalised regular work was also recognisable here, because in the case of incomes barely above the average level, it could only be claimed at a continuously decreasing rate, then not at all.

The second Orbán government, taking office in 2010, was aware that, on one hand, raising children costs significantly more, and, on the other hand, ensuring it is just as much in the interest of the country as the family, therefore the role of society in reducing the burden on families with children is of paramount importance.

On 1 January 2011, the government introduced the real family tax benefit, extended it to families with one or two children, and increased the amount of the benefit by an unprecedented extent. In the case of families with three children, this meant eight times more money than before.

The determined amount was EUR 28.70 in the case of one child, EUR 57.39 in the case of two children, and EUR 94.69—as opposed to the previous EUR 11.48—in the case of three or more children. The benefit affords private individuals the opportunity to reduce tax base, and is offered not only after the already born children, but also after foeti (from day 91 of the pregnancy), expressing commitment and support towards both the mother and the foetus.

It is important to note that this amount, which increases depending on the number of children, is also a sign of appreciation—especially towards families with three or more children. However, compared to previous regulations, when they could not claim this benefit at all, families with one or two children have received real help as



well (the benefit can be claimed after the contribution and the income tax deducted not only from the labour income and public employment wage, but also from the infant care allowance and child care allowance, because the latter two are allowances that are subject to tax and contribution).

When claiming the benefit, the income of both parents, i.e., the whole family's income, is taken into consideration, and married couples can share the family tax benefit between each other (although 90% of the time, only one parent claims the benefit). It is important to emphasise that the tax system does not place those at a disadvan-

tage whose parents, for whatever reason, are not living together. To this end, it is possible to claim the benefit together with several different private individuals in subsequent periods within a tax year (i.e., if a divorce and a marriage takes place within a year).

People with lower income were not forgotten, either. Since 2014, the tax benefit can be claimed from pension and healthcare contributions, meaning that people with less personal income tax than the family tax benefit have the opportunity to claim it from these contributions. Consequently, even 75% of eligible people can claim the maximum amount of benefit they are entitled to

	2 parents		1 parent			
AFTER 1 CHILD	35 EUR		39 EUR			
AFTER 2 CHILDREN	38 EUR PER CHILD		42 EUR PER CHILD			
AFTER 3 OR MORE CHILDREN	46 EUR PER CHILD		49 EUR PER CHILD			
People caring for children with long-term illness or severely disabled children						
2 parents		1 parent				
67 EUR PER CHILD		74 EUR CHILD				
People caring for adult disabled children						
67 EUR PER CHILD						
TABLE 9 - MAXIMUM AMOUNTS OF BENEFIT PER CHILD, 2011-2020 (EUR) SOURCE: HUNGARIAN STATE TREASURY						

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 child	29 EUR									
2 children			57 EUR			72 EUR	86 EUR	100 EUR	115	EUR
3 children	284 EUR									
4 children	379 EUR									
5 children	473 EUR									
6 children	568 EUR									

TABLE 10 – MAXIMUM AMOUNTS OF BENEFIT PER FAMILY, BASED ON THE NUMBER OF CHILDREN, 2011–2020 (EUR) SOURCE: HUNGARIAN STATE TREASURY, KINCS

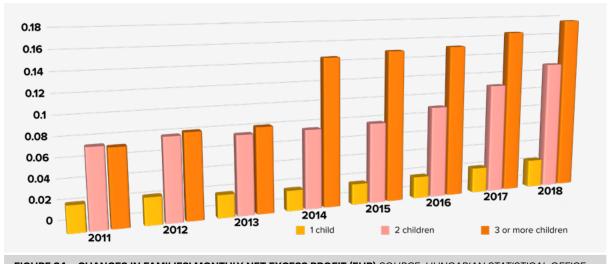


FIGURE 34 - CHANGES IN FAMILIES' MONTHLY NET EXCESS PROFIT (EUR) SOURCE: HUNGARIAN STATISTICAL OFFICE

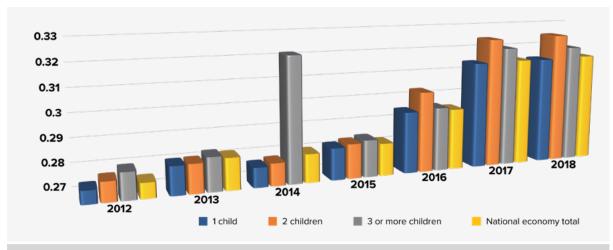


FIGURE 35 - CHANGES IN NET EARNINGS BASED ON THE NUMBER OF CHILDREN COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR (EUR), 2012-2018 SOURCE: HUNGARIAN STATISTICAL OFFICE, TABLE 2.1.56.

(instead of about 50%). In 2014, extending the benefit to contributions provided more than 260 thousand families (25-30% of all the people eligible for the benefit) with extra income amounting to EUR 516.5 per year on average. As the next step in this process, from July 2020, the benefit could also be claimed from the 1.5% previous labour market contribution, thus its base today already covers 33.5% of gross wages, while in 2011, it could only be claimed from the then 16% personal income tax.

One of the main goals of the government is to support the birth of desired children, because, typically, in Hungarian society, people would like to have more children than are actually born later. The distance between these plans and reality could also be decreased by the amount of tax benefit after children, since the state grants a larger benefit to cope with the difficulties of having more children. Although some criticised the tax system for strongly supporting families with two or more children, this is actually a compensation for the financial detriment of raising

The number of parents claiming the family benefit, based on the number of children (thousand people)					The number of families claiming the family benefit	
Year		Number of children	In total	(thousand people)		
	1	2	3 or more			
2011	508	351	157	1 017	925	
2012	532	388	185	1 105	1 014	
2013	535	387	192	1 113	1 000	
2014	530	383	191	1 103	1 051	
2015	543	358	196	1097	1 019	
2016	518	396	211	1125	1 044	
2017	499	395	205	1 099	1 021	
2018	489	394	202	1 085	1 007	
2019	477	389	196	1 062	990	

TABLE 11 – CHANGES IN THE NUMBER OF PEOPLE ELIGIBLE FOR THE FAMILY BENEFIT, 2011–2019 SOURCE: MINISTRY OF FINANCE

more children experienced by working parents. Therefore, the government paid considerable attention to families in which parents did not dare to have a second child, and, over four years—between 2016 and 2019—, doubled the amount of benefit for families with two children gradually, in four steps in order to support them to have another child. As a result, in the form of family tax benefit, families with children received EUR 952.68 million in 2019.

As for the distribution of parents claiming the family tax benefit based on the number of children, more than half of the claimants (46%, 518 thousand people) have one child, one-third of them (35%, 396 thousand people) have two children, and 19% (211 thousand people) have three or more.

The amount left at families

As a result of the introduction of the family benefit in 2011, in the current family support system, a significant sum is left at Hungarian families,

which parents can spend on raising, educating, caring for, looking after and entertaining children. Between 2011 and 2021, families with children found themselves almost EUR 8.6 billion better off. What is more, due to the benefit, one in four eligible families did not have to pay taxes at all.

In 2014, 95% of families with children (1 million 51 thousand families) availed the family benefit, and the total amount spent on the tax and contribution benefit was EUR 668 million. Of this amount, the personal income tax allowance was EUR 546 million. Thanks to the extension of the benefit to contributions, in 2014, 18.3% of the total sum was contribution benefit, amounting to EUR 122 million received by Hungarian families. Therefore, in 2014, one family was able to claim tax and contribution benefit of EUR 637 on average, meaning that this amount went to children in addition.

In 2015, more than a quarter of the one million eligible families, i.e., 259 thousand households, were completely exempt from personal income

Year	1	2	3 or more	Total
2011	0.16 EUR	0.19 EUR	0.17 EUR	0.52 EUR
2012	0.16 EUR	0.19 EUR	0.18 EUR	0.53 EUR
2013	0.16 EUR	0.19 EUR	0.18 EUR	0.53 EUR
2014	0.16 EUR	0.21 EUR	0.28 EUR	0.67 EUR
2015	0.17 EUR	0.21 EUR	0.31 EUR	0.69 EUR
2016	0.16 EUR	0.28 EUR	0.32 EUR	0.76 EUR
2017	0.15 EUR	0.32 EUR	0.36 EUR	0.83 EUR
2018	0.15 EUR	0.37 EUR	0.38 EUR	0.90 EUR
2019	0.14 EUR	0.42 EUR	0.39 EUR	0.95 EUR

TABLE 12 – CHANGES IN THE AMOUNT AVAILED AS PART OF THE FAMILY BENEFIT
BASED ON THE NUMBER OF CHILDREN, 2011–2019 (BILLION EUR) SOURCE: MINISTRY OF FINANCE

tax (10% of the 539 thousand families with one child, 25% of the 334 thousand families with two children and 85% of the 145 thousand families with three or more children). The benefit was claimed by 1.1 million parents after 1.6 million children, the amount of the benefit was EUR 689 million in total. In 2015, one family had EUR 689 more on average.

Families claimed EUR 759.2 million in 2016, EUR 826.7 million in 2017, EUR 896.7 million in 2018, EUR 952.1 million in 2019, EUR 1.027 billion in 2020 and EUR 1.012 billion in 2021. The amount granted in 2021 is more than twenty-seven times the amount of EUR 37.3 provided in 2010. The number of people eligible for the benefit in 2020—more than one million families with children—is more than ten times higher than that during the last socialist government (106 thousand households).

Between 2010 and 2018, taking into account the family benefit, the adjusted net earnings of families with one child increased by 56.5%, that of families with two children by 66.2%, and that of families with three or more children by 77.8%. Thus, the income of large families increased to the highest extent: in net terms, by three-quarters.

Family Allowance and Parental Responsibility

On a monthly basis, Hungary's government contributes to the expenses arising from raising and educating children in the form of parental benefit or education allowance (together: family allowance).

Family allowance is a form of support granted on a universal basis existing since 1972 that depends on the number, age and student status of children. Furthermore, it takes into consideration the type of the family, meaning that children of single parents are entitled to a higher amount of benefit.

According to the amendment adopted in 2010, the family allowance has two parts: parental benefit and education allowance. The parental benefit is received after non-school-age children, and education allowance is received after children of school-age.

The monthly amount of family allowance after one child is EUR 35, which may increase further depending on the number of children, the marital status of the person raising the child (single or not) and the child's state of health.

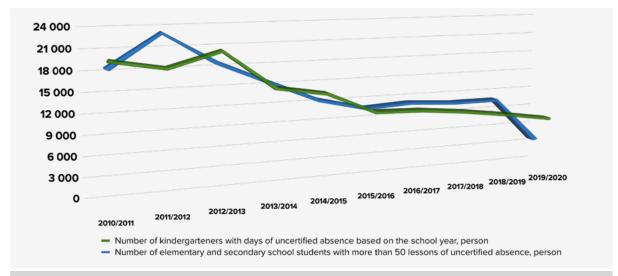


FIGURE 36 – CHANGES IN THE UNCERTIFIED ABSENCE OF SCHOOLCHILDREN AND KINDERGARTENERS BETWEEN THE SCHOOL YEARS 2010/2011 AND 2019/2020 SOURCE: HUNGARIAN STATE TREASURY

The strong support of large families is also recognisable when it comes to family allowance: in the case of three or more children, a two-parent family can claim EUR 45.9 per child (a single parent EUR 48.8), which is nearly one-third higher than the amount per child for families with one child and one-fifth higher than that for families with two children. In 2019, almost 140 thousand large families benefitted from the family allowance.

Sending Children to School and Kindergarten with Regards to the Family Allowance

The government attempted to enforce the amendment adopted in 2010 by not granting family allowance to parents whose child has at least 20 educational days of uncertified absence from school, and, from 1 January 2016, from kindergarten, until the child attends the institution in question regularly again.

Statistics show that family allowance being subject to compulsory education has proved to be quite effective: compared to the 2009–2010 school year, the number of students with more than 50 uncertified lessons had decreased from 29 thousand to nearly 7.5 thousand (by 74%) by 2020. Family allowance is most often dis-



continued in the case of the 16-year-old age group, which might be related to the fact that compulsory education is prescribed by law until the age of 16.

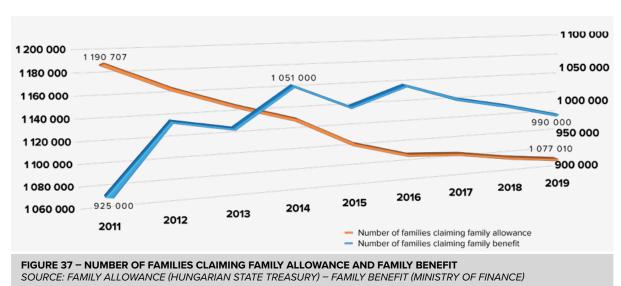
Due to the success of the 2010 amendment in the case of schoolchildren, the introduction of family allowance being subject to compulsory kindergarten education also produced the same result: the number of children who are regularly absent from kindergarten started to decrease.

The Relationship Between Family Taxation and Family Allowance

The civic government, as opposed to the aid-based policy of the pre-2010 government, has primarily

aimed at creating a family and work-based society, therefore measures encouraging employment, founding a family and education (flat-rate tax, family benefit, free textbooks) could gain much more importance than the family allowance granted on a universal basis. It is not surprising that the family benefit, which is a more significant form of financial assistance than family allowance, especially to families raising more than two children, has become more and more popular since 2011.

Between 2010 and 2021, the distribution of benefits granted on a universal basis and employment-related benefits changed from 73–27% to 35–65%, i.e., it practically turned around, moreover, the weight of work-based cash benefits increased significantly (by more than EUR 1.147 billion).



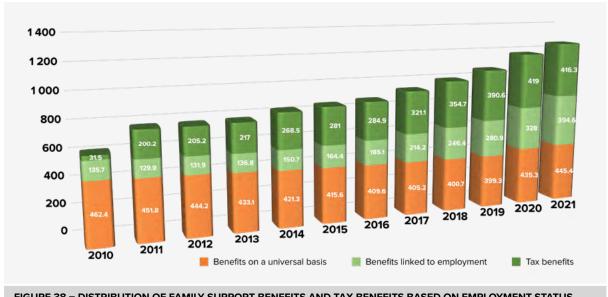


FIGURE 38 – DISTRIBUTION OF FAMILY SUPPORT BENEFITS AND TAX BENEFITS BASED ON EMPLOYMENT STATUS, 2010–2021 SOURCE: CSM

The importance of the family allowance in the family budget has thus declined: while in 2010, 1,224,042 people benefitted from it, in 2019, this number was 147,032 less, only 1,077,010 people. As a result, the amount spent on family allowance has been steadily decreasing over the years: in 2010, the state appropriated EUR 1.045 billion for family allowance, however, in 2021, this amount was EUR 875 million, i.e., 16% less than eleven years earlier. In contrast, the amount spent on family benefit has gradually increased: in 2011, it was EUR 517 million, and in 2021, it almost doubled (increased by 96%) to EUR 1.013 billion. This also means that the amount by which the government spends more on the family benefit is three times the amount by which the family allowance was reduced.

More Flexible Child Care Benefits

In Hungary, the system of child care benefits is quite complex; it consists of five elements in total:

- maternity allowance,
- infant care allowance,
- child care allowance,
- child care benefit,
- child raising support.

Two of these are paid directly to the mothers in the post-natal period, and three slightly later. The latter three are no longer related to the birth but to the age of the child, which, at the discretion of the parents, either of them can avail. There are benefits granted on a universal basis and insurance-related benefits. The main point is that until the child is at least three years old (in the case of large families, until the youngest child is eight years old), one of the parents is entitled to some form of benefit, usually even if she/he is working.

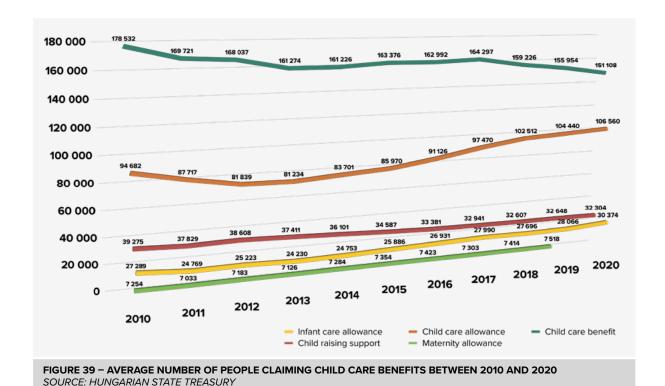
Year	Infant Care Allowance ¹⁷	Child Care Allowance	Child Care Benefit	Child Raising Support	Maternity Allowance
2010	27,289	94,682	178,532	39,275	87,048
2011	24,769	87,717	169,721	37,829	84,396
2012	25,223	81,839	168,037	38,608	86,196
2013	24,230	81,234	161,274	37,411	86,196
2014	24,753	83,701	161,226	36,101	87,408
2015	25,886	85,970	163,376	34,587	88,242
2016	26,931	91,126	162,992	33,381	89,073
2017	27,989	97,470	164,297	32,941	87,640
2018	27,696	102,512	159,226	32,607	88,972
2019	28,066	104,440	155,954	32,648	90,218
2020	29,891	110,144	150,669	32,445	102,440

TABLE 13 - CHILD CARE BENEFITS SOURCE: HUNGARIAN STATISTICAL OFFICE, STADAT 25.1.1.16. TABLE

¹⁷ before 01.01.2015, prenatal and postpartum allowance (=infant care benefit – CSED)







Maternity Allowance

The maternity allowance is a one-off benefit paid to mothers, which is intended mainly to support the parents in buying clothes and other pieces of equipment for the child. It is 225% of the current minimum old-age pension, i.e., EUR184, and in the case of twins, EUR 254. The allowance can be claimed within six months after the birth of the child if the mother has participated in prenatal care at least four times during her pregnancy, and, in the case of premature birth, at least once. Adoptive parents and guardians can also claim it under certain circumstances.

Infant Care Allowance - csed

The name prenatal and postpartum allowance (tgyás) was changed on 1 January 2015 to infant care allowance (csed). This change perfectly illustrates the difference in opinion between the aid-based socialist approach, which sees children as burden, and the civic family policy, which considers pregnancy a value and a natural

part of life. The first talks about pregnancy and grants an aid, the latter talks about infants and pays an allowance. The infant care allowance is subject to insurance, and is granted for the duration of the maternity leave, that is, for 168 days. The maternity leave can be commenced 28 days before the estimated time of delivery, meaning that the infant care allowance can also be availed during pregnancy. The allowance is granted to mothers who have been insured for 365 days in the two years before the birth of their child. While receiving the infant care allowance, mothers cannot be engaged in a professional or trade activity. From 1 July 2021, the amount of the allowance is 100% of the mother's previous salary—instead of the previous 70%—, meaning that, for half a year, she receives an allowance 28% higher than her prenatal net earnings. The amendment introduced during the pandemic aims to facilitate for young people to found a family, because this way, mothers do not suffer any financial detriment compared to other workers. Moreover, since only the personal income tax is deducted from the infant care allowance.

and the contributions are not, the net amount of the infant care allowance exceeds the income received during employment.

Child Care Allowance - gyed

Upon expiration of the infant care allowance, the parent will be entitled to child care allowance (gyed), which, in all cases, is granted until the child is two years old. Similarly to the infant care allowance, the child care allowance is not a fee granted on a universal basis either, meaning that it is not offered to everyone, and one of its most important conditions is also social insurance. The child care allowance amounts to 70% of the previous salary, however, it is maximised at 140% of the minimum wage. Before 2014, it was granted only as long as the parent worked before the allowance was claimed. In the case of children born on or after 1 January 2014, the child care allowance is granted until the child is two years old, and in case of twins, until the children are three years old.

Child Care Benefit- gyes

The child care benefit, formerly known as child care aid, has been an important part of Hungarian child care benefits since 1967, and is also granted on a universal basis to parents who did not have insurance before the birth of the child. One parent (in most cases, the mother) receives the benefit until the child is three years old.

Meanwhile, the parent can either stay at home with the child or start working. The amount of the benefit equals the current minimum pension. According to an amendment adopted in July 2009, the payment of child care benefit would have been shortened to two years, however, the new approach to family policy that emerged with the 2010 change of government restored the three-year period. In the case of twins, the benefit is as much as many children are born in the family, and is granted until the twins are of school age. If the parent availing the child care benefit raises a child with long-term illness or a disabled child, she or he can be on unpaid leave until the child is 10 years old.

Child Raising Support - gyet

The child raising support (gyet) is intended for stay-at-home parents with a large family, and can be claimed by a parent or guardian raising three or more minors in her or his own household. ("Parents" are the biological parent and the spouse or partner living in the same household, or the adoptive parents.) The child raising support is granted from the age of 3 to the age of 8 of the youngest child, provided that the eligible person raises at least three minors in her or his own household. The amount of the child raising support is equal to the amount of the child care benefit. Parents entitled to child raising support can be engaged in a professional or trade activity not exceeding 30 hours



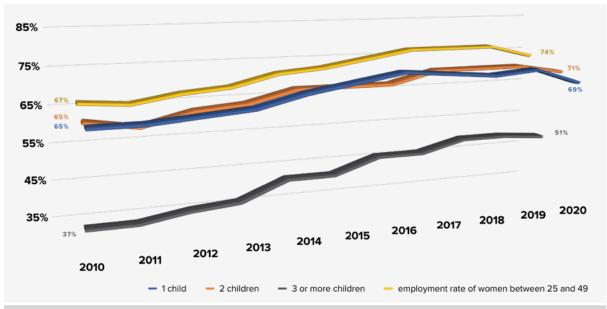


FIGURE 40 – EMPLOYMENT RATE OF WOMEN BETWEEN 25 AND 49 BASED ON THE NUMBER OF CHILDREN RESIDING IN THE SAME HOUSEHOLD, 2010–2019 SOURCE: EUROSTAT (LFST_HHEREDCH)

per week, or, if they work from home, with no time limit. The number of families availing child raising support decreased slightly in parallel with the increase in the employment rate of mothers with large families.

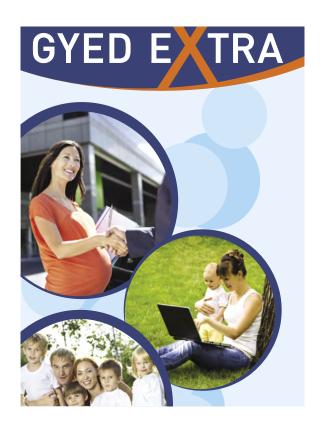
Employment rate of women between 25 and 49 based on the number of children residing in the same household (2010–2019)

Child Care Allowance Extra, the Freedom of Choice

The Child Care Allowance Extra package of measures, introduced on 1 January 2014, aims at—besides ensuring a free choice between work and child-raising duties—encouraging having children and facilitating the employment of parents with young children, in particular encouraging having more children and supporting higher education students to have children. The Child Care Allowance Extra has brought unprecedented flexibility to the Hungarian child care benefit system.

The elements of the package of measures at the time of its introduction were as follows:

- parents raising young children can be engaged in an occupation without a time limit after the child has turned one year old, while receiving the child care allowance and child care benefit (the previous one-year limit was later changed to half a year);
- benefits after children born on or after 1 January 2014 can be paid simultaneously with the benefits after their older siblings (previously, a mother could only receive benefits after one child at a time);
- introduction of graduate or student child care allowance (at first, for a period of 1 year, then for 2);
- in the case of large families, contribution benefit for the employer until the child is 5 years old.



Prior to 2014, the Hungarian family support system did not encourage mothers with small children to return to the labour market. While receiving the child care allowance and infant care allowance (called prenatal and postpartum allowance back then), mothers could not be employed at all, and in the case of the child care benefit and child raising support, they could only be employed part-time. For mothers, this regulation meant a loss of income by all means, because if they decided to claim the benefits, they had to say goodbye to their earnings, and if they preferred to work, they were not entitled to the benefits. Since 2016, the elbow room of families has further increased: mothers, while still receiving the benefits, can already return to the labour market when their child turns six months old. As the Child Care Allowance Extra allows them to be engaged in a professional or trade activity without limits, it is not surprising that since 2014 onwards, the employment rate of mothers with children under the age of two has been increasing almost uninterruptedly. In recent years, thanks to the Child Care Allowance

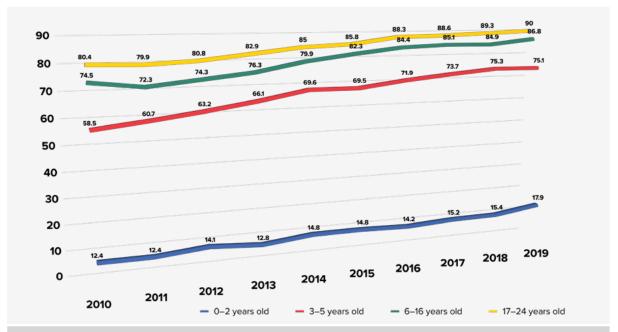


FIGURE 41 – EMPLOYMENT RATE OF WOMEN BETWEEN 25 AND 49 BETWEEN 2010–2019, BASED ON THE AGE OF THE YOUNGEST CHILD RESIDING IN THE HOUSEHOLD (%) SOURCE: HUNGARIAN STATISTICAL OFFICE



Extra, 18% of mothers raising the youngest have gone back to work, while before the introduction of the package of measures, this number was around 12%.

Employment rate of women between 25 and 49 between 2010–2019, based on the age of the youngest child residing in the household (%)

The aim of the Child Care Allowance Extra was not only to facilitate easier return to employment after childbearing, but also to create the freedom of choice. These measures have offered another alternative for families: mothers can now decide whether to stay at home with their child or to return to the labour market full-time without waiving the benefit. Thus, it is important to note that this measure resolved the former material constraint, and the choice is now the mothers' and the families'. However, based on experience, long periods of cash benefits do not thwart mothers from returning to work, it is

at most a weak disincentive. Accordingly, the positive effect of the package of measures on the willingness to have children may also be presumed.

According to the previous regulation, the infant care allowance (called prenatal and postpartum allowance back then) or child care benefit could only be claimed after another child born during the period of child care allowance and child care benefit payments, if the parent had waived the benefit received after his or her older child, i.e. she or he had to choose between the benefits. Due to this injustice, mothers received fewer benefits at the arrival of the second child, which may have had an effect on the willingness to have children. Owing to the Child Care Allowance Extra, after a second child born to the family on or after 1 January 2014, a parent can receive the new benefit she or he is entitled to while still receiving the benefit after the older child. This also applies to benefits after twins. Pursuant to

the previous regulation, the child care allowance was granted for a period corresponding to the period of insurance within 2 years before the birth, but not longer than the 2nd birthday of the child. By introducing the Child Care Allowance Extra, in the case of twins, this period is extended by 1 year. (Claiming the child care allowance twice after twins is not possible.) The child care benefit can be granted after up to two children at a time. not including twins, in which case, the benefit is paid separately after each child. The previous erroneous practice was thus replaced by a noble measure that ensures the growth of families and the financial security for having another child. Due to this "sibling premium", parents do not have to wait years for having another desired child for purely financial reasons. All this is well illustrated in the figure below, where, regarding the development of age difference between siblings, a break can be detected between the years before and after the introduction of the Child Care Allowance Extra, because, due to the package of measures, the time between the births of siblings has decreased significantly. This trend is particularly visible when it comes to married parents having children. Although until 2013, the number of siblings born both within and outside marriage with a small age difference

(maximum 3 years) was decreasing, with the introduction of the Child Care Allowance Extra, this tendency has changed. The percentage of the small, less-than-3-year age difference between siblings born outside marriage has suddenly jumped from the previous 43% to 45%, and has been approximately the same ever since. In the case of married couples, a slower, but constantly increasing trend can be seen, as the number of siblings born with a small age difference has grown from 43% to 49% in the six years following the introduction of the Child Care Allowance Extra.

Proportion of siblings born with a maximum age difference of 3 years between 2010 and 2019 (%)

The above is also supported by the decrease in the average time between births after 2013: although between 2010 and 2013, the time between the birth of siblings stagnated, what is more, slightly increased (approximately to 4 years and 2 months), from 2014 to 2019, a visible 10% decrease could be observed, meaning that in 2019, on average, the second sibling arrived 3 years 9 months after the firstborn, i.e., about 5 months earlier.

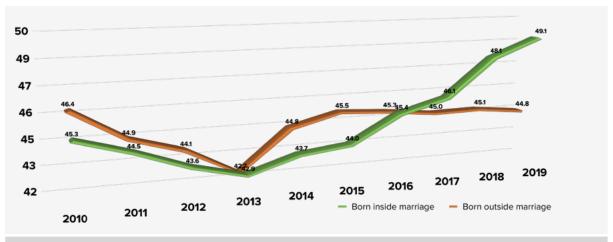
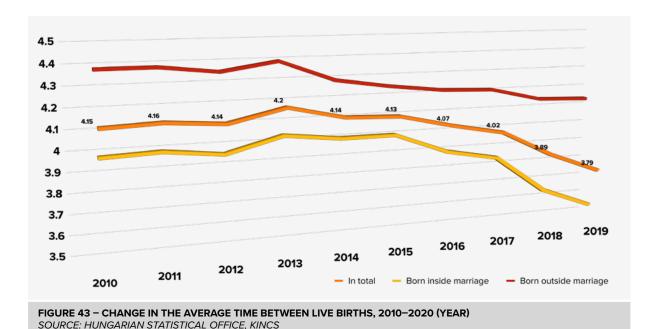


FIGURE 42 - PROPORTION OF SIBLINGS BORN WITH A MAXIMUM AGE DIFFERENCE OF 3 YEARS BETWEEN 2010 AND 2019 (%) SOURCE: HUNGARIAN STATISTICAL OFFICE, KINCS

The introduction of the graduate or student child care allowance is associated with the increasing number of years spent studying due the expansion of higher education, as a result of which young people of the most fertile age group postpone founding a family and having children at increasingly later times. As the average age of having children tends to increase, the fertile life cycle shortens; in other words, more and more often, fewer children are born than are planned. The fact that benefits providing a significant amount of financial support (infant care allowance and child care allowance) were linked to employment made it even more difficult for people studying in higher education to have children. Even though in these cases, certifying half a year of professional or trade activity was sufficient, for full-time students, this was not an easy task. Thus, if they wanted to have children, they could only be entitled to the lower amount of child care benefit, which did not really encourage them to do so. This negative trend ended in 2014 with the introduction of the so-called graduate or student child care allowance. The package of measures provides for new, different regulations for full-time students in higher education or who have finished their studies (in the case of childbearing within one year after

the beginning of a suspension or termination). Since 2018, from the date of the child's birth, a parent is entitled to the child care allowance for two years instead of the original one if she or he, in the two years prior to the child's birth, had at least two active semesters of student status in a full-time bachelor's training, post-secondary vocational education, short-cycle higher education, professional vocational training, master's training, integrated (one-tier) programme or PhD training in Hungarian. The eligibility criteria are Hungarian citizenship (or citizenship of another EEA state), registered residence in Hungary, and the fact that the parent raises the child(ren) in her/his own household. If, for some reason, the mother does not meet the criteria, the biological father may also be eligible for the student child care allowance (if he satisfies the criteria). From 1 January 2020, a mother (or father) receiving the graduate or student child care allowance may also be entitled to the graduate or student child care allowance if her/his second child is born during the payment of the allowance or within 1 year after its termination. For bachelor students, the amount of the allowance is 70% of the minimum wage, EUR 336 in 2021, and for master students, 70% of the guaranteed minimum wage, EUR 439.9 in 2021. 10% of the gross



Year	activity while recei	professional or trade ving the child care Id care benefit	Benefits that can be granted simultaneously		Graduate or student child care allowance	TOTAL
	Working while receiving the child care allowance	Working more than 30 hrs/week while receiving the child care benefit	Two child care benefits	infant care allowance + child care allowance/child care benefit Two child care allowances child care benefit + child care allowance		
2014	two child care allowances	10,657	8,691	9,161	393	47,362
2015	child care benefit + child care allowance	14,711	7,834	15,974	903	60,626
2016	25,859	16,626	9,672	16,087	925	69,169
2017	28,330	19,202	10,609	28,882	847	87,870
2018	32,696	25,807	17,801	26,663	852	103,819
2019	34,111	24,899	19,576	27,748	1,246	107,580
2020	35,396	24,333	26,296	26,684	1,567	114,276

TABLE 14 - TOTAL NUMBER OF PEOPLE RECEIVING CHILD CARE ALLOWANCE EXTRA BETWEEN 2014 AND 2020 SOURCE: HUNGARIAN STATE TREASURY

amount of the allowance is deducted as pension contribution and 15% as advance personal income tax, and the family benefit can also be claimed from it. As the amount of the graduate or student child care allowance significantly exceeds the amount of the child care benefit, this element of the Child Care Allowance Extra is a considerable incentive on the willingness to have children.

Since the introduction of the Child Care Allowance Extra in 2014, all of its elements have come up to the expectations attributed to them. Each part of the package of measures sought to remedy a negative trend based on injustice, therefore it is no wonder that it has enjoyed continuous success in recent years. The corresponding data reflect the first seven years following the introduction. In 2020, a total of 114,276 parents with small children—6696 (6.2%) more than in the previous year—received some form of the Child Care Allowance Extra. Altogether 59,729 people

were able to take up work in addition to the child care benefit. This is 719 (1.2%) more than in 2019. Furthermore, 52,980 people received child care benefit (infant care allowance, child care allowance or child care benefit, or a combination of these) after several children at the same time. Compared to the previous year, this number increased by 5656 (12%). The graduate or student child care allowance was availed by 1567 people in 2020, which, compared to 2019, resulted in an increase of 321 or 25.8%. Seeing the results achieved so far, not only is it noticeable that 2020 was more successful than 2019 in terms of the Child Care Allowance Extra, but it is also clear that since the introduction of the package of measures, more and more people have claimed these benefits every year. Only so few years on, it can be stated that the Child Care Allowance Extra has brought about a positive change in Hungarian family policy, and long-needed measures have been introduced for young children.



Grandmothers' Pension – for Generational Collaborations

Women 40

One of the very first steps taken by the civic conservative government after the elections was to introduce the possibility of preferential pension for women on 1 January 2011. The government recognised that the majority of women had to face a double challenge during their active working life: in addition to working, they were the ones primarily responsible for housework and raising children. This was not taken into account or compensated for in any way by the pension system. To remedy this unfairness, the grandmothers' pension, also known as Women 40, was introduced in 2011, which made it possible for women to retire after 40 years of employment, regardless of age, receiving the full amount of the pension without reductions.

The law states that a woman who has been engaged in a professional or trade activity and has been rearing children and has thus earned a total of at least 40 years of entitlement can retire regardless of her age. An additional requirement for claiming the benefit is the eligibility period acquired through a minimum of 32 years being engaged in a professional or trade activity, which, in the case of caring for an ill child, is 30 years. Regarding the eligibility for the benefit, the regulation does not take into account other periods of service (i.e., studying, unemployment benefits). The payment period for child care benefits and allowances is maximised at 8 years, except in the case of more than five children or caring for an ill child. If there are more than five children, the time requirement for the payment of benefits after labour income decreases by one year per child, and the amount of time that can be taken into consideration on the basis of the payment period for child care benefits increases by the same amount.

The amount of the preferential pension is determined in the same way as the amount of the old-age pension: it is calculated not only on

the basis of the 40 years of eligibility, but also on the basis of the entire period of service and the net average monthly salary calculated from the earnings constituting the basis of pension contributions. In addition to Women 40, it has been possible to be in employment regulated by the Labour Code since 1 January 2019, or to work in any other-entrepreneurship, commission—legal status from 1 July 2020 without earning restrictions, meaning that women can be engaged in a professional or trade activity without restrictions while receiving the pension. From 2021, incomes received besides the pension are contribution-free, therefore retired employees only have to pay the 15% personal income tax, not the 18.5% social security contribution. In this case, employers are also better off, because they do not have to pay the currently 15.5% social security contribution tax and the 1.5% vocational training levy after retired employees. The work performed in the public sector is an exception, since the payment of the preferential pension is suspended for as long as the pensioner in question has a public employment or a similar, public service legal status. In the case of the Women 40, the 13th-month pension is granted the same way as in the case of the old-age pension, thus the individuals concerned will be entitled to as much more benefit in a given year as many years ahead they claimed their pension before reaching the age limit. The 13th-month pension is going to be reintroduced between 2021 and 2024: in 2021, it will be 25% of the January pension, in 2022, 50% of next year's January pension, in 2023, 75% of the January pension of that year, and in 2024, for the first time, it will be 100% of the January pension, paid simultaneously with the February pension.

In the first ten years following its introduction (between 2011 and 2020), more than 300 thousand women availed the preferential pension. On average, 39% of all old-age pension allocations are availed by women living with Women 40, while already more than 60% of women retirees claim the preferential pension available to them. This ratio may grow further, as each year, with the increase of the general retirement age, more and more women are able to obtain the eligibil-

Start of the benefit (year)	Old-age pension allocations (person)	Women 40 preferential pension allocations (person)	Proportion of Women 40 regarding all allocations
2011	127,258	54,425	42.77%
2012	51,676	26,911	52.08%
2013	60,510	24,299	40.16%
2014	56,501	27,637	48.91%
2015	62,913	28,767	45.73%
2016	103,966	28,260	27.18%
2017	76,906	28,658	37.26%
2018	83,125	29,367	35.33%
2019	118,554	27,932	23.56%
2020	66,822	26,392	39.50%
In total:	808,231 PEOPLE	302,648 PEOPLE	

TABLE 15 – PROPORTION OF OLD-AGE PENSION AND WOMEN 40 PREFERENTIAL PENSION ALLOCATIONS BETWEEN 2011 AND 2020 SOURCE: HUNGARIAN STATE TREASURY

Year	Preliminary budget for old-age pension above the retirement age (Billion EUR)	Preliminary budget for women's preferential pension (Billion EUR)	Percentage
2011	5.77	80	1.3%
2012	6.10	300	4.9%
2013	6.63	390	5.9
2014	6.90	470	6.8
2015	7.00	520	7.5%
2016	7.10	560	7.9%
2017	7.18	670	9.4%
2018	7.66	750	9.7%
2019	7.96	740	9.3%
2020	8.29	820	9.9%
2021	8.84	870	9.8%

TABLE 16 – CHANGES IN THE PRELIMINARY BUDGET FOR WOMEN 40 BETWEEN 2011 AND 2021 (BILLION EUR AND PERCENTAGE) SOURCE: HUNGARIAN STATE TREASURY

ity period of 40 years—the requirement for the preferential pension—before reaching the age limit. In 2011, the retirement age was 62 years, which, in 2022, will become 65. This three-year increase is not followed by a rise in the length of the eligibility period, the latter remains, invariably, 40 years. By the early 2020s, almost all women aged 62–64 who graduated from a university or college could be eligible for the preferential pension, therefore there is a good chance that the popularity of Women 40 will continue to rise.

The ratio of people claiming preferential pension is increasing, which is also reflected in the amounts allocated to it: in recent years, the amount that can be spent on Women 40 has added up to EUR 717-860 million.

The introduction of Women 40 is unique in more than one respect. On one hand, it is the only form of pension in Hungary that can be claimed before reaching the age limit, and, on the other hand, it is the only form of pension in the world that, even though it is claimed before reaching the retirement age, is not subject to any deduction. In other pension systems around the world, 3 to 6% is deducted from the pre-retirement pension as many times as many years the benefit is claimed before the retirement age. Therefore, in Hungary, women enjoy an unparalleled benefit. Aside from recognising the additional burden women carry during their active years in the form of more favourable retirement requirements, the introduction of the preferential pension has also served family and demographic policy purposes, enabling women around the age of 60 to take an active part in caring for their grandchildren and elderly relatives. In doing so, they relieve their children of some of the burden, improve the harmonisation of family and work, and help the social institutional system. Although no research has been conducted in Hungary on the impact of the measure on having children, foreign results show that families that can rely on grandparents have more children than those where the parents cannot seek the help of the grandparents.

Baby Bond – saving for the future

Hungary introduced the so-called start-of-life allowance in 2006, which is received by all children of Hungarian citizenship and Hungarian residence after reaching the age of 18. The onetime, fixed amount is not available sooner and. although its name includes the term "start-oflife", its real purpose is to help young people in starting their adult lives. The Baby Bond, which is designed to help couples with the financial aspects of having, and taking care of, children was introduced by the government in December 2013 as an addition to people's limited savings opportunities. The start-of-life allowance—a fixed amount of EUR 120.5—is deposited by the state for the child and the new measure makes it possible for the parents, grandparents and relatives to make additional payments. The Baby Bond is a security which can be purchased by the child's parents and relatives by making payments to the Start securities account. While the start-oflife allowance launches automatically, the Start securities account and the Baby Bond must be applied for by family members at the Hungarian State Treasury. After opening an account, it is permitted to transfer any amount, at any time. As in the case of baby bonds there is no minimum deposit or minimum monthly fee, it provides maximum flexibility for the relatives. The Baby Bond offers a 3% interest rate above the inflation and a 10% state subsidy, which is maximised at EUR 17.2 per year.

The child can access the savings paid by family members and the accumulated interests when he or she reaches the age of 18. If the parents make no further contributions to the starting amount on the account, the child can—based on the current conditions—withdraw EUR 368.7 at maturity. If the family deposited EUR 2.87 per month to support the child, the final amount will increase to EUR 1,647. If the parents paid EUR 14.3 each month into the account—thus making maximum use of the state subsidy—the total amount of the savings will be EUR 6.7. The sum of the contributions made by family members

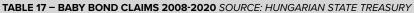


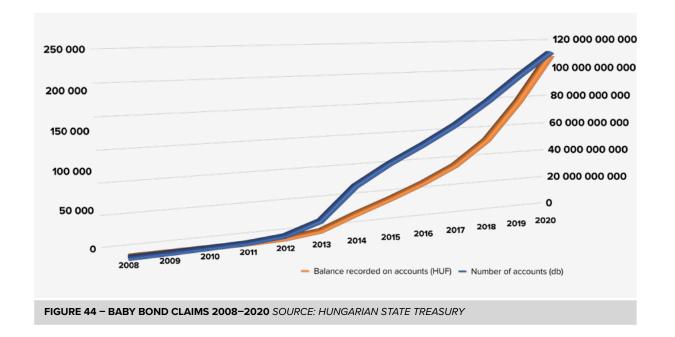
is practically doubled via the interests and the amount of state support, providing significant financial assistance to the child about to transition into adulthood.

With regard to providing financial care for children, the Baby Bond offers a new opportunity for support by allowing unlimited payments. Previously, the amount of the payment could not exceed EUR 28.7 per month. Although payments on top of an annual 172 euros receive no state-subsidies, the interest premiums (inflation + 3%) still provide a significant yield. Another change is that, whereas previously a Start securities account could be opened with almost any bank in Hungary, now the account can only be opened with the Hungarian State Treasury. This provides a sense of state-sponsored security that was previously unavailable at the banks. The Baby Bond is the safest type of saving.

The number of start-of-life deposit accounts and the amounts registered on them are growing by the year. This also applies to the Treasury's Start securities accounts. In the case of the latter, the fast-growing popularity of the Baby Bond is clearly visible. In 2013, the number of accounts more than doubled (207%), while the sums stored on the accounts grew nearly threefold (282%). The Baby Bond wasn't only successful upon being introduced. It is clear that the number of the Treasury's Start securities accounts is growing year by year, and the sums stored on them are much higher compared to other deposit accounts. Interestingly, while the number of Start-of-Life deposit accounts grew by 9% in the past five years that of the Treasury's Start Securities Accounts has seen a growth of around 20-21%. The amounts registered on the former grew by around 11%, while in case of the latter they increased by around 41% between 2016 and 2020. The data also shows that parents consider the Baby Bond a safe form of saving, as each year more and more people use it to save increasing amounts for their children.

Year	Start-of-life deposit accounts		Treasury Start securities accounts		
	no. of accounts (pc)	sum registered on the account (EUR)	no. of accounts (pc)	sum registered on the account (EUR)	
2008	225,506	27,913,566	375	50,934	
2009	300,214	39,572,409	1,087	236,710	
2010	364,230	49,653,713	2,214	579,649	
2011	407,131	57,582,558	3,375	1,089,776	
2012	471,590	69,558,141	7,472	2,687,607	
2013	551,245	83,392,752	22,931	10,263,712	
2014	611,201	92,332,878	65,959	35,062,792	
2015	684,405	102,490,988	92,895	57,776,402	
2016	762,875	113,976,051	115,674	82,556,516	
2017	838,072	126,066,150	140,599	112,315,464	
2018	910,997	139,431,947	170,822	157,529,356	
2019	977,266	152,453,285	204,758	229,535,310	
2020	1,056,747	168,752,199	236,133	317,168,800	





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Utility cost reduction and mortgage forbearance – for a secure housing

Retaining homes with exchange rate caps, final payment and the phasing out of foreign currency loans

In 2003, Hungary's Central Bank (MNB) increased the benchmark interest rate significantly due to inflationary problems and the country becoming a growing risk. As a result of the big difference in interest rates, banks could offer more favourable interests in the case of foreign currency mortgages than for those denominated in Hungarian forints. The appearance of foreign currency lending has generated fierce competition in Hungary's banking sector and has, in many cases, resulted in excessive risk-taking. Starting from 2003, subsidized loans denominated in Hungarian forints were gradually phased out, automatically driving both the customers and the banks towards foreign currency loans (Kolozsi et al. 2015).¹⁸

The Hungarian forint's depreciation against the Swiss franc has reached a total extent of 60–70% between 2008 and 2011. This had a particularly negative impact on domestic borrowers, as foreign currency debtors were mainly indebted in Swiss francs (Ibid. 67). The foreign currency loan portfolio of Hungary's credit institution sector rose from zero in 2004 to EUR 17.2 billion in 2009, more than 90% of which was made up of Swiss franc-denominated loans. Between 2011–2014, the Hungarian credit institution sector's foreign currency loan portfolio decreased from 17.22 to 11.48 billion euros. (Ibid. 63).

In addition to the rising instalments due to the weakening of the forint's exchange rate, the banks' practice of raising interest rates also made repayment significantly more difficult for debtors. Due to the option of unilateral interest rate hikes, the interest rate on loans rose significantly—by as much as 2–3 percentage points in some cases—during the crisis, compared to the initial level, despite a significant drop in the base rate of the euro and the Swiss franc (Ibid. 68). The issues related to pricing were eventually addressed in Act CXXX of 2011 (on the extension of home protection measures) at the end of 2011, but this only had an impact on new loans. The fact that in 2011 more than 1 million Hungarian citizens had repayable foreign currency loans clearly illustrates the social gravity of the problem.

The exchange rate barrier scheme was put in place in late 2011 as part of the government's Home Protection Action Plan. Debtors entering the programme could start repaying their loans at significantly lower rates than those dictated by the market until the end of the programme (in the case of Swiss franc loans the exchange rate was fixed at 0.516 EUR/CHF). The discrepancy between the actual and discounted instalments was covered jointly by the state, the debtor and the banking system. The principal part of the discrepancy was transferred to a collective account, whose repayment was undertaken by the debtor, with an obligation to start repayment after 2017. The interest rate part was shared between the state and the banking system. Participation in the scheme has seen a rapid increase since 2012, with more than 40 percent of debtors taking advantage of the opportunity, creating a portfolio of nearly 4.3 billion euros (Ibid. 69).

In the case of state-run schemes preceding 2014, only final loan repayments resulted in a substantial reduction of the debts. At the end of 2011, debtors with foreign currency-based mortgages were given an option to repay their debts (early repayment in full) at a rate of 0.516 EUR/CHF in the case of Swiss franc-based loans. The regulation did not require banks to provide mandatory forint-based loans to the scheme's participants, so three-quarters of debtors repaid their loans at a discounted rate using their sav-

¹⁸ The main source of this chapter: Kolozsi et al. 2015 From this source, several lengthier excerpts have been included here word-byword, or in a condensed form.



ings. The participating 170 thousand debtors paid back around 3.73 billion euros worth of loans, out of which 890 million euros were repaid using forint-based loans. The option was only available for a short time, as debtors had to notify their banks by the end of 2011 of their intention to repay, and the transaction had to be closed within 60 days of the notification. The scheme provided participants with a 20-30% reduction of their debts and the banking system suffered a loss of more than 860 million euros (Ibid. 69).

The phasing out of retail foreign currency and foreign currency-based mortgages, in the autumn of 2014, was another supportive measure. The first necessary pre-requisite was a resolution by the Supreme Court (Curia) on legal uniformity in June 2014, resolving previous legal disputes and interpretations and laying the legal foundations of converting foreign currency loans into forints (Ibid. 70)

In September 2014, parliament adopted Act XXX-VIII, which sets out that debtors' overpayments should be treated retroactively as early repayment of the principal on all loans disbursed after 1 May 2004 and still in existence on 26 July 2009, with the exception of current accounts, lines of credit attached to credit cards and loans with state-subsidized interest. (The extent of consumers' demand was calculable as the difference between their outstanding original and converted principal debts

and the difference between their expired original and converted debts.) The conversion also allowed to reset the loans' interest rates to their original levels. This is important, because unilateral hikes often resulted in high rates (debtors could expect a decrease of around 2 percentage points on average) (lbid. 71).

There were some significant economic and financial pre-requisites to converting foreign currency loans into forints. Decreasing the interest rates in forints was particularly important during the conversions. The Hungarian central bank began the cycle of cutting interest rates in 2012. The bank lowered the base rate from 7 % to 2.1 % by the summer of 2014. The interest rate level in the economy as a whole declined to a similar extent. This was important because this way the forint conversion was not accompanied by an increase in interest rates and instalments (lbid. 72).

Due to the ban on foreign currency lending, final repayments and amortization of outstanding loans in the normal course of business, the foreign currency mortgage loan portfolio to be converted decreased from the previous peak of EUR 19 billion to EUR 9 billion by 2014. In the meantime, Hungary's short-term external debt also decreased to €25-30 billion from the previous level of 35-40. The Central Bank's (MNB) foreign exchange reserves have remained at around

€35 billion from 2011 onwards. Thus, the resulting surplus was sufficient to cover, if necessary, the losses incurred by banks due to the forint conversion of foreign currency loans (Ibid. 74). After concluding a contract with the banks on 7 November 2014, the National Bank of Hungary sold more than EUR 9.1 billion to commercial banks in 12 tenders from 13 November 2014 to 23 January 2015 (Ibid. 81). These economic conditions and measures provided an appropriate economic background for the implementation of the law on the conversion of foreign currency loans to forints without causing disturbance or incurring any losses to the national economy.

By converting of the foreign currency loans into forints and other measures restricting arbitrary interest rate policies, the government and Hungary's Central Bank (MNB) put an end to the exploitation of debtors and improved the financial situation of many, eliminating the risk of them losing their homes. The debts, however, did not vanish in one fell swoop, and many lawsuits filed by former debtors of foreign currency loans against domestic banks are still ongoing both in Hungarian courts and at the European Court of Human Rights in Strasbourg.

Due to the banks' foreign currency lending practices, it is estimated that tens of thousands out of the millions of foreign currency borrowers ended up losing their mortgaged properties, even despite all the government measures. The government tried to prevent this, at least for those most in need. Measures taken before 2014 appointed the Nemzeti Eszközkezelő Zrt. (National Asset Management PLC, NET), established in 2011 within the framework of the Home Protection Action Plan to help non-performing mortgage debtors. As part of the programme, the state purchased the properties of the debtors, including numerous families with children, and offered them an opportunity to rent their former properties for years. In cooperation with the banks, NET planned to provide a solution

that would prevent the eviction of some of the defaulting debtors. To that end, NET bought up the properties behind the non-performing mortgages from the banks, allowing the former debtors to stay in their properties as tenants. Thus, although those debtors were no longer owners, they got rid of their debts and did not lose their homes. During these property procurement NET had to take into account the social situation of the debtors (Ibid. 69). NET purchased 36 thousand properties, enabling some 154 thousand people to stay in their homes.

In 2019, the government offered borrowers an option to repurchase their properties via NET, and sales prices were reduced by the rental fees already paid by the tenant. The state did not charge any interest, additional discounts were also available at the tenants' request, and they were allowed to pay in instalments. Most of those affected made use of this option.¹⁹ "The NET programme made it possible to protect more than 36 thousand homes, enabling some 154 thousand people to escape their debts of millions of forints and to stay in their homes" (Magyar Nemzet 2019).

Easier maintenance of homes through utility cost reduction

At the beginning of the last decade, the severe impact of the global economic crisis has also reached Hungary. Unemployment has skyrocketed, along with poverty, while utility companies kept utility bills high. This is a problem that dates back for years: In 2009, for example, 11% of consumers fell short of paying their electricity bills, while 14% were unable to pay their gas bills and 23% their district heating costs (Herpai 2010).

According to a survey by the Tárki polling institute, 22% of the population had unpaid utility bills at least once in both 2011 and 2012 due to money issues (Bernát 2012). This affected far more people than the financial burden of

¹⁹ For more information on this, see the official statement titled *A Nemzeti Eszközkezelő megkezdte a lakásvásárlási szerződések előkészítését "The National Asset Manager has started the preparation of property purchase contracts"* http://netzrt.hu/wp-content/uploads/2019/09/NET-sajt%C3%B3k%C3%B6zlem%C3%A9ny201909012.pdf

repaying mortgages, where overdue instalments amounted to 7 and 5% respectively.

In order to avoid the accumulation of outstanding utility bills and to help people, the government passed a law on curbing utility fees called Act LIV of 2013 on the Implementation of Utility Cost Reductions. According to the legislation, "utility cost reduction is to be understood as a reduction of end-user prices of public services to the extent prescribed by law". According to the law, public service providers include electrical energy traders, natural gas traders and natural gas distributors, as well as district heating and water utility providers, among others.

Its preamble states that "the reduction of residents' financial burdens, people's liberty to use their incomes freely and the reduction of the prices of basic home maintenance costs necessary for subsistence are clear and definite demands from every citizen. Hungary's National Assembly intends to reduce people's unreasonable financial burdens. [...] An important goal of the utility cost reduction is to improve people's living standard."

With regard to the price of natural gas services, for example, the law stipulates that "the total value of the basic monthly fee for the availability of the service shall not exceed 93.5% of the charges applied by the universal service provider on 1 November 2013 in the same distribution area (including security stockpiling charges) calculated for the same amount of heat, for the

same number of months, under the same conditions (at the same discount rate)".

As regards electricity, "the amount of electricity to be paid in the bill issued by the universal service provider for the period following 31 August 2014 shall not exceed 94.3% of the amount of energy charged on 1 November 2013 for the same amount of energy, for the same number of months, under the same conditions". In the case of district heating, the law drew the limit "at 96.7% of the amount calculated on the basis of the tariffs applied on 1 November 2013, under the same conditions (consumption, air volume, etc.)", and in the case of water supply "at 90% of the amount calculated under the same conditions on 31 January 2013 on the basis of legally applied rates and other elements of the account".

The measures resulted in a 10% overall reduction of utility costs and, starting from November 2013, the government reduced those costs by another 11%. The reduction of utility costs helped every family living and paying utility fees in Hungary, which means more than 2.5 million households with families. The utility cost reduction has been in force since 2013. As for the amounts, the per capita monthly expenditures on household maintenance and energy in 2017 averaged EUR 50 per household. This accounted for 21% of the total expenditure of households. Without the utility cost reductions, families would have had to pay over 20% more per capita per month.



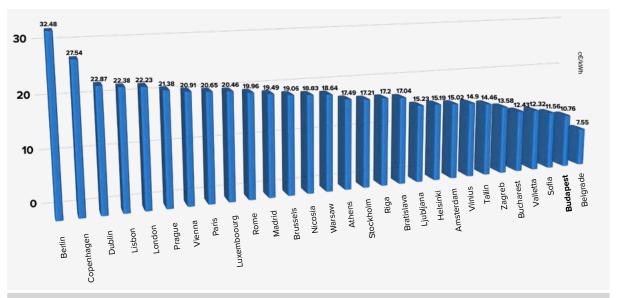


FIGURE 45 – AVERAGE ENERGY PRICES FOR PRIVATE CONSUMERS IN EUROS, JUNE 2020

SOURCE: https://www.portfolio.hu/gazdasag/20210212/energiahivatal-itthon-a-legolcsobb-a-lakossagi-villamos-energia-esfoldgaz-az-eu-ban-469572

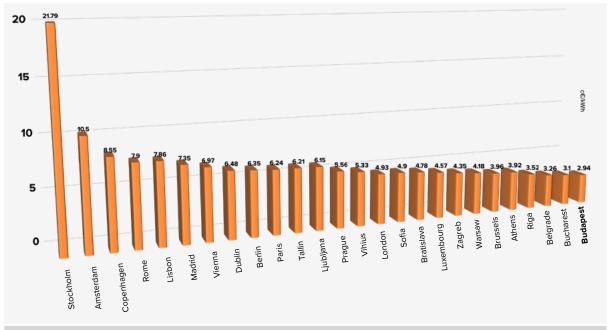


FIGURE 46 – AVERAGE GAS PRICES FOR PRIVATE CONSUMERS IN EUROS, JUNE 2020 SOURCE: https://www.portfolio.hu/gazdasag/20210212/energiahivatal-itthon-a-legolcsobb-a-lakossagi-villamos-energia-es-foldgaz-az-eu-ban-469572

Pro-family opportunities in the labour market for mothers and fathers

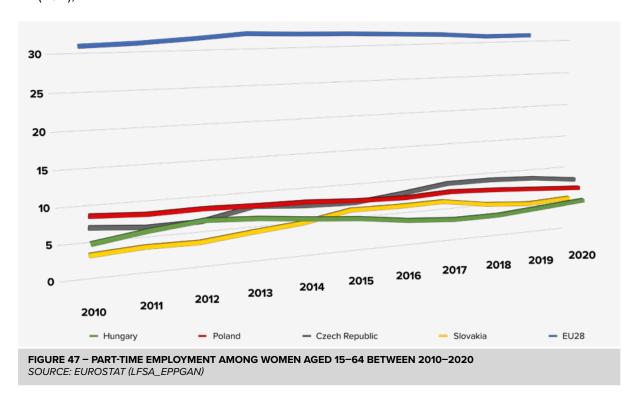
One of the goals of the civic government's pro-family measures, introduced after 2010, is to ensure that families having children are not discriminated against in the labour market. The successful reconciliation of family and work, and the reintegration of mothers with small children into the labour market increases the willingness to have children (Szabó – Morvai 2018: 86). One of the goals of government's family policy is to resolve the conflict between female and male roles within the family and to help women not have to choose between having children and pursuing a career. The following measures have been introduced to ensure that:

- child care allowance extra (2014): expanding employment opportunities in addition to child care benefits;
- introduction of the Women 40 programme (2011);

- launch of the Workplace Protection Action Plan (2013)
- part-time employment of parents with small children (2012; 2015);
- restructuring the nursery system, increasing the number of places (2017; 2019);
- the additional holidays and the child health care allowance (gyáp) can be claimed by both parents (2012).

Opportunities of atypical employment

To harmonise family life and work, having flexible employment conditions is of paramount importance for those raising children (especially parents with small children), because those in full-time jobs are typically unable to provide daycare for their child or children. In Western Europe flexible, atypical forms of employment are already a well-established practice. In Hungary, however, this system is still in its infancy. In many cases, employees are unaware of the opportunities of atypical employment, and employers are not fully aware of the benefits of such solutions either.



Atypical employment incorporates certain forms of work that differ from traditional employment. Having a part-time job, telecommuting and fixed-term employment are all good examples. If we examine the data pertaining to people who work in atypical employment, the tendencies described above become visible. In 2019, 20.5% of all employees in Hungary worked in atypical employment, while the same proportion is 35.5% in the EU28, according to EUROSTAT.

The share of those with fixed-term contracts is 9.4% in the EU and 5.8% in Hungary. Regarding the proportion of part-time workers, in Western Europe—where fertility rates are higher than in Hungary or Eastern European countries—one in three women worked in this form in 2010. This is because if there are proper conditions in place to help women return flexibly to the labour market after having children, their desire to have children won't be hindered by fear of losing income, or having to give up any of their career and promotion-related ambitions.

Women not only have to successfully harmonise their work and family-related duties whilst having children, but oftentimes the task of coordinating household chores also devolves on their shoulders. To that end, the KINCS 2019 survey examined family roles (KINCS 2019). 57% of the respondents said that it is disadvantageous for children between 1 and 3 years of age if their mother works. 8 out of 10 people surveyed said that the role of a mother is at least as valuable as working in a workplace, and 81% agreed that the best option for mothers with small children is if they can work flexitime. All in all, the value of female roles—along with those of a mother—has visibly grown in people's eyes, but besides their role in the family, women must also perform well on the labour market, enabling them to contribute to the financial stability of their families.

The ratio of women working part-time, however, was only 7.6% in 2010, whereas their proportion in the EU was four times that number, 30.7% (74.9% in the Netherlands, 45.3% in Germany, 42.6% in Austria, and 41.9% in Belgium). The government has therefore intervened in labour

market processes, requiring employers to offer people raising small children the option to work part-time. Since 2012, the Labour Code stipulates that apart from public institutions, companies operating in the private sector are also required to grant—upon request—the option of part-time work (4 hours a day) to parents with children under 3 years of age. From 2015, large families are eligible to use this option until their youngest child turns 5. Since 2020, the scope of opportunities has widened even further with the option of part-time working extended by one year: mothers can work part-time until their child becomes 4 years old and, in case of large families, until the 5th birthday of the youngest child. Despite the establishment the legal background, there is a significant difference between working part-time in Hungary or the EU27 average. One underlying reason may be that oftentimes the employees do not use this opportunity. In 2020, 4.8% of employees in Hungary and an average of 18.2% in the EU27 worked part-time (LFSA - EPPGAN). With regard to women aged 15–64, 7.3% of them chose part-time employment in Hungary, 8.9% in Poland, 9.9% in the Czech Republic and 6.8% in Slovakia. However, in the countries of EU27, an average of 29.7% of women opt for part-time work.

Looking at women raising small children, there appears to be some positive change. Data published by the Hungarian Statistical Office shows that the employment rate of women aged between 25-49 and raising children younger than 2 grew by 44% between 2010 and 2020. A similar trend is visible among women raising 3 to 5 year-old children. In 2010, 58.5% of these women were employed, a ratio which increased to 70% in 2020. Regarding the number of children, the employment rate of women aged between 25-49 and raising three or more children grew by 50 % (2010: 37%, 2020: 51%). Women aged 25-49 and raising two children work in almost the same proportion as all those who fall within the entire 25-49 age group.





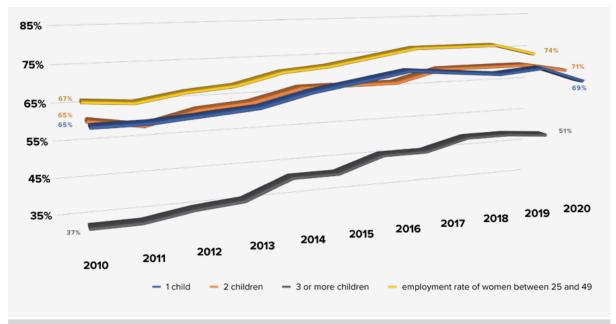


FIGURE 48 – EMPLOYMENT RATE AMONG WOMEN AGED 25–49 BY NUMBER OF CHILDREN, BETWEEN 2010–2020 SOURCE: EUROSTAT (LFST_HHEREDCH)

The Labour Code, modified in 2012, sets out not only the legal framework of part-time employment, but also the regulation of other atypical jobs, such as on-call work, job sharing, multi-employer employment, teleworking and occasional employment (Hungarian Gazette, 6 January 2012). A special case of part-time work is on-call work. In this case, the working hours may not exceed 6 per day, and the duration of the job may not be longer than 4 months. Employment is continuous between two calls, and the employee receives social insurance coverage during the entire course of the employment. Job-sharing is also a special type of part-time work, when the employer signs contracts with several employees for the same position. The employment, however, is terminated when only one employee performs the tasks in that position. In this case, the employer pays an absence fee to the employee. An employment relationship established by several employers with one employee can be considered a type of part-time employment "because the employee performs the tasks in a certain portion of the working hours stipulated in his or her contract to one

given employer at one time" (Hegyi 2012: 25). The contract in this case is concluded between at least two employers and one employee. The employment relationship is terminated when the number of employers decreases to one. According to Sections 196–197 of the Labour Code, teleworking is an activity regularly carried out in a place separate from the employer's premises on a computing device, and the results are transmitted electronically. Teleworking is different from home office in that the conditions must be stipulated in an employment agreement, whereas working in home office is permitted, or set out, in an internal regulation by the employer. Thus, the term teleworking also includes "home office". Based on government decree no. 47/2020. (III. 18.) the Labour Code allows the employer—from 20 March 2020—to order the employee to telework during the coronavirus-induced health emergency and for an emergency thirty additional days after the emergency. In this case employees works flexitime, meaning they can freely elect their working hours. However, parties can agree that the working hours will be regulated by the employer. The employer has the right to inspect the employee, but must comply with all relevant legislation (Paragraph 4 of Section 197). According to data released by the Hungarian Statistical Office regarding Q1 of 2018, 3.7% of the employees, some 144 thousand people, teleworked at least occasionally. However, the proportion of employers teleworking regularly was only 2.3% in 2018. On average, 5% of workers regularly telework in the European Union, with this type of employment being most common in the Netherlands (14.0%) and Finland (13.3%).

The Labour Code also protects mothers on the labour market. Until the child turns 3 years old, the mother is entitled to protection from dismissal, so if her position is terminated in the meantime, the employer is obliged to provide her with another position. Until the child turns 3, mothers cannot be ordered to work at night, to do extraordinary and stand-by work, and until the baby turns 9 months old, nursing mothers are entitled to breastfeeding break times at work.

Workplace Protection Action Plan

The Workplace Protection Action Plan was introduced on 1 January 2013, almost in tandem with the option providing part-time employment for parents with small children. One of the aims of the programme was to reduce the wage costs of employers, thereby achieving higher employment rates among those in the most vulnerable position in the labour market. These groups were the following:

- employees hired to perform unskilled occupations;
- employees under the age of 25 with a maximum of 180 days of contractual employment;
- employees under the age of 25 with more than 180 days of employment;
- employees over 55 years of age;
- those permanently unemployed;
- employees employed after or during the disbursement of child care benefit, child care allowance and child raising support;

- employees working in agriculture;
- employees working in the so-called free enterprise zone.

The measure is intended to encourage employers by introducing a tax or contribution benefit to encourage the employment of people with small children. Under the programme, employers are entitled to a discount on the 19.5% social contribution tax payable on gross wages and the 1.5% vocational training contribution, which can be used automatically towards supporting parents of large families from the first three years of employment and-from 2015, in the case of parents with large families—for the first five years of employment. The extent of the discount is 100% of all the taxes payable after the gross minimum wage in the first two years—in the first three, in case of large families—, and then around 50% of it for another year (two years for large families). It is important to know that in case of part-time employment, the employer can use the same amount of discount as with full-time employees.

From 2013 to December 2018, employers used a total of EUR 2.035 billion in job protection benefits in the private sector, which means an average of about EUR 34.43 per employee per month. Looking at parents raising small children from 2013 to December 2017, employers used a total of EUR 120 million in job protection benefits in the private sector.

Workplace Protection Action Plan for parents with small children

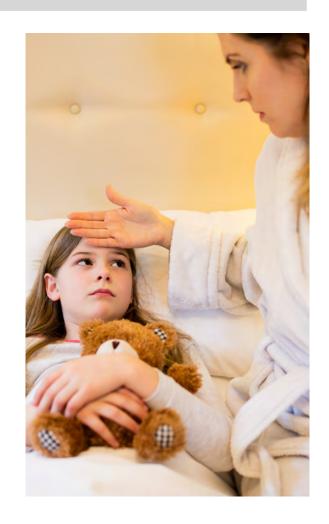
As regards employees under 25, tax benefits were claimed for an average of 143,000 young employees per month in 2018, in the total value of EUR 42.7 million.

Year	Average number of stakeholders	Parents with small children among all stakeholders (%)	Annual sum of tax benefits (million EUR)
2013	25,456	4.22	6,436
2014	37,005	4.74	9,278
2015	39,212	4.64	10,185
2016	37,272	4.16	9,622
2017	35,563	3.73	7,134
2018	30,656		5,868
2019	20,646		3,845
2020	9,027		1,417

TABLE 18 – WORKPLACE PROTECTION ACTION PLAN FOR PARENTS WITH SMALL CHILDREN SOURCE: MINISTRY OF FINANCE

Additional holidays and sick pay payable after children

In order to reconcile family with work, it is important for the father to also take an active role in raising children as well as the household chores. The government supports the principle that the key to a happy family atmosphere and to raising children is if mothers feel that not everything devolves on their shoulders and that they can also share some of the responsibility with the fathers. However, fathers are not in an easy situation either, as Hungarian society has a twofold expectation towards men: they are traditionally the breadwinners, but they are also expected to take their share in raising children (Spéder 2011). Therefore, the current goal of our family policy is to give as much support as possible to dissolve the deep-rooted negative social patterns and discrepancies in terms of work-sharing between men and women, and to make the involvement of parents in parenting as balanced as possible. To that end, almost every family policy benefit is available to fathers as well. Starting from 2012, additional holidays for children under the age of 16 (2 days per child, but not more than 7 days per year in total) can also be claimed by both parents.



Year	Number of days taken	Number of claimants	Total (EUR)
2015	121,620	24,324	6,596,211 EUR
2016	119,960	23,992	6,603,078 EUR
2017	129,595	25,919	7,530,834 EUR
2018	126,480	25,296	7,525,110 EUR
2019	126,670	25,334	8,545,711 EUR
2020	132,740	26,548	9,359,636 EUR

TABLE 19 – REIMBURSEMENT RELATED TO THE ADDITIONAL HOLIDAYS DUE TO THE FATHER BETWEEN 2015–2020 SOURCE: HUNGARIAN STATE TREASURY

After the birth of a child, the father can take out 5 extra days, which are reimbursed to the employer by the state. In case of twins, fathers are entitled to 7 days of paid holiday instead of 5. The additional holidays to fathers were introduced on 1 January 2015 and were taken out by 26,549 fathers in 2020. In the event of the birth of a child, the employer pays the father an absence fee for the time of the additional holidays in accordance with government decree no. 350/2014. (XII. 29.) on the use of additional holidays by the father and the reimbursement of expenses related to the additional holidays. The costs to be borne by the employer consists of an absence fee and public charges, which increased by 42% between 2015 and 2020.

From 2016, child health care allowance (gyáp) can be used by both parents in case of children over the age of three, so the number of holidays used to attend to ill family members can even be doubled. The child health care allowance is available if the parent is employed and needs to make up for any income lost due to the illness of his or her child under the age of 12. The amount of child health care allowance has also increased significantly in recent years: according to data by the Hungarian Statistical Office, the state earmarked EUR 8 million in budget expenditures in 2010 and almost EUR 18.6 million in 2020, marking an almost threefold increase.

Year	Number of people using it	Expenditure, ledger data (million EUR)
2010	97,986	7.93
2011	96,529	7.43
2012	88,773	6.36
2013	90,702	6.77
2014	106,443	8.22
2015	122,035	10.29
2016	136,978	11.89
2017	138,618	13.62
2018	142,247	15.39
2019	144,384	18.02
2020	134,046	18.77

TABLE 20 – DATA ON CHILD HEALTH CARE ALLOWANCE (2010–2020) SOURCE: HUNGARIAN STATE TREASURY



Psychological and physical protection for the children

Numerous researches have proved that family is the only medium of socialisation that accompanies a person's life, protects them from physical and mental illnesses, gives them happiness, and provides security for children. Research conducted by Mária Kopp and Árpád Skrabski (Kopp 2008) also revealed that the family appears a protective factor in the life of individuals. One of the most important objectives of the current government is to promote the healthy development of children and, along with the family, to provide physical and mental protection for children in the school system. This goal is served by the introduction of daily PE lessons, religious education and ethics.

Daily physical education lessons

The government introduced daily PE lessons in public education institutions in the 2011/2012 academic year. The system was introduced in all grades by the 2015/2016 school year. The goal of daily PE lessons is to promote the joy of exercise and to help educate children for a healthier lifestyle.

The aim of the Hungarian Student Sports Association's strategic policy called T.E.S.I. 2020 (Physical Education in Health Development Strategic Measures) is to establish the conditions for quality physical education in Hungary's school system. The programme allows all students to form health-conscious competencies (Research report NETFIT: 9). The measure's indirect goal is to collect information about the health of students. To this end, health tests are conducted by NETFIT (National Unified Student Fitness Test), which is regulated by the 2014 amendment of decree no. 20/2012. (VIII. 31.) of the Ministry of Human Capacities. The NETFIT tests have been

mandatorily repeated from 5th grade in all public education institutions from the 2014/2015 school year, with the results stored in NETFIT's database.

Religious and moral education in schools

This chapter presents the positive impact of the religious and moral education on families in the last millennium, within the bounds of this volume's content. Today's school system is governed by the Public Education Act of 2011, the National Core Curriculum of 2014 (NAT) and its amendments in 2020, and the framework curricula based on NAT. In 1st to 8th grade parents can decide whether they would like their children to study moral education or religious studies organised by established churches as a mandatory class in schools. The content of religious and moral education is determined by the Church as a legal entity. The subjects of ethics and religion and morality focus on developing the moral sense and moral mind-set of students.

The curriculum conveys basic values: help, understanding, compassion, care, freedom, responsibility, justice, honesty, fairness, tolerance, identity. The basic goal of the subject of ethics is to create cooperation between individuals and groups. This is complemented by teaching moral principles rooted in cultural traditions, learning about social rules, and developing socio-emotional skills in individual thinking. The course primarily develops personal and social skills, as well as conscious social participation and responsibility. It provides a space for experience-based individual and community activities, which lay the foundation for the respect for family, home, the place of residence and the homeland. In grades 1-8 of primary school, NAT describes the following areas of knowledge and competence for the subject of ethics (68 hours in total per grade):

- Self-awareness self-knowledge: 10 lessons;
- ► Family My place in the family: 12 lessons;
- Social awareness, social connections:12 lessons;
- My place in social spiritual communities Nation: 10 lessons;

- Preserving the order of nature for sustainability: 12 lessons;
- ► The impact of European culture on individual values: 12 lessons.

Below, we summarise the relationship between education in religion and ethics, supplemented by a draft curriculum for denominations. Christian historical Churches define twelve-vear curriculums based on the principle of continuity and regularity. Developmental psychology considers the age of 12 to be the beginning of a rational age in the development of a child, therefore, starting from 7th grade, the curriculum is taught with a unified approach to salvation history. After getting acquainted with the salvation history included in the Old and New Testament, the history of the Church(es) is discussed, followed by the basic tenets of dogma in a liturgy depicting the mysteries of salvation history. Then, students are presented the moral lessons of salvation history and, in the last school year, salvation history is discussed in the light of reason (defence of faith, i.e. apologetics). Before these—at primary school age—only the groundwork of religious knowledge is laid and the child is initiated into the Christian practice of life, taking into account his or her the emotional-intellectual-volitional characteristics. Education is built on the child's experiences in his or her immediate environment (family, relatives, people, class and church community) and on a specifically Christian approach to environmental and natural sciences. The task of teaching religion and ethics is to help people realise fellowship with God, so the Christian gospel must be presented in a way that makes clear that this is what provides safety to the greatest value of human life. In grades 1-12 of religion and ethics, students will be presented the following topics:

- God and me:
- ► The issue of "self";
- Human relationships;
- Society:
- Church and church communities;
- ▶ The created world;
- World religions and religious trends.

In this brief description we will not touch upon the religious and moral education in kindergartens, where pre-schoolers are taught—through tales and games—the basics of developmental psychology in the hope that all this will supplement education unfolding in families.

Education for family life (CSÉN)

The concept and subject of education for family life has a brief history in Hungary, and the same applies to the international scene: although the movement of education for family life is more than 100 years old, as it was conceptualised at the beginning of the 20th century, the first attempts to create its scientific definitions were made only some 50 years ago. Industrialisation, urbanisation, the mass employment of women and the abolition of multi-generational cohabitation have left their mark on the usual order of family life, filling many with concerns. Social changes also forced families to constantly adapt, in many cases generating novel problems and issues for which family members have not seen any applicable strategies employed by previous generations.

The main objectives of education for family life are to ensure the physical and mental well-being of families and to establish and develop the competencies necessary for raising children. It prepares children for the responsible fulfilment of their prospective roles and supports already existing families.

Education for family life started out as a movement in the US at the beginning of the 20th century and has been gradually formalised since then. Various NGOs have begun to work intensively on how to support the formation and maintenance of romantic relationships, childcare and parenting responsibilities, tackling issues of elderly care, and the day-to-day problems of diverse family life. Later, independent associations were formed with the specific goal of supporting education for family life. Christian churches, of course, had been involved in helping the lives of families for many centuries. Today, wedding education and seminars for married

couples and families are declaredly the closest to the activities provided through education for family life. However, religious education, Sunday schools and youth programmes also provide ample opportunity to include topics pertaining to family life education.

In Hungary, the need for family life education appeared in the formal education in the 70s, but it took a long time to put it in practice. In the 90s, an increasing number of NGOs recognised the significance of programmes promoting a successful family life. These aspirations were not uniform in representing the concept of educating people for family life, but rather implemented certain parts of it, depending on the circumstances. The trainings reached numerous young people and families, helping them prepare for or fulfil their existing tasks and responsibilities.

These trainings and programmes, both religious and non-religious, were held by experts, and the generated experiences have triggered a need to incorporate education for family life into public education. This social initiative became one of the goals of the Roundtable on Population led by Mária Kopp, which set up working groups in 2010 to develop the training materials. The process culminated in the inclusion of the education for family life into the National Curriculum (NAT) in 2012. Educational institutions had the option to either teach the topic—of education for family life—as a separate subject, or incorporate it in other subjects. The National Curriculum, which entered into force in September 2020, puts emphasis on the importance of family education and preparing people for family life, among others. Education for family life is part the educational goals and development tasks. The basic concept is that family education takes precedence over education in schools.

The topic appeared in Hungarian tertiary education as an independent training course in 2001, when the Family Pedagogy Institute of the Sapientia College of Theory of Religious Orders announced a 40-hour accredited course titled *Education for family life* for teachers and district nurses. Ten years later, the Adventist College of



Theology announced an additional professional training course, accrediting the subject as "further education" for the first time in the country.

The working groups formed within the Roundtable on Population have put together a new concept for teaching the topic. It was accredited by the Károli Gáspár University of the Reformed Church, and was also held at the University of Debrecen. The accredited two-year education programme for teachers was announced in 2017 at the latter university.

In 2019, the University of Debrecen, in cooperation with the Mária Kopp Institute, incorporated the topic into the full-time education as an optional course, mainly for students of teacher training courses. Reaching would-be teachers serves multiple goals: it will support them in preparing their own students to family life, lays the groundwork for their relations and cooperation with their students' families, while the acquired knowledge and competencies may also provide help in their own private lives. In addition to students in teacher training, the course can be taken as an optional module by anyone learning in the university's fourteen faculties. The course is highly popular in each semester.

In 2015, the State Secretariat for Family and Youth Affairs at the Ministry of Human Capacities (EMMI) organised a meeting for the professionals and the representatives of the professional organisations involved in the topic of family life education. The discussion led to the formation of a roundtable, which regularly addresses the practical manifestations and development of education for family life, allowing the discussion and effective cooperation of professionals and civilians.

The further development of education for family life is a necessity in all areas including public and tertiary education, in the civic sector and for religious institutions, with an increasing demand for market-based trainings. The development of upcoming generations and the reinforcement of functional families is a crucial task, which enjoys the clear support of society. The government's support for families and its effort to create a family-friendly mindset provide a social and economic framework in which the ultimate goal of education for family life—creating a happy and well-functioning family—seems feasible and accessible to the participants.

2014-2018: THE YEARS OF UNFOLDING

Supporting the well-being of children is supporting families

Free textbooks for all students

The success of public education, which serves as the basis for the long-term development of Hungarian society, is the key to the success of the upcoming generation. The right to education is enshrined in Hungary's Fundamental Law. To protect this right, the Hungarian state takes responsibility for ensuring that school textbooks meet the high standards associated with the pedagogical goals and tasks related to the curricula used in public education. The law stipulates that access to schoolbooks may not depend on the financial situation or the revenue of families and must be available to all students. In addition, an important goal is to ensure that the schoolbooks the students receive are of equal quality. To that end, free schoolbooks were introduced incrementally, starting at lower grades, from the 2013/2014 academic year. With this measure, the government provides students with equal access to schoolbooks instead of supporting the former market-based system, and promotes the creation of modern, quality schoolbooks which better serve the development of the students. In addition, starting from September 2013, the state ensures that textbooks are available for students free of charge from the first to the eighth grade of public education—starting at the lower grades—both in ethnic and special needs education.

The result of the process launched in 2013 was that whereas for years free textbooks were only made available to children in needy families, either socially, or due to some life situation or underlying condition (permanent illness, disability), and to children in large families, starting from the 2020/2021 schoolyear every full-time student in primary and secondary school or vocational training receives their textbooks free of charge. Thus, schoolbooks are available free of charge to

all students from grades 1 to 12. The government viewed the extension of its free textbook supply scheme to all full-time students participating in primary and secondary education as a tool to create equal opportunities and providing further support to families. Another crucial change is that whereas in previous years parents had to apply for free textbooks, this is no longer necessary, as students are entitled to free textbooks on a universal basis. The textbooks are ordered by the educational institution. The students and their parents have no further tasks in this regard.

The first free schoolbooks were provided by the government to first-graders enrolled in the 2013/2014 school year, and then to students in the upper grades, in an ascending order. From the 2017/2018 school year, access to free textbooks was extended to grades 5–9 in one move, by the allocation of significant financial resources to the task. The free textbook scheme for the 2020/2021 school year was extended to students in grades 10–12, as well as to students in grades 13–16 who are learning to receive their first vocational qualification.

Currently about 1.2 million students receive their textbooks free of charge, to which end the government had earmarked EUR 39.5 million during the 2020/2021 school year, and will provide EUR 38.4 million in the 2021/2022 school year.



Year	Number of students receiving free schoolbooks	Sum of state support (million EUR)	
2013	614,804	22 EUR	
2014	679,967	20 EUR	
2015	696,580	19 EUR	
2016	733,414	21 EUR	
2017	946,498	32 EUR	
2018	973,432	30 EUR	
2019	1,080,836	27 EUR	
2020	1,126,578	40 EUR	
2021 ²⁰		38 EUR	
74D1 7 64			

TABLE 21 - FREE TEXTBOOKS SOURCE: MINISTRY OF HUMAN RESOURCES The effects of providing all students with free schoolbooks:

- as a result of the measure, parents receive yet another significant support. The prices of textbooks completely disappear from the costs of schooling, which is a significant help in the costliest period of the year.
- the supply process is simplified, fewer people are needed, and there is less administrative burden on both schools and the participants of the process;
- the principle of equal opportunity is fully realised in the field of schoolbook supply;
- comes as great help for students in vocational education, as free textbooks are an important factor until they receive their first vocational certificate.

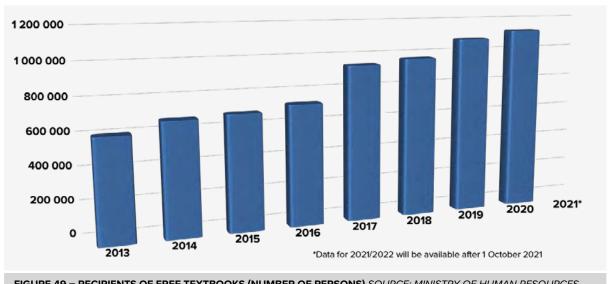


FIGURE 49 - RECIPIENTS OF FREE TEXTBOOKS (NUMBER OF PERSONS) SOURCE: MINISTRY OF HUMAN RESOURCES

²⁰ for 2021/2022 will be available after 1 October 2021

Healthy meals at an affordable price

Reducing the proportion of people at risk of poverty or social exclusion is a directive set out in the Europe 2020 Strategy, under which Hungary undertook to lift 450,000 people out of poverty by 2020. One of these was reforming the system of school catering.

Healthy eating has a key role to play in achieving and maintaining the proper development, mental, social and physical well-being of children. Children spend most of their time in nurseries, kindergartens and schools, and eat many of their meals there. Besides the task to assist children in learning the basics of a healthy diet, schools also have to assume responsibility in providing the types of meals through the school canteens and buffets whose everyday consumption is necessary for children. Recognising this, after years of preparatory work, the Ministry of Human Capacities published decree no. 37/2014. (IV. 30.) on regulating the nutritional and healthcare requirements for public catering, which became legally binding as of 1 September 2015. During the preparatory work, the situation of public catering in Hungary was examined several times, and the results showed that the quality and quantity of catering in kindergartens and schools did not comply with the guidelines of healthy eating. The examinations also found that the diet of preschool children contains foods and ingredients which lead to obesity, diabetes, high blood pressure, and later cardiovascular diseases, and may increase the risk of certain types of cancers. This finding reinforced the government's endeavour to adapt a separate decree to reform public catering.

The primary goal of the new catering regulation is to use fresh, healthy ingredients everywhere and to keep the kitchen technology used in the preparation of food up-to-date. To this end, and to reduce unhealthy eating habits, the ministry introduced several changes.

The novelty of the decree is that it is based on raw materials, and stipulates the frequency of the use of the various foods. Therefore, it contains requirements for the quantity of raw materials, and stipulates that milk, dairy products, vegetables, fruits and cereal-based foods, including whole grains, must be provided to children every day. Recognising that schools play a key role in ensuring healthy eating conditions and in helping children to a healthy lifestyle, the regulation also curbs the consumption of "empty calories", such as foods and beverages with high sugar and salt content, and requires schools to provide a special diet to children upon their doctors' orders. The new, more detailed and stricter regulation aims to improve public catering in schools to make meals more nutritious and more health-conscious. It is a long-term investment, which will have positive effects on the entire life of students.

The salt and sugar content of meals had to be reduced from 1 September 2015. No salt can be added to the meals in the school kitchen, and signs with either pictures or text must be displayed in canteens, warning about the risks of excessive consumption of these two ingredients. For children, only drinking water or mineral water should be served, and the consumption of vegetables (except potatoes) and fruit should be increased, with a part of them to be served raw. Another important requirement is that kitchens provide more foods made from whole grains should, and stop offering meat with an over 30% fat content in the canteens. Caffeinated beverages other than tea and cocoa, carbonated or sugary soft drinks, syrups shall not be offered to persons under the age of 18 and pork and poultry fats may not be served to children between 1 to 6 years of age. Desserts may not be offered as an independent lunch. They can only be served to supplement other meals if one-third of these meals contains either fruits, or milk or dairy products.

As a result of schemes supporting the increase in milk and fruit consumption, 95% of primary schools participated in the school fruit programme and 72% in the school milk programme in 2017. The introduction of the public catering regulation brought about a positive change with the incorporation of new meals and ingredients in the students' diet, which most of them

found tasty. The proportion of primary schools offering fresh vegetables and fruits to children several times a day has increased significantly. A decreasing number of school canteens apply traditional frying technologies using a lot of fat, and more and more schools can meet special dietary needs. There was at least one student with special dietary needs—certified by a doctor—in 72% of the schools, with significant differences measured between the regions. While slightly more than half of the schools in the Southern Transdanubian region had children requiring dietary meals, the same proportion was 80% in Central Hungary and the Central Transdanubian region. In 2017 most primary schools (87%) were able to offer school meals for children having special dietary needs. It's good news that the number of schools being able to cater for children with special dietary needs was up 6% on 2013, on average. In northern Hungary, the number of institutions offering the same option grew by 21%.

International data show that if children receive proper, quality nutrition, their performance improves, absenteeism is reduced, and an increasing number of people choose public catering if it satisfies the child's developmental needs in every way.

It is important for children to have access to the right amount and quality of food, which must be achieved regardless of their parents' social and financial situation. Therefore, under the Child Protection Act, discounts on school meals are available on special request in nurseries and public educational institutions, so that children in need could be served free of charge, or at a discount. Nurseries and kindergartens provide free meals to children who receive regular child protection benefits, are chronically ill, or have a chronically ill sibling. Children living with disabilities or children in state care are also beneficiaries.



Children living in large families, that is, families with three or more children also receive school meals free of charge. Finally, children living in families where the per capita income does not reach 130 % of the net minimum wage—which was EUR 399.4 in 2020—can also receive free meals. It is also necessary to provide meals for children in need during the holidays: it is primarily the local government's duty to provide disadvantaged children with a one-time hot meal at noon during the holidays. Municipalities are obliged to provide childcare for at least 43 working days during the summer holiday and for the entire duration of the autumn, as well as the winter breaks. The affected parents must specifically apply for this form of catering during the holidays.

According to the Ministry of Human Capacities' data collection drive on public education statistics, the following number of children received free or discounted meals in public education institutions (in kindergartens, primary and secondary schools):

- in the 2014/2015 school year, 527,503 (52.05%) out of the 1,013,524 children in nurseries, kindergartens and schools,
- in the 2015/2016 school year, 641,713 out of 1,023,437 children (62.7%),
- in the 2016/2017 school year, 635,858 out of 1,014,663 children (62.67%),
- in the 2017/2018 school year, 626 272 out of 1 010 562 children (61.97%),
- in the 2018/2019 school year, 610 157 out of 1 004 376 children (60.74%),
- in the 2019/2020 school year, 602 313 out of 999 529 children (60.26%),
- in the 2020/2021 school year, 586 241 out of 1 989 550 children (62.67%),

received free or discounted meals in the educational institution.

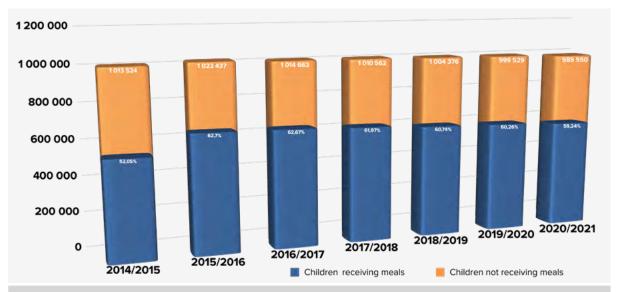


FIGURE 50 – FREE OR DISCOUNTED MEALS IN THE EDUCATIONAL INSTITUTION

SOURCE: FINOMABB ÉS EGÉSZSÉGESEBB ÉTELEK A MENZÁN (MORE DELICIOUS AND HEALTHIER MEALS IN THE SCHOOL CANTEEN), BY THE MINISTRY OF HUMAN CAPACITIES, ORSZÁGOS ISKOLAI MENZA KÖRKÉP, 2017 (NATIONAL OVERVIEW OF SCHOOL CANTEENS, 2017)



Erzsébet programme: the largest children's holiday programme of all time

The Hungarian government set a goal to provide those in need with a chance to go on holidays at discounted prices. To this end, it launched the Erzsébet programme in 2012, which paid special attention to supporting the holiday opportunities of large families, people with disabilities and retirees who could not otherwise afford a holiday. Within the framework of the Erzsébet programme, Hungary's National Holiday Foundation carried out organisational and management tasks related to social holidays and the performance of other social duties.

Hungary's largest camping programme, the Erzsébet Camps programme, was launched as part of the Erzsébet programme and maintained—from 2016—by the clergy-backed Erzsébet Foundation for Children in the Carpathian Basin. From June 2020, its work is regulated by the law on the Erzsébet Camps. In 2020, the government

earmarked EUR 12.56 billion to this goal from the central budget.

The Erzsébet camps system offers holiday opportunities for children throughout the whole year. The camping programme includes sleepaway, day-time and family camps, as well as healing and diabetes camps and camps in Transylvania, and the traditional series of festive programmes called Erzsébet Christmas is part of the complex system. Many children's programmes take place throughout the year on the shores of Lake Balaton, in the Erzsébet camps in Zánka and Fonyódliget, where thousands can spend their holidays at the same time, but in the spring and the autumn the campsites are also home to three-day class trips. Family camps also take place during the weekends, which, like children's camps, also provide full board and a number of programme options. The gates of the camp in Szeklerland are almost always open, ethnic Hungarian children can spend their holidays together with their peers from mainland Hungary at the Harghita-Madaras mountain. In addition to the Erzsébet camps in Zánka, Fonyódliget and Transylvania, the Csillebérc camp—as a new venue undergoing a state-subsidized renovation process—can also be used in the future, so campers can relax in modern, 21st century conditions.

The St Erzsébet camps in Zalaszabar and Tihany providing special care provide safe and enjoyable holidays for children living with, or recovering from, diseases. In addition, summer camping programmes offering meals and excursions for tens of thousands of students directly at their place of residence, is being realised through the theme-based Daytime Erzsébet camps.

Summer Erzsébet camps bear particular significance. Held from June to August during the summer holiday, they provide room for exciting activities for children ranging from artisanship and sports to concerts, theatrical plays, dance sessions, the development of digital competencies, to programmes providing experience-based, community-building, and traditional activities. As a great achievement, sleepaway summer Erzsébet camps regularly receive students from Kárpátalja (Zakarpats'ka), Transylvania, Upper Hungary (now southern Slovakia) and Vojvodina

(in Serbia), with the Erzsébet Foundation providing special camps for children with type 1 diabetes. Since 2016, children have also been able to participate in the festive programmes of Erzsébet Christmas. As part of a series of programmes during the Advent period, they can attend cultural and entertainment performances, and even receive gifts.

The Erzsébet camp for families, launched in the Year of Families (2018), further expands the range of possibilities. From Monday to Sunday, it provides joint recreation for kids—from the smallest to the oldest—in the Zánka camp, within the framework of the Erzsébet programme. In 2019, around six thousand children and adults (nearly two thousand families) were able to spend safe and varied holidays in the camping programme.

Besides organising and coordinating the camps and operating the camp sites, the Erzsébet Foundation—by publishing content on its own website—also focuses on children and their families. It publishes information, games and brochures, which can come in handy in terms of epidemiological preparedness for adults and children alike.

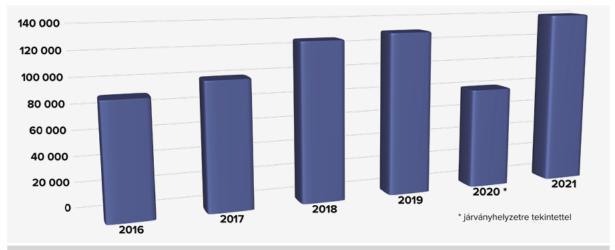


FIGURE 51 – NUMBER OF ERZSÉBET-CAMP ATTENDEES SOURCE: ERZSÉBET FOR THE CHILDREN OF THE CARPATHIAN BASIN FOUNDATION

Nearly 90,000 people participated in the various programmes of the Elizabeth Camps in 2016. By 2017 this number exceeded 100,000, increasing to more than 126,000 in 2018, and to 130,000 in 2019. Among them are disadvantaged and severely disadvantaged children, those living in child protection care, with special educational needs, with disabilities, living with or recovering from an illness, having diabetes or growing up in single-parent families.

In view of the pandemic situation, it was not possible to organise large-scale sleepaway camps in 2020. However, some 900 children took part in small camps with the support of the minister in charge of families, and about 80,000 children attended daytime camps, which is a record-high number. With state support, these day-care centres provided thematic pastimes and excursions for children in 800 of Hungary's towns for 8 weeks, involving the work of nearly 1100 institutions.

The renovated camps in Zánka and Fonyóliget provided a safe vacation for 110,000 participants in the summer of 2021. Altogether with trips in autumn, family weekends and the Erzsébet Christmas, 150,000 participants can enjoy free time activities of high standard in 2021.

Education of young children in nurseries and kindergartens

Reformed nursery system

The government's family policy pays special attention to harmonising work and raising children. This goal is facilitated by family tax benefits, a growing range of family support schemes, the development of a nursery network which reacts to parents' needs, and the extension of existing capacities. The steady and continuous development of nurseries taking place during the last government cycles aiming to provide 70,000 places by 2022 contributes to reducing regional inequalities and providing uniform, high-quality

nurseries for families locally, or at least in one of the nearby settlements or towns.

The employment for mothers with young children has received special support since the results of impact assessments show that mothers with children under the age of three can easily return to the labour market if safe care is provided for their children. Consequently, the development of the nursery system is an important objective, including the establishment of new institutions and services, expanding and modernising already existing places, providing the appropriate number of qualified human resources, making the regulatory environment more flexible, and eliminating the regional inequalities in the availability of day-care services for small children by all these.

The public opinion poll by the Mária Kopp Institute for Demography and Families on the reception of the Family Protection Action Plan shows that 95% of mothers with children under the age of five completely agreed with the development of nurseries, and 31% of respondents planned to use such services. The results of the Baby-Mom survey, also conducted in 2019, show that the majority of mothers would return to the labour market when their children are around two years old. However, organising the children's day-care supervision is an essential pre-requisite.

The reform launched in January 2017 aims to establish a flexible, multi-level and multi-actor scheme capable of providing day-care services beyond the institutional framework in a quasi-family setting for a small number of children, even in private homes or at the workplaces, responding to local needs and adapting to the work schedules of the parents.

The great advantage of the new structure and regulation is that the obligation of the local municipalities provides much greater flexibility than before, since the institutions and services may provide care for children under three in any form: individually, in association or via service agreements.

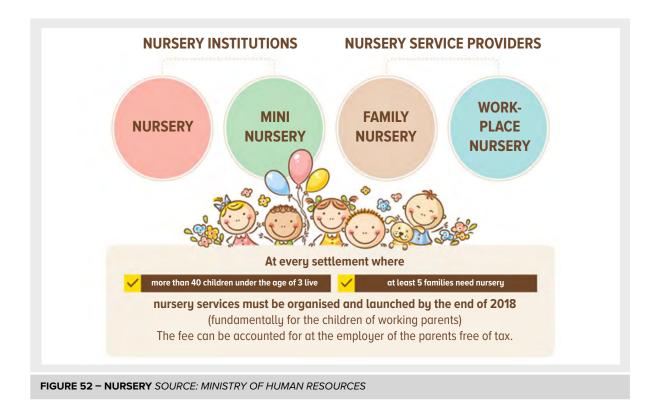
According to the regulation, which was preceded by a year of preparation and active consultation with the municipalities, a nursery must be maintained in all towns and villages with more than 40 children under the age of three, or where the families of at least five nursery-aged children indicate their need for nursery services. Earlier, only towns boasting a population of over 10 thousand were obliged to maintain nurseries.

The system providing day-care for small children was expanded by new forms during the reform in 2017, which established four possible ways for operating nurseries: in the form of a traditional nursery or a mini nursery within the institutional framework, as a nursery at the workplace or in the form of family nurseries on the basis of the former family day-care services.

Additionally, in order to support access to nursery services, 2017 saw the introduction of a fairer regulation, which pays more heed to parents'

interests when it comes to their kids' admittance to nurseries. According to this, children taken into protection must be preferred and children eligible for regular child protection allowance, children in large families or children of single-parents must also be preferred among the children of parents employed (or otherwise working).

From 1 January 2017 the new regulation of the day-care scheme also helps parents, including working mothers of young children, by making day-care available beyond the opening hours of nurseries until 7 pm, adapting to their working hours, but considering that children must spend at least four, but not more than twelve hours in nurseries per day. Additionally, the government supports the establishment of nursery services at workplaces by several financing forms and other initiatives, so that young children can be as close to their parents as possible, also reducing their time loss incurred by going to the nursery.



Name	Number of Institutions		Number of Places		
	2017	2020	2017	2020	
Nursery	754	825	40,040	42,217	
Mini nursery	50	245	354	1,889	
Family nursery	938	963	6,032	6,032	
Workplace nursery	7	9	49	70	
Total	x	X	46,475	50,208	

TABLE 22 – NUMBER OF DAY CARE INSTITUTIONS, NUMBER OF PLACES AND NUMBER OF ATTENDING CHILDREN IN 2017 AND 2020)²¹ SOURCE: STATISTICAL REVIEW – DAY-CARE FOR CHILDREN (HUNGARIAN STATISTICAL OFFICE, MAY 2020)

Note: One institution may organise more than one form of service, therefore the number of institution cannot be added up. The permitted number of places never equals the number of children, since many nurseries provide care for children with special needs who count as two in terms of headcount. Moreover, in newly opened nurseries, groups are typically filled up incrementally, not immediately. In 2020, the pandemic also significantly affected the number of attending children, taking the general closure in spring 2020 (extraordinary break between March and May 2020) into account.

New and Renewed Nurseries

The expansion of the number of places in nurseries took place in tandem with structural changes. Thanks to the developments—with regard to data released by the Hungarian Statistical Office—the number of places in nurseries increased by 56 % form 32 to 50 thousand between 2010 and 2020, and the number of settlements providing nursery services more than doubled. As the number of places at nurseries is growing nationwide, nursery services are becoming available for families with small children at more and more settlements and the employment rate of women—aged 25-49 and raising children under 3 years of age—is increasing in tandem. While the employment rate among women aged 25-49 and raising children under 3 was 12.4% on average in 2010, it increased by almost 6% to 17.9% by 2019. This shows that a growing number of mothers with young kids are able to return to the labour market and use high quality day-care services for young children.

Developments affecting places between 2014 and 2020 were provided via operative programmes (the Territorial and Settlement Development Operational Programme, [TOP] and the Competitive Central Hungary Operational Programme [VEKOP]) using a framework budget of EUR 430 million in part to expand kindergarten capacities, due to which 14,000 nursery places have been/may be created.

The developments were also financed from EUR 51.6 million domestic sources, through which 3300 new nursery places have been/may be established. Through the continually improving financing of nursery services, the government encourages the creation of new nursery institutions and services. The financing system of nurseries and mini nurseries was significantly changed in 2018 when the previous normative financing was replaced by task-based financing, in which the central budget provides wage subsidies for every institution (subsidising average wages to the tune of legally prescribed mandatory headcounts) and operation subsidies for institutions maintained by municipalities (taking

²¹ 2020. május 31-i lezárású KSH adatok alapján.



the tax-paying capacity of the given settlement into account), assisting municipalities in being able to perform their tasks effectively on the long haul. While approx. EUR 31.6 million was provided in the 2010 central budget for the maintenance of nurseries for children under the age of 3, almost four times of this amount, i.e. over EUR 114 million, was assigned for this purpose in 2020 and 2021. The relative amount of the normative costs of family and workplace nurseries has also been significantly increased by 2021: in the case of family nurseries, it has been almost doubled, and in the case of workplace nurseries, it has been increased approx. seven times compared to 2017.

Additionally, the development of the nursery profession has also been brought into focus. Two and a half times more places are financed by the government in higher education in infant and small child-care practitioner programmes than before. Child-care practitioners with higher education degrees were included in the Career Cycle Model for Teachers in 2016, so that young people could see the profession as an attractive career opportunity. Child-care practitioners with secondary qualification have been receiving nursery bonus since 2017, which was extended to nursery nurses and child-care practitioners with

higher education degrees in 2020. The amount of bonus for special needs education was significantly increased in 2020 and differentiated on the basis of the number of children taken care of. From 2021, the amount of the substitution bonus, in the case of child-care practitioners working in nurseries and mini nurseries, has been set out by law as 30% of the hourly wage.

In addition to moral appreciation, financial acknowledgement is also ensured for professionals working in nurseries, since the wage of child-care practitioners as well as that of professional consultants and nursery nurses increased by an average 30% in 2020–2021. Due to the development of wages, nursery professionals earn 2.5 times more on average compared to 2010; however, in case of some workers, this value reaches three.

In order to facilitate a healthy balance between the and work, parents raising young children and returning to the labour market have additional supports between 2019 and 2021: they are eligible for up to EUR 114.8 non-refundable allowance per month for the fee of family nursery, workplace nursery, nursery or mini nursery not maintained by the municipality.

Kindergarten for Everybody from the Age of Three

Kindergarten was compulsory for children from the age of 5 before 2015. This was reduced to the age of 3 by the government from 1 September 2015. The head of the institution or the town clerk may give exemption from the obligation up to the age of 5.

The age limit has had to be lowered to reduce the difference between young children in terms of community socialisation and skills required for schooling. Children missing kindergarten did not take part in kindergarten sessions preparing them for elementary school, and thus suffered disadvantages compared to their age group and performed poorer from the first year of school than their mates who went to kindergarten. Another important aspect has been that children in need should not miss the three meals provided at the kindergarten every day. Additionally, long-lasting child care at home put mothers at a significant disadvantage on the labour market, and in many cases, they were absolutely incapable of returning to work. The survey of Mária Kopp Institute for Demography and Families shows that mothers with young children think that they can most ideally return to the labour market when their children are between the ages of 2 and 3. Accordingly, Hungarian mothers desire the balance of work and family life, and in contrast with international tendencies, many of them wish to spend more time at home with their small children. This intent is

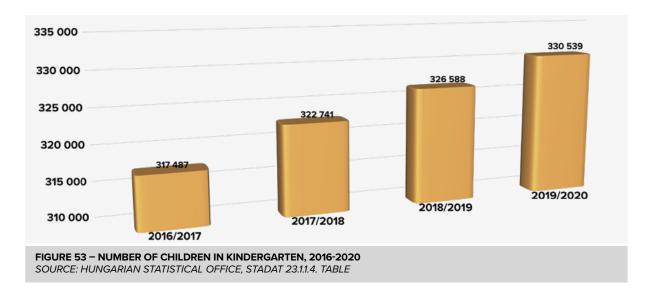
completed and supported well by the compulsory kindergarten from the age of 3.

Compulsory kindergarten was strengthened by a measure from 1 January 2016 stating that the disbursement of family allowance is suspended for families where the child is absent from kindergarten for more than 20 days until the child starts attending the institution regularly. As subjecting the family allowance to school attendance proved to be efficient, this measure also had positive effects: 331 thousand children went to kindergarten in the academic year 2019/20 in contrast with the year 2015/16, when 321 thousand children went to kindergarten. Parents have the opportunity to ask for an exemption from mandatory kindergarten education with the approval of the director of the kindergarten and the district nurse keeping in mind the best interest of the child if their family environment, skills development and special needs justify such a decision.

Intervention in Early Childhood

Intervention in early childhood means all services built around children and families needing special support from the preconception (before conception) stage, screening, recognising and indicating the problem, through diagnosis, to different therapeutic and complex special needs education, conductive education development and consulting activities completed with parent supporting services (i.e. allowances for families granted on a universal basis). Additionally,





prevention is also important, aiming to identify different development deviations as soon as possible, provide professional intervention as well as help and support families involved.

In Hungary, the number of children aged 0–5 needing therapy was multiple times more than the number of those who could actually use the services most suitable for them. Professional fields in connection with children and their families—health-care, public education, the social sector—were not interconnected and therefore the care system was not uniform. The regional inequalities of access to existing services and the poor flow of information also caused problems. The early childhood intervention programme was established to eliminate this fractured structure and establish a uniform, client-centred service system.

Early childhood intervention services must be available and accessible for families as early as possible. With regards to the implementation of the development, it is important to provide services as close to the home of the family as possible. This ensures that all children receive the support and development that they need. Financial burdens must not be forgotten either. Minimising these also facilitates that children receive the services that they need, also taking the needs of the family unit into account and making their situation easier. The cooperation

of the three fields involved in early childhood intervention (healthcare, public education and the social sector) is essential. Prevention is a priority, which requires the effective collaboration of these fields. In order to implement interdisciplinary teamwork, not only the collaboration of the professional sectors but the involvement of parents is required as well.

The general objective of the EUR 16.3 million Project of Special Importance related to the interdisciplinary development of early childhood intervention is to develop a common "child path" (the institutional service path for children needing development) regarding which the collaboration of professionals in different fields is clearly regulated and the required protocols and the regulatory background are available.

Uniform screening, measuring and testing processes and service protocols were introduced in order to identify and screen developmental delays as soon as possible and to provide the most accurate diagnosis. As a result of interconnecting information technology systems, the development of children can be monitored by professionals in different fields. Establishing partnership and cooperation with the families is a major element of the project, including targeted communication, information materials and conducting parent training courses.

Home CreationFamily Investments withGovernment Support

The Relationship between Housing and Having Children

An independent home, a flat of our own is one of the prerequisites of having children. Improving the housing conditions of families, especially that of families having children, is particularly important for the desired children to be born.

An independent home of their own is particularly important for Hungarian people in European comparison as well. The Europe Project Survey of the Századvég Economic Research Institute showed that 91 % of Hungarian people find it important to live in a home of their own. According to Eurostat data from 2019, the indicator of residential property ownership is particularly high in Hungary in comparison with Europe and even with the rest of the world. The ownership rate of homes in Hungary is the second highest in the EU member states following Romania.

According to an article published in the newsletter on demography of the Hungarian Demographic Research Institute titled Korfa (Population Pyramid) in 2016 "[...] our results show that the poor housing conditions are real obstacles of having children so the expansion of the Home Purchase Subsidy Scheme for Families (CSOK) may contribute to the birth of planned children. [...] we think that the measure [...] may bring a change of paradigm in the demographic policy of the government. Measures taken in the past five years primarily aimed [...] to stop (middle-class) couples from postponing the birth of planned children, and to actually see the birth of these children" (Kapitány 2016: 14).

On the basis of a survey conducted by the Hungarian Statistical Office in 2015, in man-cases, obtaining the first flat and moving out from the parents determine the route of a household on the residential property market, therefore housing market surveys pay particular attention to people

acquiring their first flat. In the past decades, the age of moving out from the parents has become higher and higher. Studying in higher education, postponing marriage and having children increased the average age of moving out from the parents to 27.4 in 2015: 27.9 among men and 26.9 among women (Hungarian Statistical Office, 2015). The role of an independent home is important in planning children.

The integration survey of KINCS also pointed out that according to young people, a suitable flat is one of the three most important factors for having children, directly after physical and mental health and a secure job.

KINCS conducted a questionnaire-based survey in 2020 on the relationship between housing and having children. Almost four-fifths of families with children live in their own flat (6.6% of them at their parents', 12.2% in rented flats and 3.3% at other places), while only less than half of families without children do so. Nine-tenths of families with children obtained their home by purchase. The fact that the rate of families living in their own flat increases as the number of children in the family increases shows that having children requires an independent property, the possession of a flat: almost three-quarters of families with one child, while more than four-fifths of families with three or more children live in a real estate that they own.

The research also surveyed what help and support the purchasers used to acquire the real estate: the possibilities listed were help from parents (38.2%), market-based bank loan (50.2%), prenatal baby support loan (4.9%), non-repayable support of the Home Purchase Subsidy Scheme for Families (12.4%), loan with state-subsidised interest of the Home Purchase Subsidy Scheme for Families (4.4%), Village Home Purchase Subsidy Scheme for Families (1.4%), green loan (0.1), loan from the workplace (3.7%) and other support or subsidy (6.3%).

Based on the survey, the number of children restricts regional mobility: the more children the parents have, the more likely they are to think that they will be living in the same settlement as now when they are 50. It is also apparent that

Name	No child	1 child	2 children	3 or more children	Total
Housing condition (N = 998)					
Own property	44.8	73.9	79.5	82.4	64.8
At the parents'	29.5	9.2	6.0	2.1	15.5
Renting	22.3	13.0	11.6	12.0	16.2
At other place	3.5	3.9	2.8	3.5	3.4
Total	100.0	100.0	100.0	100.0	100.0
Where will they live when they are	50 (N = 917)				
At the same settlement	53.9	78.8	84.9	86.9	71.6
At an other settlement within the country	34.0	13.5	13.3	10.9	21.2
Abroad	12.2	7.8	1.8	2.2	7.2
Total	100.0	100.0	100.0	100.0	100.0

TABLE 23 – DISTRIBUTION OF MARITAL STATUS, HOUSING CONDITIONS AND FUTURE PROSPECTS BY THE NUMBER OF CHILDREN (%) SOURCE: SURVEY OF HOUSING AND EMPLOYMENT (KINCS, 2020)

respondents living under favourable housing conditions have more moderate plans for the future to move abroad: people living in their own property can see themselves the least likely to be living abroad when they are 50—in the sample, almost three-quarters of these people have children.

Home Purchase Subsidy Scheme for Families (CSOK)

Home creation aims to help families—the most important national resource of Hungary and the basic unit of Hungarian society—in several ways by improving the safety of family life and the conditions of having children for which the government provides significant support to the target group meeting the conditions.

The Hungarian government started a unique home creation programme in 2015, the elements of which are the measures improving the home creation conditions of families. The objective is to expand the possibilities provided by home creation subsidies in order to further reduce the

burdens related to housing, and to facilitate home creation. The home renovation loan available since 2021 and the home renovation subsidy for families with children shall be discussed in more detail in separate chapters.

When launching the Home Purchase Subsidy Scheme for Families, the government set out two major objectives by the new scheme: on the one hand, to contribute to the increase of the willingness to have children through facilitating the implementation of families' home creation plans, and, on the other hand, to support economic growth by boosting the construction industry and the real estate market. While significantly expanding the Home Purchase Subsidy Scheme for Families in 2016, the government declared that the Home Creation Programme shall not focus on social policy but on demography and national economy, i.e. the framework of the housing subsidy scheme shall not be set out along social aspects but in order to facilitate having children and economic growth as primary objectives.

The launch of the scheme also greatly contributed to the recovery of the construction industry and the real estate market. The Home Purchase Subsidy Scheme for Families played a role in every fifth transaction on the residential market between 2016 and 2020. All this was accompanied by additional subsidies facilitating home creation launched in 1 January 2016 related the construction and purchase of new flats, such as the loan with state-subsidised interest of EUR 28,695 or 43,042 for families with more children, the tax-refund subsidy for constructions up to EUR 14,347 or the reduced, 5% VAT rate for the purchase of new flats. (Additionally, the possibility of reducing mortgages of parents having a third or further child, which also affected the Home Purchase Subsidy Scheme for Families Ioan as well, was launched in 2018 in the Year of Families.)

The amounts of Home Purchase Subsidy Scheme for Families in force in 2021 are presented in the table below:

In terms of content, the Home Purchase Subsidy Scheme for Families is a non-refundable government subsidy that can be used for the purchase, construction and extension of new or used flats or detached houses to which—in the case of at least two children—a subsidised, fixed-rate loan may also be connected, which, however, cannot be requested without the Home Purchase Subsidy Scheme for Families. The Home Purchase Subsidy Scheme for Families is a complex housing subsidy scheme. Its four

major elements are the subsidies for new flats, used flats, the Village Home Purchase Subsidy Scheme for Families and the interests of loans: the amounts are determined by the number of children (also to be born later) of the applicants. The Home Purchase Subsidy has been available since 1 July 2015. Later, families with or undertaking to have one child also became eligible for the subsidy, and, in addition to constructing and purchasing new flats, it can be used for the purchase of used flats or the extension of existing residential buildings.

The subsidy scheme has been significantly improved since 2016, its administration has become simpler and the amounts have been increased. Major changes since the decrees entered into force:

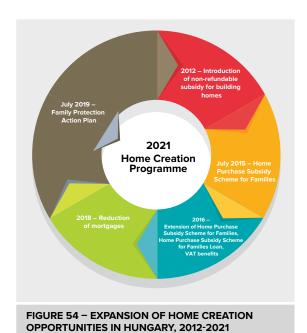
- The age limit of children ensuring eligibility was increased from 20 to 25 in 2016, and the acceptance limit of the foetus as a child decreased from 24 weeks to 12 weeks; the number of subsidies increased significantly, in particular for families with three or more children;
- ▶ Since 2017, in the case of the death of the applicant, a direct relative, spouse or life partner has also been able to obtain ownership of the real estate obtained with the Home Purchase Subsidy Scheme for Families without having to pay back the subsidy;
- In 2018, in order to unify conditions, the limitation for existing real estate ownership was

Number of dependent	Construction/purchase of new flat		Purchase/exten	sion of used flat
children	Minimum useful floor area of flat (flat / detached house)	Amount of subsidy	Minimum useful floor area of flat	Amount of subsidy
1	40/70 m²	1722 EUR	40 m²	1,722 EUR
2	50/80 m ²	7 461 EUR	50 m²	4,103 EUR
3	60/90 m ²	28 695 EUR	60 m²	6,313 EUR
4+			70 m ²	7,891 EUR

TABLE 24 – THE AMOUNTS OF HOME PURCHASE SUBSIDY SCHEME FOR FAMILIES IN FORCE IN 2021 SOURCE: CSALAD.HU

cancelled everywhere. Families with two children are now also eligible for the EUR 28,695 loan for newly built real estates at a 3% interest, and families with three children are eligible for the EUR 43,042 loan. Claiming the subsidy became easier for Hungarian people returning from abroad, and the application process became simpler and less bureaucratic;

The value limit of EUR 100.433 for used real estates was cancelled from July 2019, and the Village Home Purchase Subsidy Scheme for Families was launched for purchasing used flats and houses and for renovating, modernising or extending newly purchased or already possessed real estates in the preferred villages. Additionally, the Home Purchase Subsidy Scheme for Families Ioan with state-subsidised interest also became available for the purchase of used flats up to the same amount available for new flats (moreover, it is available for modernisation and extension up to 50% thereof in the villages included in the Village Home Purchase Subsidy Scheme for Families).



SOURCE: KINCS

Achievements of the Home Creation Programme

The Home Purchase Subsidy Scheme for Families has been maintained for almost six years now, and its achievements can be clearly seen in the indicators of the real estate market, including the significant increase in newly built flats.

It is apparent from the real estate market figures by the Hungarian Statistical Office and the Central Bank of Hungary as well that the number of building permits for flats started to increase dvnamically from the second half of 2015 that is exactly from the launch of the Home Purchase Subsidy Scheme for Families. By contrast, the circumstances had been decreasing or stagnating until then. This is followed almost a year later by the increase in the number of newly handed-over flats. This is not mere coincidence, since the Home Purchase Subsidy Scheme for Families had a role in three-quarters of new flat constructions and half of the new flat purchases in the past five years. (Naturally, the boom replacing the stagnation of previous years was also facilitated by the general improvement of the economy, the decrease of loan interests and the conversion of foreign currency loans to HUF, as well as other measures to save debtors.) In 2020, the number of newly built flats reached a more than ten-year high with over 28 thousand handovers. which was 34% higher than that of the previous year. This momentum hardly decreased in the first quarter of 2021 when 29% more flats were handed over than in the same period of 2020.

Families with children applied for the Home Purchase Subsidy Scheme for Families amounting to EUR 1.56 billion in the past nearly 6 years. They were further helped by the VAT-refund subsidy (EUR 0.26 billion) and the loan with state-subsidised interest for families with more than one child (EUR 1.45 billion), as well as the reduction of mortgages for families with more than one child (EUR 120 million) since 2018. Thus, the (non-refundable and refundable) total amount of subsidies for housing disbursed to families in the preceding period exceeded EUR 2.87 billion (EUR 3.39 billion). Approx. three-quarters





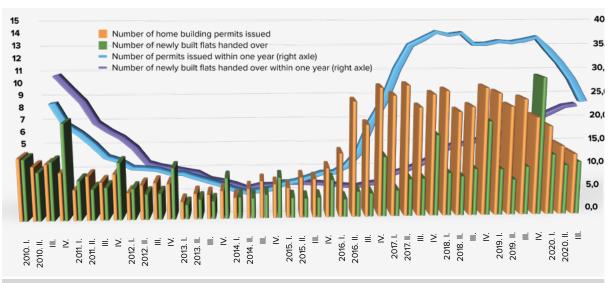
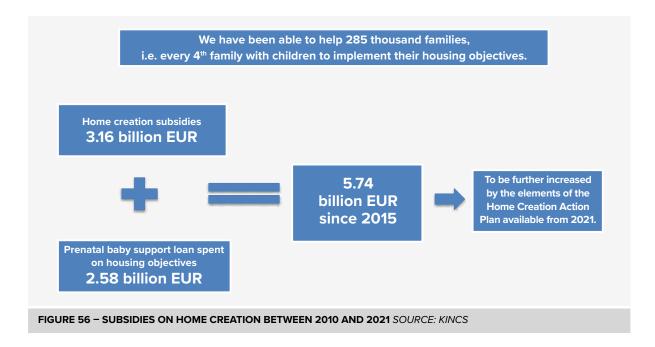
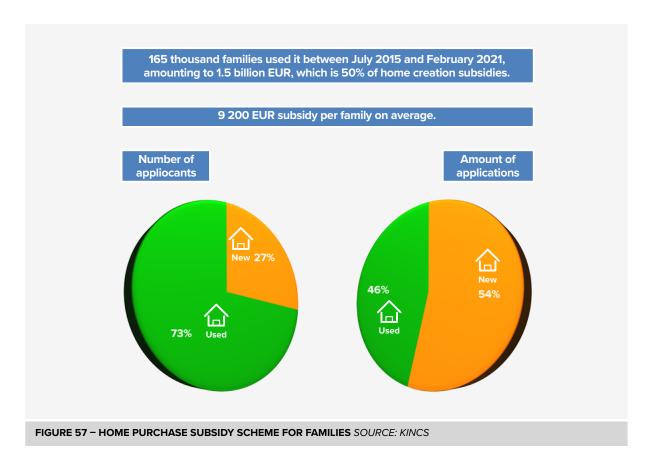


FIGURE 55 – NUMBER OF HOME BUILDING PERMITS ISSUED AND NUMBER OF NEWLY BUILT FLATS HANDED OVER (QUARTERLY AND BY ACCUMULATED COMPLETE YEAR) SOURCE: HUNGARIAN STATISTICAL OFFICE



of the amounts claimed as part of the prenatal baby support loan launched in 2019 may be added to this, since according to the figures from the Central Bank of Hungary, this proportion of the subsidy is used for housing purposes. This amount is over EUR 2.73 billion. Therefore, in total, the government has appropriated more than EUR 6.03 billion for supporting home creation since 2015. From the present year, the other resources of the Home Creation Programme are also added to this, for which in 2021, approx. EUR 717 million and next year, approx. EUR 860 million will be allocated from the budget.



The Home Purchase Subsidy Scheme for Families was claimed by 171 thousand families since it was launched in July 2015 until the end of March 2021, i.e. in almost six years, amounting to EUR 1.56 billion.

Close to three-quarters (73%) of families, i.e. 125 thousand households, requested subsidy for used real estates, while 27%, i.e. 46 thousand families, requested subsidy for new real estates. The requested amounts for new and used flats were distributed in inverse proportion, i.e. 54% and 46%, respectively.

In terms of the number of children, 15% of applicants, i.e. 26 thousand families, requested subsidy for one child, almost half of them (47%), i.e. 80 thousand households, requested subsidy for two children, and nearly two-fifths (38%), i.e. 65 thousand families, for three of more. There are 392 thousand children in the more than

171 thousand families involved (i.e. 2.3 children per household on average), which means that the housing for 714 thousand people, including the parents, has been facilitated by the Home Purchase Subsidy Scheme for Families. Families with one child received only 3% (EUR 43) million) of the amount applied for, families with two children received one-quarter (24%, EUR 370 million), while large families received almost three-quarters (74%, EUR 1.15 billion) of the total amount claimed. It can be observed that the vast majority of resources disbursed under the Home Purchase Subsidy Scheme for Families was received by large families, who are overrepresented in the builders or purchasers of new homes: they constitute three-fifths of such applicants.

Almost two-thirds (65.4%) of applicants, 112 thousand families, requested the subsidy exclusively for their existing children, while more



than one-third (34.6%), approx. 59 thousand families, requested the subsidy for children to be born—with or without their existing children. The latter undertook to give birth to 1.5 children on average, i.e. 89 thousand more children, within 6 years. Therefore, it can be seen that the Home Purchase Subsidy Scheme for Families played a major role in the growth of the willingness to have children, although, in the case of most of the families, the term undertaken will only expire in the future.

The Home Purchase Subsidy Scheme for Families was used, on average, in the case of every fifth of the 741 thousand real estate transactions and constructions for private purposes taking place in the period between 2016 and 2020—in particular, in the case of two-thirds of the constructions and over half of the new flat purchases and 15% of the used flat purchases—, which shows that the introduction of the subsidy significantly and increasingly supports Hungarian families in obtaining their own home.

The Home Purchase Subsidy Scheme for Families became even more popular in 2020, since the number of agreements concluded increased significantly, by 25%.

According to data published in 2020, families having (more) children will have 240 children per 100 families if the planned children will be born. This number is remarkably higher than the national average: at the 2016 micro-census, there were 162 children per 100 families raising children.

The effect of the Home Purchase Subsidy Scheme for Families on having children is outstanding: in the case of those who took advantage of the Home Purchase Subsidy Scheme for Families, the average number of children per family significantly increases.

Average of existing and undertaken children in Home Purchase Subsidy Scheme for Families agreements among families undertaking to have children, 2016–2020 (persons)

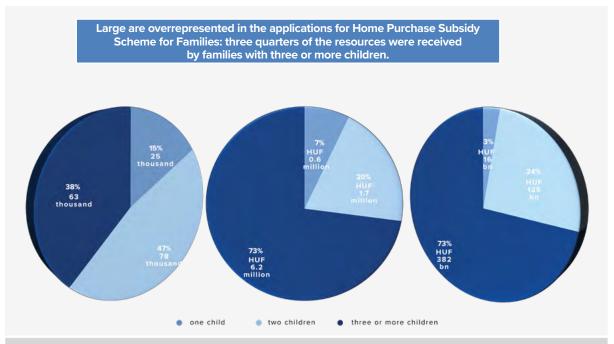


FIGURE 58 - HOME PURCHASE SUBSIDY SCHEME FOR FAMILIES SOURCE: KINCS

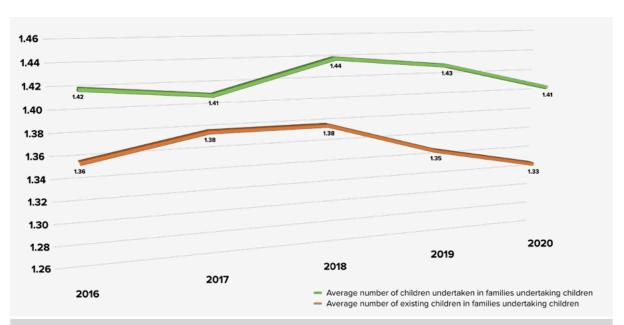


FIGURE 59 – AVERAGE OF EXISTING AND UNDERTAKEN CHILDREN IN HOME PURCHASE SUBSIDY SCHEME FOR FAMILIES AGREEMENTS AMONG FAMILIES UNDERTAKING TO HAVE CHILDREN, 2016–2020 (PERSONS) SOURCE: KINCS

Name	Construction/pur	chase of new flat	Purchase of used flat	Extension/ modernisation	Total
	Total	In the case of three or more children of this	assa nat		
Number of received applications (pcs)	46,347	26,849	112,543	12,270	171,160
Amount of received applications (million EUR)	837.86	717.00	635.37	87.08	1,560.30

TABLE 25 – APPLICATIONS FOR THE HOME PURCHASE SUBSIDY SCHEME FOR FAMILIES (JULY 2015 – MARCH 2021)
SOURCE: HUNGARIAN STATE TREASURY, KINCS

In 2020, 33 thousand families applied for the Home Purchase Subsidy Scheme for Families, amounting to EUR 332 million in total and EUR 10.3 million on average. Within this, the number of families purchasing used flats increased by 12%, i.e. by 2199, while the number of families extending/modernising their home more than doubled.

In the first three months of 2021, 10,454 thousand families applied for the Home Purchase Subsidy Scheme for Families, amounting to EUR 92.7 million in total. Therefore, compared to January–March 2020, an increase can be observed in the number of applications.

The number of families purchasing used flats increased by 32%, and the number of people applying for the subsidy for a new flat increased by 29%, i.e. by 403, compared to the same period of the previous year. The amount of subsidies applied for in the case of new real estates increased by 24.6% (EUR 6 million), in the case of used real estate purchases, it increased by 7.6% (EUR 3.7 million).

Home Purchase Subsidy Scheme for Families Loan

The Home Purchase Subsidy Scheme for Families loan is an amount that can be requested, for housing purposes, alongside the Home Purchase Subsidy Scheme for Families with an interest of maximum 3%, and is available for new and used flats or houses (but not for extension works). Families with two children are eligible for EUR 28,695, and families with three or more can request EUR 43,042.

In addition to the favourable changes to the Home Purchase Subsidy Scheme for Families loan, the government also introduced the Village Home Purchase Subsidy Scheme for Families. The programme started on 1 July 2019 has provided favourable conditions for purchasing and renovating homes in 2486—and by now, approx. 2600—disadvantaged villages with a population below 5000. These are villages where the population decreased between 2003 and 2018, or which are in the most disadvantaged regions. On the basis of this measure, the Home Purchase Subsidy Scheme for Families available for new homes has also been available, in the involved settlements, for the purchase, extension and modernisation of used homes since then. However, it is important to note that only half of the amount can be used for purchase; the other half must be used for renovation or extension. Additionally, 50% of the subsidy may be available for the extension and modernisation of existing real estates, to which 50% of the Home Purchase Subsidy Scheme for Families loan and tax refund subsidy of up to EUR 14,347 are also available.

Tax Benefit for Firstly Married Couples

Uniquely in Europe, as a kind of "wedding gift from the government", the government provides support to married couples from the beginning of establishing a family. Although marrying is an individual, personal decision, having children significantly affects the future of the nation, too, which the government recognises and supports from the beginning.

Newly married couples are eligible for the tax benefit of firstly married couples. One of the conditions is that the marriage in question is the first marriage for one of the members of the couple. The member of the couple who is not married for the first time may also claim the tax benefit. Considering that the tax benefit can be claimed at any age, even senior couples who marry later in life can take advantage of this opportunity.

All newly married couples where it is the first marriage of at least one of the members may claim a net monthly discount of EUR 14.3 from their personal income tax for two years since 2017. The benefit for firstly married couples and the family tax benefit both decrease the consolidated tax base, and they can both be taken advantage of in case of childbirth. The benefit may also be claimed by the couple during the year when determining the tax advance. They may divide the benefit, use it jointly or they can use it differently to their own discretion. (People under 25 who are exempt from personal income taxpayment may only claim the tax benefit for firstly married couples later, over the age of 25.) EUR 10.1 billion is allocated for the family tax benefit and the benefit for firstly married couples in 2021.

Approx. 200 thousand couples claimed the benefit between 2015 and 2019, amounting to EUR 9.7 million.

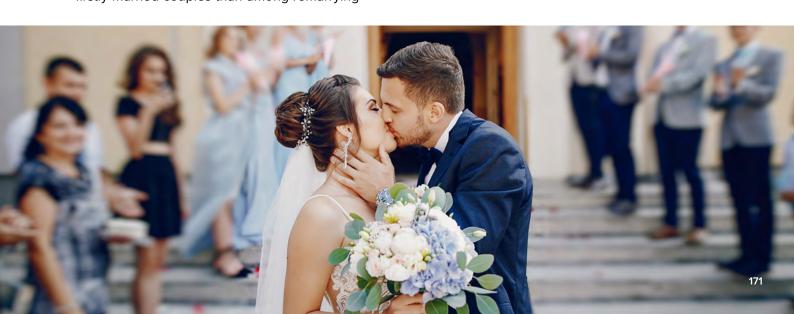
Comparing the number of marriages in 2010 and 2018, there is a higher increase in the number of firstly married couples than among remarrying

couples. Out of the couples who got married in 2018, none of the parties had been married in the case of 35.4 thousand and one of the parties of the couples had been married in 8.9 thousand cases. The rate of first marriage for one thousand single men was 24.2 permilles, and the rate of first marriage for one thousand single women was 30.7 permilles.

The highest increase among firstly married people could be seen among employed people (considering that the benefit is subject to taxable income). The two-year benefit is probably more motivating for people earning lower wages. It is apparent that the number of firstly married people with primary education doubled between 2010 and 2018, and the increase was also above average in the most undeveloped regions of the country.

Year	Number of claimants	Benefit claimed (thousand EUR)
2015	21,526	1,452
2016	54,121	6,243
2017	81,672	9,334
2018	84,758	9,587
2019	93,027	9,892

TABLE 26 – TAX BENEFIT FOR FIRSTLY MARRIED COUPLES SOURCE: MINISTRY OF FINANCE – BASED ON TAX RETURNS



Roma Families' Inclusion

The demographic movements of Roma and non-Roma communities are mostly of opposite directions. More children are born in Roma communities, and the age structure of the population is younger than that of the majority society. With the present birth rates, Hungarian society in general is going to decrease, however, the number of Romas is going to increase.

Due to the instruments of economic development, and likely also to those of social inclusion, the poverty of Roma communities has decreased in all indexes and their situation has improved. Though Roma's data are better than those measured in the previous years and are improving, the differences between Roma and non-Roma Hungarians have remained.

The Hungarian Statistical Office started systematic and comparative measurements amongst the Roma in 2013. We have had separate data about the Roma since then.

Poverty is measured based on a unified indicator system in the EU. Beyond income poverty, the AROPE (At Risk of Poverty or Social Exclusion) composite indicator also shows other forms of poverty, too. It takes into consideration financial deprivation, as well as exclusion from the labour market.

AROPE includes three partial indicators:

- relative income poverty (income below 60% of the median income);
- proportion of people experiencing severe financial deprivation (proportion of people who, due to financial conditions, are forced to go without at least four of nine determined consumption items);
- proportion of people living in very low work intensity (proportion of those living in households where working-age (between 18 and 59 years) adults spent less than 20% of their possible working time working in the previous year).

We consider those who are affected by either of the three dimensions to be exposed to the risk of social exclusion.

It can be seen in the below table that, in the time period examined, the proportion of people exposed to the risk of poverty or that of social exclusion has decreased both in the whole society and amongst Roma. From 2013 to 2019, 58.8% less Roma lived in poverty or was exposed to the risk of social exclusion.

By examining the partial indicators of the index, it is also revealed that the situation of the entire society, as well as the situation of the Roma, are improving. In the 7 years studied, the number of those living in income poverty halved (51.1%).

Year	ear Population		Proportion of Rom	a people in the pop	ulation (%)	
	Men	Women	Total	Men	Women	Total
2001	4,851,012	5,349,286	10,200,298	5.7	5.1	5.4
2011	4,743,901	5,241,821	9,985,722	7	6.3	6.6
2016	4,688,519	5,141,966	9,830,485	7.6	7	7.3
2021	4,529,329	4,963,343	9,492,672	8.4	7.8	8.1

TABLE 27 – ESTIMATION OF THE ROMA POPULATION COMPARED TO THE ENTIRE POPULATION SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

There are less and less people living in very low work intensity households. Consequently, more and more people become employed, and an increasing number of people live within their labour income. In 2019, three times less households fell into this category than in 2013.

Detailing more the above definition, we can state that we consider those who are affected by at least four of the nine below items, or who, due to financial reasons, are forced to go without these to be in severe financial deprivation:

- have arrears for credit repayment or housing bills;
- 2. lack of appropriate heating in the flat;
- 3. lack of coverage for unexpected expenses;
- the inability to consume meat, fish or equivalent nutrients every two days;
- 5. lack of a one-week holiday outside of the home per year;
- 6. having no car due to financial reasons;
- 7. having no washing machine due to financial reasons:
- 8. having no colour television due to financial reasons:
- 9. having no telephone due to financial reasons.

There is a two-and-a-half time decrease among those belonging to the Roma community, whereas, among non-Roma Hungarians, the improvement is threefold.

Considering employment and unemployment figures, there has also been an improvement in the Roma community. More and more Roma families make their living by a professional or trade activity. As it can be seen from the decrease in the number of households with very low work intensity, and also from employment rate numbers, more and more Roma people get an employment in the labour market. In 2013, a very low proportion of Roma participated in the labour market, however, this number has almost doubled during the years. In 2019, 45.5% of the working-age Roma population had declared employment relationship.

Year	Roma	Non-Roma
2013	89.9	29.8
2014	83.7	26.8
2015	82.8	24.5
2016	76.5	24.7
2017	67.8	18.4
2018	63.2	17.3
2019	52.9	16.9

TABLE 28 – PROPORTION OF PEOPLE EXPOSED TO THE RISK OF POVERTY OR SOCIAL EXCLUSION IN THE ROMA AND THE NON-ROMA POPULATION (2010–2019) SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

Year	Roma	Non-Roma
2013	67.9	13.1
2014	63.6	13.7
2015	54.7	13.2
2016	48.4	12.8
2017	40.9	12.1
2018	38.4	11.4
2019	34.7	11.7

TABLE 29 – PROPORTION OF RELATIVE INCOME POVERTY IN THE ROMA AND THE NON-ROMA POPULATION (2010–2019) SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

Unemployment could also be widely detected in the Roma community in 2013, however, it decreased by more than half by 2019, although it is still high (17%). Considering the post-pandemic period, the steadily decreasing trend of the past seven years may provide a reason of hope.

Year	Roma	Non-Roma
2013	45.3	8.4
2014	26.7	6.6
2015	35.9	5.2
2016	25.2	4.5
2017	15.1	3.9
2018	13.8	3.3
2019	15.2	3.4

TABLE 30 – APROPORTION OF PEOPLE LIVING IN VERY LOW WORK INTENSITY HOUSEHOLDS IN THE ROMA AND THE NON-ROMA POPULATION (2013–2019) SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

Year	Roma	Non-Roma
2013	78.1	22.1
2014	67.8	18.1
2015	63.9	14.7
2016	55.5	13.8
2017	53.7	9.1
2018	43.4	7.5
2019	30.9	7.5

TABLE 31 – SEVERE FINANCIAL DEPRIVATION SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

Looking at the previous data, an improving trend can be observed in all aspects and in every year. Due to the expansion of employment, the number of young people neither studying, nor working, i.e. the so-called NEET rate (Not in Education, Employment or Training), is also growing. More and more poorly educated young people find employment both in the Roma and non-Roma communities.

Year	Roma	Non-Roma
2013	25.9	60.1
2014	33.4	62.8
2015	39.3	64.9
2016	44.5	67.4
2017	45	68.9
2018	43.6	70
2019	45.5	70.8

TABLE 32 – EMPLOYMENT RATE (PEOPLE BETWEEN 15 AND 64 YEARS) SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS

Year	Roma	Non-Roma
2013	39.5	9.1
2014	30.2	6.7
2015	28.2	6.2
2016	20.3	4.7
2017	18.5	3.8
2018	18.5	3.4
2019	17	3.2

TABLE 33 – UNEMPLOYMENT RATE (PEOPLE BETWEEN 15 AND 74 YEARS) SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS (LINK) 2020/1, KINCS



Year	Roma	Non-Roma
2013	47.0	13.6
2014	38.2	12.7
2015	40.9	9.8
2016	37.6	9.5
2017	38.2	9.4
2018	40.1	9.1

TABLE 34 – NEET RATE
(PEOPLE BETWEEN 15 AND 24 YEARS)
SOURCE: ROMA FAMILIES IN HUNGARY, KAPOCS
(LINK) 2020/1. KINCS

In the case of underprivileged and multiply underprivileged families, it is the special opportunity and task of family policy to establish disadvantage-reducing services that help to halt the reproduction spiral of poverty, that is, to avoid that the awful and unfair circumstances of families and children living in poverty and extreme poverty are inherited and conserved.

The three most important institutions that promote the inclusion of children:

- the network of Sure Start Children's Houses,
- Special Schools,
- obligatory kindergarten from the age of three (mentioned earlier).

Hungary's extraordinary result is that—outstandingly in Europe—almost 95% of Roma children attend kindergarten.

Sure Start Children's Houses

In the network of Sure Start Children's Houses (hereinafter: Children's Houses), community socialisation is realised with complex development of family competences.

The aim of the Children's Houses is the early socialization development of underprivileged or multiply underprivileged—among them, Roma—children and their families.

Priorities are ensuring healthy development, compensating for developmental delays and strengthening parents' child-raising competences.

The service can be used by a parent and a child who is not yet of kindergarten age. The Children's Houses can best achieve their goals where, thanks to proper territorial targeting, the target group needing the service is steadily present. Another important aspect of expanding the network of the Children's Houses is predictability, meaning that it is important considering both domestic finance needs and professional support that the expansion is foreseeable.

The establishment and operation of the Children's Houses are closely connected to the "Be it better for children!" National Strategy and to the Hungarian National Strategy of Social



Inclusion, especially with regard to helping the corporal, mental, emotional and social development of children between the ages of 0 and 3, their successful integration to kindergarten, supporting their families and the early recognition of problems. The Children's Houses have a positive impact on the educational path and the ensuing labour market career.

The establishment of Children's Houses started in 2003 on the basis of the English Sure Start programme with domestic model experiments, then, in the 2007–2013 EU period, it accelerated.

The Children's Houses, constructed within the framework of an EU project, were incorporated into Act XXXI of 1997 on the protection of children and the administration of guardianship in 2013. They fulfil their professional tasks based on decree no. 40/2018. (XII. 4.) of the Ministry of Human Capacities on the professional tasks and operational conditions of children's empowerment services.

The main function of the Children's Houses—as elements of the basic child welfare provision system—is to focus on the 0–3 age group not provided for by institutional care. Thus, the Children's Houses constitute a gap-filling pillar in the system of child protection.

From 2012, the operation of the Children's Houses is ensured by the central budget. Due to the operational support, the Children's Houses can be permanently present in underprivileged areas, close to the families in need. The yearly operational support amounts to 22,483 million EUR in 2021, from which 107 Children's Houses in 107 settlements may benefit from the central budget.

The Sure Start Children's Houses fulfil four large groups of tasks:

- services for children,
- services for parents,
- community-aimed services,
- maintaining contact with related professions.

Two employees, a university or college graduate leader and a co-worker with secondary education, work in the Children's Houses. The leader's working time is at least 40 hours a week, while that of the co-worker is 30 hours a week.

The leaders and co-workers of Children's Houses have to complete 120 hours of Sure Start basic training. With regard to the concerned target groups, the continuous presence of development specialists is also needed. Parents may also learn directly from the specialists how to help their children.

Data regarding the children using the services of the Children's Houses (yearly average):

- The number of children becoming part of the regular care practice of the Children's Houses in a year is more than 3000.
- ► The number of children regularly using the Children's Houses (on 31 December of the year under consideration): more than 2400 children.
- From among the children regularly using the Children's Houses (on 31 December of the year under consideration), more than 1300 children receive a regular child protection benefit.

Special School

The Special School programme—since 2019, financed domestically—helps students living under difficult social conditions, belonging mainly to the elementary school age group, with extracurricular activities. Prior to this period, between 2016 and 2018, 289 special schools functioned countrywide using a total of 21 million EUR of resources from the European Union, and 8500 students belonging to the target group were reached. As a result of the positive experiences of this period, the government has aimed at ensuring the sustainability of special schools after the closure of EU tenders, and embedding them into to domestic budget.

The special schools provide complex services to 20-30 children per institution who are less



successful in public education. These are services that children and young people finding themselves—due to their social situation—on the fringes of society can reach only to a limited extent or not at all. Hence, special schools do not only undertake educational tasks beyond the normal framework of lessons, as extracurricular activities, but also consider the activities related to socialisation, career building, culture mediation, community development, spare-time organisation and social support equally important, thus contributing significantly to the reduction of children's sociocultural disadvantages, as well as to the prevention of school dropouts, in a way that the children's families are also affected by some of the programmes.

Mostly upper-grade students of elementary schools and students of secondary schools use the special schools, however, they can also be frequented weekly by lower-grade pupils.

The adoption of the Special School programme into the domestic system was realised in the way presented below.

First, the special schools were financed domestically by Act XL of 2018 on the establishment of the central budget of Hungary for the year of 2019, with an amount of 7.2 million EUR. At

the same time, the Child Protection Act—the modification of which entered into effect on 1 January 2019—introduced the service as a new part of the basic child welfare provision.

The laws and regulations defining the personal and material conditions of the Special Schools' operation:

- Act XXXI of 1997 on the protection of children and the administration of guardianship:
- ▶ 40/2018 (XII. 4.) of the Ministry of Human Capacities on the professional tasks and operational conditions of children's empowerment services;
- decree no. 15/1998. (IV. 30.) of the Ministry of Welfare on the professional tasks and operational conditions of child welfare and child protection institutions and people providing personal care;
- government decree no. 191/2008. (VII. 30.) on the order of financing support services and community supplies.

In 2021, a decision was made to grant allowances to 183 maintainers operating special schools. The 183 special schools have reached a total of 5128 children with their services.

Christian Roma Colleges Network

The Christian Roma Colleges Network was established in 2011. Churches that operate these four colleges (or student homes) created a national network.

The mission of these colleges is to raise Christian intellectuals who are proud of their Roma identity besides being well-trained in diverse fields, open to development and strive for excellence in their work. The network has developed into eight church and three university-supported colleges. At the beginning the network counted 100 students, which has increased to 330 by now. 470 students already graduated from universities.

Families of Hungarian people – Hungarian families worldwide and in the Carpathian Basin

Hungarian communities abroad can be divided into two major categories. On one hand, there are the so-called cross-border communities, and on the other hand, there are diaspora communities of migratory origin.

The term "Hungarians beyond the border" is primarily used for the Hungarian population living in areas detached from the country as a result of the 1920 Treaty of Trianon. As a result of the Treaty of Trianon, 67% of Hungary's territory was annexed to the neighbouring countries, which pushed about 3.3 million Hungarians outside the borders of the new Hungarian state.

According to the censuses of the last ten years, most Hungarians in the annexed areas live in Romania (nearly 1.5 million people), followed by Slovakia (520,000 people), Serbia (290,000 people), the Ukraine (170,000 people), Austria (70,000), Croatia (16,500) and finally Slovenia (10,000). All in all, about 2.5 million Hungarians live in these countries along the borders of Hungary.

Hungarian diasporas abroad are made up of Hungarians who emigrated or fled to more distant countries or even other continents during the historical, political and economic upheavals of the 20th century. Most of them live in North America (almost 2 million people), South America (130,000 people), Australia (60,000 people), Israel (200,000 people), South Africa (30,000 people) and in the western parts of Europe (380,000 people). In total, about 2.6 million people appear on the registers of the European Union (for work, study) and as former, even multi-generation, migrants across the world, in diaspora.

The Hungarian population and family policy seeks to support Hungarian families abroad in their plans for having children by providing benefits and services, keeping in mind not only the interest of the population in Hungary, but also Hungarians worldwide. The family research institute, named Mária Kopp Institute for Demography and Families that was founded in order to better understand the demographic situation of Hungarians in Hungary and abroad, has conducted a number of surveys among Hungarian families abroad in recent years.

In cooperation with the National Policy Research Institute, KINCS has conducted a representative



FIGURE 60 – RESULT OF THE TREATY OF TRIANON SOURCE: NEMZETI KÖZNEVELÉSI PORTÁL (NATIONAL PUBLIC EDUCATION PORTAL) https://www.nkp.hu/tankonyv/irodalom_12/lecke_02_015



survey on the attitudes of Hungarian families towards relationships, family forms and having children in Kárpátalja (Zakarpats'ka), Vajdaság (Vojvodina), Upper Hungary and Transylvania, within the framework of the Year of Families (2018) programme. Among Hungarians, living in the greater regions across the border, attitudes towards having children are generally similar to those in the motherland and Central Europe. The traditional concept is more typical of Kárpátalja (Zakarpats'ka) and Transylvania, while the less traditional view is typical of Upper Hungary and Vajdaság (Vojvodina). Differences can be observed through the regions: the ideal number of children was the highest in Transylvania (2.45), the lowest in Upper Hungary (2.25), while Kárpátalja (Zakarpats'ka) (2.43) and Vajdaság (Vojvodina) (2.38) are placed in between. The number of children who are already born is the highest in Kárpátalja (Zakarpats'ka) (1.87), while in Upper Hungary, it is 1.85 on average, 1.83 in Transylvania, and the number is the lowest in Vajdaság (Vojvodina) (1.72). Regarding the number of children planned, people would like to have the most children in Kárpátalja (Zakarpats'ka) (2.29), 2.16 in Vajdaság (Vojvodina), 2.10 on average in Transylvania, and the least number of children in Upper Hungary (2.08), but all in all, values exceed the 2.1 value required to reproduce the population in all regions surveyed.

The aim of a recent (2020) survey focusing on a narrower area, namely, the Romanian Bihar County which has the largest Hungarian population was to understand the region's dominant demographic processes. Based on the results of the survey, if talking about identity preservation, an image of such a Hungarian population emerges, which is not under the threat of fully or partly losing the language or cultural embeddedness, although a faster assimilation process can be observed in some parts of the county. Their intentions of having children predict a relatively stable population level in the medium term. Regarding the ideal number of children, 53% of Hungarian women in Transylvania stated that they want two children, 24% would like three, and 5% would perhaps like to have even more. 61% of the respondents plan to have a child within two years. however, the possible acceleration of emigration to Hungary may cause some uncertainty. The most important reasons for moving to Hungary are the perceived differences in living standards, the family policy acquis and the quality of healthcare. Those Hungarians are more likely planning to give their children Hungarian education in Transylvania who are either informed about or received Hungarian state benefits, either for the birth of their child, or as a textbook or school equipment support that is provided for children studying in Hungarian-language schools. These benefits—In the Homeland, in Hungarian (Szülőföldön magyarul) the Homeland (Szülőföldön magyarul) programme, the Baby Bond and the Maternity Allowance—within the framework of the Umbilical Cord programme (Köldökzsinór program) truly strengthen the connection between families and Hungarian culture, Hungarian language and the need to study in Hungarian.

Hungarians returning home

Regarding the mobility of Hungarians living at other parts of the world, favourable tendencies have started since the middle of the 2010' years. Based on the statistics of the Hungarian Statistical Office about Hungarian citizens moving back to Hungary, it can be told that the number of people migrating back have undergone an almost fifteen-fold increase in the past ten years, while the number of people emigrating from Hungary have decreased to its two-thirds since 2015. Ferenc Gyurcsány, left-liberal prime minister previously said: "It is possible to go away from Hungary! It is possible to leave us! There you are!" Contrary to this attitude, the Orbán government commits everything so that it is attractive and also financially rewarding for Hungarian families to live and have children in their mother country, Hungary. It is not accidental that the number of those who return is on the rise for ten years.

Among those moving back, the most significant increase occurred amongst children, that is, people below the age of 14 years, their number have grown by more than 2.5 only in the past 5 years. Based on the above, it can be established that families with children move back to Hungary in an increasing proportion, in which a significant



role may be played by those family supports that provide great help for home creation and for having children.

In recent years, the highest numbers of people migrating back to Hungary returned from Austria and from the neighbouring Germany, indicating that there is a decreasing difference in the quality of life between the German and the Hungarian language areas.

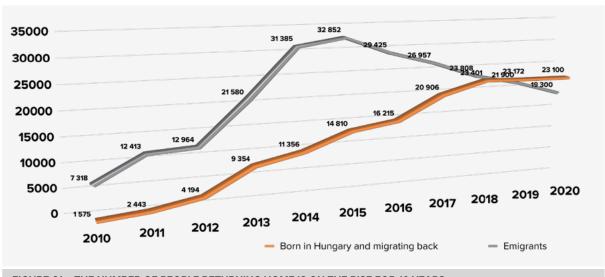


FIGURE 61 – THE NUMBER OF PEOPLE RETURNING HOME IS ON THE RISE FOR 10 YEARS SOURCE: HUNGARIAN STATISTICAL OFFICE https://www.ksh.hu/stadat_files/nep/hu/nep0030.html

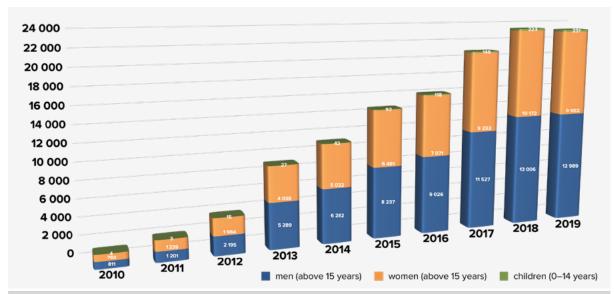


FIGURE 62 – NUMBER OF RETURNING HUNGARIAN NATIONALS BORN IN HUNGARY, 2010-2019 SOURCE: HUNGARIAN STATISTICAL OFFICE

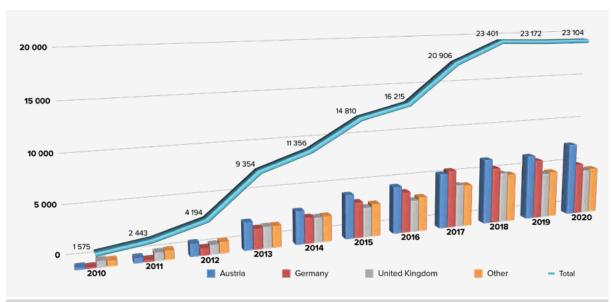


FIGURE 63 – NUMBER OF RETURNING HUNGARIAN NATIONALS BORN IN HUNGARY, BY PREVIOUS COUNTRY OF STAY, 2010-2020 SOURCE: HUNGARIAN STATISTICAL OFFICE https://www.ksh.hu/stadat_files/nep/hu/nep0032.html

Umbilical Cord Programme – Family Supports Crossing the Borders

Every Hungarian child is treasure, no matter where she/he is born in the world!

On the 1st of January 2018, Hungarian family policy has crossed the boarders and since that on it assure two of its subventions for Hungarian communities living over the boarders. This creates a new connection between families living out of Hungary and the mother country.

The Umbilical Cord Programme (Köldökzsinór Program), introduced in the Year of Families (Külhoni családok éve) and in the Year of Families Living Abroad (Külhoni családok éve), creates a possibility for the Hungarian state to provide maternity allowance for every infant having a civil registry or a Hungarian certificate. Baby bonds, which may provide support for the start of children's lives, also became available for Hungarian families living beyond the borders. Besides providing financial support to families living abroad, the start of the programme strengthens further the connections between the mother country and Hungarians living abroad, expressing that every Hungarian child is a treasure for us, no matter where she/he was born in the world.

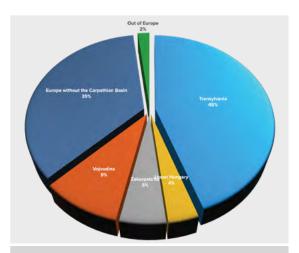


FIGURE 64 – AERIAL DISTRIBUTION OF MATERNITY ALLOWANCE, 2018–2020 SOURCE: HUNGARIAN STATE TREASURY, KINCS

In the three years passed since the start of the programme (2018) (till the end of January 2021), more than 28 thousand applications for maternity allowance arrived to the Hungarian State Treasury. The allowances were asked for Hungarian children whose 63 %—17,278 infants—were born in the Carpathian Basin. 35% of the applications arrived from other parts of Europe, and only 2% of the applications were sent from outside Europe. 24 thousand people applied for Baby Bonds, and 72% of these applications arrived from the Carpathian Basin.

Within the framework of the programme, more than 28 thousand applications arrived for the maternity allowance in slightly more than three years. The number of applicants for the maternity allowance, considered bi-monthly, varied between 1300 and 2000 persons until February 2020. Due to the situation regarding the COVID-19 pandemic, the number of applications has fallen down, then it returned to the previous level from July.

Most of the applicants (62.7%) asked for the maternity allowance for infants born in the Carpathian Basin. 35.4% of the applications arrived from other countries of Europe, 1.9% from out of Europe.

From the Carpathian Basin, the most applications for the maternity allowance arrived form Transylvania, 44.6% of all applications arrived from there. 9.3% of the applications arrived from Vajdaság (Vojvodina), 5.3% from Kárpátalja (Zakarpats'ka) and 3.5% from Upper Hungary.

Somewhat fewer applicants asked for the baby bond than for the maternity allowance. Compared to the number of those who applied for the maternity allowance, almost the same number of people, 98.8% applied for it in the Carpathian Basin, whereas this proportion was only two-thirds (64.8%) in the case of those who lived in Europe, but outside the Carpathian Basin, and 80% in the diaspora.

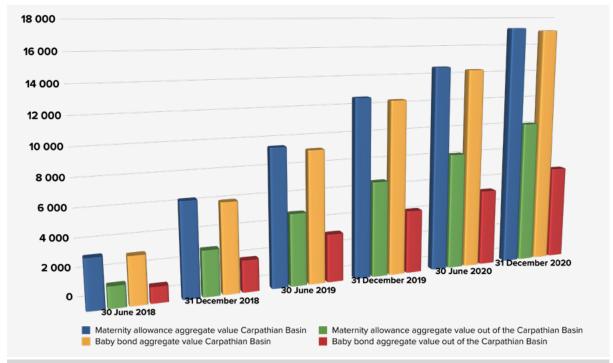


FIGURE 65 – NUMBER OF PEOPLE APPLYING FOR SUPPORT, AGGREGATE VALUE, 2018–2020 SOURCE: HUNGARIAN STATE TREASURY, KINCS

	Maternity Allowance		Baby Bond	
Transylvania	12,284	44.6%	12,481	52.4%
Upper Hungary	964	3.5%	794	3.3%
Kárpátalja (Zakarpats'ka)	1,471	5.3%	1,220	5.1%
Vajdaság (Vojvodina)	2,559	9.3%	2,583	10.8%
Carpathian Basin (altogether)	17,278	62.7%	17,078	71.7%
Europe (without the Carpathian Basin)	9,757	35.4%	6,324	26.6%
Outside Europe	520	1.9%	416	1.7%
Total	27,555	100.0%	23,818	100.0%

TABLE 35 – REGIONAL DISTRIBUTION OF APPLICANTS FOR MATERNITY ALLOWANCE AND FOR BABY BONDS, 2018–2020 SOURCE: HUNGARIAN STATE TREASURY, KINCS

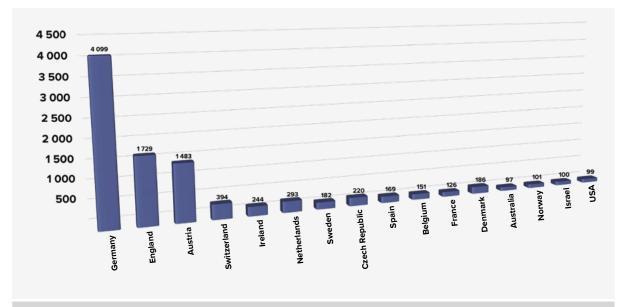


FIGURE 66 – APPLICANTS FOR MATERNITY ALLOWANCE OUTSIDE THE CARPATHIAN BASIN, 2018–2020 SOURCE: HUNGARIAN STATE TREASURY, KINCS

Out of the Carpathian Basin, most people participated in the Umbilical Cord programme in German-speaking countries and in Great Britain. 14.9% of all maternity allowance applications arrived from Germany, 6.3% from the United Kingdom and 5.4% from Austria. Since 2018, Hungarian families from a total of 70 countries joined the Umbilical Cord programme (Köldökzsinór program), subvention applications arrived from all inhabited continents. 10 or less applications were submitted from 31 countries.



Other Programmes Helping Hungarian Families Living Beyond the Borders

Towards Hungarian families living abroad, the State Secretary Responsible for National Policy of the Prime Minister's Office also expresses, in the form of various supports, how important is their connection to the mother country for us. Baby packages were gifted to those who applied for the maternity allowance from the Carpathian Basin. 6600 packages were granted this way in 2019, and 10 thousand packages were issued to Hungarian families living abroad in 2020. It expresses the importance of education in Hungarian language that about 225 thousand Hungarian children frequenting kindergartens and schools abroad receive support through the In the Homeland in Hungarian (Szülőföldön magyarul) programme. The Dr. Szász Pál Study Scholarship Programme (Dr. Szász Pál tanulmányi ösztöndíjprogram) also supports studies. During this programme, young Hungarians who live abroad and who participate in a lawyer's education in their homeland receive an already 3,440 EUR/year scholarship, and they can also participate in summer internships at renowned advocate offices of Budapest. Since 2018, they help each year the camping of 50 large families from the Carpathian Basin and they also organise every year one-week creative camps for 100-100 Hungarian secondary school pupils living abroad.

Besides that, within the framework of open tenders, they also contribute to the activities of three thousand Hungarian civil and church organisations that also realise the support of Hungarian families living abroad. Thanks to the first three phases of the programme for kindergarten development in the Carpathian Basin that operates since 2016, a total of more than 140 kindergartens and nurseries were founded, and more than 700 institutions are renovated, extended, and enriched with new means, respectively.

Based on the high number of participants since its introduction and on the applications submitted from all parts of the world, it can be stated about the Umbilical Cord programme that it has reached its primary goal, keeping tighter connections with Hungarian families living outside our borders and creating a stronger bond with the mother country also when it comes to having children, which expresses the unity of Hungarian people and the importance of supporting Hungarian children, independently of where they live. The programmes assured by the State Secretary Responsible for National Policy of the Prime Minister's Office also provide help for the families of hundreds of thousands of our compatriots.

Thus, part of the Hungarian family policy could be "exported" to Hungarian families living abroad.

Introducing and Establishing Family-friendly Approach

Besides the numerous family policy measures, the government considers it important to strengthen pro-family attitude. The willingness to have children, but also the upbringing of children who were already born, greatly depends on how much society appreciates children and the parents and the families who bring up and take care of children. Forming, introducing and establishing the pro-family attitude is not important only for individuals and families. Society, communities and the economy also profit a lot from the work and social activity of generations growing up in happy, balanced families.

In our chapter, we review measures, programs, organisations and activities that contribute to the strengthening of family-friendly attitude.

Year of Families



On 25 May 2017, at the 2nd Demography Forum of Budapest, Viktor Orbán prime minister announced that the government declared 2018 to be the Year of Families. The target group of the initiative was very broad, as the Year of Families covered many different kinds of measures: we can talk about new measures concerning young married couples, those who are before home creation and having children, large families, those returning to work after childbearing, as well as elderly people. Besides all that, the Year of Families (Családok éve) collected good practices, also included countrywide programmes and stretched beyond the borders. Furthermore, it was also completed by the Year of Families Living Abroad (Külhoni magyar családok éve) initiative.

Some of the concrete measures are increasing the tax benefit of families with two children, broadening the Umbilical Cord programme extending the duration of the student Child Care Allowance and increasing its amount, suspending the repayment of student loans and decreasing their amount at the occasion of having children,

supporting to obtain a driving licence and of a linguistic exam (in case of a successful linguistic exam, the state partially of completely refunds the exam fees). It is also a concrete measure that flat loan debts decrease after the third child, and the simplification of applying for Home Purchase Subsidy Scheme for Families (CSOK) and the broadening of the test tube baby programme also belong among those.

Throughout the year, a broad range of programmes running countrywide and also over the borders is available for those interested, such as fatherhood preparatory presentations, excursions for large families, artificer workshops, thematic father-daughter and mother-son programmes, bicycle tours or family programmes that can be linked to celebrations (carnival, Easter, May Day, etc.).





Family-friendly Organisations and Initiatives

Mária Kopp Institute for Demography and Families (KINCS)

This institution was founded by the Hungarian government, started its operations in 2018, the Year of Families, in order to achieve family and demographic policy goals. With its activities, the institution contributes to the birth of desired and planned children, to finding the most appropriate and most effective solutions to demographic problems and to the strengthening, broadening and multiplication of families that maintain the country. The institution performs researches and analyses, conceives proposals, mostly in the domain of demographic processes, concerning the population's structural characteristics and regarding the topics of society structure, social cohesion, segregation and national minorities, respectively. It deals closely with the relation culture of couples, with the values and attitudes linked to having children, with family life and with education for family life, with social inequalities and

with the relation of formal and informal upbringing.

The scientific research offices of KINCS deal mainly with designing and carrying out the necessary researches, with data analysis and with assessment. The surveys are connected to actual tendencies and measures, for the purposes of decision-support or of measuring the effects of measures already in place. The publications, programmes and press releases of KINCS are based on the research results and are controlled by the strategic and coordination area of the institution. This same unit builds and operates the diversified international professional network, thanks to which international research, conferences and publications are realised.

Besides its policy relations, the institution maintains broad professional partnerships with actors of domestic scientific life, with professional organisations interested in the subject of families, and with civil and church organisations, respectively. In the KINCS Professional College of Family Science, discussions of renown researchers keep going on. In addition, its common research and educative activities that have been elaborated with universities and its student internship programmes are also of special importance. Cooperation with civil family organisations, which has been active since the beginning, is also manifested in joint research activities, besides professional programmes.



Family-friendly Hungary Nonprofit Ltd. of Public Utility



Family-friendly Hungary Nonprofit Ltd. of Public Utility's scope of activities is quite large, encompassing many government tasks pertaining to domains of family and demographic policy, such as elaborating forms of family support, finding the balance between work and private life or strengthening intergeneration relations.

On one hand, it performs this activity with the help of thoughtful professional preparatory works (it collects and analysis data, writes decision-supportive studies and impact assessments), on the other hand, it shares acquired experience and good practices (its web site also functions as professional information forum, moreover, they edit publications and provide professional trainings). Their project of special importance is the Countrywide Crisis Management and Information Telephone Service (Országos Kríziskezelő és Információs Telefonszolgálat), which victims of violence and human trafficking may call for help day and night. Besides maintaining the phone service that can be called for free, an important part of the project is the professional development of specialists who work in child protection and thus also appear as parts of the crisis detection system.

Family-friendly Hungary Nonprofit Ltd. of Public Utility has created a recognition prize of its own,

called, "I Came Voluntarily" ("Önként jöttem"). The prize is awarded every year to a person, organisation, community or firm that performs community-building or helping activities without pecuniary compensation. They would also like to foster the social recognition of volunteer work this way.

Family-friendly Hungary Nonprofit Ltd. of Public Utility has also realised a number of large-scale projects, such as developing the crisis management services mentioned already, but, besides that, it also participates as a consortium partner in projects oriented at the "Intersectorial Development of Early Childhood Intervention" ("A kora gyermekkori intervenció ágazatközi fejlesztésé") or the "Support of Infant-age Upbringing" ("A kisavermekkori nevelés támogatása"). The name of their latest project, closing in the autumn of 2021, is "Pro-family Country" ("Családbarát ország"), and its purposes are to spread family and children-friendly attitude, to consolidate intergeneration relations, to develop specialists and to inform families about the possibilities to avail the numerous pro-family measures that concern them. During the running time of the project, work places and places of service could apply as well for the "Family-friendly Place" ("Családbarát Hely") certification brand, which attests the organisation's commitment to pro-family considerations.







Civil Family Organisations

The department keeps up a continuous dialogue with civil family organisations, and it also visits and supports programmes. As a result of the cooperation with civil society, a number of professional programmes could be realised where dialogues about families took place, numerous family event could be held and, moreover, the policy is always open to proposals conceived on the basis of civil organisations' experiences. Below, we will present a few civil organisations, which act especially for family affairs though their countrywide network.

The Three Princes, Three Princesses Movement



The Three Princes, Three Princesses Movement was founded by Prof. Dr. Mária Kopp, doctor and psychologist with her husband, Árpád Skrabski in 2009, with the goal that desired children may be born. The movement strives to continue the founder's diverse public life activities, and her approach. In this, the movement has found a partner in the current family-centric government, in the civil organisations working for families and in employers having a family-friendly attitude. A prize was named after the funders of the movement. The Kopp—Skrabski prize is awarded to persons and married couples who support the

formation of family-friendly attitude and the birth of desired children with their activities.

During one decade, the movement has grown into a countrywide organisation, it has formed countryside organisations and it performs active work in many areas. Mária Kopp assessed those interfering factors that prevent family foundation. To answer these impediments, the movement organises programmes, prepares publications, publishes tenders and founds prizes. Among others, such issues are the difficulties of establishing a couple relationship, the problems of maintaining a couple relationship, matters of upbringing and taking care of children, or the dilemmas of harmonising work and private life.

Those interested may hear regular presentations about couple relationship matters from known and renown specialists. The movement organises couple-seeking clubs for young people who wish to have a serious relationship. Furthermore, couple relationship trainings, self-knowledge groups, courses, moderated discussions and clubs are organised continuously. The Pro-family Higher Education Work Group strives to build a university network where institutions can get to know each other's good practices and where they can organise joint presentations, trainings and research in the subject. For this purpose, the movement signs cooperation agreements with

higher education institutions. Within the framework of the "Wordbox" programme series, also started in the world of universities, opinions and perceptions are confronted with regard to interesting questions and problematic areas.

In the topics of becoming a parent and parent practices, they focus mostly on the infant period. The baby flag, designed as an initiative by Mária Kopp, advertises the arrival of the new-born, and a number of roamer cradles move around in the country. The movement tries to join the babymommy clubs operating in different settlements, thus helping them to get acquainted with each other, and it also organises regular countrywide meetings for these clubs. Moreover, the movement has also published the Father-booklets, which are issued though the district nurse network to the families of all new-borns, similarly to the subsequent publications of the series, the Sister-Brother-booklet and the Grandparent-booklet. The movement has also organised an "Infertility Roadshow" for couples who wish to have a child but face problems. At the "Lift Up as Many Children as Possible!" countrywide event, held yearly, many thousands of children swing up in the air on the arms and shoulders of their parents and grandparents, expressing their love and appreciation for children.

Around one of the largest areas, the topic of balance between work and private life, an autonomous work group has been organised, offering a complex Balance Programme. It publishes tenders in three categories for the Family-friendly Firm of the Year award, which has an increasingly great prestige among companies. The movement also grants Family-friendly Place recognition, for which there is also a great deal of interest. The Pro-family Hospital and the Pro-family Hospital Department prizes were estableshed by the movement and the Hungarian Hospitals' Association, and it is awarded every year based on the professional jury's decision. Members of the Balance Work Group organise conferences and workshops, and a number of questionnaire surveys were also conducted regarding this subject. Small, medium and large companies having a family-friendly work place approach, as well as actors of the state and civil sectors present their good practices at common meetups.

ORSZÁGOS

Large Families' Countrywide Association

Large Families' Countrywide Association (A Nagycsaládosok Országos Egyesülete – NOE) was established in 1987. This is the largest civil family association of Hungary, counting 15 thousand families among its members, and this is also the community of large families that assures the broadest range of services and benefits. The association's motto: "It is good to live in a large family!" The tasks of the association are the protection of interests, showing values and community-building. NOE works independently of parties and denominations and exempt of ideologies. To be a member of this association, one has to bring up or have brought up at least three children. As its objective, the organization have conceived education for the respect of life and motherhood, strengthening the responsibility felt for marriage and for future generations, representing and serving the special interests of large families, and organising large families into communities knowing and helping each other, respectively. Its activities and conceived proposals cover the entire family life, from the birth of children to taking care of elderly people. It devotes special attention to environment-conscious upbringing and to corporal and mental health. The association operates a free counselling service, for example, in the areas of home creation, family and social care and consumer protection. More than 200 local communities of them operate countrywide. 1500 volunteers work continuously in their member associations. The association is present in all regions and small regions, including the disadvantaged areas. NOE is the home of families and those who have many children. Here members find concrete support, besides help with legal matters related to home creation, speech therapy, consumer protection and family and social welfare. They listen to each other if they need advice, and also when they need donations or other help. Holders of the NOE member card are entitled to the following purchase- and cultural benefits (the enumeration is not fully comprehensive): theatres, opera, museums, beaches, travel



agencies, purchasing of family cars, zoological and botanical gardens, construction entrepreneurs, skilled labour providers, accommodation, services, healthcare providers, books. NOE organises countless cultural and other programmes offering entertainment, sports and leisure. NOE has formed direct, regular and operative-level cooperation with 40 civil organisations. They have years of experience in the organization of conferences, the execution of tenders, consortium cooperation, preparing professional and financial accounts, as well as regarding operative programmes of the European Union, state resources and tenders of market actors and of other civil organisations. Their collaborators also work at union and international level (EGSZB, ERASMUS), and they are also present in the organisations surveying the distribution of civil resources in Hungary (NEA Tanács (NEA Council) at leader and other decision maker levels.

NOE has a significant international presence, the organisation also runs an International Committee. The association is a member of the European Large Families Confederation, of the European Alliance of Family Helper Organisations, and of the Fédération Européenne de Femmes Actives au Foyer. They are regular participants at the public and invitation-based consultations of the European Council, where, among other topics, they express their opinions in matters of the balance of work and private life, as well as in social and educational questions. NOE also follows and supports the activities of Hungarian family organisations beyond the orders. At its initiative, the Alliance of Family Organisations in the Carpathian Basin was established in 2001.

The work of the association was awarded with the below prizes: Hungarian Heritage Prize (Magyar Örökség-díj) (2007) Emberség díj (Humanity Award) 2008, Qward for the Creation of Chances (2016), IFFD Family Prize (2018), European Civil Award (2018), Prize for the Civil Hungary (2018).

All information about the association is available at the www.noe.hu website. Applications for NOE membership are to be sent as descried at the tagsag.noe.hu website.

Association for Young Families (Fiatal Családosok Klubja)

Association for Young Families (Fiatal Családosok Klubja, abbreviated as FiCsaK) was created in 2015. Their goal is to help, support and strengthen families, and they also pay special attention to reach young people before family foundation. They apprehend that young people are afraid of having children, they fear for their careers and safety on the labour market. Hence, the organisation attributes special importance to the possibility of flexible working with atypical work methods, such as by assuring partial work time.

Among the main activities of FiCsaK are the organising programmes, supporting sport and healthy way of life and raising consciousness of environment protection. They have member organisations formed all around the country, in which volunteers work independent of their ages. They organise regular family days, children's camps, developmental and creative workshops. At their conferences treating the subject of families, they regularly receive family organisations and family policy specialists as guests.

Single-Parent Club Foundation



In Hungary, one of the parents bring up their children alone in 300,000 families, and more than half a million children grow up in single-parent families. Single-Parent Club Foundation, running the Single-Parent Centre, was created in 2005 to help all families where one parent was missing due to whichever reason—divorce, death, adoption, pregnancy undertaken alone, etc. They believe that everybody has the right to equal chances and possibilities, also as a single parent and as a child growing up in a single-parent family. Their goal is that children living in single-parent families may have a childhood dignitary for children, such as those children who are brought up by two parents. For this, the material, psychological and mental support of parents is indispensable, since only balanced parents can bring up balanced children. And they are often the only support for these children.



During its almost three years of operation, he Single-Parent Centre has provided help, support and a community to almost 15 thousand families. The centre supports families with more than seventy services in the below areas:

- crisis support providing legal and psychological help, support groups, donations, administration;
- undertaking a job work mediation, job fairs, preparation for interviews, CV writing, workshops;
- supporting parents parents' academy, digital parenthood, presentations, workshops for groups;
- community building health protection programmes, leisure programmes, art therapy, yoga, community events;
- children's programmes extracurricular teaching fro pupils who have difficulties with a given subject, camps, family vacations, baby programmes, adolescent programmes, children's events;
- prevention family therapy, mediation, programmes and groups for mosaic families.

The foundation considers as its important tasks to also represent the interests of these families at society-level.

Single-Parent Centre operates clubs in 11 countryside and 4 beyond-the-border settlements.

Single-Parent Club Foundation started its operations in 2005. It is a member of the European Family Helper Organisations' Alliance and it has built a countrywide network in Hungary.

The Single-Parent Centre has earned notable international attention with its work: it could present its work at countless international conferences and forums, and in New York, in 2019, it could present its good practices at the CSW term of the UN.



Parents' House Fundation (Szülők Háza Alapítvány)

The Parents' House is a mental hygiene programme that operates as a social enterprise and started in 2007. By today, the programme has grown into a complex family support system, which helps the processes of becoming a family, social integration and becoming fairly good parents for families with different social backgrounds within the framework of a civil franchise in Újbuda, Győr and Érd.

The Eurofund Foundation of the European Union has awarded the parent support methodology of the Parents' House with a Best Practice recognition in 2012, and the World Bank, seated in Washington, has also included it among its good practices in 2014. For the recommendation of the World Bank, a cooperation has started with the government of Ghana in 2018, and the government of Morocco has also expressed its interest in the programme in 2019.

The family support institution helping the daytime welfare of children and the family nursery are parts of the programme. As of now, four Parents' House Family Centres and ten Family Nurseries operate in the country. The model centre was created in January 2007 and it can be found in the 11th district of Budapest. Since the spring of 2020, it operates as the Parents' House Family Experience Centre. Besides the wonted family centre, children's leisure house and family nursery, a community space and a coffee can also be found here, and the new international education centre of the Parents' House is also being created here. The intention of the Parents' House is to develop the network in a franchise system, including the establishment of further nurseries and family centres according to the Regős methodology that is employed by the Parents' House.

The Parents' House Foundation was created in 2015 in order to be able to further represent the principles and goals of the Parents' House programme in an organisational form. The foundation provides support to children living in public care and disadvantaged families. In the family helping

programmes, families living in hard conditions receive effective help in through special skill development, sport, art and community events, put in the company of families with better financial situations. In the "Do Good!" programme, children living in children's homes receive regular attention and care by volunteers in the experience programmes, with the professional support of the foundation. Learning, acquiring a good profession and developing communication skills as the key for creating and maintaining relations are important possibilities of social rise for children living in public care. The professional volunteer helpers of the Parents' Houses motivate and support the children with their regular personal presence. Besides cooperation with the educators and appreciation of their work, helping and complementing the educators' work is also of special importance.

The continuous operation of the programme running since 2016 facilitated for them to start the pilot of their mentor programme aiming at the individual development of children living in public care in 2020, as well as to make the first step towards the country-wise expansion of the Do Good! program and to create first Helper Circle (Segítő Kör) in Győr, then in Érd. The point of the Helper Circle is that a local civil organisation builds connections with nearby children's homes and family and child welfare centres in order to organise its own experience programmes and helping services by reflecting to local demands.

In 2019, the foundation joined to Family_Share project that is supported by the European Union. This project aims to make easier the balancing between work and private life by mixing offline solutions with the development of an own online platform and mobile application.

The Parents' House created the Parents' House Digi Nursery in the spring of 2020 to ease the tension of the pandemic situation, which brings nursery services to family homes. Programs are designed for children in nurseries but they also try to involve the whole family in their activities and to help everyone enjoy their free time. The original aim of Parents' House Digi Nursery is to ensure daytime occupation for children staying

at home with a daily agenda that is well-designed in advance, diffusing interactive and live programmes. They provide occupation for families instead of the missing home surveillance, making the time spent at home a useful time, in accordance with the spirit of the Parents' House.

Hungarian Women's Union Association (Magyar Női Unió Egyesület)

At its creation in 2013, Hungarian Women's Union Association (Magyar Női Unió Egyesület) counted 17 founding members, at Margit Batthyány-Schmidt's initiative and with her presidency. The association's motto: "Do not hurt, do not cause harm, foster, help!"

MNU, which was established based on an international model, with a gap-filling intention and within the framework of a social innovation, is one of the good examples of real and innovative value creation that is useful for broad groups of the society, tradinnovation, which focuses on families living in the countryside.

MNU's mission is primarily to address women living in the countryside, part of which is to build active information channels of a countrywide reach between countryside women and decision makers—politicians and the policy, the chambers, the state institutions—and other civil organisations, respectively, and, besides that, to play a mentor, coordinating- and representative role. It is an important and special part of the association's mission to play a bridging role in the generation and the moderation of social dialogues, as well as in their broad international and domestic communication.

The association's main goal is to take up those countryside women who consider themselves as Hungarians, to valorise the role they play in families, to improve their quality of life, to preserve their corporal, psychological and mental health, and to encourage that they become entrepreneurs. As an active civil organisation, MNU is an important actor of boosting countryside life in Hungary and in the Carpathian Basin, thus, eco-

nomic, social, employment policy, educational, environment protection, health preservation and consumer protection decisions—besides the interests of women and families—serve renewal through innovation.

MNU is an official member of COFACE Families Europe (association of family organisations created by the EU) and of WEP (Women Entrepreneurship Platform). In 2019, it has won consultative status at the United Nations' Economic and Social Council (UN ECOSOC), and, since 2017, it participates with accompanying programmes in its own organisation at the New York event of CSW (Commission on the Status of Women). It was present as a consortium partner in the "Crossing Bridges with the Help of Ambassadors" (CORD) project, and the president of MNU, Margit Batthyány-Schmidt has participated as a presidential member in the Women's Work Group of Copa-Cogeca. Furthermore, the participation of MNU at the roundtables of FAO is continuous as an expert and as a presenter.

Family-friendly Municipalities

Large Families' Countrywide Association (Nagy-családosok Országos Egyesülete) has awarded the Pro-family Municipality prize for the first time on 11 July 2006, on the World Population Day, in order to strengthen positive examples. The prize may be applied for by mayors in the name of municipalities. As the prestige of the prize and the scope of applicants grew, three categories





were formed: areas of Budapest, settlements above 5000 inhabitants and settlements under 5000 inhabitants. For the attribution of the prize, they take into consideration mainly those programmes and measures realised or planned in the settlements that make families feel safer. They do not count here only the developments with financial consequences, but also the attitude during office routine, attention or gestures.

So far, award ceremonies have taken place in twelve years, worth some intermittences. Every settlement may apply more than once, as the prize does not confer a "permanent" certification, thus also encouraging municipalities to realise continuous developments. 16 settlements were awarded in 2019, and 30 settlements in 2018.

Family-Friendly Maternity Wards (Családbarát szülészetek)

In our publication, there is also a detailed presentation of the family-friendly maternity wards announced in 2018, but we would also like to mention this form here, as an important element of introducing a family-friendly attitude. The goal of the family-friendly maternity ward developments was not to create new maternity wards, but to develop the infrastructure of the ones already existing and to involve those working there into professional trainings, to exchange

good practices and to spread methodological innovations. In turn, the preparation of pregnant women and the strengthening of breast milk collecting stations belong among supportive measures that concern mothers directly. 44 hospitals participated in the first round of the programme, and 53 hospitals participated in the second round.

Family-friendly Tourism

The Family-friendly certification brand introduced by the Ministry of Human Capacities motivated numerous branches of the service sector, such as tourism, to elaborate their own criteria in 2019 for the practical implementation of family-friendly attitude. The Hungarian Hotel & Restaurant Association (Magyar Szállodák és Éttermek Szövetsége) and the Hungarian Tourism Agency (Magyar Turisztikai Ügynökség) created together the strict list of criteria that contains obligatory and facultative elements as well, and the fulfilment of which makes the certification available for the applicant. Rules concerning the safety of children have a special role in the evaluation system, but ensuring the equipment needed for taking care of children and the staff's child-friendly attitude are also important. The certification has three grades, bronze, silver and gold.



The Csalad.hu Website



CSALAD HI

The csalad.hu website was created and is maintained by Családbarát Ország Nonprofit Közhasznú Kft. (Family-friendly Country Nonprofit Ltd. of Public Utility) in order to provide trustworthy information to those who have a family and to those who are before founding a family. Therefore, they put a special emphasis on availing valid family support possibilities by accurately presenting the elements of support, and by elaborating a detailed and easily understandable office routine handbook. Forms of support are grouped according to the life situation of the families, therefore they can touch on many issues, including related to relationships, expecting a baby, retired grandparents. Beyond availing the supports, advices concerning way of life and interview made with ordinary people and with celebrities and blogs may also be read.

Family-friendly Workplace Prize (Családbarát Munkahely Díj)

The government announces the Family-friendly Workplace Prize since 2011. The possibility to win this prize may be realised within the framework of the "Supporting the Creation and the Development of Family-friendly Workplaces" ("Családbarát munkahelyek kialakításának és fejlesztésének támogatása") tender. The prize may be applied for in four categories: small enterprise, medium enterprise, large company, and budgetary organisation.

The aim of the tender is to support family-friendly programmes at workplaces that realise the creation and the development of family-friendly workplaces and promote the reconciliation of

work and private life, as well as the harmonisation of work- and private life obligations.

The announcement awards and recognises the already-existing and the planned pro-family measures of workplaces at the same time. The winners of the tender earn the right to use the Family-friendly Workplace title. Beyond moral recognition and the supportive amount, the winners also receive notable communication and PR value, as using the title contributes to the positive image of the winner companies among employees and to building their employer brands. Moreover, family-friendly operation may ensure significant advantages in the competition for educated employees.

Family-friendly Place Certification Brand



The Family-friendly Place Certification Brand was created by Family-friendly Country Nonprofit Ltd. of Public Utility. The certification brand may be awarded in three grades—gold, silver and bronze. The certification brand is a trustworthy attestation for employees and for those who use a service that the given organisation operates as a family-friendly workplace and provides family-friendly service, respectively. The aforementioned criterion is manifested by the opportunity of atypic work being ensured, while in the latter case the service provider considers the family circumstances of clients using the service and the demands of their families, according to the services it provides. This is a certification possibility for workplaces and service providers that allows them to receive a trustworthy and quality evaluation of their family-friendly operation if they win the certification.



2018–2020 THE YEARS OF ACCOMPLISHMENT

Special Solutions for Special Life Situations

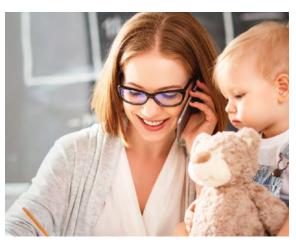
Families with children in special life situations are considered a social group with special needs due to their social position, i.e. their financial situation, risk of poverty, labour market opportunities.

In order to mitigate the disadvantages of these special life situations, targeted and effective help is needed, in many cases, special solutions provided by the collaboration of multiple supporting participants, i.e. the government, corporate partners, professionals, NGOs and volunteers.

The Government of Hungary is continuously expanding the range of subsidies and opportunities with elements that facilitate establishing a family and bringing up children especially for groups with special needs.

Remission of the Student Loan

The objective of the remission of the student loan is to facilitate establishing a family, having and raising children for young people. The remission of the student loan helps avoid the growth of dropping out from higher education due to financial reasons in the case of having children. It encourages young people to start their independent lives and establish a family.



Women giving birth to a child and having student loan debt are eligible for the remission of the student loan.

The family-centric component of the student loan is that, from 1 January 2018, mothers who have children and have student loan debt can suspend the repayment of their loan from the third month of their pregnancy. When their second child is born, half of their existing debt is remitted as a non-refundable government interest subsidy, and when their third or further children is born, the entire amount of the remaining debt is remitted.

Children born	Student loan	
First child	suspension of repayment for 3 years	
Second child	remission of half of the debt	
Third child remission of the entire debt		
TABLE 36 - STUDENT LOAN SOURCE: CSALAD.HU		

The remission of the student loan is also available in the case of adopting children. Existing children are included in the benefit as well. Interests are taken over by the government for the time of suspension, so the debt does not increase. If the mother has different types of student loans, she may decide which to use the benefit for. EUR 10.5 million is allocated in the 2021 budget for the student loan scheme subsidies, from which EUR 1.26 million is targeted for mothers receiving child care allowance and child care benefit.

According to the figures from the Student Loan Office, the student loan debts of almost 6,000 mothers were remitted between 1 January 2018 and 31 January 2021 after the birth of the second and third child due to family benefits being valid for student loans, amounting to EUR 7.1 million.

With an III Child – Child Home Care Allowance

A new form of allowance called child home care allowance (gyod) was introduced on 1 January 2019 for parents taking care of their child who is incapable of self-maintenance due to severe disability or permanent disease. The allowance is regulated by Act III of 1993 on social administration and social supports. The child home care allowance is a monthly monetary benefit aiming to help parents who cannot work full time because of taking care of their child. The benefit involving approx. 20 thousand parents taking care of their ill children focuses on compensating for the lost income, by which the government recognises the caretaking activities.

According to the regulation, only the biological parent or the adoptive parent is eligible for the benefit. Other relatives may only become eligible if the parent dies or—due to their health—cannot take care of their child any longer, or if the parental rights are suspended or terminated by court.

Amount of the child home care allowance:

- Gross EUR 287 from January 2019,
- Gross EUR 356 from January 2020,
- Gross EUR 423 from February 2021 (EUR 407 in January 2021),

From 2022, it will be increased to the amount of the minimum wage in force at the time.

The average monthly number of recipients of child home care allowance was 20,651 in 2019, and the total amount of the subsidy was EUR 67.8 million (Hungarian Statistical Office).

If the parent takes care of more than one children who are incapable of caring for themselves, they shall receive 150% of the allowance. 10% pension contribution is deducted from the amount of the child home care allowance. The period of disbursement of the benefit provides eligibility for service time.

The parent receiving child home care allowance may work no more than 4 hours a day, except if

they work from home.

The Child Home Care Allowance may be disbursed together with family support benefits, infant care allowance (csed), child care allowance (gyed), child care benefit (gyes) and child raising support (gyet). The parent receiving the benefit may be eligible for family support benefits, infant care allowance, child care benefit, child care allowance, after their other children (i.e. after whom they do not receive child home care allowance). The child home care allowance may be disbursed without limitation together with the child raising support available for taking care of and raising three or more children.

If the person receiving the allowance works, they may receive sick pay in case of incapability of working.

Old-age allowance for permanent caretakers (távit) may be disbursed along with the child home care allowance.

The total amount of the child home care allowance can be continuously disbursed to the caretaker after the pension-type allowance is provided if the caretaker received child home care allowance or nursing fee for at least ten years in total within the twenty years preceding the commencement day of the eligibility for such allowance.

If the parent did not receive child home care allowance or nursing fee for 10 years prior to their eligibility for pension, and the amount of the pension is lower than the child home care allowance (or the nursing fee), then the parent shall receive the difference between the amount of the child home care allowance (nursing fee) and their pension in relation with taking care of their child.

Measures Supporting Single-Parent Families

There were 350 thousand single-parent families in Hungary in 2019, which is approx. 10% of the population, with 2.5 members on average. The increasing number of single-parent families is

one of the most important factors of the change in the structure of families today. The change is clearly indicated by the fact that 9.1% of families were single-parent families in 1970, their rate was 11% in 1980, it grew to 12.3% by 1990 and to 19.8% by 2011, while, in 2016, 18% of families consisted of one parent and one or more children. 26% of 17–18-year-old people live with one of their parents only. The rate of persons who have lived in a single-parent family is much higher. This is reflected by the fact that 31% of children between 0 and 18 do not live in intact families, i.e. at least one of the children living in such families does not live together with both their biological parents.

Year	Percentage of single- parent families (%)	
1970	9.1	
1980	11	
1990	12.3	
2011	19.8	
2016	18	
TABLE 37 - SINGLE-PARENT FAMILIES WITHIN		

Examining the composition of single-parent families, we can state that although the percentage of

SOURCE: HUNGARIAN STATISTICAL OFFICE

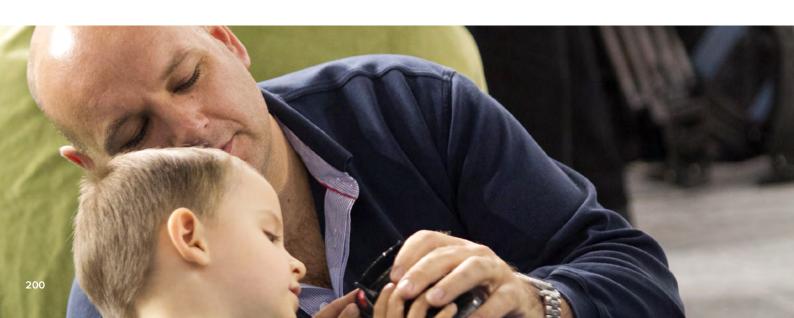
FAMILY TYPES

families with a father have somewhat increased in the past decade, the mother lives with her child or children in the vast majority of single-parent families. In 1990, 85.5%, in 2001, 89.7%, in 2011, 91.7%, while in 2016, 86% of children raised in single-parent families lived with their mother. The situation of single fathers bringing up their children differs from the situation of single mothers in many aspects: they are characterised by higher qualifications and better financial security, as well as the fact that they usually live with their elder children, mostly boys.

Year	Percentage of children (%)	
1990	85.5	
2001	89.7	
2011	91.7	
2016	86	
TABLE 38 – CHILDREN IN SINGLE-PARENT FAMILIES WITH A MOTHER SOURCE: HUNGARIAN STATISTICAL OFFICE		

The Special Challenges of Single-Parent Families

The unequal opportunities of men and women on the labour market are significant, considering that the majority of single parents are women. Women's employment rate is generally high in Hungary, however, the participation of mothers



with young children on the labour market is low, therefore single-mother families are at much higher risk of poverty than other family types.

While the poverty indicators of two-parent families with at least three children have improved significantly in the past decade, the indicators of single-parents have not changed substantially.

According to the annual study of the Hungarian Statistical Office on the living standard of households, the rate of people exposed to poverty and social exclusion decreased from 62.3% to 52.8% in 2016 in single-parent families, but they are still the most exposed group. The employment rate of single parents is not low, however, the family income consists of only one salary.

Single-parent families were in one of the worst financial situations in 2018: their net income per capita was 20% lower than the national average. Although while every second single-parent family was exposed to the risk of poverty in 2016, their rate decreased to less than one-third (31.8%) by 2018. Looking at different family types with children, the greatest improvement took place in single-parent households, where the rate of poverty decreased by 8.2 percentage point. In spite of the improvement, exposedness was still one and a half times more frequent than in the average of families with children. Single-parent families were affected by severe financial deprivation far beyond average in 2018 (16.1%): almost every fifth single-parent household had incomes below the poverty line.

After the decrease in 2018, the percentage of families exposed to the risk of poverty increased again in 2019, the indicator was 38.9%. Income-related poverty was observed to one of the greatest extents in single-parent households (26.7%). Single-parent families were one of the lowest gross income groups in 2019, 29% below average with EUR 4,092 per capita.

All members of single-parent families are exposed to higher than average psychological strain.

Parents raising their children alone hold their own instead of two, they bear twice as many responsibilities and tasks, and they also have more limited employment opportunities. There are proportionally more children living with disabilities of permanent disease in single-parent families. According to research, their health condition is worse than that of children living in two-parent families. Isolation, financial problems, everyday logistic tasks related to the children constitute the greatest difficulties.

The special life situations arising from single-parent existence and affecting children (divorce, loss of the mother, absence of the father) influence the development of children.

The Single-Parent Club Foundation conducted an online survey in 2017 among thousands of parents, in which they asked about the parents' most severe problems. Financial problems came second, and parents marked isolation as their greatest difficulty.

Judging the Situation of Single-Parent Families

The judgement of the situation of single-parent families was surveyed in January 2021 within the framework of the monthly repeated omnibus by the Mária Kopp Institute for Demography and Families. According to two-thirds (70%) of respondents, single-parent families live under worse financial situation than two-parent families.

Most families are left with one parent after a divorce, but the rate of young widow(er)s is also high (one-third of single-parent families). Every tenth child is born without a father, and often only one parent adopts a child.

Single parents are eligible to receive extra subsidies under law: the family allowance is higher, and they are eligible for the advance payment of child maintenance fee, orphan's allowance, extra days of sick payment, extraordinary child protection benefit.

The family allowance is a regular financial benefit on a universal basis with which the government contributes to the costs related to the education and schooling of children. After the end of the child's compulsory education, the allowance is only due for children studying in public education institutions up to the end of the school term when they become 20 years old (or 23, in the case of children with special needs). Parental benefit and education allowance were differentiated within the family allowance in 2010. Therefore, eligibility for family allowance was connected again with parental responsibility, i.e. the obligation of schooling. The parental benefit is received after non-school-age children, and education allowance is received after children of school-age. The possibility of providing family allowance in-kind has also been introduced.

According to the data from the Hungarian State Treasury, 205,187 single parents with one child (184,638 women, 20,549 men), 85,469 single parents with two children (79,376 women, 6,093 men) and 37,043 single parents with three or more children (34,642 women, 2,401 men) received family allowance in 2010. The number of single parents receiving family allowance in 2019 was the following: 166,778 single parents with one child (151,595 women, 15,183 men), 61,057 single parents with two children (56,925 women, 4,132 men) and 22,876 single parents with three or more children (21,425 women, 1,451 men). This shows that there are less single-parent families since 2010.

Single-Parent Centre

The Single-Parent Club Foundation has helped single parents since 2005. The chair of the foundation is Anna Nagy. The foundation aims to ensure equal social opportunities for single-parent families and the effective enforcement of interests.

The Single-Parent Centre was founded in May 2018 in Budapest with a government subsidy of EUR 1.4 million as a grass-root civil initiative. The model institution of the national network is unique not only in Hungary, but is also considered a pioneering initiative internationally. The message of the centre is that single parents are not alone, they can rely on support form social NGOs, others in the same situation and the government. Their motto: "Each child is important, no matter how many parents there are or if there are any parents at all to help them". Since being a single parent is a very complex life situation, the centre undertakes to flexibly look for the fastest and most effective solutions for special needs and demands.

On the basis of the data from the annual survey of the Hungarian Statistical Office on the living standard of households, it may be concluded that the support measures taken to improve the situation of single-parent families have greatly reduced the high rate of single-parent families living in poverty and social exclusion in recent years, however, we still have a lot to do in this field.





Family Protection Action Plan – impetus for families



FIGURE 67 – FAMILY PROTECTION ACTION PLAN SOURCE: CSALAD.HU

Since 2010, it has been the government's intention to make family life easier, therefore it has been implementing more and more new family policy measures and has been encouraging having children, which caused serious financial disadvantages previously. The family-friendly change has brought about a Hungarian model that, besides focusing on its own values and resources, properly appreciates families socially and economically.

The government announced the adoption of the Family Protection Action Plan, consisting of seven measures, in February 2019. The seven measures are the following:

- prenatal baby support loan,
- expansion of the Home Purchase Subsidy Scheme for Families,
- remission of mortgage,
- personal income tax exemption of mothers with four or more children,
- car purchase subsidy for large families,
- nursery development,
- Child Care Allowance for grandparents.

Part of the measures has already been in force since July 2019, the other part came into effect in January 2020.

Prenatal baby support loan

The prenatal baby support loan has been available since June 2019, and provides an unrestricted loan of EUR 28.695 with state-subsidised interest for young married couples about to have children. Conditions include that the wife is between 18 and 41 years old and has at least 3 years of insured status. This support is especially popular among married couples because following the birth of the first child, the repayments can be suspended for three years and the entire loan becomes interest-free. When the second child is born, the state remits 30% of the loan, and repayments can be suspended for an additional three years. Couples having three children receive the most benefit, since their loan is completely remitted, i.e. they receive EUR 28,695 subsidy from the state. Couples where the members are not married for the first time but want children together may also receive this loan. The prenatal baby support loan is a great opportunity for young couples who are about to start a family, because they can live under stable financial conditions from the beginning of their marriage and can create more favourable and safer circumstances for their future children.

Already in the first weeks, this measure was extremely popular, and its popularity has been continuously increasing since then.

Of the total of 167,772 applications submitted up to 1 July 2021, the number of the concluded agreements is 138,318. In the case of the prenatal baby support loan, the cumulative amount of the agreements is EUR 3.85 billion, the average amount is EUR 27.8 thousand.

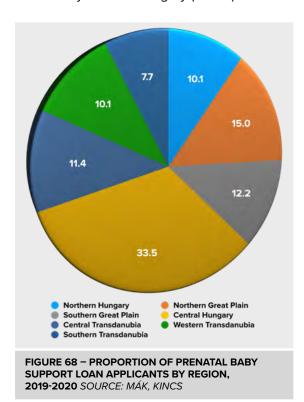


Breakdown of agreements by the amount:

- ► EUR 28,695: 122,388 pc (88.5%)
- between EUR 22,956 and EUR 28,695 7875 pc (5,7%)
- between EUR 14,347 and EUR 22,956: 5930 pc (4.3%)
- below EUR 14,347: 2113 pc (1.5%)

Most of the people (more than 64%) applying for the prenatal baby support loan are in their 30s.

The prenatal baby support loan was requested the most in the eastern part of the county (37.3%), followed by Central Hungary (33.5%).



This also implies that at the county and capital level, Budapest and Pest county (17.3% and 16.2%, respectively) stand out from the national average. They are followed, at a considerable distance, by the easternmost counties of Hungary (Hajdú-Bihar 6.1%, Borsod-Abaúj-Zemplén 5.9% and Szabolcs-Szatmár-Bereg county 5.7%), as well as Győr-Moson-Sopron county (5.5%).

County	Number of applicants	Proportion of applicants (%)
Bács-Kiskun county	11,144	5.1
Baranya county	7,215	3.3
Békés county	6,360	2.9
Borsod-Abaúj-Zem- plén county	12,733	5.9
Budapest	37,523	17.3
Csongrád-Csanád county	9,025	4.2
Fejér county	10,276	4.7
Győr-Moson-Sopron county	11,882	5.5
Hajdú-Bihar county	13,200	6.1
Heves county	5,611	2.6
Jász-Nagykun-Szolnok county	6,927	3.2
Komárom-Esztergom county	6,944	3.2
Nógrád county	3,447	1.6
Pest county	35,064	16.2
Somogy county	4,892	2.3
Szabolcs-Szat- már-Bereg county	12,413	5.7
Tolna county	4,508	2.1
Vas county	5,564	2.6
Veszprém county	7,588	3.5
Zala county	4,479	2.1
Total	216,795	100

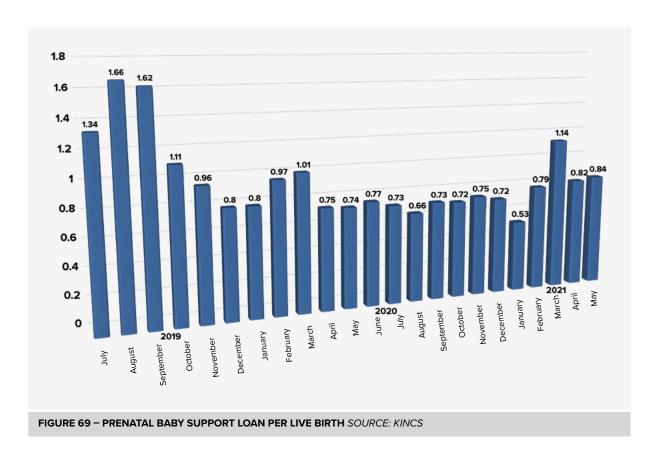
TABLE 39 – NUMBER AND PROPORTION OF PRENATAL BABY SUPPORT LOAN APPLICANTS BY COUNTY (2019–2020) SOURCE: HUNGARIAN STATE TREASURY, KINCS

The effect of the prenatal baby support loan on the number of live births and marriages

The prenatal baby support loan has had a major impact on the number of live births: 3.1% more children were born in 2020 compared to the previous year.

Comparing the number of prenatal baby support loan applications to the number of births, it can be established that the prenatal baby support loan is requested in the case of 92% of births, i.e. nine times out of ten, couples having children receive a high amount of support with the help of the prenatal baby support loan.

The introduction of the prenatal baby support loan has largely affected not only the number of live births, but also to the number of marriages. A total of 65,300 couples got married in 2019, while in 2020, 67,322. The monthly number of marriages was higher in more than half of the year 2020 than in 2019, and, despite the pandemic, there were 3.4% more marriages during the entire year. This also demonstrates the popularity of the Family Protection Action Plan's measure, and the high number of couples committing to the institution of marriage.



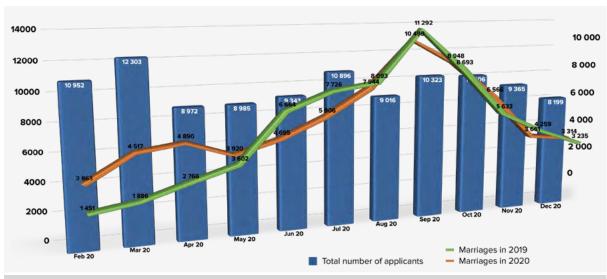


FIGURE 70 - PRENATAL BABY SUPPORT LOAN APPLICANTS AND THE NUMBER OF MARRIAGES, 2019-2020 SOURCE: KINCS

Expansion of the Home Purchase Subsidy Scheme for Families Loan

The government extended its home creation programme by adding further support elements in 2019. One of them was the expansion of the possibilities to request the Home Purchase Subsidy Scheme for Families loan. From 1 July, families with two or three children have been able to apply for the preferential loan with an interest below three percent also for the purchase of a used property. A survey of KINCS conducted with 1000 people in 2020 also supported the fact that the expansion of the Home Purchase Subsidy Scheme for Families was very well received: after the increase of nursery capacities, this was the second measure which most of the respondents agreed with (89.3% of respondents supported the expansion).

With regards to its content, the Home Purchase Subsidy Scheme for Families loan is an amount that can be requested alongside the Home Purchase Subsidy Scheme for Families, with an interest of maximum 3%, for a new or used flat or house. Families with two children are eligible for EUR 28,695, and families with three or more can request EUR 43,042. Simultaneously, the limit of value of EUR 100,433 applied to the

Home Purchase Subsidy Scheme for Families requested for used real estate was abolished.

In addition to the favourable changes to the Home Purchase Subsidy Scheme for Families loan, the government also introduced the Village Home Purchase Subsidy Scheme for Families. The programme started on 1 July 2019 has provided favourable conditions for purchasing and renovating homes in 2486 disadvantaged villages with a population below 5000. These are villages where the population decreased between 2003 and 2018, or which are in the most disadvantaged regions. On the basis of this measure, the Home Purchase Subsidy Scheme for Families previously only available for new homes has also been available for the purchase, extension and modernisation of used homes since then. However, it is important to note that only half of the amount can be used for purchase; the other half must be used for renovation or extension, and it can only be requested until 30 June 2022.

As of May 2021, the total number of loan requests is 25,894 (only for the purchase of used flats and the subsidised loans requested in addition to the Village Home Purchase Subsidy Scheme for Families).



Amount of loan requests: EUR 654 million (average amount: EUR 25.2 thousand (family).

The number of loan requests by families with three or more children is 8150, and the amount is EUR 231 million (average amount: EUR 28.4 million). The number of loan requests by families with two children is 17,744, and the amount is HUF 423 million (average amount: EUR 23.8 million).

The number of Home Purchase Subsidy Scheme for Families Ioan requests is 5506, and the amount is EUR 113 million (average amount: EUR 20.6 million).²² (Source: Ministry of Finance) – until 31 May 2021.

Remission of mortgages related to childbirth

The global economic crisis of 2008–2009, concerning the repayment of loans (mostly mortgages), made life difficult for hundreds of thousands of Hungarians as well from one moment to the next. The government assumed the sup-

portive role by implementing several steps to save the debtors facing a difficult, often hopeless, situation. First, the Act on Personal Bankruptcy was introduced.²³

The goal of the act is the introduction of a new legal institution, the private bankruptcy procedure, to the Hungarian law, aiming at freeing private individuals from the debt trap. The private bankruptcy procedure, by debt settlement, the suspension of the property auction, and income garnishment, creates an opportunity to settle the debts and come out of the debt trap. The wide range of the loan repayment-related aid for private individuals was determined in a more targeted way during the next step.

The global crisis posed an obstacle to hundreds of thousands of families, especially to families with children, by making the repayment of loans difficult. The repayment of mortgages became impossible, and involved the risk for thousands of families becoming homeless.

²² Source of the listed data: csalad.hu; Lakhatással kapcsolatos vélemények a gyermekvállalási korban lévő magyarok körében. (Opinions related to housing among Hungarians of childbearing age.) [research report], November 2020.

²³ Act CV of 2015

The plans of having children and their future implementation are greatly influenced by the financial situation of the family, the financial stability, and the housing conditions of the parents. These aspects were also considered by the lawmakers when the facilitation of the situation of people having housing loans was included in the support range for parents with small children. The government decree on the reduction of housing mortgage debts of multi-child families has been amended²⁴ several times since its creation in 2017. A fundamental feature of these changes is the clear effort to extend and increase the scope of those eligible for the support and the amount of the support itself.

Firstly, the government decree aimed at reducing the housing mortgage debts of families with three or more children. Families have been able to resort to the remission of mortgage since 1 January 2018, then, as part of the Family Protection Action Plan introduced on 1 July 2019, the scope of those eligible was extended and the amount of the subsidy was increased for those having three or more children.

From 1 January 2018, after the birth of the third or further children, it has become possible to reclaim EUR 2,869 from the outstanding mortgage debt. The remission of the mortgage can be requested with more favourable conditions since 1 July 2019: the outstanding debt can be reduced by EUR 2,869 after the second child, and by further EUR 11,478 after the third child. An important condition is that the loan request has to precede the birth of the child, i.e. the benefit can only be claimed for the remission of loans that were requested by the parents before the foetus was three months old or the child was born.

Currently, EUR 2,869 can be claimed after the second child born after 1 July 2019, and further EUR 11,478 after the third. Additional benefits and easier terms have been added to the previous provisions on 29 December 2020. Unlike before, claims can be submitted even for multiple of outstanding mortgages. For example, if one of

the loans of a family is lower than the amount of the benefit, they can repay that debt, and the rest can be used to reduce another mortgage debt. In addition, the subsidy can be requested for mortgage loans for construction purposes already before the completion of the construction, meaning that families do not have to wait for the land registry entry to be made in order to be able to reduce their debt and the amount of their instalments.

The support is available in the case of a mortgage loan contract that has not been terminated at the time of request and, in the case of a request regarding a child already born, at the time of the child's birth.

Another element was added to the support on 1 January 2021: it is available even if shared, also in the case of more than one outstanding housing mortgage loans.

The number of applications for mortgage reduction submitted by the end of June 2021 is 28,838. The average amount of support in approved resolutions: EUR 5,739.The total amount paid since 1 July 2019 (estimation of the Minister Without Portfolio for Family Affairs) is EUR 117 million. (Source: Ministry of Finance – until 28 May 2021)

Car purchase subsidy for large families

The car purchase subsidy for large families has been available since July 2019. It enables families raising at least three children to buy a bigger car at a discounted price. The state provides a non-repayable subsidy of up to EUR 7.1 thousand, which is available for large families for the purchase of an at least seven-passenger car. The subsidy is also available for single-parent families, and for families in which there are only two children, but the foetus is at least 12 weeks old. Due to this subsidy, many large families were able to change their old, often problematic car to a safer, more environment-friendly one, and

²⁴ Government decree no. 337/2017. (XI. 14.) Source: https://net.jogtar.hu/jogszabaly?docid=A1700337.KOR

can only now ensure the mobility of the family, which, with only one car or none at all, could not be done before.

The car purchase subsidy for large families has also generated considerable interest, which is shown by the 33,817 applications submitted to the Hungarian State Treasury electronically, by mail or personally, and via the Government Customer Service until 1 July 2021.

The most popular car models based on the purchase agreements: Dacia Lodgy (27.6%), Opel Combo (7.6%), Skoda Kodiaq (6.7%), Toyota Proace Verso (6.7%), VW Touran (6.3%).

This means a total of EUR 162 million in expenses and EUR 7.1 thousand per applicant.

A total of 22,757 applications were submitted in 2019, and further 8064 in 2020.

If we look at the breakdown of the subsidy by month, we can see that the number of applicants was the highest in July 2019 (more than 8 thousand), thus more than one quarter of the applicants submitted their request in the first month. Until the end of November, 3 thousand people submitted their application monthly. Following this period, however, the number of monthly applicants decreased to 1-2 thousand.

The car purchase subsidy for large families was mostly used by people in their 40's, nearly two third of the applicants fall into this age group (61.9%). Nearly one third (29.3%) of those having a large family are aged between 31 and 40.



	pcs	%
between 25 and 30 years of age	134	0.7
between 31 and 40 years of age	5,539	29.3
between 41 and 50 years of age	11,678	61.9
over 51 years of age	1,526	8.1
Total	18,877	100
TABLE 40 – TOTAL NUMBER OF FAMILIES CLAIMING		

TABLE 40 – TOTAL NUMBER OF FAMILIES CLAIMING THE CAR PURCHASE SUBSIDY FOR LARGE FAMILIES, BY AGE GROUP (2019–2020) SOURCE: HUNGARIAN STATE TREASURY, KINCS

Regional and county data

Almost 40% of disbursements were made in Central Hungary, i.e. in Pest county and Budapest. The distribution of disbursements was almost the same (about 11-12%) in four other Hungarian regions.

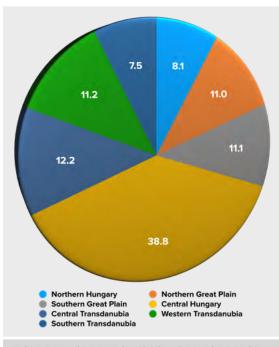


FIGURE 71 – CAR PURCHASE SUBSIDY FOR LARGE FAMILIES BY REGION (%) SOURCE: HUNGARIAN STATE TREASURY, KINCS

County	Number of disburse- ments	Proportion of applicants (%)
Bács-Kiskun county	892	4.7
Baranya county	678	3.6
Békés county	431	2.3
Borsod-Abaúj-Zem- plén county	807	4.3
Budapest	2,966	15.7
Csongrád-Csanád county	773	4.1
Fejér county	977	5.2
Győr-Moson-Sopron county	1,132	6.0
Hajdú-Bihar county	923	4.9
Heves county	455	2.4
Jász-Nagykun-Szolnok county	479	2.5
Komárom-Esztergom county	589	3.1
Nógrád county	258	1.4
Pest county	4,365	23.1
Somogy county	407	2.2
Szabolcs-Szat- már-Bereg county	684	3.6
Tolna county	339	1.8
Vas county	514	2.7
Veszprém county	737	3.9
Zala county	473	2.5
Total	18,879	100.0
TABLE 41 – CAR PURCHASE SUBSIDY FOR LARGE FAMILIES BY COUNTY SOURCE: HUNGARIAN STATE		

TABLE 41 – CAR PURCHASE SUBSIDY FOR LARGE FAMILIES BY COUNTY SOURCE: HUNGARIAN STATE TREASURY, KINCS

Compared to the county population, we can see that the development of car purchase subsidy for large families claims is the most positive in Pest county.

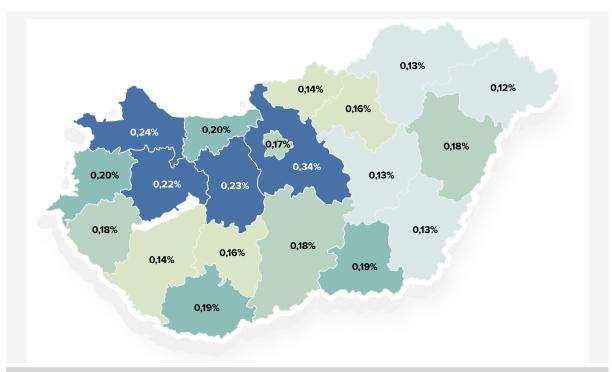


FIGURE 72 - CAR PURCHASE SUBSIDY FOR LARGE FAMILIES IN PROPORTION TO THE POPULATION, BY COUNTY, 2020 SOURCE: HUNGARIAN STATE TREASURY, HUNGARIAN STATISTICAL OFFICE

Personal income tax exemption of mothers with four children

In 2018, a significant majority (93.4%) of citizens participating in the National Consultation favoured the principle that mothers raising three or more children should be given priority support, thereby recognising their efforts both in the family and at the workplace. In addition to constituting another significant tax reduction, this measure expresses the government's appreciation for mothers—especially for mothers with many children and even more so for mothers engaged in a professional or trade activity—, encourages the birth of children, and provides greater support for families. This appreciation and greater support is materialised through the practice that from 2020, mothers raising or having raised in their own household at least four children are completely exempt of personal income tax (currently 15%) for the rest of their life. More precisely, until they have taxable income. Having and raising children is a calling that creates value for the entire society, and as such, deserve respect. Furthermore, it is suggested that each measure is a part of a long-term, predictable and continuous policy.

The Family Protection Action Plan was accepted by the Hungarian National Assembly on 1 April 2019. It also included the personal income tax exemption of mothers raising four or more children coming into force on 1 January 2020. The Family Protection Action Plan's measure in question is unique also in Europe, because this form of family support is still not in use in other countries. A mother raising four or more children is a woman who—as a biological or adoptive parent—is eligible for family allowance after children raised by her, or who is not eligible for family allowance any more but her eligibility existed for at least 12 years and the number of the children is at least four. The benefit can also be claimed after biological and adopted, and adult children. In case the eligibility for family allowance is terminated due to the death of the



child, this shall be regarded as if the eligibility for family allowance had existed for 12 years. According to ministerial estimates, about 40 thousand mothers may be affected by the personal income tax exemption.

After the adoption of the measure, in February 2019, April 2019, and May 2020, the Mária Kopp Institute for Demography and Families conducted several surveys among families with small children, then among people between the ages 18 and 45, i.e. in the ages of having children. The results clearly reflect the positive impact of the measure. While in 2019, 75.8% of the respondents agreed with the personal income tax exemption of mothers with four or more children, in 2020, this value grew to 86.3%. In 2019, 9.5% of the mothers surveyed would claim it, next year, 21% responded positively. It is obvious that the measure is the most popular among families with 4 of more children: 66.7% of the relevant respondents would like to take advantage of this opportunity.

The measure came into effect on 1 January 2020, from then on, mothers have been able to submit their application for personal income tax exemption. As it is shown on the figure, the number of claimants increased from month to month. Mothers were exempt from paying an average of EUR 103 personal income tax per month, leaving EUR 55.9 million with the claimants in 2020. Taking into account the most up-to-date data available from February 2021, mothers of four or more children have received EUR 65.1 million in total since 1 January 2020. This means to EUR 116.9 a month per claimant. Until January 2021, 46.4 thousand people profited from tax exemption.

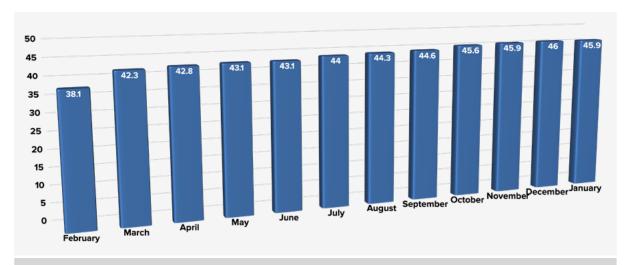


FIGURE 73 – NUMBER OF CLAIMANTS OF PERSONAL INCOME TAX EXEMPTION FOR MOTHERS WITH FOUR CHILDREN IN 2020 (THOUSAND PERSON) SOURCE: CSM

Personal iscone tax exemption for mothers with four children in 2020 (thousand people)

Personal income tax exemption of mothers with four or more children from 1 January 2020 (Source: Ministry of Finance)

- until 28 May 2021.

Number of claimants: 46.4 thousand people

Total: EUR 65 million

Estimated average amount per applicant: EUR 116.9 per month

Child Care Allowance for Grandparents

The Family Protection Action Plan's measure in question was introduced on 1 January 2020, and from this time on, even grandparents who are not yet retired are eligible for the child care allowance. Conditions of it are as follows: the grandparent must be insured for at least 365 days in the two years before the birth of the grandchild, and both parents must be engaged in a professional or trade activity. In addition, it is also important that the grandparent must not work while receiving the child care allowance, and the child must be taken care of in the household of the parents. Since. during this time, the grandparent is not eligible for pension, the period of care constitutes service time. The child care allowance can be received by the grandparent until the child is 2 years old. The amount of the child care allowance is 70% of the grandparent's income.

With this measure, the government also aims to help families increase their elbow room, thereby taking over the daytime care of grandchildren and enabling grandparents to spend more time with them. In 2020, due to the pandemic, the child care allowance for grandparents was claimed by a total of 144 people, 7 men and 137 women. Three-quarters of the claimants was between 51 and 66 years old, and one-quarter between 42 and 55 years old. The average monthly amount for one person was EUR 510.5.

One-third of the applicants for the child care allowance for grandparents live in Central Hungary, i.e. in Budapest and Pest county. They are followed by the Southern Great Plain, then the Northern Great Plain and Northern Hungary. It can be stated that the number of applicants in the eastern part of the country (39.7%) is more than 10% higher than in the western part (27%).

Development of the nursery service

In his annual evaluation on 10 February 2019, the Prime Minister spoke about the seven-point Family Protection Action Plan, one of the points of which was the development of nurseries. The Family Protection Action Plan was finally adopted by the National Assembly on 12 July 2019. As part of the action plan, the capacity of nurseries was increased, the human resources of nurseries were provided with appropriate financial recognition, the specific amount of support allocated in the central budget for the operation of family and work nurseries was increased, and the role of non-state nursery benefits was enlarged. The main goal of the nursery development programme is to help parents find the balance between work and family, to facilitate the organisation of family life, as well as to provide opportunities for families and married couples about to have children to overcome any possible obstacles. The introduced action plan conveys the following message among others: having and raising children is a calling that creates value for the entire society, and as such, deserve respect. Furthermore, it is suggested that each measure is a part of a long-term, predictable and continuous policy.

It is aim of the government to increase the capacity of nurseries to 70 thousand by 2022, therefore further significant developments will take place that may increase the population retention and increasing power of small settlements.

In connection with the Family Protection Action Plan, the Mária Kopp Institute for Demography and Families has recently conducted a survey on the new family support measures among families with small children. Results show that 84.2% of those surveyed welcomed the expansion of the capacity of nurseries in 2019; this percentage increased to 96.3% in 2020.

Since 2018, the government has allocated EUR 21.5 million to the development of nurseries maintained by the municipalities in the entire the country. Then, in the framework of the nursery development programme, it was decided in March 2020 to support the construction of 20 new nurseries, amounting to EUR 6 million, creating a total of 350 new places. Among these, 14 settlements receive support for the construction of a new nursery, mini nursery or the extension of an existing nursery building. The other 6 settlements receive support to transform

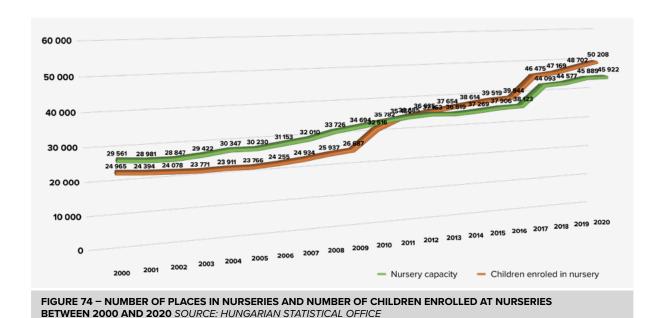


a municipality-owned property previously used for other purposes. In the previous round of the tender, 32 municipalities received about EUR9.2 million to establish 579 nurseries. These measures result in a further increase in the capacities. providing more opportunities for families, for parents to find the balance between work and family, thereby facilitating the organisation of family life. The government assigned a special ministerial commissioner from 1 May 2019 to 30 April 2021 to coordinate the development of nurseries and supervise the programme. Since 1 October 2020, the commissioner also performs the tasks related to the daytime care of small children. This measure also demonstrates that the issue of nurseries is of extreme importance to the government.

The figure below clearly shows the rate of increase in the capacity of nurseries. Between 2000 and 2009, there was no significant capacity expansion, then, between 2010 and 2012, the growth began. In 2013, the capacity exceeded the number of enrolled children, and, until 2020, the difference increased more and more. Nursery capacity increased by 65 % in the past 10 years. The number of places in nurseries reached 53,251 by 2021.

At the same time, the number of settlements providing nursery services doubled. While, in 2010, there were nurseries in 326 settlements, currently, the service is provided in 800 settlements, and, due to development programmes, this number will only increase. Based on our preliminary calculations, as a result of the developments, some form of nursery service will be available in more than 1100 settlements. In settlements with a smaller population, the mini nursery may be the most optimal nursery service, since groups can contain up to 8 children, and the daytime education and care of children is performed by 1 child-care practitioner and 1 nursery assistant. The dynamic increase in the capacity of mini nurseries also shows that the municipalities of the settlements recognised the opportunities and flexibility regarding mini nurseries.

The number of the operating nurseries was 1785 in 2018, which significantly increased in 2020 to 2042. Thus, by 2020, the nursery capacity development programme made the service available for about 18% of children under 3. This has been the highest proportion in the history of nurseries, since nursery care for children under 3 has never been provided to such an extent.



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As the number of places at nurseries is growing nationwide, nursery services are becoming available for families with small children at more and more settlements, and the employment rate of women—aged 25–49 and raising children under 3 years of age—is increasing in tandem.

While the employment rate of women between 25 and 49 with children under 3 was 12.4% on average in 2010, it increased by almost 6 percentage points to 17.9% in 2019, meaning that more and more mothers can return to the labour market and place their children in high-quality day-care institutions.

In addition to infrastructural development, it is also essential that the best professionals care for the apple of the parents' eye, the children, therefore, besides moral appreciation, financial recognition is also provided for nursery workers: the wages of child-care practitioners, professional consultants and nursery assistants increased by an average of 30% in 2020–2021.

The programme for the development of nursery services is more than an investment; it is a form of family support, since families are assisted by having their children in a safe and favourable environment while they are at work, however, the parents are also assisted in finding the balance between work and private life. The goal is to implement a network of nurseries in Hungary that responds to parental needs.

Family-Friendly Solutions in Healthcare

Family-Friendly Maternity Wards

The primary purpose of family-friendly policy is that Hungary become a family-friendly country, where it is good to live, to have children and raise them, or even to work besides that.²⁵ A substantial condition of the medium- and long term development of Hungary is a sustainable demographic turn, and for this we have to support the birth of desired and planned children.²⁶

Increasing the number of births and enhancing impetus for the desire to have children aims to improve the demographic situation of the country. Hence, in the row of family-friendly measures, it has become necessary to introduce developments in relation to the event of childbearing, too.

The reason behind is that experience has shown that positive delivery experience promotes later willingness for maternity, and the family-friendly maternity ward programme also aims at contributing to that.

The demands of families were continuously in connection with the changes evolving in maternity ward care, whereas, at the same time, the implementation of modernizations (material and infrastructural conditions of family-friendly care) and of solutions of approaches remained dependent on persons, as well as the following of professional directions and the spreading of domestic and international developments that were proven to be effective.

https://magyarnemzet.hu/belfold/csaladbarat-magyarorszag-a-kormany-fontos-celja-8606676/ - quote: From Katalin Novák's, Ministry of Human Capacities, state secretary for family affairs, statement of 2 September 2020

https://okfo.gov.hu/-/csaladbarat-szuleszet-palyazat?inheritRedirect=true&redirect=https%3A%2F%2Fokfo.gov.hu%2Fkereses%3F-p_p_id%3Dcom_liferay_portal_search_web_portlet_SearchPortlet%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26_com_liferay_portal_search_web_portlet_SearchPortlet_mvcPath%3D%252Fsearch.jsp%26_com_liferay_portal_search_web_portlet_keywords%3Dcsal%25C3%25A1dbar%25C3%25A1t%2Bsz%25C3%25BCl%25C3%25A9szet%2Bp%25C3%25A1ly%25C3%25A1zat%2Bl.%2B%25C3%25BCtem%26_com_liferay_portal_search_web_portlet_SearchPortlet_scope%3Dthis-site – quote: From Katalin Novák's, Ministry of Human Capacities, state secretary for family affairs, statement of 17 September 2018

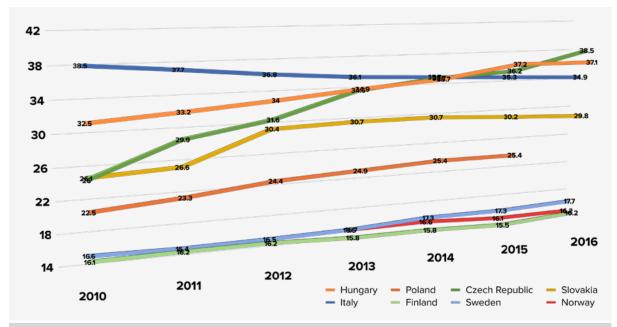


FIGURE 75 – PROPORTION OF CAESAREAN SECTIONS COMPARED INTERNATIONALLY, FOR 100 LIVE BIRTHS, 2010-2016, DATA OF THE V4 COUNTRIES AND DATA OF THE EU/EEA MEMBER STATES HAVING EXTREME VALUES, BASED ON THE DATABASE OF THE OECD SOURCE: OECD STAT., ACCESSED: 11 MARCH 2019

The outcome of childbearing may depend on a number of factors.

The health status of the mother before and during the pregnancy determines, from a number of aspects, the outcome of the childbearing. At the same time, previously unknown changes may occur in the state of the mother and of the foetus, which may also have an influence on the childbearing method. The most important aspect of maternity ward care is the mother's and the foetus' life, that is, the lives of both of them, their expectable quality of life and healthcare state after childbearing, meaning that these are the bases of safety and trust. The number of Caesarean sections applied continuously grows worldwide, including Hungary. But this phenomenon also has other (i.e.: legal, comfort) reasons than those enumerated.27

It is also an aim of the family-friendly maternity ward care that the number of Caesarean sections not performed for clearly medical reasons decrease.

In 2019, the Mária Kopp Institute for Demography and Families (KINCS) has processed the child-bearing experiences of 2000 mothers within the framework of its research titled Childbearing Conditions (Szülés körülményei).²⁸

Regarding Caesarean sections, the research established that, in case of endangered pregnancies, pre-planned Caesarean sections were more frequent in the studied group. 52.7% of the endangered pregnant mothers gave birth to their child with a pre-planned Caesarean section. Pre-planned Caesarean sections occur more frequently among mothers who have more

²⁷ Boros. J.: Császármetszések növekvő trendje a világban és Magyarországon – a Kohorsz '18 (Magyar Születési Kohorszvizsgálat) kutatás keretében (Rising trend of Caesarean sections in the world and in Hungary – within the framework of the Cohort '18 (Cohort Study of Births in Hungary) research) – Population Newsletter "KORFA" March 2021 Vol. XXI, Issue 1, www.demografia.hu/korfa

Dusa, Á., Markos, V., Dr. Engler, Á., Várfalvi, M.: Szülés körülményei kutatás (Childbearing Conditions Research), KINCS 2019. https://www.koppmariaintezet.hu/docs/KINCS-szules-korulmenyei-20191202.pdf

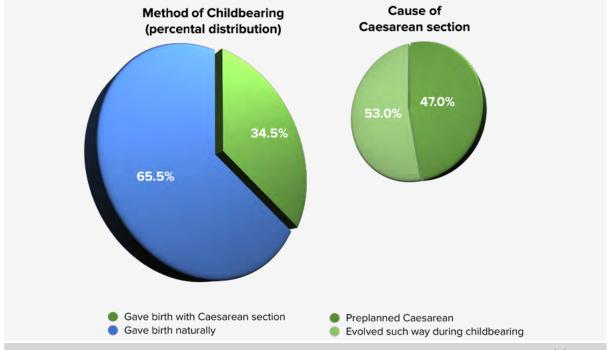


FIGURE 76 – PROPORTION OF CHILDBEARINGS WITH A CAESAREAN SECTION AMONG THE MOTHERS ASKED (%) SOURCE: SZÜLÉS KÖRÜLMÉNYEI 2019 ADATBÁZIS (CHILDBEARING CONDITIONS DATABASE 2019), KINCS

children, than among those who are having their first child. In the case of mothers having three or more children, the proportion of pre-planned Caesarean sections was 52.3%. The proportion rises with the mother's increasing age. An even higher proportion, 74% of multiple births were pre-planned Caesarean sections.

Family-Friendly Governmental Measures in the Period Around childbearing

On 19 March 2018, the government has passed a resolution about family-friendly measures.²⁹ This had the purpose of the most widespread possible realisation of family-friendly values and family- and child-friendly approach, as well as to take family-friendly measures and to create a family-friendly environment to achieve these goals. The Government agrees with the development concept of domestic maternity ward care that fulfils the families' demands and increases the birth of the new family, the positive childbearing experience and the comfort of the postpartum period, and with

the aim that domestic maternity ward institutions work the most family-friendly way possible.

Measures of the Government Resolution Concerning Maternity Ward Care

- development of obstetric and infant nutrition guidelines that are based on mother and infant-friendly principles, elaborating methodology;
- preparing a regulation proposal for the development of a graduate and postgraduate education system that is based on up-to-date theoretical and practical knowledge in relation to mother and infant-friendly maternity ward care and to the breastfeeding support;
- Operating the "Családbarát Szülészet" ("Family-Friendly Maternity Ward") tender programme in Phase I and in Phase II, for the countrywide realisation of family-friendly and family-centric maternity ward care, via an open tender;

²⁹ Government resolution no. 1098/2018. (III. 19.) on the family-friendly governmental measures.)



- assuring financial resources:
 - 86 thousand EUR a year for the operation of the National Committee for the Support of Breastfeeding;
 - 17 million EUR for Phase I of the "Családbarát Szülészet" ("Family-Friendly Maternity Ward") tender programme;
 - 11 million EUR for Phase II of the "Családbarát Szülészet" ("Family-Friendly Maternity Ward") tender programme.

The Family-Friendly Maternity Ward Programme (Családbarát Szülészeti Program) of the health-care system promotes family expansion and contributes to the reproductive period from the aspect of material environment, and also by spreading family and infant-friendly approach and by ensuring its most comprehensive possible realisation. Ensuring personal conditions is also important, meaning that all professionals who get in contact with families, couples, mothers, fathers and with children and who participate in their care need to know and apply the approach of family-friendly maternity ward care.

The professional guideline about obstetric and new-born care³⁰ lays down the most important principles: family-friendly maternity ward care, family-friendly childbearing, family-friendly care of new-borns.

The International Childbirth Initiative (ICI)31

enumerates 12 important elements as the conditions of family-friendly healthcare

The ICI (International Childbirth Initiative) summarised in 12 points its guidelines about safe healthcare that also respects the mother's and her family's human dignity. ICI was founded by establishing a number of national and international organisations in 2018.32

Family-Friendly Maternity Ward Tender³³

Phase I.

"Developing the infrastructural conditions of family-friendly and family-centric obstetric and neonatal intensive care" was announced in 2018.

During the innovations, it was possible to apply for the renovation of labour rooms, cot rooms and belonging premises, for the creation of an alternative childbearing support room, for the family-friendly transformation of rooms susceptible for being visited and for other modernisations, such as for the replacement of indoor closures, for paintwork, for daubing or for veneer replacement.

Phase II.

"Supporting family-friendly and family-centric obstetric, neonatal and premature intensive care with integrated infrastructure and instrument development and education programmes and by strengthening the preparation of pregnant women" was announced in 2019.

With the subvention of this tender, the most widespread possible realisation of the values, environmental conditions and professional- and methodological approach of family-centric care takes place. Results of the family-friendly maternity ward tender

- Phase: the development of 44 hospitals (65.6%) was realised, obstetric departments, labour rooms and hospital rooms were renovated, and more comfortable one-bed labour rooms were created.
- II. 10 hospitals in the capital and 43 countryside hospitals (79.1%) received a subvention. The infrastructural developments, equipment procurements and professional programmes

³⁰ Healthcare professional guideline of the Ministry of Human Capacities about maternity ward and new-born care, in force: 17 December 2019 – 15 November 2022 http://www.kozlonyok.hu/kozlonyok/index.php?m=0&p=kozltart&ev=2019&szam=20&k=6

³¹ International Childbirth Initiative 12 Steps to Safe and Respectful Mother-Baby-Family Maternity Care provides https://www.internationalchildbirth.com/uploads/8/0/2/6/8026178/ici_initiative.pdf

³² www.internationalchildbirth.com

³³ https://okfo.gov.hu/-/csaladbarat-szuleszet-palyazati-program-csbsz-2019

of 73 applications (a hospital could submit applications for more than one departments i.e.: obstetrics, premature, infant department, breast milk collecting station, etc.) were financed. The tasks of applicants were to change theoretical and practical knowledge and methodology; to support education and exchange of experience; to strengthen the preparation of pregnant women; to develop breast milk collecting stations; and to psychologically strengthen the period around childbearing. 287 thousand EUR was separated for the development of graduate and postgraduate education system related to mother and infant-friendly maternity ward care.

The main findings of Mária Kopp Institute for Demography and Families (KINCS)'s research studying childbearing conditions support the program of subventions for family-friendly maternity wards. The most important results of the survey:

- It is more frequent to have more children among those who already have at least one child when they are young.
- People living in a marriage have more children, and the proportion of child-bearings in the father's presence is higher among them.
- Positive childbearing experience show positive correlation with intentions to have more children.
- Social and family support show positive correlation with childbearing experience.
- Caesarean sections are negatively correlated with childbearing experience.

Free Infertility Treatments

Assuring infertility treatments at a level and with a consideration of national strategy is, besides, to extent of possible, bringing births earlier in time, is a question of paramount importance, both from the aspect of healthcare and of demographics policy. Hungary is committed to support families, and all of its related measures help women to become mothers and serve the purpose that every planned child can be born.

The proportion of women and men struggling with infertility has been growing worldwide in the recent

decades. Not all reasons of this phenomenon are known, but, according to researches, the widespread use of hormone-containing medications or the industrialisation of nutrition play a role in it, as well as the frequent practice of people living in consumer societies to postpone to have children.

In Hungary, every fifth couple have troubles with achieving pregnancy, which contributes notably to the fact that despite the past ten years' family policy interventions, the natural decrease of Hungary's population could not be eliminated. Therefore, it is of paramount importance to support the concerned couple's effort to have children.

In Hungary, 5 complete artificial fertilisation treatments (in vitro fertilisation, shortly: IVF) can be availed for the birth of the first child with the financing of the Health Insurance Fund, and, from 1 October 2017, if at least one child is born from one of these procedures, four further artificial fertilisation procedures may be carried out. At the same time, the subvention of medication costs related to artificial fertilisation procedures increased from 70% to 90%, reducing substantially the direct costs of the treatments for the insured. The special examinations and interventions aiming at human reproduction, as well as gamete and embryo deposits may be performed at the expense of the obligatory health insurance until the upper limit of the woman's reproductive age is reached, but no later than the woman becoming 45 years old (till her forty-fifth birthday).

From 2020, the system of infertility subventions has undergone a significant transformation in Hungary, since the medication treatments used for the care have become 100 % supported, the performance and volume limit (TVK) of clinics carrying out test tube procedures was eliminated, previously non-financed diagnostic services were introduced, the financing of insemination (artificial sperm input) was transformed, and infertility treatment was placed into the hands of the state. In total, the amount of financing spent on infertility treatments has quasi doubled as compared to 2019. The special support of the test tube programme—calculating with about 90 thousand births a year-may result in a couple of thousand more births per year.

District Nurse Service

Creation of the District Nurse Service

The Hungarian District Nurse Service, operating with almost 5000 district nurses, is outstanding worldwide. In 2015, 100 years after its foundation in 1915, it was declared to be a Hungaricum. The special characteristic of the Hungarian mother, child and family protection system is that it primarily emphasises visits at the families' homes, which are completed by the work performed in the district nurse advisory points.

The aims for which the district nurse service was created are still relevant today:

Social, Public Health and Demographic Goals Conceived for the District Nurse Service

- Reducing infant mortality rates;
- Promoting the numeral nation-growth, protecting mothers and infants from harmful effects, mainly by preventive methods.

Tasks of the District Nurse Service:

The district nurses' task is complex, they ensure family care service in the form of prevention, that is, maintaining corporal, psychological, mental and social health, as well as in the forms of promoting healthy development, identifying problems, direction toward further care, help with regaining health, contribution to public health and epidemiological tasks, preventing status worsening of permanent loss of health, and promoting adaption to actual circumstances.

Target Groups of the District Nurse Service

The district nurse system assures continuous care between family and individual periods of life.

- Taking care of mothers/couples awaiting a child within the framework of pregnancy care, from application for care till childbearing.
- 2. Hospital district nurse care of mothers in the days after childbearing.
- Areal district nurse care of the mother returning to her home after childbearing and of the new-born.

- 4. Areal district nurse care of the breastfeeding mother and of the infant until the infant reaches the age of one.
- Areal district nurse care and breast milk collecting station care of mothers who give breast milk or who request breast milk for their infant.
- 6. Areal district nurse care of children between the ages of 1 and 3 years, mothers and families.
- 7. Areal district nurse care of children in the age of kindergarten or frequenting a kindergarten.
- School-health district nurse care of children at the age of compulsory education and of students.
- Areal district nurse and family protection service counselling for those who plan to have a child and for couples.
- 10. Areal district nurse and family protection service counselling for women facing a crisis in the beginning of their pregnancy.
- 11. Cervix screening of women between the ages of 25 and 65 years, with counselling and regional district nurse care.

Premises of District Nurse Activities:

- home or place of stay of families and persons taken care of;
- district nurse advisory point;
- children's institutions; Sure Start Children's House, kindergarten, school, college;
- premises of community programmes;
- healthcare institutions: obstetric, neonatal, or infant departments of hospitals;
- breast milk collecting stations;
- Family Protection Service;
- premises of cooperation with civil, charity and church organisations.

District Nurses' Preparedness:

District nurses fulfil their functions with 4 years' BsC higher education qualification. Many district nurses have also acquired other diplomas that they can make use of while they provide care: for example, mental hygiene, but some also have nutrition science specialist- or physiotherapist qualifications. To maintain their operating license, they have to participate successfully in regular trainings that provide credit points, to be renewed every five years.

Cooperation with Other Specialties

The district nurse performs her professional activity individually, but keeps regular contact with other health care professionals, with the professionals of the child welfare, public education and social welfare system and with civil-charity organisations, also liaising with them, if needed.

The National Healthcare Service Centre operates the management of the district nurse network through the collegial district nurse mentor system. Professional control of the district nurse care is exercised by the inspector district nurses of the County Government Offices and of the District Offices, under the governance of the National Centre of Public Health (Nemzeti Népegészségügyi Központ, NNK).

Results – data from the district nurse report of 2019

 District nurses took care of 513,290 families in 2019. In 2015, negligence of children was detected in 7469 families,

- while this number concerned 3608 families in 2019. The proportion of infants still breastfed at the age of one year in 2015: 31,999 persons (35.8%), which increased to 32,631 (36.9%) by 2019. District nurses have a decisive role in this increase.
- Thanks to the Hungarian district nurse service, we are the first worldwide in accomplishing age-linked vaccinations: The district nurses' tasks are to inform parents, to organise, to control whether the vaccinations were accomplished and correctly documented, and to mobilise parents for make up for what is missing.

Thanks to information by district nurses, the proportion of HPV vaccination is 80% at girls in the 7^{th} class.

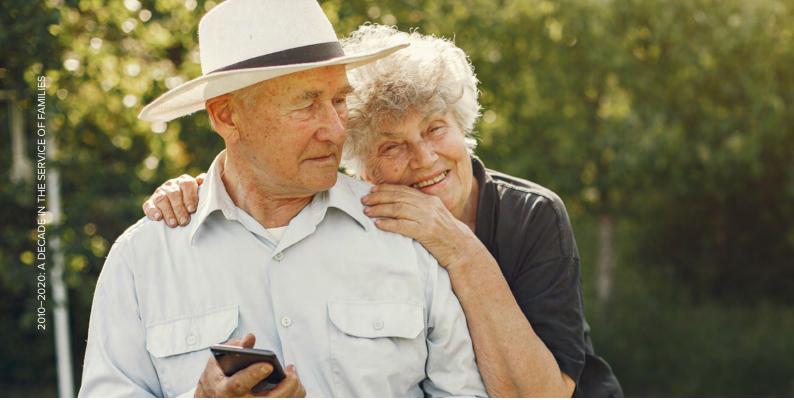
The district nurse service is a bastion of mother, child and family protection, public health and health protection for more than hundred years, hence it was rightly awarded with the Hungarian Heritage Prize (Magyar Örökség Díj).

Vaccine	WHO EU Region 2010	Hungary 2010	WHO EU Region 2017	Hungary 2017
Tuberkulózis	82.2	99	75.8	99
Haemophilus influenzae	93	99	91.2	99
Kanyaró	94.7	99	94.3	99
Diphteria	95	99	94.6	99
Mumps	92.9	99	92.2	99
Pertussis	94.6	99	93.9	99
Poliomyelitis	94.8	99	93.3	99
Rubeola	93.8	99	93	99
Tetanus	94.6	99	93.9	99

TABLE 42 – VACCINATION COVERAGE IN THE EU AND IN HUNGARY, ACCOMPLISHMENT OF COMPULSORY VACCINATIONS IN THE EUROPEAN REGION OF THE WORLD HEALTH ORGANIZAION AND IN HUNGARY, IN 2010 AND IN 2017 (PERCENTAL PROPORTION OF INFANTS VACCINATED)

SOURCE: https://gateway.euro.who.int/en/datasets/european-health-for-all-database/#life-styles download: 15 April 2021





Strengthening generations – supporting pensioners and encouraging the youth

Pensioners – who built the country

The support for pensioners in Hungary has several main pillars: pension indexation, pension premium and utility vouchers. Thanks to these subsidies, pensioners are not only protected from the money-devaluation effects of inflation, but also receive cash and other type of benefits based on the performance of the growing economy as a result of their previous work, thus ensuring the durability of pensions. A further aim of government measures is to enable the pension system to give appreciation to the elderly people and to help them maintain their standard of living.

Future-proof pension system

In Hungary, the number of pensioners is on a declining trend, yet their share of the Hungarian population is still high. While in 2010 2 million 980 thousand people received pension benefits, by 2019 their number had fallen to 2 million 571 thousand, which is 26.3% of the Hungarian pop-

ulation. One in four people in Hungary receives some form of pension benefit.

The pension subsidy is an annuity that is due on a universal basis. According to the philosophy, it is a kind of insurance for those members of society who, due to their age or other justifiable disadvantage, would not or to a lesser extent be able to do well in the primary labour market and generate the income necessary for their living. An individual can receive old-age pension by reaching retirement age or by reaching the required length of service. The old-age pension can be determined after reaching the retirement age, but women can also receive it on the basis of an entitlement period of 40 years. Other pension benefits can be acquired, among other things: after a deceased relative (widow's pension, orphan's allowance), in the case of benefits based on age or altered capacity for work. In 2019, 79% of those receiving pension benefits received an old-age pension, 12% a benefit for altered capacity to work, 5% a relative's pension, 2% an age-based benefit and a further 2% other benefits and allowances. The number of old-age pensioners, who make up the largest part of those receiving pension benefits, was 2 million 32 thousand in 2019, i.e. every fifth person was

an old-age pensioner. The socio-demographic characteristics of the beneficiaries are shown by the fact that 62% of old-age pensioners are women, their proportion among all beneficiaries is the highest in Budapest, while it is the lowest in Szabolcs-Szatmár-Bereg county.

On one hand the amount of the pension benefit reflects the number of years worked and the former income; on the other hand, the gratitude of the society towards members who participated in building the country and compassion towards those members who, through no fault on their own, could not participate in it. In Hungary, the value stability of pensions is ensured, and since 2010 they have maintained their real value. In 2018, the Hungarian state spent EUR 10.7 billion on pensions and other benefits and annuities, corresponding to 8.9% of country's GDP. The amount of expenditures increased by 4% compared to the previous year. In 2019, the state spent EUR 11.2 billion which was an increase of almost 4% compared to 2018.

As long as wages in the labour market follow inflation and changes in competitiveness in line with the logic of the economy, the state ensures that pensions are future-proof. Predictable and balanced creeping inflation, i.e. the slow deterioration of the purchasing power of money, is desirable for the economy and a driver of the economic growth. While the income of employees increases as prices rise with inflation, following the laws of the market, the state is heavily involved in preserving the purchasing power of pensions. Pensions therefore increase every year at the rate of inflation, that is, as much as "life" has become more expensive that year. Since 2012, the pension increased in January every year an amount in line with the increase in consumer prices planned in the Act on the Central Budget, thus the amount of the pension benefits increased by 1.6% in 2016, also by 1.6% in January of 2017 and by a further 0.8% in November, by 3% in 2018, by 2.7% in January of 2019 and by a further 0.7%. In November of a given year, an additional pension increase, and pension adjustment is feasible if the rate calculated on the basis of the inflation data of the KSH (Hungarian Statistical Office) exceeds the growth percentage measured in January. That is the reason, why in 2017 and 2019 an additional pension increase took place, which the pensioners received in November, retroactively from January. It can therefore be seen that the amount of pension benefits has been gradually increasing over the years. In 2010, pensioners received an average of 98,804 EUR, while in 2020 the average pension was 407.8 EUR. The earning replacement capability of the Hungarian old-age pension is high in international comparison: in 2019 it corresponded to 59% of the average net earnings in January.

Pension premiums and utility vouchers

Another cornerstone of the durability of pensions is the pension premium which aims to extend the positive effects of economic growth to the elderly, who worked all their lives in laying the foundations of the present economic growth. The manifestation and monetary expression of society's gratitude is the pension premium, which, in the case of specified economic growth, gives pensioners a one-time supplement after an excellent year of good performance in accordance with the rate of economic growth.

Under the Pensions Act, the pension premium has been available since 2010 to recipients of pension benefits who received a social security pension on at least one day in the year preceding the current year as well as received social insurance pension benefits in November of the current year. The condition for the payment of the pension premium was first met in 2017, when the GDP growth exceeded 3.5%. The pension premium is granted by the pension granting body, together with the monthly benefit of November of the given year.

The amount of the pension premium is a product of multiplying two numbers together, which consists of the amount of GDP growth of the given year reduced by 3.5, and the 25 % of the amount of pension benefits in the month of November of the given year, but not more than

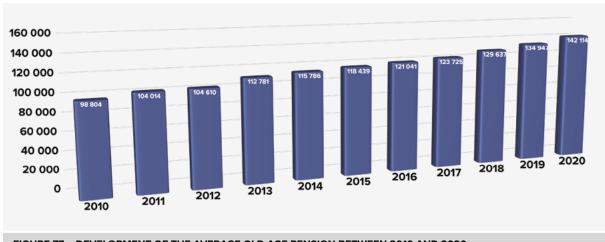


FIGURE 77 - DEVELOPMENT OF THE AVERAGE OLD-AGE PENSION BETWEEN 2010 AND 2020 SOURCE: HUNGARIAN STATISTICAL OFFICE HTTPS://WWW.KSH.HU/STADAT_FILES/SZO/HU/SZO0034.HTML

EUR 57.4. Due to the expansion of the Hungarian economy, the expected value of GDP growth was 4.1% in 2017, 4.4% in 2018 and 4.6% in 2019. As a negative consequence of the coronavirus pandemic, the condition for the pension premium was not met in 2020.

The maximum amount of the pension premium reached the highest level in 2019 at a monthly pension of EUR 230, above the pension of EUR 230 each of the beneficiaries received the same amount, and below it they received proportionally less.

The utility voucher is a support granted to pensioners on a universal basis, the aim of which is to enable pensioners to benefit from the results of the strengthening Hungarian economy. To achieve this, in 2019, the government introduced a onetime benefit to provide a utility voucher, which nearly 2.6 million people received. The value of the utility vouchers issued by the Hungarian State Treasury is a one-time 25.8 EUR, which was received by the recipients in 8.6 EUR denominations. The voucher could be used to pay gas and electricity bills and could not be exchanged for cash. The vouchers were delivered by the Hungarian post until 30 September 2019, which could then be used by pensioners until 31 March of the following year. According to Hungarian post's statement, a total of 7.5 million vouchers

were mailed out, most of which were redeemed at the beginning of the month, during the period of check payments. By January 10, 2020, almost 80% of the vouchers were redeemed, and the total value of the used vouchers approached EUR 51.6 million. According to the data provided by the Hungarian post, most vouchers were redeemed in October, i.e. in the month following the date the vouchers were sent out.

The youth – those who will build the future

The Hungarian Government recognizes the need to support young people and, guided by its responsibility for the future, considers young people as a resource. Based on this, it seeks, with every means at its disposal, to facilitate home creation, starting a family, working, and to create additional opportunities for learning and seeking for employment, as well as to promote safe conditions for leisure activities. The support of the Student Loan, the Highway code examination, and the language examination fit into the framework of these conceptual considerations.

Student loan

Of the three measures, the Student Loan is the oldest, its establishment dates back to the time of the first Orbán government. Since its intro-

duction in 2001, it has helped 450 thousand young people. Government decree 96/2020. (IV. 10.) expanded its possibilities with regard to the pandemic situation.

The aim of the student loan institution is to enable young people who could not or only with difficulty could finance their higher education, to participate in higher education. The general objectives are complemented by additional aspects:

- the loan must be universal, i.e. available to everyone on equal terms;
- the maximum amount of loan that can be taken out should be such that it should provide a significant contribution to the living and study costs of university and college students;
- repayments are made as expected, which requires an acceptable repayment burden;
- the student loan scheme should not directly affect the budget, i.e. it should be self-sustaining and self-financing in the long run.

The most basic legal source of the Student Loan is Government Decree 1/2012 (I.20.), which determines who are eligible to use it and under what conditions. In general, the target group of the measure are students studying in higher education, i.e. Hungarian citizens with a student status (or those still covered by the Decree, such as persons recognized as refugees, immigrants or settled, and those with the right to free movement and residence).

In terms of content, the Student Loan has three constructions:

- The Student Loan 1,
- Student Loan 2
- and Student Loan Plus.

The Student Loan 1 is a free use loan. The loan can be taken out by those applicants who have a state sponsored scholarship or are participating in a fee-paying training, either in full-time, evening, correspondence or distance training. The loan can be spent on the purchase of equipment or accommodation, but even on language learning.

The amount can be applied for 11 semesters, for a maximum of 5 months in one semester. If the applicant undergoes a single undivided training and the training period exceeds 11 study semesters, the eligibility period shall be equal to the training period but shall not exceed 14 study semesters. Applicants can ask for as much as EUR 430.4 a month, but they can also receive it as lump sum every 6 months or yearly. The interest on the loan is 1.99%, which can be repaid early, but it is only mandatory to start repaying the loan after the end of the applicant's studies. The size of the monthly instalment is adjusted to the minimum wage in the first two years and to the gross income from two years previous from the third repayment year.

The Student Loan 2 is a fixed-use loan that can be used for the tuition fee of the term, and the requested loan is transferred by the Student Loan Centre directly to the university/college. Similarly to the Student Loan 1, it is open to students under the age of 45 who are enrolled in a fee-paying training course and participate in higher education with an active student status, for a maximum of 11 semesters. The amount that can be taken out is adjusted flexibly to the training costs, i.e. there is no upper limit to the amount that can be taken out. The interest rate on Student Loan 2 has been 0% since October 1 of 2017, as the total interest to be paid by the students is taken over by the state. Repayment must be started only four month after the termination of the student's legal relationship, but no later than after turning 45 years old. Early repayment is also possible in this case.

Student Loan Plus is open to students with active status in higher education who are over the age of 18 at the time of application, but have not yet reached the age of 55, and who do not have a pre-existing language student loan and no debt from a previous terminated student loan contract. The minimum amount of the Student Loan Plus is EUR 287 and the maximum is EUR 1,435. The amount of the loan is always determined by the borrower, the only condition being that the amount of the loan reaching the minimum amount but not exceeding the maximum amount must be divisible by 100,000.

By 2017, the interest rate of the free-use Student Loan 1 reached the lowest interest rate level since its existence, 2.3%. The Student Loan 2, which can be taken out for fee-paying training, can be applied for since 2012, with an interest rate of 0% starting from 2017. Student Loan Plus has made a significant contribution to ensuring that the number of young people forced to suspend their higher education did not increase dramatically on the labour market and in the economic environment that is significantly deteriorating due to the coronavirus pandemic.

Free language examination

The purpose of the language examination fee reimbursement is to provide young people with a solid foundational knowledge of a foreign language, develop their chances on the labour market and not to be in a competitive disadvantage without the certificate. The target group of the language examination fee reimbursement is every young people under 35 including students in tertiary education and secondary education as well. Not only Hungarian citizens can reclaim the examination fee, but also the persons specified in Section 39 (1) a)-h) of the CCIV Act 2011 on National Higher Education.

Of the above, the target group is basically under the age of 35, but the relevant legislation - Government Decree 503/2017 (XII.29.) also provides for exceptions. Such an exception is, for example, if a person has reached the age of 35 but has received infant care allowance, child care allowance or child care benefit at the time specified above.

A new special target group are those with child care benefit from 1 July 2020, that is those parents with small children who stay at home and receive infant care allowance, child care allowance or child care benefit.

This means that young people are able to claim back the language examination fee beginning from 1 January 2018. Support is only for B2 (intermediate) and C1 (advanced) examinations. Under the decree, only the cost of examinations in Eng-



lish, German, French, Italian, Russian, Spanish, national languages, Latin, Portuguese, Arabic, Hebrew, Japanese, Chinese, Dutch, Finnish can be reclaimed and this benefit can be used for specialist language examinations as well.

The amount of the benefit may be equal to the fee for the given examination, but up to a maximum of 25% of the minimum wage. EUR 120 is the maximum in case of exam fees paid after 1 February 2021. In the case of combinable partial examinations, the maximum amount of the benefit shall be 25% of the mandatory smallest wage (minimum wage) valid at the time of payment of the fee for the second successful partial examination. If the examination date of the first partial examination was before 1 January 2018, or more than 1 year elapsed between the issuance of the two successful partial examination certificates, the benefit is paid only after the fee of the second partial exam.

The application for the benefit can be submitted to the Hungarian State Treasury within 1 year, which must be calculated from the certificate's issue date. This specified deadline is the limitation period.

With an amendment that came into force on 15 April 2020, the Government provided for a temporary easing of the conditions for enforcing validation of the benefit for the first successful language examination and the first advanced foreign language secondary school-leaving examination in view of the emergency situation caused by the coronavirus pandemic.

Since January 2018, young people studying languages have had the opportunity to claim their exam fees back from the state. 100,036 young people were granted this benefit after their successful language examination until February 2021. This means that EUR 8.6 million was spent on subsidising language examinations from the central budget since 2018.

Free Highway-code examination

While the student loan and the free language examination primarily help students, the free highway-code examination is not destined to help studies, but to help young people get their driving license who would not be able to afford it and would be at a disadvantage on the labour market.

The target group of the measure are Hungarian citizens under the age of 20 (including foreigners subject to the same treatment). The benefit is available to a person who passed the basic highway-code examination required to obtain a category "B" driving license after 1 July 2018, and



on the day of the exam, have not yet turned 20. Since 1 July 2020, special conditions apply to people older than 20 who raise young children and receive infant care allowance, child care allowance or child care benefit on the day of the exam.

There is no age limit in the case of an extension, so entitlement to the benefit also applies to mothers, fathers and grandparents who receive child care benefit. Those who reached the age of 20 during the state of emergency, falling outside of the age restrictions, still have the opportunity to make use of the benefit six months after the end of the emergency.

The aid only applies to the fees for courses and examinations required for a category "B" license, not for courses or examinations required for other categories. This benefit can be requested for both in-person and online courses, which can take the form of intensive or even 1-month long courses.

The amount of the benefit equals to the amount actually paid for the examination, but not more than EUR 717. The application for support must be submitted to the Pensions Directorate of the

Hungarian State Treasury within one year after the highway-code exam.

Every year, an average of 30 thousand people under the age of 20 pass the highway-code examination successfully. Based on the data from February 2021, more than 80 thousand people (80,219 people to be exact) have made use of the benefit which in Hungarian Forint means, that beginning from 2018 almost EUR 5.7 million (EUR 5,690,861) was spent on refunding the fee of the highway code examinations.

The importance of the results is further demonstrated by the fact that special attention is paid to the acquisition of driving licenses by disadvantaged students. One of the key and successful elements of the Arany János Talent Development Program (AJTP), which promotes the further learning and labour market integration of children in need, is the provision of the course necessary to obtain a driving license; in the 2019/2020 academic year, the vast majority of AJTP graduates also had a driving license by the end of the school year.

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Katalin Novák

ungary was faced with a choice in 2010: a decision had to be made on how to deal with the frustrating demographic and labour market situation. At the time, not only the willingness to have children but also the willingness to work was at a decade low, the economic crisis and the faulty society and economic policies of leftist-liberal governments sank the country so deep that it took great effort to pull the country back from there.

In this situation, everyone would have chosen the faster and easier path: supporting migration, as it would seem logical that the immigrants would increase the population and also increase the available workforce. However, Hungary did not consider this solution to be appropriate, simply because in the long run such a solution would significantly endanger not only the national identity of Hungary and Hungarians, but also their very existence. We had to fight for centuries for the survival and the continuation of our nation in the middle of Europe, in the vice grip of many great powers. This was formulated as early as 1791 by Johann Gottfried Herder in a very mournful prophecy for us, namely: "Of the Hungarians, small in number and wedged in between others, not even the language will be detectable as the centuries pass." We Hungarians, for obvious reasons, cannot and do not want to accept this future. That is why we are not willing to take on population change with migration, the loss of our culture and our identity and we rely on Hungarian families instead.

This is the reason why in 2010 Hungary chose a much longer and more difficult path in order to improve the demographic and at the same time the labour market situation: the path of nationally based family policy and employment policy, and their close connection and building on each other. Strengthening a work and family-based community is a much bolder journey, but the results of this innovative, unorthodox solution, which has been consistently implemented in the last ten years, are now clear. Since the change of regime in 1990, which marked the end of socialism in Hungary, people have not worked as much as they do now, and the willingness t have children is at the peak of a quarter of a century and let us not forget that the number of marriages has not been so high for 35 years, while the number of divorces is at its lowest level in six decades. and the number of abortions is at its lowest in nearly seven decades.

These family friendly decisions have tangible results.

More people dare to have children and the average age of starting a family stops to increase, families with children are getting stronger step by step.

We can also be proud of these results, because even the international comparison confirms the success of the Hungarian path. In Europe, we have seen the largest increase in fertility, the number of marriages and the increase in women's employment, which is one of the best in the European Union. While in countries where fertility rates were still high at the beginning of the decade and reached or approached the value of 2 needed for population reproduction, they are now experiencing a decline, despite significant immigration. The average willingness to have children decreased throughout the EU, while it increased in Hungary. Immigration thus does not appear to solve population problems, while the effectiveness of family policy is reflected in data.

The positive effects of family policy are by no means limited to the numbers appearing in reports. Today, family-friendly thinking is a part of everyday life in Hungary, family friendship has become a fashion, which represents an added value that is worth putting on the banner of even a workplace, a local government or various service providers. This family-friendly, supportive environment is necessary for the monetary family support to really reach its goal; this family- and child-centered attitude of the Hungarians is the basis, without which it would not have been worthwhile to start on the path of family policy.

DEMOGRAPHIC RESULTS

In Hungary, the number of marriages increased in the last decade, the number of divorces decreased, the willingness to have children increased, more children were born and progressively more people are returning home from abroad.

Many of the government's measures introduced over the past decade had a positive impact on key population indicators.

Between 2010 and 2020, the number of marriages nearly doubled (an increase of 89.5%). Encouraging marriage has restored the social esteem of marriage, the last time there were as many marriages as in 2020 was in 1986, while the number of divorces continues to decline.

In terms of fertility indicators, the year 2020 was the real turning point. The steady increase over the last ten years shifted the indicator in 2020 from the previous, typically one-child commitment to two-child commitment (the full fertility indicator in 2020 was 1.56 compared to the 2011 total fertility rate of 1.23). Fertility rates in Europe

have increased the most in Hungary since 2010, and the willingness to have children in 2020 has not been so high for the last 25 years. Of five planned children, only three were born in 2010, while today four children are born.

From 2015, a trend reversal can also be seen in migration: the number of Hungarian citizens migrating home is increasing, while the number of emigrants is decreasing.

Improving indicators despite the negative Hungarian conditions

In 2010, the population was 10,014,324, and at the beginning of 2021, it was 9,731,000, showing a decrease of more than 280,000 people. By 2011, the desire to have a child had fallen to a historic low: at that time, the total fertility rate per woman was 1.23, the lowest in the European Union at the time. The fact that the total fertility

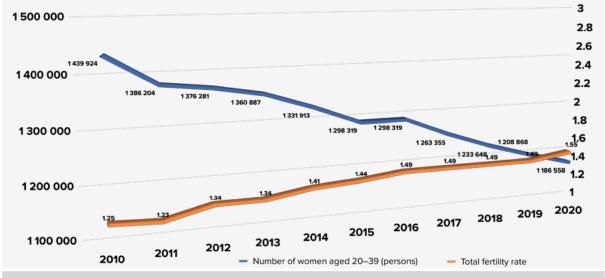


FIGURE 78 – CHANGES IN THE NUMBER OF WOMEN AGED 20-39 AND THE TOTAL FERTILITY RATE SOURCE: HUNGARIAN STATISTICAL OFFICE

rate started to increase from 2013 makes us optimistic, and at the beginning of 2020 this indicator was already 1.56.

Among the population indicators, it is worth highlighting the number of women aged between 20 and 39. Although the female population aged 20–39 has declined by a fifth since 2010, the total fertility rate has risen by 24% and the birth rate by 2.1%.

In order to interpret the demographic processes following the 2010s, it is necessary to refer back to the so-called Ratkó-era, the effects of which are still felt today. As a result of the measures of the Ratkó-era, 80 thousand more children were born between 1953 and 1956 compared to the data of the previous years.

In Hungary, when the "Ratkó children" born between 1953 and 1956 reached the reproductive age, so in the second half of the 1970s, they repeated the wave of population increase that also appeared in their parents' age group, thus alleviating the rate of population decline and ageing. The "Ratkó grandchildren" entered the reproductive age in the early 1990s, but the population wave for their grandparents and parents lagged behind in their generation, and no trace of it could be found later. The negative

Ratkó-effect occurs in two areas: on the one hand, Ratkó children (that is the age group born between 1953 and 1956) surpassed the age of 65, and unfortunately the mortality rate is rather high among them. Ratkó grandchildren, born in the 1970s, on the other hand, are slowly slipping out of childbearing age. That is why the "Ratkó-effect" had a negative impact on the number of births and deaths between 2010 and 2020.

It can be said that in the period between 2002 and 2010, despite the favourable demographic conditions, the population situation of Hungary did not improve, while since 2010 we have achieved positive results with deteriorating conditions. Between 2002 and 2010, the number of women of childbearing age increased by 0.5%, while the total fertility rate (TFR) decreased by 3.8% and the birth rate by 6.7%. Since 2010, however, the number of women of childbearing age has decreased by 18.1%, while the number of TFR has increased by 24% and the number of births by 2.1%.

With such negative demographic trends, what could be the reason for optimism? One is the increase in the total fertility rate already mentioned. But there is another important factor, namely that the positive attitude of the Hungarian people towards family values is also outstanding in European comparison. According to the

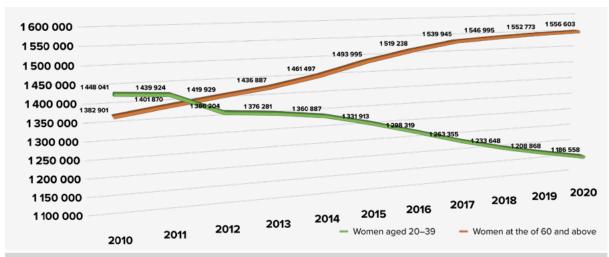
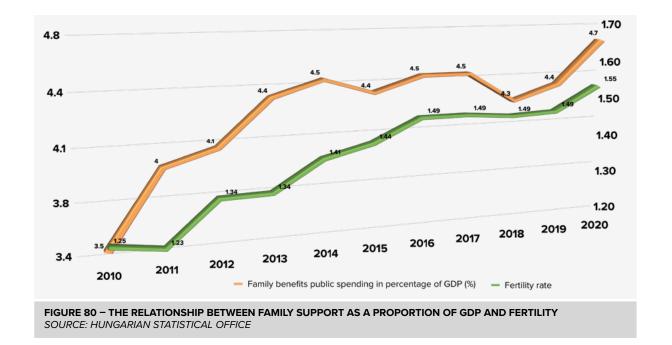


FIGURE 79 – THE NEGATIVE RATKÓ-EFFECT THROUGH THE NUMBER OF WOMEN AGED 20–29 AND ABOVE 60 YEARS SOURCE: HUNGARIAN STATISTICAL OFFICE



data of the 2008 European Value Study, 90% of Hungarian respondents answered that family was very important to them, which was well above the European average, and according to the Europe Project research data, this proportion remained at the same height in 2020 as well. (By comparison, 65% of all European respondents answered the same in 2020). The Europe Project also revealed that in a European comparison, Hungarians agree in the highest proportion with the statements that boosting the number of births, young people having children, large families and access to independent housing should be supported. To achieve all this, the Hungarian respondents considered the need for targeted state subsidies important, and they also urged the general spread of the family-friendly mentality. Some research suggests, that one of the reasons for the population decline of the post-communist countries could be that the population's strong family-centric attitude was not bolstered, it was not strengthened by significant, long-term interventions to help families and starting families with different social institutions after the regime change. The next chapter shows that the willingness to have children can be significantly improved with conscious government interventions and targeted subsidies. Emphasis is also placed on developing family-centered values, not only at the individual but also at the societal level, such as in family-friendly governance, family-friendly workplaces, family-friendly tourism, and so on.

The willingness to have children increased dynamically between 2010 and 2020

Ten years ago, Hungarian people's willingness to start a family and have children was at a low point; the country had to be pulled back from the edge of the demographic abyss before irreparable damage would occur, as a result of which population decline and family disintegration would become irreversible. In 2010, however, following the change of government, there was a serious turnaround.

As a result of the family-friendly turnaround, the willingness to have children also started to increase dynamically in our country.



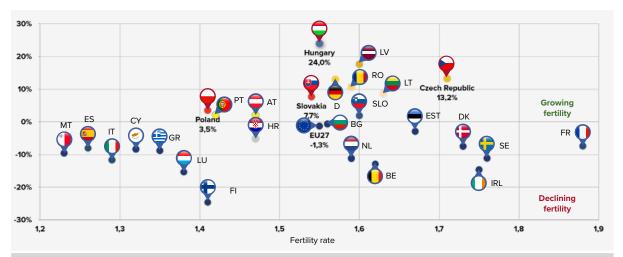


FIGURE 81 – CHANGE IN THE WILLINGNESS TO HAVE CHILDREN IN CERTAIN EU-27 COUNTRIES, BETWEEN 2010–2018 SOURCE: EUROSTAT

The Hungarian government considers families to be the cornerstones of the country. The resources spent on families is not seen as an expense but as an investment, and the majority of those are work-related expenditures. In recent years, it was revealed that expenditures spent on families, primarily related to work, are in direct proportion to the increase of fertility.

Thanks to all the above, the statistical rate of the willingness to have children has increased the most in Hungary among European countries since 2010: by almost a quarter (24%) in the last decade. Based on the latest Eurostat (2019) data, we can even say that Hungary did not only reach, but also exceeded, the European Union average, which has started to decline gradually since 2010.

In 2010, the willingness to have children was at a historic low in Hungary, which started to improve gradually in recent years, and in 2020 it reached 1.56, according to the Hungarian Statistical Office's estimate.

Positive Changes in Birth Rates

Among other things, the number of births has an effect on the age distribution of the population and on reproduction data, and it can predict the

degree and direction of long-term changes in society. If we are aware of the number of women in childbearing age within the population, we are able to estimate the expected time and degree of population trends.

Based on the data of the Hungarian Statistical Office, favourable changes have taken shape in terms of having children in the past ten years. Although the number of women in childbearing age have decreased according to data, the willingness to have children is increasing nonetheless. While 90,335 children were born in 2010, 92,338 children were born in 2020, which translates into a total growth of 2.1% in terms of the past ten years.

The changes in the total fertility rate that expresses the willingness to have children also display a favourable image: while it stood at a value of 1.25 in 2010, it rose to 1.56 in 2020. From 2010 to 2011, the total fertility rate decreased by 0.02 points, therefore if the 1.23 value would have been maintained up until 2020, then 115 thousand fewer children would have been born. In 2020 this would have meant that instead of 92,223 children, 19 thousand fewer (21.6% fewer) children would have been born. The influence of favourable family support measures appeared early; in 2016 the number of births peaked, since

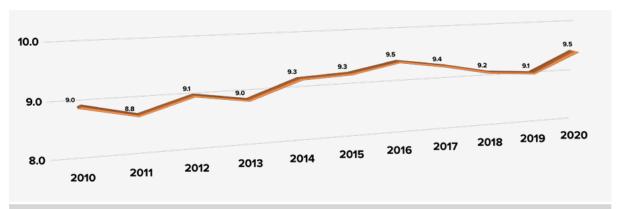


FIGURE 82 - NUMBER OF BIRTHS PER A THOUSAND WOMEN IN HUNGARY, 2010-2020 SOURCE: HUNGARIAN STATISTICAL OFFICE

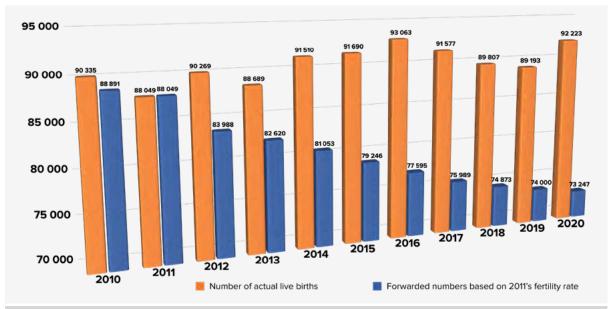


FIGURE 83 – THE NUMBER OF ACTUAL LIVE BIRTHS FOR A THOUSAND WOMEN AND ITS FORWARDED NUMBERS BASED ON 2011'S FERTILITY RATE (TTA=1.23) BETWEEN 2010 AND 2020 SOURCE: KINCS

93,063 children were born. From 2019 to 2020, 3.4% more (namely, 3040 more) children were born, which shows that Hungarian families are having children more and more confidently.

In addition to an increased number of children born, another great success of the family policy preferring marriage and the large family way of life is that the number of children born in marriages have also increased. Since 2015, the parents of almost 60% of children are married couples. The large family way of life became more and more appealing, since in terms of the number of children we can see that the number of newborns who were born as the third child has seen the most dynamic increase in the past years. Regarding married women, the number of children to be born as the third child has increased by almost 15% between 2010 and 2019. Although the number of children to be born as the first and second child has not increased between 2010 and 2015, the number of children born as the second child grew by 13% following 2015,

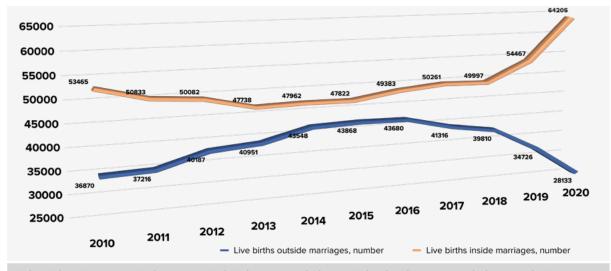


FIGURE 84 – THE NUMBER OF LIVE BIRTHS FROM MARRIAGES AND FROM OUTSIDE MARRIAGES IN HUNGARY BETWEEN 2010–2020 SOURCE: HUNGARIAN STATISTICAL OFFICE

and the number of children to be born as the first child by 21.5%.

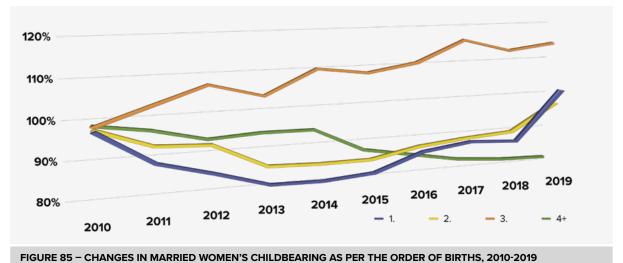
The average time between the births of siblings has decreased in the past years. Nearly half of the children are born before their siblings celebrate their third birthdays.

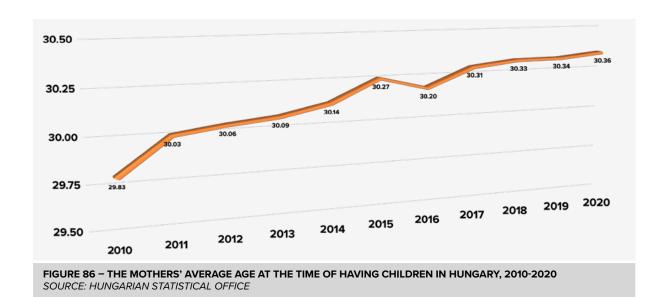
The average age of mothers having children shows an increasing tendency in EU countries, but in Hungary this increase is relatively small.

SOURCE: HUNGARIAN STATISTICAL OFFICE

While women bore children at age 29.8 on average in 2010, this age was 30.3 in 2020.

Thus, the average age of mothers at the time of having children has extended by half a year in the past ten years. This result can be considered favourable, since out of the 27 countries of the European Union it has become extended by a smaller amount only in Slovakia, Slovenia, Sweden and in the Czech Republic. The continued increase of the average age of women when





giving birth in Hungary has gradually slowed since 2010, and it stopped in 2017, since then the average age is 30.3 years. On average, women give birth to their first child at the age of 28. Additionally, the numerical ratio of women giving birth above the age of 40 has doubled, and among those between the ages of 45–49 this index almost tripled. The reason why the average age of mothers at the time of having children is important is that from this we can see when families are having children and how likely it is that further children (siblings) will be born.

More Stable Relationships, Marriage is in Fashion Again

The negative European demographic trends that were characteristic of the final third of the last century weakened traditional family bonds, the institution of marriage lost from its popularity almost everywhere, divorce got more accepted, and so did companion relationships and conscious childlessness. This trend has successfully been turned over in Hungary, by realising that although relationships have become more fragile, people still desire stability and family. The family-friendly turnaround carried out after 2010's change of government has brought an

emphasized change of approach in Hungarian society and, thanks to the active family policy, the balance of marriages and divorces has improved significantly, while the number of the former has markedly increased, the number of the latter has decreased by a great amount. Along with this, the dynamic decrease in the number of abortions is continuing. A further positive manifestation of the strengthening of the family friendly approach is that more people are returning home from abroad than those who are leaving, moreover, the mother's role and her job are increasingly compatible in Hungary.

Numerous measures of the government that were introduced in the past decade encourage marriages, further restoring the social appreciation of marriage. In addition to the tax benefit for first marriages, married couples may also take advantage of the home purchase subsidy for children to be born in the future, and the prenatal baby support loan may be applied for by couples living in marriage. Housing and financial support are of decisive importance for planning a family, and the family policy measures all contribute to people getting married and the desired children to be born.

Since 2010 we have had the highest increase in the number of new marriages: between 2010 and 2019, this meant a 83.8% increase that was



never seen before. During this period, the number of new marriages decreased in 11 countries (Finland, Greece, Poland, Netherlands, Portugal, Italy, France, Croatia, Spain, Denmark, Ireland) and besides Hungary, only 6 countries had an increase above 20%. Thus, Hungary is not only a leader within the EU in terms of the increase of willingness to have children, but also in terms of willingness to found a family.

By 2020, the number of new marriages had already increased by 89.5% in Hungary as compared to 2010. The last year when there were more new marriages than in 2020 was 1986, meaning that, following the 2010 minimum, we have reached again the level before the regime change. All this had happened while the number of women belonging to the 20-39 age group has decreased by 18%. While the surging marriage trend of the 60's came as a side effect of a blossoming demographic period, the 2010 family-friendly turnaround has stopped the continuous decrease in the number of marriages that has been going on since 1970 amid a steep descent in the number of the concerned female population and relaunched its increase. The increase did not stop in 2020, either, compared to 2019, 3.1% more, a total of 67,301 couples got married, despite the restrictions caused by the coronavirus.

Another important demographic change is that the number of marriages has increased in all age groups, most characteristically among the 30-year age group, while simultaneously the increase in the average age for marriage appears to be coming to a halt, and the proportion of first marriages has increased as compared to the proportion of those marrying again. Compared to 2010, the ratio of marriages by people marrying again decreased from one-third to one-fourth among all marriages. In other words, the number of those marriages has increased where both parties were single, meaning that it was their first marriage. Hence, young people are once again dare to commit themselves and willingly enter into marriages in Hungary.

Simultaneously with the rise in the number of marriages, the situation regarding the number of divorces has also seen a favourable turnaround in the past 10 years. From 2010, the number of divorcing couples has been continuously decreasing. While 25,155 divorces were registered in 2008, 10 years later, in 2018, the least amount of divorces (16,595) was declared ever since 1960. In 2019, 17,600 couples broke off their marriages. This means that the number of divorces is at a decade minimum, it was the last time in 1962 that there were fewer divorces than in 2019.

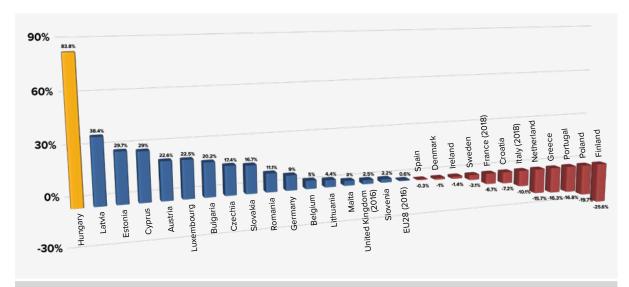
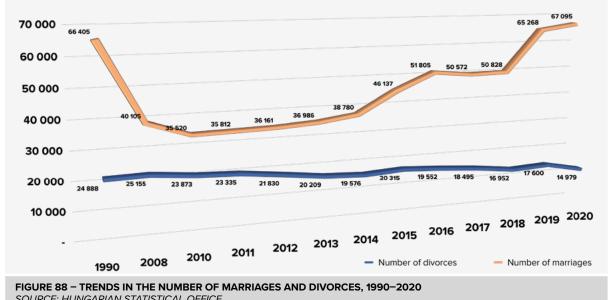


FIGURE 87 – CHANGES IN THE NUMBER OF NEW MARRIAGES BETWEEN 2010–2019 IN THE EU28 COUNTRIES (%) SOURCE: EUROSTAT



SOURCE: HUNGARIAN STATISTICAL OFFICE

The most defenceless subjects of divorces are children, therefore, it is an important question to what degree they are affected during divorces. Since 2010, the number of divorces where there is a child in the family decreased by more than a third, by 2019, the number of divorces was almost identical, whether there was or was not a child in the family. The presence of a common child may therefore be seen as a protective factor from a marriage perspective, meaning that the existence of a child holds the marriage together, and people tend to have children in more lasting marriages. respectively. Furthermore, the average timespan of marriages increased in the past decade from 12.89 to 14.31 years (by almost 5 months), in other words, marriages are more and more stable.

Increasing Commitment to Life in Hungary

The number of abortions decreased by 36% in the past decade, between 2020 and 2010, the last time the number of abortions was lower than today was in 1954. However, it was the result of the abortion ban and childless life tax of the Ratkó-era at the time, while today it is thanks to the strengthening of the family-friendly approach that their number is this low. While in the 2000's there was one abortion per three child-bearings, today there is one abortion per four child-bearings. Counting from 1950 to today, more than 6.1 million abortions took place in the country, in the 2010's, there was a total of 349,299. While at the beginning of the 2000's the ratio of single and married people was almost identical among those having an abortion, this ratio had changed from 23% to 77% by 2019. The number of abortions has fallen to almost half in marriages and to almost two thirds outside marriages since 2010. It is important to highlight that while the number of induced abortions has decreased by 20% between 2011 and 2016, the differences depending on the highest level of education have further increased. Based on the education data of the 2016 micro-census, the frequency of abortions among women whose highest level of education was lower than the eighth grade of primary school was 48.8 permille, while it was 4.3 permille among women who completed higher education. This difference is eleven-fold, but even among those who have completed the eighth grade, induced abortions were seven-and-a-half times more frequent compared to women who completed higher education (KSH 2018).



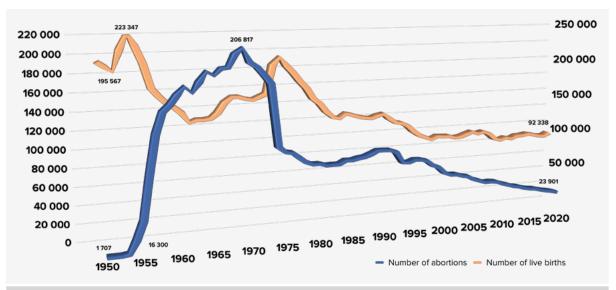


FIGURE 89 – TRENDS IN THE NUMBER OF ABORTIONS AND LIVE BIRTHS IN HUNGARY, 1950-2020 SOURCE: HUNGARIAN STATISTICAL OFFICE

More and More Hungarian Families Return to Their Homeland

It shows the success of the Hungarian family policy of the past years that more and more Hungarian families are returning home from abroad. The migration balance of Hungarian citizens has improved: Since 2017, more people are coming in, and back home, respectively, than the number of those going abroad. In 2019, the number of people returning home exceeded that of those who left. From 2015, a turnaround trend is visible: the number of Hungarian citizens returning home is on the rise, while the number of those moving abroad is decreasing. From 2018 to 2019, the number of people moving away decreased by almost 2000.

The positive balance of international migration in 2020 mitigated the population decrease resulting from natural decrease in our country by 9050 persons.

In 2020, 19,300 Hungarian citizens left for abroad, which is 11.9% less, namely more than two thousand less people than in the year before. The

number of people leaving the country has been decreasing for five years, since 2016, compared to the 2015 peak (32,852 people) it has decreased by more than two fifths, 41.3%. The degree of decrease might have also been affected by the coronavirus pandemic and the fulfilment of Brexit. 37% of Hungarians moving abroad chose Austria, 27% chose Germany and 10% chose the United Kingdom as their new homes. While the proportion of those moving to Austria has risen compared to 2019, the number of those choosing Germany has decreased mildly, while the number of those going to the United Kingdom decreased significantly. Mainly the members of younger age groups migrate abroad: 42% of Hungarians moving abroad are below the age of 30, and 68% of them have not yet reached the age of 40. These ratios significantly differ from the age distribution of the domestic residential population (31% and 44%). 53% of those moving abroad are male, and in terms of marital status most of them were single (65%).

In 2020, 23,100 Hungarian citizens born in Hungary who had previously moved abroad came back, which almost corresponds with the 23,172 observed number of people in 2019. In recent years, a favourable upward trend can be

observed in this respect as well. 34% of returning Hungarians arrived from Austria, 24% from Germany, and an additional 21% from the United Kingdom. Compared to the 2019 data, the ratio of those returning from Austria has greatly increased among their group, while the ratio of those returning from Germany has decreased significantly, and the ratio of those returning from the United Kingdom has stagnated. 61% of returnees are younger than 40, 28% are under 30, 56% of them are male, characteristically (53%) single, but compared to Hungarians moving abroad the ratio of married people was higher in their circle (35% and 24%).

Due to the combined effects of the number of people moving abroad decreasing continuously and the number of returnees increasing, the combined number of Hungarians coming to Hungary and returning to Hungary have exceeded the number of those who are moving abroad for the fifth year since 2016, in addition, the surplus is continuing to increase, following 11,384 people in 2019, last year it was already 12,400, meaning that 64% more people arrived than the number of those who left. What is more, in the past two years, throughout 2019-2020, the number of returning Hungarian citizens in itself already surpassed the number of those who moved abroad (by 6% in 2019, and by 20% last year, namely by 1300 and 3800 people, respectively).

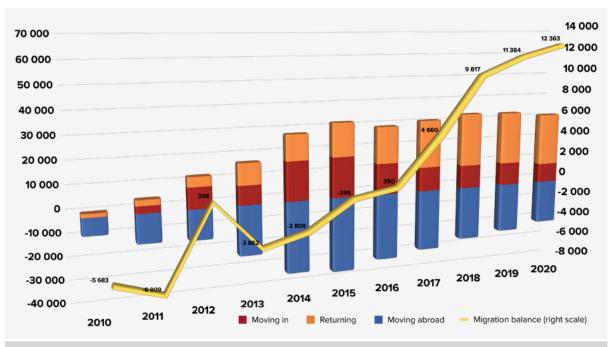


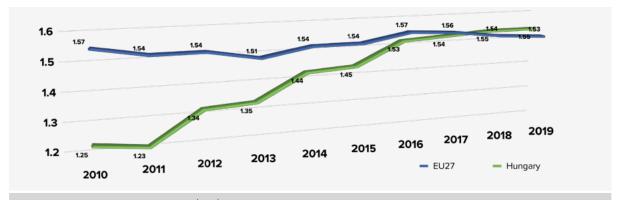
FIGURE 90 – INTERNATIONAL MIGRATION OF HUNGARIAN CITIZENS, 2010-2020 SOURCE: HUNGARIAN STATISTICAL OFFICE

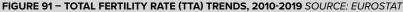


Family Policy cannot be Replaced by Migration

In the past ten years, tendencies of having children have shifted in vastly different directions in certain member countries of the European Union.

Of all the countries producing positive changes, Hungary took the greatest step forward: the fertility rate representing the willingness to have children rose by 24 %. Germany, Romania, the Czech Republic and Latvia are following us with increases between 10-20%. While the greatest decrease (more than 10%) can be seen in the fertility rates of France, Luxembourg, Ireland,





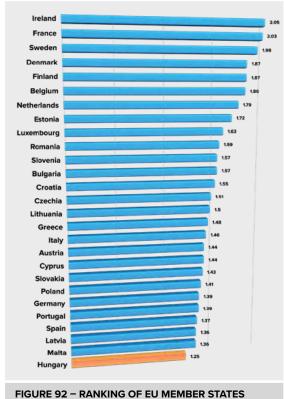


FIGURE 92 – RANKING OF EU MEMBER STATES ACCORDING TO TTA VALUES, 2010 SOURCE: EUROSTAT

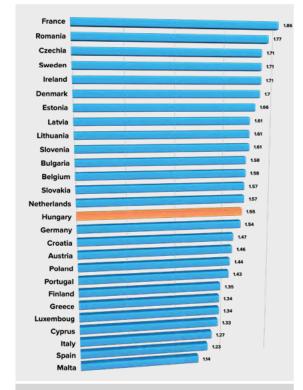


FIGURE 93 - RANKING OF EU MEMBER STATES
ACCORDING TO TTA VALUES, 2019
SOURCE: EUROSTAT

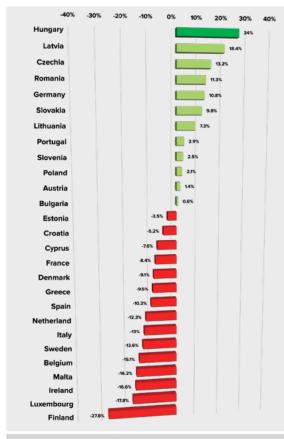
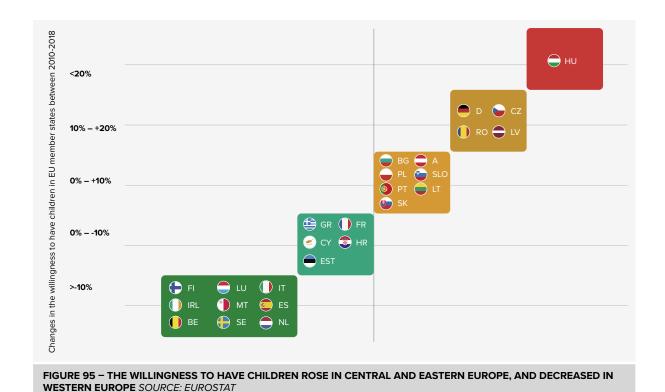


FIGURE 94 – RANKING OF EU MEMBER STATES ACCORDING TO THE TTA INCREASE, 2010-2019 (%) SOURCE: EUROSTAT

Malta, Belgium, Sweden, Italy, the Netherlands and Spain. After being one of the last, Hungary got to the EU's forefront by 2019, surpassing the EU average, which it did not achieve by encouraging immigration, but by its vigorous pro-natalist family policy.

The nearly one quarter increase by Hungary over ten years is exceptional at union-level (it is still 30% more than that of the second highest rate of Latvia), especially since only in less than half of the member countries could the willingness to have children even grow during this period.





The Hungarian fertility data is continuously expanding since 2011, in accordance with the government's family friendly measures. Once a front runner and an example in terms of fertility

rates, France, and Sweden closely following in its footsteps had only shown ever decreasing values in terms of the willingness to have children during this same period.

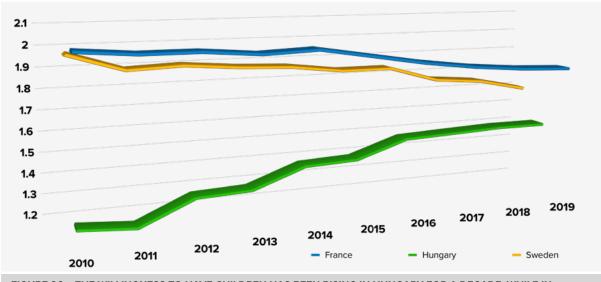
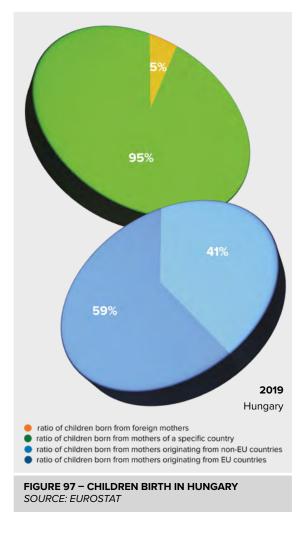


FIGURE 96 – THE WILLINGNESS TO HAVE CHILDREN HAS BEEN RISING IN HUNGARY FOR A DECADE, WHILE IN COUNTRIES WHERE FERTILITY USED TO BE HIGH IT IS CONTINOUSLY DECREASING SOURCE: EUROSTAT



It shows the robust effect of migration that it is true for 41% of children born in the territory of the European Union in 2019 that their mothers originate from countries outside the EU. In Hungary, the proportion of births from mothers born in other countries is only 5%, and the majority of them have arrived from territories where Hungarians beyond the border live. They were born beyond the country's borders, but afterwards, settling down in Hungary, they gave life to their children of Hungarian nationality.

In Western Europe, where the fertility is high, it is to a significant degree not because of the resident population's willingness to have children, but a result of the high number of children born from mothers originating from other countries. In certain Western European countries, already every third new-born has immigrant roots. In turn, in Eastern Europe and in the countries of the Visegrád Four, the ratio of children born from mothers of foreign origin is uniformly below 5%; despite this, the highest increase in fertility rates could be seen in these countries.



It is also a remarkable fact that, compared to the rest of the European countries, the number of marriages shows an increase year by year in Hungary and since 2015, the ratio of children born in stable relationships is continuously growing. Thus, the number of marriages and the willingness to have children have grown simultaneously, the result of which is that today more children are born into families where the parents form a married couple. This process is contrary to the tendencies seen in Europe, since, apart from Hungary, there are only two Baltic states where a similar effect is visible and we can witness opposite trends everywhere else.

All these processes and phenomena allow us to conclude that active and consistent, pro-natalist family- and population policy cannot be substituted with immigration; as Pál Demény demographer explains: "Mass immigration as a solution is always an illusion — a temporary remedy which leaves behind bigger problems. In addition, and most importantly, reliance on such a solution—substituting domestic births with immigrants—provides a continued excuse for Europe not to address its fertility deficit problem."



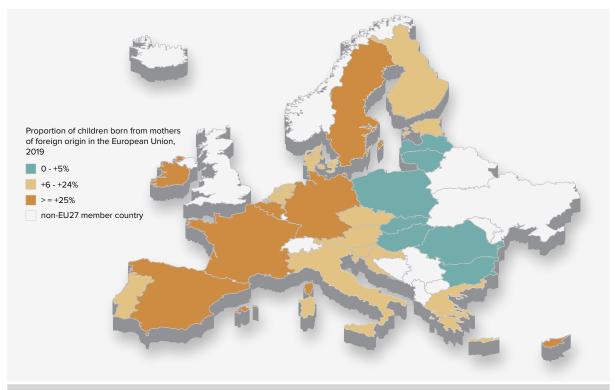


FIGURE 98 – IN CENTRAL AND EASTERN EUROPE THE RATIO OF CHILDREN BORN FROM FOREIGN MOTHERS SOURCE: EUROSTAT (edited by KINCS)

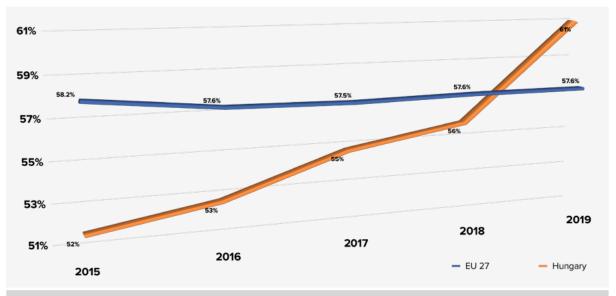


FIGURE 99 – COMPARED TO 2015, THE RATIO OF CHILDREN BORN INTO MARRIAGES HAS DECREASED IN THE EU, WHILE IN HUNGARY IT HAS INCREASED SOURCE: EUROSTAT

ECONOMIC ACHIEVEMENTS

Rising living standards: families live better

In the decade following 2010, employment in Hungary saw an unprecedented expansion, while the number of people affected by poverty or social exclusion decreased and general reproductive indicators improved all at the same time. During these years, the development of the Hungarian economy also had a healthy, positive effect on society, increasing living standards in all social groups including families with children. Ahead of 2010 those raising children suffered serious financial disadvantages, but their employment rate gradually caught up after 2010 and their added exposure to poverty disappeared.

In 2010, we were ranked the lowest in the EU in terms of nearly all our indicators. As we outlined in the previous chapters, our fertility rate was at a centuries-old low, the lowest among member states. At the same time, our employment rate was the worst, and those living in households with children ranked as high as in the fourth place (33.9%) in terms of exposure to poverty and social exclusion.

By the end of the decade nearly all of our indicators produced the biggest improvement among the member states. By 2019 our fertility rate rose by the largest proportion (by 24%), our employment rate saw the second biggest increase after Malta by 2020 (15.1 percentage points), and the proportion of people living in households with children exposed to poverty or social exclusion has halved, dropping to 16.1% in 2020. Hungary has therefore produced the second largest decrease among the member states. Moreover, we are unique in that the real value of earnings has been growing steadily for a decade, and living conditions have improved.

Within the framework of the EU2020 strategy, member states were also required to make spe-

cific target commitments in 2010 in five priority areas, including employment rate and the reduction of the number of people living in poverty or social exclusion. By 2020, Hungary targeted an employment rate of 75% in the 20-64 age group, and committed itself to reducing the number of people at risk of poverty or social exclusion by 450,000. By 2020, we have reduced the number of people at risk of poverty or social exclusion by almost 1.1 million compared to 2008, significantly exceeding the target set in the EU2020 strategy and reaching the target 75% employment rate both in 2019 and in 2020. This is highly significant, because only 10 countries have improved their poverty target by 2019. Besides Hungary, Poland, Romania, Bulgaria, Croatia, Portugal, the Czech Republic, Latvia, Slovenia and Lithuania achieved their targets but the EU achieved only 60% of the target. Only 15 countries reached the employment target by 2020, with the EU average - standing at 72.3% - was lagging behind by 2.7 percentage points. Despite the pandemic, this past decade that recently ended is by far the most successful both in terms of the economy and society, and also for Hungarian families. Let us take a closer look at the results!

Growing employment and labour market participation

Besides employment indicators, our unemployment rate also improved significantly between 2010 and 2020: by 6.9 percentage points. This is also one of the best (sixth) results, putting us among member states boasting the lowest unemployment rates for years. The proportion of inactive people improved by 11 percentage points, which is also expected to be the second largest decline in the bloc.

2020 produced better results for us than analysts had previously predicted. Even the summer forecasts projected an annual average unem-



ployment rate of over 5%, an increase in the proportion of those inactive, and a significant drop in the employment rate, prefiguring the possibility of half a million people in unemployment. Instead, the overall unemployment rate in the 20–64 age group was 4.2%, only 0.9 percentage points higher than in 2019. The rate of employment at 75% was almost identical which is only a slight decrease compared to the peak points of last year, and inactive people in this age group did not increase but it decreased compared to previous years.

Over the past three decades, Hungary's labour market has developed along a truly diverse path. After the change of regime in Hungary, between 1989 and 1992, one third of the jobs - or, according to some calculations, 1.5 million jobs - were lost. This has led to the emergence of more than half a million unemployed people, a multiplication of pre-retirement and disabled pensioners and other inactive under 64s, and it also made it nearly impossible for those just starting their careers to secure a job for themselves. For more than two decades following this period, losing one's job has become the most frightening threat to Hungarian people, and the

least manageable risk. Meanwhile, the attitude of "I do not want to grow up because I do not know how I'll make a living" has become prevalent among the youth. Driven by this threat, they first postponed having children and then began to want fewer and fewer babies, causing a drop in the fertility rate and a spike in the number of aid recipients and the proportion of the poor.

Hungary had the lowest number of employees in 1997, when only 3.6 million people worked. Both sexes were equally affected by the worsening employment trends of the 90s. Under the first Orbán government, the number of employees rose by almost 300,000 and this number (3.9 million) stagnated for years. From 1997–2002, the women's figure improved by 200,000 while the men's by 100,000, which meant 2.1 million men and 1.8 million women in employment.

After 2002, many real economic indicators stood still or deteriorated, making us unfortunately one of the few countries in Europe unable to take advantage of the economic boom unfolding in the Atlantic region until 2008. Hungary's unemployment rate kept rising after 2005 and the country's employment indicators embarked

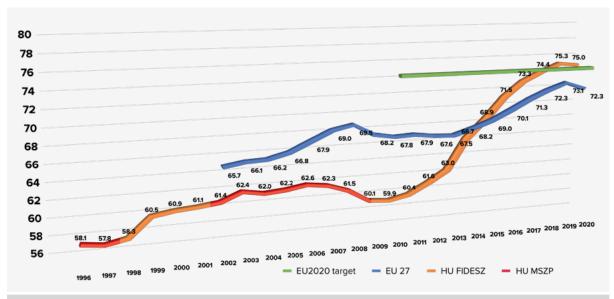


FIGURE 100 – DEVELOPMENT OF THE EMPLOYMENT RATE OF 20–64 YEAR OLDS BETWEEN 1996 AND 2020 IN HUNGARY AND THE EUROPEAN UNION SOURCE: EUROSTAT, HUNGARIAN STATISTICAL OFFICE – PUBLISHED IN: MANDINER

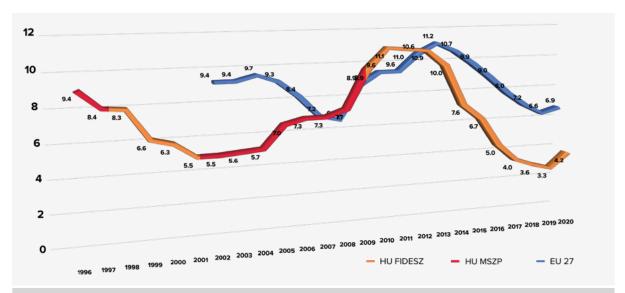


FIGURE 101 – DEVELOPMENT OF THE UNEMPLOYMENT RATE AMONG 20–64 YEAR-OLDS BETWEEN 1996 AND 2020 IN HUNGARY AND THE EUROPEAN UNION SOURCE: EUROSTAT, HUNGARIAN STATISTICAL OFFICE – PUBLISHED IN: MANDINER

on a downward path after 2006, while figures in most EU states improved. Between 2004 and 2008, we were overtaken by the Central European states. From 2007, male employment rates were the lowest in the EU, while women only surpassed the Mediterranean countries.

Between 2006 and 2010, the number of employees decreased by almost 200,000, that of men by 147,000 and that of women by 67,000. Women's numbers dropped by a little over 1, while men's figures by 4.5 percentage points. Men's numbers were down by 9, while women's figures by 7 percentage points compared to the EU average. The global economic crisis of 2008 had a worse effect on men's, than on women's employment in Hungary, making women the breadwinners in several families.

It was under these circumstances - within the framework of the EU2020 strategy - that the Bajnai government made a commitment to reach a 75% employment rate among those aged 20–64 by 2020, pledging to achieve a 15 percentage-point improvement in a decade. The goal, considered by all experts to be excessive and unachievable, was achieved by 2019, and

we were also able to maintain this level in 2020. However, the EU will certainly be unable to reach this goal as the record 73.1% in 2019 dropped to 72.3% in 2020, a decline of 0.8 percentage points in the rate of employment. Hungary produced an employment rate improvement of 15.1 percentage points in ten years, more than three times the EU average (4.5 percentage points). The improvement among men is 17.6 percentage points, the highest in the bloc, while the progress among women (12.4 percentage points) is the second largest after Malta.

By 1993, after the regime change, Hungary's unemployment rate rose to a peak of 12.1%. A labour market survey by the Hungarian Statistical Office (KSH) showed over 500,000 people, while the number of registered unemployed surpassed 700,000. From here, we managed to reduce the rate to less than 6% by the turn of the millennium, and the number to less than 250,000. From 2002 onwards, there was a slow rise for women, while unemployment among men kept stagnating until 2004. Until 2005, male unemployment was higher, the female slightly lower. After 2005, unemployment rose sharply among men and women. This decline lasted until



2010. At its peak, the 11% unemployment rate meant 470,000 people, which stayed above the EU average for years. The rate could have gone higher but, in order to avoid unemployment, people below the retirement age began to choose early retirement, or some type of pension-like benefit, en masse.

Prior to 2010, unemployment was the focus of labour market indicators, and a number of cosmetic measures were taken. One of these, for instance, allowed companies to send their employees under retirement age to early retirement, instead of dismissals and layoffs. What this achieved is that unemployment wasn't exceptionally high, but the proportion of inactive people aged under 64 was one of the highest in Europe.

In 2010, the change of government shifted the focus from unemployment to employment. Creating new jobs has become the primary objective, which reduced both unemployment and the number of inactive people. By 2016, we have reached an unemployment rate of 5% which, according to the relevant literature, corresponds to the level of total employment. At this level the number of unemployed is only as many as is necessary for healthy internal movements and internal changes in the labour market. Some stricter literatures speak of total employment only at the 3% threshold. Something we came very close to in 2019. Győr-Moson-Sopron was the first county to achieve this level in 2014. By 2019 a total of 11 counties were below 3%, of which six managed to maintain it even in 2020.

In 2020, the average annual number of unemployed stood at 198 thousand, according to the Hungarian Statistical Office (KSH). In the labour market, the active and the unemployed are jointly referred to as those in active status. Those who are inactive and not unemployed are referred to as people in indicative status by the relevant

literature. This includes retirees, students who do not work - not even part-time - besides their pension or school, and all those who do not have a job and are not even looking for work. In Hungary, the number and proportion of the inactive was always very high in the 20-64 age group, which is what experts usually examine from a labour market standpoint. Previously, this was true for both men and women. In 2010, the proportion of men was also 8.3, while the portion of women was 6.8 percentage points above the EU average. From 2017 the proportion of men is lower than the EU average, while in 2020 there is a discrepancy of only 1.8 percentage points in terms of women, even based on the old methodology.34

Two-thirds of Hungary's employment growth during the decade came from a decline in inactivity, and only one third came from a drop in the unemployment rate. In terms of the expansion of employment, women deserve special attention.

It is worth comparing the crisis management in 2008 and 2020 from a labour market perspective. In mid-October 2008, the world was hit by a global financial crisis. The crisis of 12 years ago forced a bleeding economy with no reserves and already on a downward path to its knees in Hungary, so in 2008 unemployment rose to levels exceeding the average.

At the outbreak of the pandemic in 2020, we boasted one of the lowest unemployment rates in Europe and our employment rate has risen steadily in this last decade. Labour shortage is a greater threat than unemployment. The budget was stable, foreign currency loans to families disappeared, and the budget's foreign exchange exposure was much lower than ever before.

During the previous crisis, the labour market entered an L-shaped trajectory, i.e. the employ-

From January 2021 labour market data are calculated using a new method, generating the biggest change in the values of women. Besides those people who work whilst receiving Child Care Allowance (gyed) or Child Care Benefit (gyes), those who last worked before receiving childcare benefits or cash benefits during their absence and can return to their previous workplace after these benefits are also considered employed. The number of those employed rose by almost 120-150 thousand, while the number of inactive people decreased by the same amount. https://www.ecb.europa.eu/pub/economic-research/research-networks/html/researcher_hfcn.en.html

ment level dropped and then stagnated for a long time, but we now see a V-shaped recovery. This means that in 2020, only our Q2 employment rate decreased in the spring, which - in the third and fourth quarters - rebounded to levels seen in 2019 during the same period, even increasing by 0.1-0.1 percentage points. During the spring wave of the pandemic in 2021, the employment rate did not drop in Hungary but the seasonally corrected employment rate is the sixth largest among member states in Q1 of 2021. Only the Netherlands, Sweden, the Czech Republic, Estonia and Germany are ahead of us. Q2 brought a more substantial improvement because we even surpassed the employment rate of the peak year, 2019 by one percentage points.

Hungary is one of the three countries of the EU (besides Poland and Malta) where the labour market has returned to pre-pandemic levels the fastest overall.

During the 2010-2020 period, Hungarian regions performed excellently. All 7 of our regions at the beginning of the decade were among the top 13 in the EU, and 5 out of the EU's top 6 were Hungarian regions. The biggest improvement in the EU (17.6 percentage points) was achieved by northern Hungary, while the Northern Great Plain came in third by 16.7 percentage points following Malta on the second place. The following four places are also taken by Hungarian regions: Southern Great Plain with 15, Western Transdanubia with 14.8, and Central Transdanubia with 14.7 percentage points. Central Hungary follows with 13.5, while Southern Transdanubia is in 12th place with an improvement of 11.9 percentage points. Regional improvement in Hungary is 2-3 times that of the EU average. In 2010, four out of the EU's 25 regions boasting the worst employment rates were Hungarian, but by 2020 every Hungarian region made it into the midfield in the second and third quarters.

In Hungary, the proportion of people working in the high-tech sector, i.e. in the high-tech industry and in the field of knowledge-intensive services, is one of the highest in Europe. In 2020, it was 6.2%, 1.2 percentage points higher than in 2010, and much higher than the EU average (4.6%). This sector provides work for 275,000 people in Hungary, which - after Ireland, Slovenia and Finland - comes in fourth place among the member states. Within this, 2.7% of all those in employment work in the hi-tech industry, which puts Hungary into second place after Ireland. In the case of women, Hungary's ratio is the highest in Europe.

Unfortunately, the number of those working part-time has not improved significantly. We are among the countries boasting the lowest rates of part-time work, which has not really changed in recent years. In 2020 in Hungary 4.8% of those aged 20-64 were employed in working hours not exceeding 36 hours a week. The EU average was 17.8%, so Hungary ranked in 24th place among the member states. In the case of women, this ratio was 7.2% in Hungary, compared to the EU average of 29.3%, putting Hungary in 23rd place in this regard. In the case of young people, the spread of dual trainings and internship programmes may increase the number of those who are employed in a flexible, atypical way besides their studies, raising—as a result—Hungary's part-time rates.

In Hungary, only 7.4% of employees aged 20–64 were able to work from home on spurts, while 3.6% was allowed to telework on a regular basis in 2020. Although this is a higher rate than before the epidemic - when 3.4% rarely, and only 1.2% could generally enjoy the benefits of working flexitime, we are still well below the EU average, last year we ranked 21st aiming the member states.

The number of open positions has significantly decreased in all four quarters of 2020, with far more people applying for job postings now than before. On top of the statistics, companies' HR managers have also signalled that the needs of employees have changed drastically. Now, safety comes first, although it wasn't part of their top three priorities earlier.



Higher Incomes, Earnings, Minimum Wages and Wage Minimums

The living conditions of families may be compared by three different surveys. The first one measures the tendencies of earnings and examines those who are employed from the perspective of the labour market. The Hungarian Statistical Office publishes the gross and net average earnings at companies employing more than 5 persons, budgetary institutions, and non-profit organisations which are significant in terms of employment, the changes of these in real value, furthermore more detailed statistics are also published quarterly on sectoral and other distributions. Eurostat and OECD also use these figures and usually publish annual statistics. Eurostat prepares a detailed Structure of Earnings Survey (SES) every four years, the latest was made in 2018.

The second survey worth paying attention to collects total incomes per households and divides it among the persons living in the household, thus generating the values per capita. The three major components of the income of households are income from work, social income (pensions, benefits related to the family and children, etc.) and other income. Every member of the society has an income per capita, including new-born babies, while only employed persons have earnings.

The third survey examines the rate of people at risk of poverty or social exclusion. The survey for the preceding year is compulsory and prepared in the European Union annually. One of the five major target areas of the EU2020 strategy in 2010 was to fight poverty and the European Union wanted to reduce the number of people exposed to the risk of poverty by 20 million between 2008 and 2020.

Let us present the changes of living conditions in three different ways. All three of them show spectacular results in recent years.

Wages

In the 2010s, wages developed positively in Hungary. The purchasing power of the minimum wage, the net average wage, and the gross average wage increased by three quarters, twothirds and over 58% respectively. We have not had such a decade since the regime change. Under right-wing governments, the purchasing power of our earnings significantly increased in each case, however, inflation and the average increase of consumer prices was higher than the numerical growth under left-wing governments, and thus the purchasing power of our earnings decreased. Moreover, right-wing governments increased earnings in a way that the growth was the greatest in percentage in the lowest earnings categories, i.e. the wage gap narrowed and the differences between wages decreased. Differences increased, i.e. the wage gap widened under left-wing governments.

After 2010 in the era of the Orbán governments, an unprecedented increase in earnings took place in Hungary due to the economic policy.

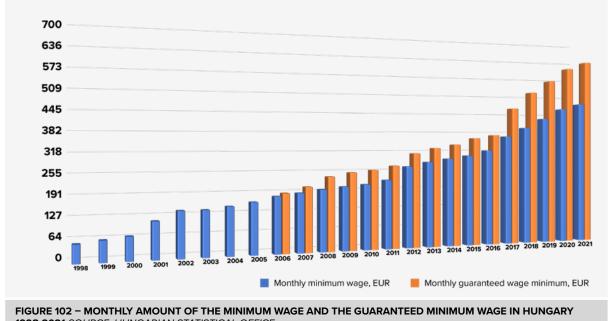
The figures of the last five years show that taxes on work decreased most in Hungary among the OECD countries between 2015 and 2019. This is due to the significant reduction of social contribution tax from 27% to 15.5%.

The first step of the government in the crisis management in 2020 was not the consolidation of banks as in 2008, but it focused on preserving jobs, and placed more emphasis on entrepreneurs and families.

Minimum Wage and Guaranteed Wage Minimum

The minimum wage agreements under the Orbán governments between 1998 and 2002 as well as between 2010 and 2020 resulted in the increase of real value on all 14 occasions while under the left-wing government, they resulted in the decrease of real value on 10 out of 12 occasions.

The nominal value, i.e. the HUF value of the minimum wage increased by 128% between



1998-2021 SOURCE: HUNGARIAN STATISTICAL OFFICE

2010 and 2021, and deducting inflation it shows a 74.3% increase of real value, namely it is worth three quarters more now than in 2010.

On the basis of the records of the OECD, the real value of the minimum wage increased most in Hungary, following Lithuania between 2010 and 2019. All the Visegrád Four and the Baltic countries are found between the fastest-growing top ten while France, the Netherlands, and Belgium stagnated, for example. These facts reflect that the difference between the purchasing power of minimum wages in Central and Western Europe decreased in the past decade.

The net minimum wage increased by 85% for people without and by 170% for people with three children and the net guaranteed wage minimum also increased by 108 to 190% between 2010 and February 2021.

The number and proportion of people earning the minimum wage significantly decreased in the past ten years and now less than 250 thousand people are on the minimum wage in Hungary. Much more people earn the minimum wage for skilled workers and the guaranteed wage minimum.

Wage gap

According to the OECD survey, the gap between the lowest and the highest incomes decreased most in Hungary following Colombia among the reported 24 countries between 2010 and 2018.

The Orbán government greatly reduced the gap between the poorest and the richest. It is apparent that the greatest improvement took place with the increase of the minimum wage and the guaranteed wage minimum.

The major indexes of the distribution of gross earnings can be found in the public database of the OECD in annual distribution. One of them represents how many times more the people with the highest incomes earn than those with the lowest incomes. The average of OECD countries does not show great differences. The value decreased to 3.31 in 2018 from 3.60 in 2007. There are much greater differences experienced in Hungary. Between 2000 and 2002, under the first Orbán government, the rate decreased significantly by 0.6 from 4.66 to 4.07. Then the wage gap opened again and the value was 4.25 at the time of changing the government in 2010.

Gradually improving from here it reached the level of 3.22 in eight years, which value is even lower than the OECD average.

Rate of people with low incomes

Eurostat has published the rate of people with low earnings in the member states every four years since 2006.

Those are considered as people with low earnings who earn two-thirds or less than the gross median earnings of the given country.

The rate of people with low earnings was reduced to the second greatest extent in Hungary following Portugal between 2010 and 2018.

The Hungarian figure was 21.9% in 2006 and we were 20th on the list of member states, far beyond its value of 15.7%. We were only ahead of Romania, Poland, the Baltic countries, and Cyprus. Although we produced very little improvement by 2010 (only 2.4 percentage points), almost one-fifth of people involved in the survey still counted as having low income.

Then we came up to 8th place on the list of member states under the Orbán government, improving almost by 8% by 2018. Now, only a little more than one-tenth of employees were considered as people with low incomes, despite that the number of people in community service higher in 2018 than at the change of government in 2010.

We also had excellent results in a similar survey of the OECD where only Colombia, Korea, and Costa Rica were able to improve more in the same period. The OECD survey differs from the survey of the EU, in that they also take people working for companies employing less than 10 persons into account. According to the OECD survey, 16% of the people working in the entire national economy were considered people with low incomes in Hungary in 2018.

Incomes

As we had detailed above, the three major components of the incomes of households are: incomes from work, social incomes (pensions, benefits related to the family and children, etc.), and other incomes. The structure of incomes has continuously been improving since 2010, i.e. the rate of incomes from work is increasing. According to the figures from the Hungarian Statistical Office, it was 65.3% of the total incomes in 2010 and 74.3% in 2019. The gap between the lowest and the highest incomes continuously decreased in the past years. The most significant change was experienced in the incomes of employees. While the average work-related income of people living in the highest tenth of households was 17 times more than that of people in the lowest ten percent in 2010, the same value was only 13.1 times in 2019. The gap is closing according to this survey as well.

Fewer families living in poverty

Since 2008, the number of poor people in Hungary has fallen by 1.1 million, according to EU figures, but Hungary's share is lower than the EU average, one of the biggest improvements among the Member States.

Fighting poverty is one of the 5 main objectives of the EU2020 strategy (alongside employment, research, energy, and education). To measure this, EUROSTAT uses a complex indicator of poverty or social exclusion.



The EU2020 strategy set a target in 2010 to reduce the number of people living in poverty or at risk of social exclusion by 20 million in the EU by 2020. A reduction of almost 12 million people has been achieved by 2019, with figures for 2020 still to come.

The Hungarian commitment was a reduction of 450,000 compared to the 2008 base year. In 2008, 2,794 thousand people were affected, in 2020 1,695 thousand, i.e. two-and-a-half times the targeted reduction of 450,000, with a reduction of 1,099 thousand people. Together with Hungary, a total of 9 countries (Hungary, Poland, Romania, Bulgaria, Portugal, the Czech Republic, Latvia, Slovenia, and Lithuania) have fulfilled their commitment by 2019, but there are also 10 countries where the number and proportion of those concerned have not only improved but exceeded the 2008 value. From 21 Member States who made concrete commitments, we targeted the 6th largest reduction at the time.

The share of people at risk of poverty or social exclusion increased steadily between 2008 and 2013, mainly due to the increasing burden of foreign currency loans and the decline in employment and high unemployment. The largest increases were among the severely deprived, including those unable to meet unexpected expenses and those in arrears.

The proportion of people affected was 29.9% in 2010, 6 percentage points higher than the EU average of 23.9%, which was only good enough for 22nd place. 2019's is the last known figure for the Member States, where we have moved up to 12th place in this indicator. We are better than the EU average since 2018. We know our 2020 data from the Hungarian Statistical Office, and we are expected to make further progress among the Member States. Since 2010, Hungary's improvement is the second largest after Bulgaria, and if we look at the period 2013–2019, we have achieved the largest rate reduction among the Member States.

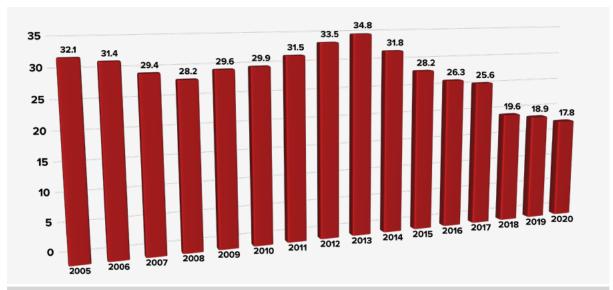


FIGURE 103 – PROPORTION OF PEOPLE EXPOSED TO THE RISK OF POVERTY OR SOCIAL EXCLUSION (%) SOURCE: HUNGARIAN STATISTICAL OFFICE

The latest poverty or social exclusion figures from the Hungarian Statistical Office show that there is no longer any difference between women and men in terms of poverty or social exclusion in Hungary (only 0.1 percentage point which is within the margin of error). We have one of the lowest gender gaps in Europe, but since 2008 we have always been better than the EU average.

On average women are 1.4-2.2 percentage points more likely to be at risk of poverty in the EU than men. In our country, the difference was between 0 and 1.6 percentage points between 2008 and 2020.

The sub-indices give a more nuanced picture:

- People in relative poverty: women's scores in our country are better than the men's until 2015, worse from 2016 to 2019, and then better again in 2020.
- Very low labour intensity poor people: women's share is almost equal, only 0.4 percentage points higher than that of men's.
- Severely deprived poor people: again, the gender ratio is almost the same, with women only 0.3 percentage points higher than the men's.



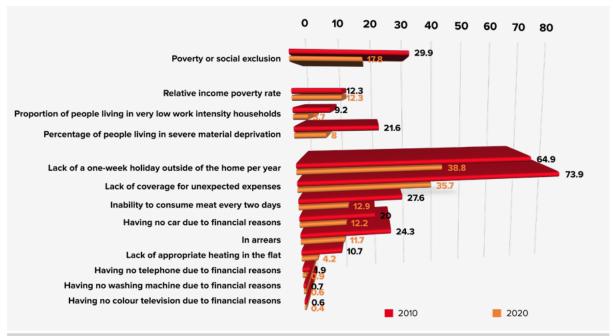


FIGURE 104 – PROPORTION OF PEOPLE EXPOSED TO THE RISK OF POVERTY OR SOCIAL EXCLUSION PER CATEGORY (%) SOURCE: HUNGARIAN STATISTICAL OFFICE

It can be seen that even in our worst years, with foreign currency loans and high unemployment, and in our years of much lower poverty risk than in the EU, both genders were equally at risk, unlike in the many Member States where women are much more at risk than men.

Between 2010 and 2020, the poverty situation of children and young people in our country also improved at an unprecedented rate. The share of those at risk of poverty or social exclusion fell from 38.7% to 17.7% for people under 18, and from 36.2% to 18.7% for young people aged 18-24.

However, it is important to stress that child poverty does not exist in isolation. If the child in a household is poor, the rest of the household is poor. As explained above, the measurement is based on households, so that each household member is equally deprived or not, low labour-intensive or not, and relatively poor or not. The method implies that there cannot be a household where any one member is different from the other, hence the child is not different from the rest of

the household. It is therefore very important to pay particular attention to households where children live. Households with children were still 9 percentage points more at risk than those without children in 2010. In 2010, the proportion at risk of poverty or social exclusion among households with children was 33.9%, falling to 16.1% by 2020, while among those without children it fell from 24.9% to 19.0%. Among those with children, the proportion of people experiencing severe financial deprivation was much higher, mainly due to foreign currency loans.

For the first time in 2020, fewer households with children were at risk of poverty or exclusion compared to those without children.

The wealth situation of families is much better than it was ten years ago

In an EU comparison, the only survey we know of is the "What do we live on?" survey carried out by the European Central Bank in Hungary on three occasions so far. In 2010, the first time Hungary did not participate, in 2014 it was carried out by the Hungarian Statistical Office and in 2017 by the HNB in partnership with the Hungarian Statistical Office³⁵.

The brief description of the last measurement is the following: "The wealth of an average household in Budapest is EUR 150 thousand, compared to EUR 40,173 in Northern Hungary. The national average shows that the average household has EUR 77.477 in assets. Similar interesting results can be read from the household wealth survey³⁶ conducted in Hungary for the second time which shows that household wealth has increased significantly in the recent period. A forty-four percent increase was observed over the last three years. The main reason for this is the significant appreciation of real estate, one of the largest household assets, but also the appreciation of financial assets, stocks, and bonds, and the continued deleveraging of household credit, with household debt falling by 12 percent over those three years, which of course increases their net property. If we look at it by age group, we can see that those households are the wealthiest in Hungary, where the median age of the head of the household is around 55 years. The main reason for this is the change of regime, as we can see a very significant difference in this compared to the Western European surveys. A very important observation from the survey is that the regional gap has decreased as financial wealth has increased more in regions where it had been low earlier, so the gap has slightly narrowed. This trend can also be observed in terms of household income, as lower financial income grew at a slightly higher rate than the average for lower-income households and thus came a little closer to the average. However, what can be observed in most European countries is that financial wealth is largely concentrated in upper-income households, so in Hungary, for example, the richest fifty percent have ninety-one percent of financial wealth."

Household wealth, its internal structure, and change is an important indicator and play a decisive role in monetary and financial modelling and in the decision-making of economic and governmental actors. Household wealth can basically take two forms: real physical assets (i.e. durable consumer goods, valuable assets, and real estate) and financial assets for subsistence and consumption (i.e. cash, bank deposits, securities, shares, etc.). Accordingly, household assets consist of the so-called real assets (non-financial assets: housing and other real estate. valuables, productive assets, vehicles)37 and the so-called financial assets (cash, deposits, government securities, shares, bonds, loans, insurance, pension funds, and other claims) shown in the following graphs.

Real assets and financial assets together make up the gross wealth of households. The liabilities side of the household balance sheet includes household debts (i.e. loans from financial institutions, employers, and other households). Other debts are mainly tax or utility debts. The difference between gross assets and debts gives net assets.

³⁵ https://www.ecb.europa.eu/pub/economic-research/research-networks/html/researcher_hfcn.en.html

³⁶ https://www.mnb.hu/letoltes/vagyonfelmeres-2017-web.pdf (First survey: https://www.ksh.hu/docs/hun/xftp/idoszaki/pdf/mibol_elunk14.pdf.)

³⁷ We do not have a full value-based registry about the wealth of Hungarian households, and within that about their assets and their distribution; that is why gathering information about them is only possible with targeted data collection. See: The Hungarian National Bank survey titled "What do we live on?" data collection from 2014 and 2017.



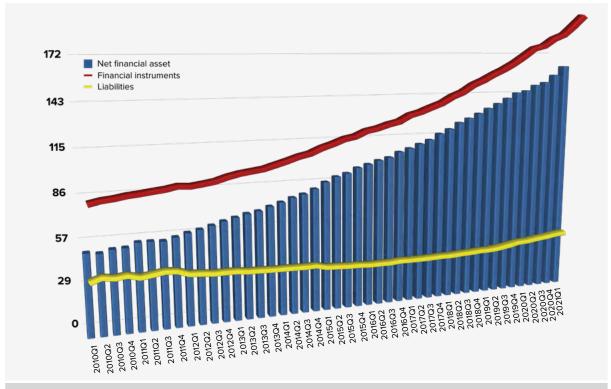


FIGURE 105 – NET FINANCIAL ASSET OF HOUSEHOLDS, FINANCIAL INSTRUMENTS AND LIABILITIES IN EUR BILLION, 2010–2020 (QUARTERLY DATA) SOURCE: HUNGARIAN STATISTICAL OFFICE

In a European comparison, Hungarian house-holds show a particularly positive picture in terms of financial assets, fewer liabilities. The net worth of domestic households grew dynamically between 2010 and 2020, while the level of liabilities started to increase again beginning in 2017, after a significant decrease. Within financial assets, it is worth highlighting the smaller but continuous growth of cash and bank deposits, as well as the rapid and larger growth of securities that are safe investments (i.e.. Hungarian Government Securities).

The chart clearly shows that buying shares is still a risky investment for a significant proportion of the population, who prefer to buy safe but lower-yielding government bonds over riskier but higher-yielding shares.

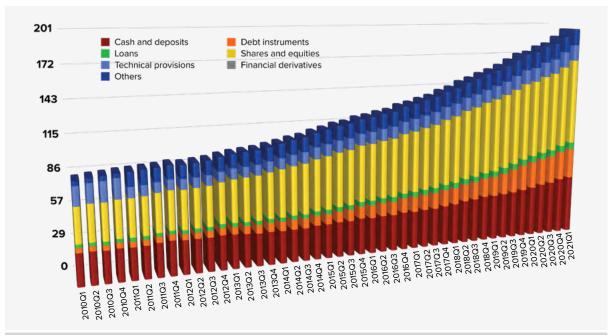


FIGURE 106 – FINANCIAL ASSETS OF HOUSEHOLDS, 2010–2021 (BILLION EUR) (QUARTERLY DATA) SOURCE: NATIONAL BANK OF HUNGARY

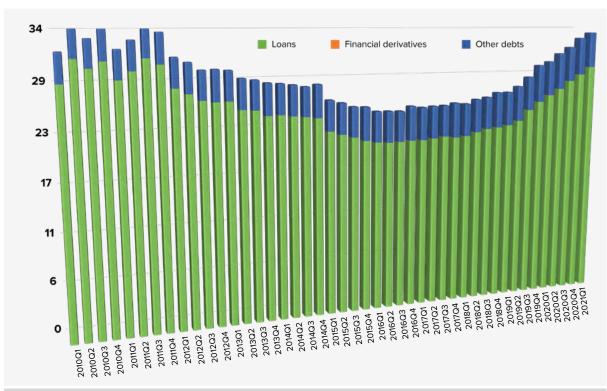


FIGURE 107 – LIABILITIES OF HOUSEHOLDS, 2010–2021 (BILLION EUR) (QUARTERLY DATA) SOURCE: NATIONAL BANK OF HUNGARY



The chart shows that the retail equity portfolio more than doubled between the first quarter of 2010 and the fourth quarter of 2020, while the growth dynamics for securities were even more significant. The stock of retail securities increased 6.5-fold (from EUR 4.12 billion to EUR 26.95 billion) in the period under review.

The increase in household loans after 2017 can be explained by the growing loan portfolio, the improvement in the liquidity situation of the population (i.e. in the case of personal loans for free use), the significant decrease in interest rates, and the very favourable interest rates for family loans (i.e. Home Purchase Subsidy Scheme for Families, Village Home Purchase Subsidy Scheme for Families, Home Purchase Subsidy Scheme for Families loan, prenatal baby loan). It can be assumed that the epidemic situation will lead to risk-averse behaviour, while the demand for very favourable housing renovation subsidies available from 2021, the 5 and 27% VAT refunds will lead to a significant increase in housing-related household borrowing.

By the end of Q4 2020, household financial assets had increased to EUR 189.6 billion, while household liabilities were at EUR 33 million. As a

result of the two, net financial assets increased by EUR 5.08 billion to EUR 156 billion in the quarter. The 8.4% annual increase in household net financial wealth is particularly noteworthy, given that gross domestic product (GDP) fell by 5.1% last year.

According to the HNB's latest report³⁸, the net lending capacity of households amounted to 7.8% of quarterly GDP in the fourth quarter of 2020 (EUR 2.98 billion), their net financial assets amounted to 115.1% of the GDP. Among households' financial assets, current account deposits and long-term government securities rose strongly in the fourth quarter, while cash, fixed-term deposits, investment fund shares, and insurance technical reserves increased significantly, while short-term government securities and other accounts receivable fell significantly. In terms of household liabilities, the stock of longterm HUF consumers and other loans increased significantly in the case of loans taken from credit institutions. The stock of forint real estate loans also increased, but to a lesser extent. Other liabilities of households increased significantly. With limited consumption closely linked to the epidemic situation, and because of the payment of government transfers, and the inflow of EU

³⁸ Financial account of the state and of household – 2020. Q4. Hungarian National Bank



subsidies, the last three quarters have been characterised by a further increase in the household "forced savings" and household wealth, together with a rise in cash and deposits, the purchase of long-term government bonds and active use of borrowing (prenatal baby loan and real estate).

Real estate wealth

One of the main findings of the HNB Wealth Survey, cited earlier on the financial situation of Hungarian families, was that household net wealth increased substantially between 2014 and the end of 2017. While inflation during this period was 4.9%, the rate of asset growth was 44% for real assets, financial assets increased by 29% and liabilities decreased by 12%. However, there has been no significant change in the composition of real assets, with housing still accounting for 70% of the total, and the appreciation of residential real estate assets accounting for a significant part of the increase in wealth. It is known that the vast majority of Hungarian families live as homeowners³⁹, and traditionally a key consideration for families is the acquisition of suitable property. In several places in this volume, we have shown how the increase in real income and the various government measures (favourable borrowing opportunities, multilevel family support schemes) have helped and continue to help improve the living conditions of households, which is also reflected in the domestic housing market data.

Comparing the indicators for households with and without children in 2010 and 2019, there were no marked changes in the tenure status of households with and without children, with the majority still living as owners in their real estates at the end of the decade. Families with children have a higher than average proportion living in owner-occupied houses and flats compared to single-person households and households without children. Compared to the beginning of the decade, housing indicators have improved in almost all categories surveyed. With an increase in average floor area, the share of dwellings with bathrooms and toilets is almost 100%, and families with several children live in the dwellings with the largest floor area.

³⁹ In 2017 84% of households owned residential property. The proportion of ownership is quite high, above 90% in the 5-10 deciles, and only in the lowest deciles, it is lower than the average. The ownership of several properties is only present in the highest deciles.

Year, quarter	All apartments sold	From	ı this	New apartment built for sale	
		used apartment	new apartment	ioi suic	
2010	90.3	85.5	4.8	10.7	
2011	87.7	83.9	3.9	4.8	
2012	86.0	83.3	2.6	3.5	
2013	88.7	86.4	2.3	3.2	
2014	113.8	110.5	3.3	3.4	
2015	134.1	130.7	3.4	3.1	
2016	146.3	141.4	4.9	5.2	
2017	153.8	147.7	6.1	7.3	
2018	163.7	154.6	9.1	9.5	
2019	157.0	145.8	11.2	12.1	

TABLE 43 – NUMBER OF DWELLINGS SOLD AND BUILT FOR SALE, 2010—2019 (THOUSAND) SOURCE: HUNGARIAN STATISTICAL OFFICE

According to the latest data from the Central Statistical Office, in 2020, 28,208 new dwellings were built, 34% more than a year earlier. The growth of solvent domestic demand and the recovery of the housing market is supported by the fact that from the beginning of 2010 the number of sold flats and new flats built for sale increased dynamically.

Households' access to consumer durables

In the last decade, the growth of real incomes and technological development has had a significant impact on the consumption habits of Hungarian families and on the equipment of households. Consumer goods that were previously scarce or less accessible to the majority of households have become massively available (i.e. tablets, notebooks, LCD televisions), while others have been pushed into the background by technological progress (i.e. landline phones, digital cameras) or have come to the fore as families' financial situation has improved (i.e. dishwashers).

TV and washing machine coverage are close to being complete by 2020, and the uptake of dishwashers, which make household chores much easier, has also grown rapidly. Among families with children, the popularity and availability of mobile devices for keeping in touch with family members, work, study, and leisure time activities at home have increased significantly. In 2019, the average number of mobile phones per 100 households with children was 293 (248 in 2010), while for those without children it was 164 (130 in 2010). The explosion in mobile phone use, irrespective of the level of consumption, is true for the country as a whole, with very similar levels of penetration of the modernisation tool in the centre-rural and east-west spatial patterns. The situation is partly similar for portable computers. but the latter is more strongly influenced by family income and the presence of school-age children or young people in the family. In 2010, an average of 28 out of 100 families with children had a laptop or notebook, rising to 95 in 2019, which also greatly facilitated working and studying at home during the epidemic. Compared to them, the same indicator for childless families was 14 in 2010 and 55 in 2019. Another good example of the improvement in the overall financial situation of families and households is the significant increase in the proportion of families who own a car compared to ten years ago. 51 out of 100 households owned a car in 2010 and 70 in 2019, but there is a sizeable gap behind the average indicator. Between 2010 and 2019, the share of families without children who own a car increased from 42% to 58%, while for families with children, the share increased from 70% to 99%. The car purchase subsidy for large

families introduced as a government measure in 2019 is expected to further increase the number of beneficiaries, greatly expanding the scope for families with three or more children, making it easier for them to shop, relax, and, in short, to be socially mobile.

On average, 84% of households owned residential property in 2017. The share of homeownership is very high, above 90% in deciles 5 to 10, and lower than average only in the lowest, 1st, and 2nd deciles. However, owning more than one property is typical only in the upper deciles.

Name	v	Vith childre	n	Wi	thout child	ren		Total	
	household								
	2010	2015	2019	2010	2015	2019	2010	2015	2019
Air conditioner	6	10	15	0	6	10	4	7	12
Handheld computer (tablet, PDA)	1	20	36	0	6	12	1	10	19
Digital camera	51	57	32	23	30	20	32	38	24
Dishwasher	17	26	37	7	12	20	10	16	25
DVD player	79	60	31	40	36	23	53	43	25
Desktop computer (PC)	79	72	58	34	38	36	49	48	42
Landline telephone	47	41	43	57	49	53	54	47	50
Portable computer (laptop, notebook)	28	66	95	14	35	55	19	44	67
Refrigerator and freezer	46	63	77	40	56	66	42	58	69
Own car	70	75	99	42	49	58	51	57	70
Automatic, semi-auto- matic washing machine	89	90	89	79	85	87	82	86	87
Microwave oven	92	91	95	83	85	89	86	87	91
LED, LCD, plasma or laser television	16	66	134	10	46	92	12	52	104
Mobile phone	248	269	293	130	151	164	169	186	202

TABLE 44 – AVERAGE ANNUAL STOCK OF CONSUMER DURABLES IN HOUSEHOLDS WITH AND WITHOUT CHILDREN, 2010, 2015, 2019 (PIECES PER 100 HOUSEHOLDS) SOURCE: HUNGARIAN STATISTICAL OFFICE

National accounts statistics provide a comprehensive picture of household sector wealth, income, and consumption.⁴⁰ However, the national economic statistics does not provide information on the differences between households in terms of economic indicators, the distribution of these values in the household sector according to different characteristics (i.e. wealth, income, age, education, geographical region, occupation, etc.). These data have been collected twice in recent decades. The household survey "What do we live on?" coordinated by the Hungarian National Bank but implemented by the Hungarian Statistical Office after 2014, was repeated at the end of 2017. The main results of the recordings were as follows.

The net worth of households increased significantly between 2014 and the end of 2017. While the price increase during this period was around 5 %, the net worth of the sector increased by 44% and the net worth per household by 48%. The main reason for the increase in assets was the increase in the value of real assets (mainly real estate), but the value of financial assets also increased significantly, while debt decreased. The increase was significantly higher than the average in the regions of Central Hungary and the Great Hungarian Plain, in the 66-75 age group41 and in the upper 10% of households.

The share of the bottom 50% of households in total net wealth remained unchanged (8.9%), meaning that the top 50% owned 91.9% of total net wealth. A positive result is that debt levels in the bottom decile have fallen significantly. Among the assets, real assets (real estate) are distributed much more evenly across households than financial assets, with some items (i.e. stocks and shares, bonds) being more prevalent among

wealthy households. The net wealth per household (the average value) was EUR 77 thousand, while the median value was EUR 34 thousand at the end of 2017.

Improved living standards for families

There are several indicators or measures that can be used to measure the standard of living. The development of the living standards of people in a given society is well illustrated by, among other things, GDP per capita, income per capita, consumption, wealth, the difference in income within the country, the development of the proportion of poor and marginalised people over the period observed. The previous sub-chapters have dealt with income, consumption, and wealth, so here we will look in more detail at the extent of social inequality, poverty, and social exclusion, the evolution of income inequality, and the human development index, the so-called HDI index⁴².

The latest poverty data for most EU countries is available until 2018, and for some countries only until 2017.

In 2010, we ranked 22nd out of 28 EU countries based on the Human Development Index (HDI). Germany and Denmark were in the top two, while Romania and Bulgaria came last. From 2010 to 2019, we moved up to 18th place in the ranking of countries in terms of the rate of improvement in this indicator. The highest improvements were in Lithuania and Ireland and the lowest in Italy.

⁴⁰ Non-financial accounts of national accounts provide a comprehensive picture of consumption, real assets, and by the financial accounts of national accounts provide information about financial assets and liabilities.

⁴¹ The reason for this is that a number of old people live in properties whose value increased in the period researched, and it allowed them to increase their wealth without a remarkable change in their living conditions.

⁴² The HDI (Human Development Index) is based on three components: life expectancy at birth (1/3 weighting); education, including literacy of the over-15s (2/9 weighting) and the combined educational attainment ratio, which relates the number of recipients of primary, secondary and higher education to the number of age groups concerned (weighting of 1/9); GDP per capita in purchasing power parity (1/3 weighting).

How living standards evolved in our country between 2010 and 2020?

The Household Statistics Survey of the Hungarian Statistical Office collects data on a yearly basis in a comparable way, from which it calculates the indicators used to measure poverty and social exclusion, which are also accepted by international statistics. Examples include the proportion of people living in relative poverty, severe deprivation, overcrowded housing, and the proportion of people living in households with very low work intensity. The group most exposed to social exclusion is the Roma. Key findings:

The poverty threshold for both single-person households and households with 2 adults + 2 children increased 1.7 times from the beginning of the decade to 2019.

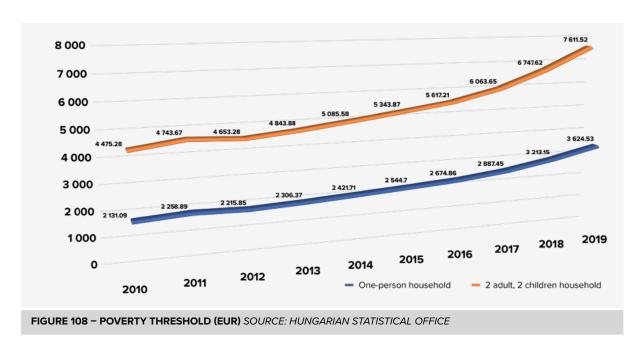
The proportion of people living in relative income poverty in the case of childless households increased during the period under review, while the situation of households with children underwent a reverse process. While in 2010, 18.8% lived in relative income poverty, with steadily

improving results, by 2019 the proportion had halved to 9.4%. The concept of a work-based society, the tax credit for children has paid off in the long run. In the case of households with children, the proportion of people living in relative income poverty fell below ten percent.

As a result of intensive catching-up policies, the relative income poverty rates of the Roma have also improved. While at the beginning of the decade, two-thirds (67.7%) were among the poorest according to this variable, by 2019 only a third (34.7%) were in this group.

The proportion of people living in severe material deprivation has dropped dramatically over the past decade. While at the beginning of the decade 30% of minors, 23% of those aged 18-65, and 16% of those aged 65 and over fell into this category, by 2019 these values had fallen to almost a third for all ages.

We have data on the proportion of people living in overcrowded housing for 2018 and 2019 from these studies. Nearly one-fifth of the population can be classified here (19.1%), one-third of minors (33.8%), 18.8% of 18-64-year-olds, and 6.6% of 65-year-olds and older.



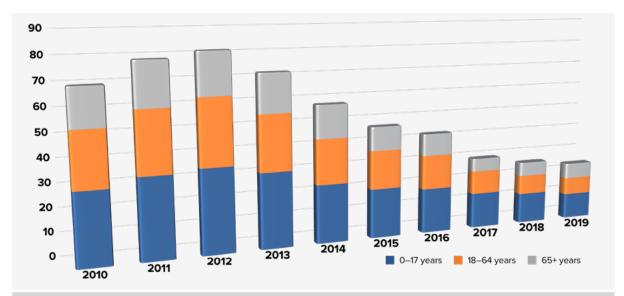


FIGURE 109 - PERCENTAGE OF PEOPLE LIVING IN SEVERE MATERIAL DEPRIVATION BY AGE GROUPS SOURCE: HUNGARIAN STATISTICAL OFFICE, KINCS

In our country, there is no difference between women and men in terms of poverty or social exclusion. While at the beginning of the decade nearly one in three citizens were exposed to these risks (31.5%) - women (32%) were slightly disadvantaged compared to men (31%) - by 2019 this figure had fallen to 17.7% for both genders.

There is an improving trend in the situation of households with children compared to households without children. Among childless households, the share of people at risk of poverty or social exclusion was 27.4% at the beginning of the last decade, falling to 19% in 2019. As a result of the government's consistent policy of supporting families, the share of families with children in this category has fallen by more than half (16.1%), from an initial 35.3%. Among them, the situation is also best for households with two adults and two children living together. 90% of people living in this type of household manage to avoid the risk of poverty or social exclusion.

Although half of Roma households were still

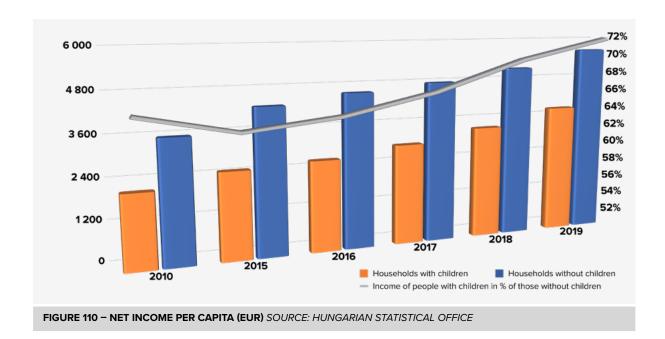
at risk of poverty or social exclusion in 2019, six years earlier, nine out of ten Roma households (52.9) were still in this very disadvantaged group⁴³.

How does household income develop according to the data of the Hungarian Statistical Office over the ten-year period under review?

The net disposable income has increased steadily from EUR 2.7 thousand in 2010 to EUR 4.6 thousand in 2019. The income gap between households with children and those without children is decreasing, according to the relevant Hungarian Statistical Office data.

By income decile, those in the highest income decile by household had 7.2 times as much net income in 2010 as those in the lowest income decile. The value of this ratio rose to 8.6 in 2016 and then began a steady decline. By 2019, it reached 7.6. Among those with the highest and the lowest incomes, the opening of the income gap is constantly narrowing. Within income, labor income accounts for the largest share. For those

⁴³ Source: KSH https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_zaa007.html



in the highest income decile, earned income accounted for 83% of their total income, while for those in the lowest decile it accounted for 52%. The remaining share is made up of social benefits, pensions, child-related benefits, and unemployment benefits.

Overall, the proportion of people living in poverty and social exclusion is steadily decreasing in all dimensions. The situation of women and men is evenly balanced. For households with children, the improvement is above average. We ranked 5th in the European Union in terms of the proportion of people at risk of income poverty. The gap between the highest and the lowest income groups in society is narrowing, with income gaps narrowing.

Hungarians are increasingly satisfied

Modern societies have redefined the basic objectives of society, according to which the path to development is not economic growth at all costs, but improving people's well-being and quality of life. Several studies have urged a review of traditional notions of living conditions and well-being, focusing on subjective indicators of people's satisfaction and well-being. Quality of life indicators include, among others, life satisfaction, trust in others, sense of security, confidence in the future. The basic principle is that quality of life is a person's own subjective assessment. In line with this new trend, in 2013 and 2018 Eurostat included a module for measuring subjective well-being in its population surveys. Respondents aged 16 and over were asked to rate each variable from 0 (not at all satisfied) to 10 (completely satisfied).



Financial situation, employment, and social relations played an important role in the perception of the guality of life of the EU population.

Out of the five variables measured, satisfaction with personal relationships scored the highest (EU average 7.8-8), with Hungarian citizens scoring similarly high to the EU average, at 7.6 on both dates. Job satisfaction ranked second: similar to the EU average (EU 7.1 -7.2), it was also guite high in Hungary, at 7.1 on both survey dates. In third place is overall satisfaction with life: 7.0 in 2013 and 7.3 in 2018. In Hungary, this value increased by 4 decimal points above the EU average (6.1; 6.5). Satisfaction with time use increased from 6.7 to 6.8 on average in the EU over five years. The increase in our country was also one-tenth of a point (6.3; 6.4). We were the least satisfied with our financial situation: in 2013, the 28 countries gave an average score of 6 on a scale of 10 for satisfaction with their financial situation, rising to 6.6 in 2018. In our country, satisfaction rose to a lesser extent and from a slightly lower level: from 5.2 to 5.5 in five years.

In general, our country ranks in the middle of satisfaction surveys. When looking at the aggregate score of the indicators, Hungary ranks 14th out of 28 countries in terms of improvement after five years. Ireland, Bulgaria, and Cyprus made the biggest improvements in satisfaction, while Lithuania, Denmark, the Netherlands, and Luxembourg fell below their 2013 levels in subjective well-being by 2018, according to Eurostat data.

We get a sum of life satisfaction when the scores given to the question "How often have you been happy in the last four weeks?" (values between 1 and 10 could also be given) and the extent of the change between the two dates are compared between countries. The combined score of the "always" and "often" responses gave the "happy" category. It can be said that, in line with the previous finding, Hungary was in the middle of the range in both 2013 and 2018. Over the past 5 years (from 59.5 to 63), the average happiness score in the EU has risen by 3.5 points.

In our country, the subjective happiness score increased by 2.4 points, just below the average (55.6; 58), while ten countries also recorded negative changes. Slovenia showed a (-6.5) point decrease, Denmark (-6), and the Netherlands (-6). The largest positive changes in this indicator are seen in Greece (14), and Spain (8.3).

Data for Hungary are mainly available from the surveys of the Hungarian Statistical Office.

In 2016, micro-census measured citizens' faith in the future, according to gender, age, marital status, and education level, on a scale of one to ten. Respondents aged 16 and over were asked to rate each variable from 0 (not at all confident) to 10 (completely confident).

The main findings of this survey are: the national average score for confidence is 6.1. In general, women are generally more confident than men (with the exception of widows). Young people are the most positive about the future, regardless of gender. Confidence in citizens decreases with age, with a confidence score of 6.9 for people up to the age of 24 and 5.2 for people aged 75 and over. Those in the single/unmarried (6.4) group (the youngest) are followed by married (6.1), then divorced (5.7), while widows are the most fearful (5.3). The more classes someone completes, the more confident they look to the future. Those with up to basic education (5.5) are at the end of the line, while university graduates (6.7) lead the line. Moving from smaller settlements to cities, our level of confidence is rising. People living in villages (5.9) are the least optimistic, compared to those living in the capital (6.2). The most likely combination for confidence: a young, graduate female city dweller according to the micro-census data of the Hungarian Statistical Office.

The Household Statistics Survey of the Hungarian Statistical Office asked its questions about satisfaction four times in the same way between 2013 and 2020, providing an opportunity for comparison over time. Households were asked regarding seven topics:

Overall, how satisfied are you with ...?

 your life now, – the financial situation of your household, – your home, – your current job, – the time you spend commuting to work, – your personal relationships, – the quality of your living environment.

Key findings:

For each of the seven questions, it can be stated that the 2013 baseline value was maintained for all or in the majority cases in six variables, it even increased.

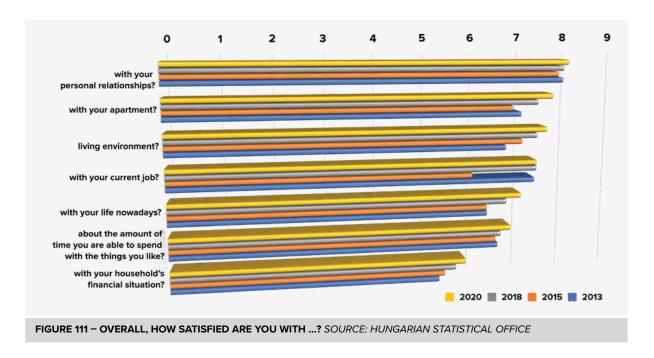
Respondents were moderately satisfied with the financial situation of households in 2013 (5.2), but this level could increase by 2020 despite the coronavirus situation (5.7). Satisfaction with the use of time reached an average rating of 6.6 in 2020, an increase of three decimal points. Overall, satisfaction with life increased from 6.1 to 7 decimal points. In 2020, Hungarians reported the highest satisfaction ever (6.8). The other four variables all scored above 7 on the satisfaction scale. Satisfaction with housing (7.4) and living environment (7.3) increased by 6 and 8 tenth points, respectively. The level of job

satisfaction (7.1) has not decreased despite the difficulties caused by the coronavirus. The crisis has shown how important it is to rely on each other. Satisfaction with personal relationships is the strongest (7.7), which is up from a high of 7.6 in 2013, according to the Hungarian Statistical Office data.

Since April 2020, KINCS has been conducting a regular, representative surveys to monitor the financial, spiritual, and mental changes experienced as a result of the pandemic. Respondents were asked to rate their subjective well-being between 1 and 10.

According to the KINCS survey "The well-being of Hungarian families under the coronavirus" (surveyed monthly from November 2020 to June 2021), it is revealed that:

Of the average scores for the general well-being factors, Happiness had the highest average score in each month (increasing from November to March), ranging from 7.2 to 7.5. The subjective feeling of security was ranked second, with a score between 7.1 and 7.4 (it reached its highest score in February this year). Subjective health perceptions were in the middle, with scores







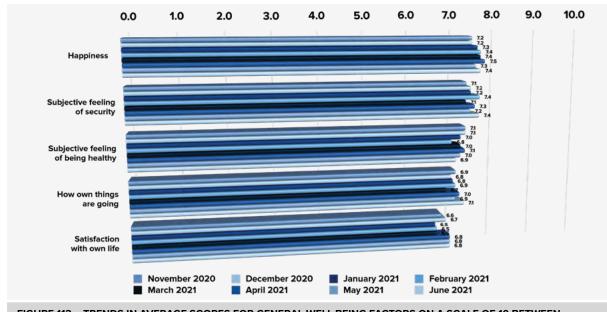


FIGURE 112 – TRENDS IN AVERAGE SCORES FOR GENERAL WELL-BEING FACTORS ON A SCALE OF 10 BETWEEN NOVEMBER 2020 AND JUNE 2021. SOURCE: KINCS

between 6.8 and 7.1. The development of one's own affairs (between 6.7 and 7.1) was ranked fourth, while satisfaction with life was slightly behind, with a score between 6.5 and 6.7.

Trends in average scores for general well-being factors on a scale of 10 between November 2020 and June 2021.

When broken down by age group, the youngest age group has the most positive perceptions and the oldest the lowest.

By type of municipality, the larger the municipality in which the respondent lives, the better they think their health is.

In terms of educational attainment, respondents with higher education all have a higher than average well-being than those with primary education.

Of the well-being variables, singles were the most negative on the happiness variable in recent months, but married people were more negative at the other variables. When looking at respondents by labour market activity, we found that those on infant care allowance, child care benefit, child care allowance, or child raising support were the most positive about their well-being, while the unemployed were the most pessimistic.

The research also includes a comparison of the subjective opinions of those with and without children. It shows that there is no significant difference between happiness and the way their own affairs are going, with the average happiness score for both situations being above 7. Since last autumn, the feeling of security of those without children has been higher than that of those with children: 7 vs. 7.6. The number of those with children did not change significantly, the average of those without children decreased slightly to 7.5.

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Katalin Novák

n 2020, - as we, Hungarians like to say - the world has turned completely upside down. The coronavirus pandemic has transformed our lives and changed our everyday routines. With it, our old, tried and tested and often routine solutions - providing us with a sense of security and predictability - have also disappeared. We had to redesign our lives to find new pathways and solutions.

The Hungarian government's main goal was to save lives, therefore it was the first in the European Union to roll out its vaccination drive, grabbing every opportunity it could to provide protection for Hungarian citizens. Besides all this, the mitigation of economic damages and the creation of an environment suitable for restarting the economy have also featured among the government's key tasks since the outbreak of the pandemic.

All the government members were in agreement that families must be assured that they will be zhe ones to lose out the least as a result of the current global health crisis. Instead of austerity measures, we undertook not only to uphold our family policy achievements, but to introduce a number of new measures to provide even more assistance to families.

If we look back at the past ten years, perhaps it comes as little surprise that the Hungarian government views families as the most sound investment into our future. That is why we launched Hungary's biggest home creation and renovation scheme in 2021, allowing Hungarian people to invest with a view to extending or fixing up their homes. That is why we introduced announced a loan repayment moratorium. That is why we

decided not to suspend the concessions provided by our Family Protection Action Plan. That is why we are providing help in preserving and retrieving jobs not just through wage subsidies, but also through ensuring free Highway Code tests and language exams for pregnant women. Our aim was to preserve jobs and to create new ones instead of disappearing jobs. We pay special attention to pensioners: we are going to reintroduce the 13th month pension. Young people under 25 will be exempt from personal income tax from 2022. We are raising the infant care allowance of working mothers, and single parents will benefit from a separate set of measures. We are planning to go even further, returning in 2022 the personal income tax payments of families raising minor children - to the extent of the average wage - if we manage to achieve a 5.5% economic growth in 2021. We are doing all this in such an international environment where Hungary is constantly criticised and attacked for attempting to provide enhanced protection for children and more rights for parents, enabling them to decide on the nature of their children's upbringing on their own.

CHALLENGES IN THE SHADE OF THE PANDEMIC

The coronavirus reached Europe early in 2020, forcing the continent to face the most destructive pandemic since the Spanish flu of 1918. In the spring of 2020, the world - as we knew it - changed almost overnight, forcing millions of families to put up with the new situation and the restrictive measures.

As a result of the outbreak, in just a few weeks our health-care and social welfare systems faced pressures unseen since the Second World War. In the autumn of 2020, after we had successfully tackled the first wave, we witnessed the outburst of the second, even stronger wave, which brought prolonged restrictions and in the summer of 2021, the third wave of the virus stormed the country with the largest number of cases.

In terms of demographic indicators, Europe was in a difficult situation even before the pandemic as none of the countries have managed to reach, or even come close to, the total fertility rate of 2.1.

The European Union is facing serious demographic challenges, the three major factors of which are a reduced willingness to have children, a decrease of the indigenous populations and their increasing ageing. By 2050, the continent's population will likely only make up for 4% of the world's population. Europe's population is considered to be the oldest, and over 40% of Europe's regions are witnessing a population decline. The worsening demographic prospects have an impact not just on the population and people's willingness to have children, but also on Europe's status in the world as - in line with demographic trends - the role of the economy of the oldest continent is in decline, relative to global GDP.

The pandemic has reached Europe - the ageing continent where people's willingness to have

babies is in decline – in this demographically precarious predicament. At the time of the first closures there was a degree of cautious optimism in terms of anticipating a high number of "quarantine babies" which, according to the latest figures, has not materialised.⁴⁴ It appears that the entire European continent is experiencing the exact opposite: in December 2020 the number of births decreased by 20% in Spain and by 7% in France, followed by a 13% decline in January.

Hungary, just like other European countries, has been struggling with declining birth rates for quite some time now but, in order to tackle the situation, the country chose a completely different path than western European states. Since 2010 the government's main objective has been to support families and make it easier for people to have children, in contrast to the West's pro-migration policies. The outbreak of the coronavirus pandemic has significantly exacerbated Europe's existing and aforementioned problems, forcing us - just like other countries here - to face new challenges in the following areas:

- demographic challenges
- economic challenges
- healthcare challenges
- migration challenges

Demographic challenges

The first issue, which featured heavily on the government's agenda even before the pandemic, is to find a solution to our looming demographic challenges.

Despite a decrease in the number of women of childbearing age, the past few years saw some new trends that give cause for optimism in our

⁴⁴ https://cor.europa.eu/hu/news/Pages/europe-s-demographic-challenges-require-local-solutions.aspx



country. To tackle the demographic crisis affecting the whole of Europe and Hungary, the government kept introducing new, additional measures. As a result, the fertility rate has seen a gradual increase from 1.23 to 1.49 and then, following the 2019 announcement of the Family Protection Action Plan, the indicator's estimated value per woman reached a 25-year high of 1.56. The favourable trends in terms of people's willingness to have children continued in 2020, which saw the birth of 3145 more infants than 2019. This means that in total 92,338 children were born, signalling a 3.4% increase even despite December's negative figures reflecting the adverse effect of the virus.⁴⁵ 2020 witnessed as many as four months when we managed to achieve a 7-10% growth. These positive results clearly demonstrate the effectiveness of the government's measures designed to boost reproductive willingness, especially the success of the widely popular prenatal baby support loans. These rising birth rates, even despite the unfavourable demographic conditions, showed that we have managed to complete over a third of the road towards our target fertility rate of 2.1

in 10 years, which also meant that - in a European comparison - people's reproductive willingness has seen the biggest rise in Hungary since 2010. Everyone has rightly hoped that this path will lead to further success in the short term, and that we will no longer have to worry about a decline in the fertility rate, only the potential extent of its growth.

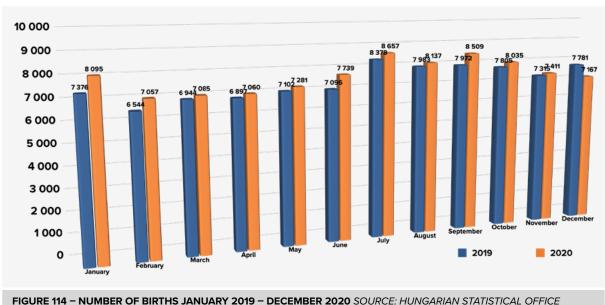
Hungary was in such a state when it was hit by the coronavirus pandemic. Fresh data already shows that the overly optimistic estimates anticipating a further increase in births during the lockdown - will probably not materialise anywhere in the world. It appears that people's reproduction willingness is in an overall decline unseen for a long time. In the first 11 months of 2020 the number of births increased, however they declined in December compared to 2019, indicating that the coronavirus will either bring the earlier, positive trends to a halt, or tie them cyclically to the individual waves of the pandemic. Data pertaining to Hungary between January and May, 2021, also seem to corroborate this.



⁴⁵ KSH (Hungarian Statistical Office): Népesség és népmozgalom (Population and popular movement) https://www.ksh.hu/docs/hun/ xstadat/xstadat_evkozi/e_wns001.html



FIGURE 113 - CHANGE IN NUMBER OF BIRTHS COMPARED TO SAME PERIOD IN PREVIOUS YEAR, JANUARY 2020 - JUNE 2021 (%) SOURCE: HUNGARIAN STATISTICAL OFFICE



In December 2020 authorities registered 7167 births, a decrease of 7.9% from December 2019, which means in total 614 less babies were born than a year earlier. As monthly birth rates in Hungary were outstanding up until December's data batch and the coronavirus hit the country exactly 9 months before year's end, the drop in the number of new-born babies can certainly be linked to the first wave of the pandemic in Hungary. The state of emergency was declared on 11 March 2020, giving way to a special legal order in Hungary.



It is noteworthy, however, that in 2020, the first year of the pandemic, the number of births slightly increased only in seven countries of the European Union. Hungary experienced a 3.4% rise, the second largest increase in the bloc.

The number of marriages is also an important indicator when it comes to people's reproductive willingness, because spouses tend to have more children than those who decide not to tie the knot in the traditional way.

Figures for January-June 2021 show a 19% improvement over the previous year, indicating that couples have already made up for missed weddings in the spring and early summer months. The number is 3.1% higher than in 2019 and the number of new marriages fell in only one out of the three months at year's end. Figures for January-May 2021 show a 15.1% improvement over the previous year, indicating that couples have already made up for missed weddings in the spring months. This was made possible by Hungary being able to begin the reopening after the third wave much sooner due to its high vaccination coverage in the early stages.

Figures revealing Hungarians' willingness to marry are also outstanding even in an international comparison, as in 2020 - based on the available data - the number of marriages increased only in Hungary, while significant declines could be observed everywhere. While the number of marriages in Hungary increased by 3.1% even during the pandemic compared to 2019, there is a decrease of more than 50% elsewhere.





FIGURE 115 - CHANGE IN NUMBER OF MARRIAGES COMPARED TO SAME PERIOD IN PREVIOUS YEAR, JANUARY 2020 - MAY 2021 (%) SOURCE: HUNGARIAN STATISTICAL OFFICE

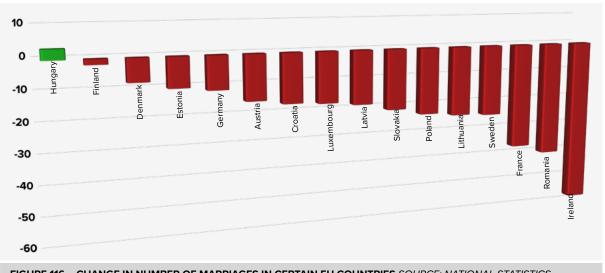


FIGURE 116 - CHANGE IN NUMBER OF MARRIAGES IN CERTAIN EU COUNTRIES SOURCE: NATIONAL STATISTICS

The key to defeating our demographic challenge is in strengthen people's reproductive willingness which, of course, is closely linked to the financial and economic situation of families. From a demographic viewpoint, the biggest concern here is the decline in the number of women of childbearing age. The chart below clearly demonstrates that this could develop into

a serious problem, especially as women aged 20-39 are responsible for 90-92% of births. If in 2020 the number of women of reproductive age had remained at levels seen in 2010, nearly 100 thousand (99,654) children would have been born in 2020. In the next 10 years, the number of people in this age group is expected to decline by more than 200 thousand.

Economic challenges

The pandemic has led to an extremely difficult economic situation in every region of the world, so our key task in the years to come is to overcome the economic challenge. The government's consistent and predictable family support policy is closely linked to job creation and the strengthening of a work-based society. This is the approach that's permeated the social changes of the past 11 years and, as a result, the system is adversely affected if jobs are at stake. Since the first wave of the coronavirus, the situation of entire industries has become more precarious because of the restrictive measures, which also had major repercussions on the situation of those in employment. Although at this point, we cannot talk about a spike in unemployment, the growing uncertainty has significantly curbed consumption and thus the economy's performance.

In 2020, Hungary's GDP changed by -5.8% in the first half of the year, and by -5% for the whole year. This figure is more than one percentage point better than the EU average of 6.2%, exceeding the results of Austria, France or the Czech Republic, among others. This is the fifth most significant economic downturn in the past 100 years. The situation was the worst at the time of the regime change, with a decline of nearly

12% in 1991 and 6.7% in 1990, barely making in to the podium. In these two consecutive years, compared to 1989, the domestic economy's performance deteriorated by more than 18%. During the global financial and economic crisis of 2008-2009, the economy experienced a 6.7-6.8% decline, identical to the one during the World War in 1940.

The pandemic had a particularly adverse effect on three important areas of Hungary's economy that have played a key role in the growth of recent years: investment, tourism, and car manufacturing. The rate of investments dropped by 3.8% last year. Looking at the most significant investment sectors, 2020 saw a decrease of 8.1% in manufacturing, a 9.5% drop in the transport and warehousing sectors, and a 9.3% decline in trade and vehicle repair. As to tourism, the number of quest nights decreased by almost 93%. In the manufacturing industry exports fell by 5.3% compared to last year, of which vehicle production - which accounted for 34% - dropped by 11%. This January vehicle production, which accounts for a quarter of the manufacturing industry's output, was 28% lower than in January 2019.

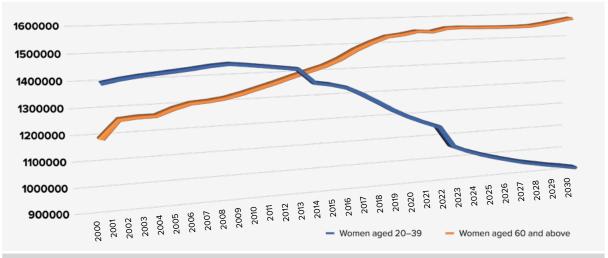


FIGURE 117 – EXPECTED CHANGE IN NUMBER OF WOMEN AGED BETWEEN 20–39 AND 60 AND OLDER IN HUNGARY, 2000-2030 SOURCE: HUNGARIAN STATISTICAL OFFICE

One of the results of the aforementioned decline is that the domestic economy lacked nearly 11.5 billion euros worth of income in 2020, according to calculations by the Central Bank of Hungary (MNB). Despite the deficit, due to the timely announcement of economic stimulus programmes a significant spike in unemployment was averted, wages have preserved their value and the overall situation of families remained unchanged last year. In contrast, businesses in the service sector have experienced a significant loss of income. The tourism industry has practically come to a halt, resulting in the annulment or postponement of some of the investments.

In contrast to the government's 2008-2009 crisis management, the emphasis now is not on austerity policy. To the contrary, the government's main focus is job creation and increased support for investments, where the announcement of its home renovation subsidy scheme serves as a good example. Based on the experiences of last year, the government clearly thinks that it's important to strike the right balance between restrictive measures and a functioning economy. One of our main tasks is to maintain and stimulate the functioning of the economy, which largely depends on achieving an adequate vaccination coverage, on additional challenges associated with the mutation of the virus, or the protection vaccines can provide against the mutations, i.e. the general management of health-related challenges. In Q2 of 2021, the performance of the economy grew by 17.9% compared to the previous year. This makes it almost certain that we will have the 5.5% GDP growth needed for personal income tax refund for families with children.

Healthcare challenges

The main cause of healthcare challenges is of course the coronavirus-induced pandemic. All of 2020 was marked by people waiting for the appearance of vaccines and their earliest possible rollout.⁴⁶ Unfortunately, however, the vaccines did not only deliver a solution, but they

also highlighted certain problems. The European Union's coordinated vaccine procurement has failed as manufacturers can modify the terms of supply in their own interest even despite the EU's will, while the EU has proved unable to provide sufficient vaccine quantities in time. The rapid mutation of the virus is also a cause for concern as it leads to new variants, against which the efficacy of the available vaccines remains questionable. The best solution is to procure the vaccines from as many sources, and as swiftly, as possible, followed by an accelerated vaccination drive. Based on the experiences of the recent period, we can say that Hungary has implemented a forward-looking inoculation policy, providing solutions for both problems above. The arrival of Chinese and Russian jabs has enabled Hungary to stockpile much more vaccines ready for use, and it also increased the chances of health authorities to find - among the many approved vaccines - jabs that provide protection against the distinct virus variants and better suit the needs of the various generations and people with different health conditions.

Migration challenges

Besides all of these, the pressure of migration may also pose further problems in the future. The pandemic has a much more adverse effect on poorer countries' social welfare systems, leading to a potentially protracted recovery, which serves as an additional catalyst for locals to uproot themselves.

This, together with a decline in people's reproductive willingness in the EU and the consequent increase in labour shortages may serve as a catalyst that, instead of addressing the issue of supporting the birth of indigenous children on the long haul, will in the short term only amplify the trend of allowing masses of unskilled workers into Western Europe's economy, which faces labour shortages.

⁴⁶ https://hu.euronews.com/2020/11/17/a-magyarok-nem-kernek-a-koronavirus-elleni-vedooltasbol

2021 - REPLANNING BEGINS

Having a family-friendly mind-set, which is a central theme in the current government's policy, remains a priority in 2021. Contrary to the left-wing governments' austerity policies, supporting investments and a family-oriented society could provide a solid foundation for people to have children, which is a sound investment into the future. In a European comparison Hungary boasts one of the highest rates of family subsidies relative to its GDP. The 2021 budget, just like in previous years, reflects the values of a family-friendly Hungary and the government's goal is to protect its extensive family support programmes introduced earlier. Accordingly, the 2021 budget provides coverage for measures pertaining to the Family Protection Action Plan. As a key segment, the government has made available some 6.59 billion euros (including EUR 7.46 billion of additional expenditures for the state's home creation scheme) for the support of Hungarian families, some 3.9 billion euros more than in 2010.

In 2022 the budget will allocate 7.97 billion euros for the support of families. This amount is nearly 1.39 billion euros, or 21% more than the originally submitted budget of 2021. Next year, the amount to be spent on supporting Hungarian families will almost triple, compared against 2010. This amounts to 4.9% of the GDP, compared to 4.8% last year and 3.5% in 2010.

The biggest home creation scheme of all time

Home creation is one of the key elements of the past few years' successful government policies. The government's home creation scheme has been expanded with new elements on numerous occasions. One of the general traits of these changes is that they have introduced more favourable terms for the applicants in order to make the opportunities of the support scheme available to the widest possible range of families raising, or deciding to have, children. With Hungary's biggest home creation scheme launched

on 1 January 2021, we wish to give every family a chance to expect or raise their children in their privately owned properties. The government has earmarked almost EUR 717 million for this purpose in the 2021 budget and EUR 1.1 billion (381,786 million) in the 2022 budget, and the exemption to pay VAT and excise duty rates will save EUR 487 million for families next year.

Within the framework of the 8-point action plan, the VAT rate on new build flats fell from 27% to 5% from 2021. With a simultaneous application for the government's Home Purchase Subsidy Scheme (CSOK), the state also undertakes the payment of this 5% VAT from families, and if the construction is financed out of family resources, they can request a VAT refund to the tune of EUR 14,347. The purchase of used or new homes has become tax-free, while home renovation subsidies and loans can be applied towards the renovation of existing homes. Families can - via the government's home purchase subsidy (CSOK) - even build in their attics to create multi-generational homes, and notary fees - payable when taking out state-subsidized housing loans have been significantly reduced.

All-out national investment into the future

According to a survey by the Maria Kopp Institute for Demography and Families, Hungarians were ready, motivated and confident upon welcoming the biggest home creation scheme of all time. The measures were widely known even before they were launched. Four-fifth of the families were aware and approved of the new elements of the government's home creation scheme starting in January 2021, of which the home renovation support appears to be the most popular programme. 87% of respondents agreed that these subsidies contribute to the improvement of the living standards of families with children, and 76% agreed that the measures help boost people's desire to have children and thus improve Hungary's demographic situation.

Home renovation support

The home renovation support, a flagship of the government's scheme, serves to improve the housing conditions of families raising children by trying to reduce their financial burdens during the modernisation or renovation of their properties. The support scheme also encourages the renewal of Hungarian apartments and helps to whiten the economy.

The home renovation support, as part of the government's action plan to relaunch the economy, is a type of financial assistance that families expecting or raising at least 1 child and already having their own homes - can use to renovate their existing properties. Any fetus from the 12th full week of pregnancy and children until their 25th birthday are considered children. Parents raising a disadvantaged or disabled child are eligible to receive the support, regardless of the child's age. Parents living in partnership, as well as single parents, can also apply for the support capped at the amount 8,608 euros if the child's place of residence is shared with the parent. If, however, in the case of single parents, their children have the same place of residence, respectively, then the maximum amount may be twice 4,304 euros. As a pre-requisite to the non-refundable support, applicants must have at least 1 year of continuous employment and no public debts. Half of the renovation costs, a maximum of 8,608 euros, can be claimed from the subsidy, but a smaller amount can also be requested. The amount of the support can be accounted for both material and labour costs, strictly in two equal halves. In general, it can be applied to nearly any type of outdoor and indoor work necessary when renovating a home. The renovation can begin even if the applicant hasn't lived in the property for at least one year before the application was submitted. The one year criterion applies after the renovation works have been completed. The home renovation support is available until 31 December 2022, and can be used once by any family expecting or raising a child.

The home renovation support, an integral element of the government's home creation scheme, has garnered significant interest. Since its inception up until 1 July, 2021:

- number of received applications: 15,356
- amount of support requests: EUR 69.8 million
- amount of submitted receipts: EUR 153 million
- average amount per applicant: EUR 4.6 thousand
- number of rejected applications: 1,465
- number of comfort letters: 6,685
- amount of support approved in comfort letters: EUR 29.9 million
- amount of transferred state support: EUR 29.9 million

Since its inception several representative surveys have mapped people's plans and intentions on modernising and renovating apartments within the government's home renovation support scheme. Results show that the programme generated a large interest (GKI Gazdaságkutató [GKI Economic Research Co.], 2021). The first five goals are the renovation of interior spaces, the renovation and replacement of doors and windows, bathrooms, heating systems and the insulation of buildings. There is an equal interest in both towns and villages and the majority of those planning to use the grants belong in the 40-49 age group. The support scheme is more popular among the owners of family homes and precast concrete panel flats. So far, experience shows that families have mostly carried out interior renovation in their homes. One-fifth of those surveyed by KINCS have plans to renovate their homes, while a quarter of those aged 18-49 and more than a third of those raising children under the age of 18 want to refurbish their properties using the state subsidy, 85 % within two years. Home renovation is the most popular among those aged between 30 to 50 and 24 % of those married would like to refurbish their homes.



Home renovation loan

If families don't have own resources, the government's home renovation loan serves to finance any costs incurred during the modernisation or refurbishment of their properties. The loan is an incentive for families to commence their long-planned renovation works, even if they do not have sufficient savings to advance the funds for the works. A renovation loan can significantly improve families' living standards while producing an economic stimulus effect.

The state-subsidized, low-interest home renovation loan is designed for families expecting or raising at least 1 child and already having their own homes. It also provides help for those who do not have enough financial resources on their own to advance the costs of a renovation work, enabling them to claim home renovation support. If those affected decide to finance their renovation costs from the loan, they won't become ineligible for the home renovation subsidy. The home renovation loan is a type of loan up to EUR 17 thousand, with a maximum repayment period of 10 years and an interest rate of up to 3 %. It is state-subsidized, with the gap between market interests and the 3 % being reimbursed by the state to the financial institutions. According to information provided by financial institutions, the government's home renovation loan has generated a fierce interest in borrowing.

Data about the home renovation loan (1 February - 31 May 2021)

- number of received applications: 5,448
- amount of loan requests: EUR 79.2 million
- average amount per applicant: EUR 14,347
- number of contracted loans so far: 3,465
- amount of contracted loans: EUR 50.2 million

VAT reduction and VAT exemption in the case of properties bought via the government's Home Purchase Subsidy Scheme for Families (CSOK)

VAT reduction makes home creation easier. Its aim is to support housing and the procurement or construction of privately-owned properties, which also contributes to restarting the economy. It helps in reviving the construction sector by providing assistance to businesses to preserve jobs and to create new ones. Everyone buying their own home or building one though a general contractor is entitled to a reduction in VAT payments, i.e. this option is available to anyone irrespective of marital status or having children.

The VAT on newly purchased properties was dropped from 27 to 5% starting from 1 January 1, 2021. For new-build homes procured after the VAT reduction, even this 5% VAT can be reclaimed if the applicant also applies for the Home Purchase Subsidy Scheme for Families. The discount is valid until the end of 2026 if the property receives building permit by the end of 2022. The 5 % VAT on flats applies to apartments under 150 square metres and single-family homes under 300 square metres, if the building permits are obtained or authorities are notified of the construction by the end of 2022.

11% of the KINCS survey's respondents said they would make use of the reduced VAT in the future.

VAT returns for constructions relying on own financial resources

The measure governing VAT returns is also aimed at providing support for housing and helping people build privately-owned properties. The option of VAT returns is open to those who purchase building plots, or those who decide to build using their own financial resources (without a general contractor).

From 1 January 2021, families buying building plots or building homes using their own financial resources (without a general contractor) can—not

only in small settlements boasting less than 5,000 inhabitants, but also across the whole country, just like between 2016-2019—reclaim the (27%) VAT content of already issued and fully paid land purchase or construction cost receipts to the tune of EUR 14,347.

Property transfer tax exemption

The property transfer tax exemption is meant to support families' housing needs when buying new or used properties. Families who have claimed the government's home purchase subsidy for buying new or used residential properties will be exempt from their obligation to pay a 4% property transfer tax, irrespective of the property's market value and actual sales price. (This means a family can save EUR 5.7 thousand upon buying a property at a net sales price of EUR 143 thousand.)

According to the KINCS survey, those living in cities prefer to have property transfer tax reliefs. 14 % of respondents said they would use this type of tax relief in the future, when buying properties using the government's home purchase subsidy.

Attic conversion / adding a second floor

In 2021 a significant modification affecting those applying for home creation subsidies pertains to attic conversions in a bid to support and facilitate multi-generational housing solutions. The subsidy can be claimed by families who plan to live under the same roof - as grandparents, parents and grandchildren - in separate spaces.

So financial support - to the tune of the government's home purchase subsidy (CSOK) designed to aid the procurement of new-build homes - can also be claimed for attic conversions or floor additions. In case of 1 child, the amount of the subsidy is 1,721 euros. In case of 2 children, it is EUR 7.5 thousand and, in case of 3 children, it is EUR 28,695. On top of this, parents raising several children can also apply for a so-called CSOK-loan – with state-subsidized interest rates – to the tune of EUR 28,695 or 43,042. Estab-

lishing a separate dwelling space means the creation of an apartment "with exclusive usage rights, accessible from a stairwell or an open staircase and having an own entrance", whose owner can only be the claimant of the home purchase subsidy. In the case of 1, two or three and more children, residential lofts (or attics) must have a useful floor space of 40, 50 and 60 square metres, respectively.

According to the KINCS survey attic conversion is the most popular among those with lower education levels and those aged 30 to 50. 8% of those surveyed would take out the CSOK loan for attic conversion.

Expanding family policy even during the pandemic

In 2020, in order to mitigate the effects of the coronavirus pandemic, the government further expanded its family support schemes and benefits designed to support generations. This is a radically different type of crisis management than the one Hungarians were used to before 2010, becauseduring the global financial crisis of 2008–2009 several resources were withdrawn from families.

Besides the economic measures aimed at preserving jobs, the government has announced a number of new options for families, providing favourable solutions for those raising children, for mothers giving birth, for young and old alike.

Loan moratorium

With the loan moratorium, the government's aim is to mitigate the potential negative effects of the pandemic and the economic downturn, and reduce the financial burdens of Hungarian people. It is available to those who - under a contract already in effect on 18 March 2020 - have valid and disbursed retail credit-, loan-, or lease agreements, as well as employee loans.

Based on loan moratorium rules, claimants of disbursed loans are not required to pay instal-

ments from 19 March 2020 to 30 June 2021. The suspension of repayments affects loans disbursed until 18 March 2020. During the loan moratorium, borrowers are exempt from making any principal, interest or fee payments, meaning they have no repayment obligations until this year's end. The same applies to the repayment of prenatal baby support loans and so-called CSOK loans (loans tied to the government's home purchase subsidy) disbursed before 18 March. During the loan moratorium borrowers are also exempt from paying guarantee fees, while the home purchase subsidy scheme state-subsidized interest rates - available for a maximum duration of 25 years - can be prolonged to reflect the length of the moratorium.

By mid-February 2021, 1.5 million families applied for the loan moratorium, which EUR 8.6 billion with families and businesses. The moratorium applies to 57% of consumer loans and 41% of corporate loans at the moment. By the end of June 2021, those affected are expected to be temporarily relieved of a total repayment obligation of EUR 8.6 billion (the amount of instalments they did not have to pay during this period). The moratorium currently affects 2.3 million consumer loan agreements. (This may involve cases when one person has several loans, meaning the number of those entitled is lower)

CSED 100

The increase in the amount of the infant care allowance (CSED) serves to ensure that having a child is not a disadvantage, but an advantage, putting families with children in a better financial situation.

The infant care allowance is available to mothers who have been insured for at least 365 days in the two years before giving birth. The infant care allowance is also available to adoptive parents. The infant care allowance is estimated to affect around 80 thousand families each year.

Starting from 1 July 2021, the amount of the infant care allowance was raised to 100% of the claimant's gross salary from the earlier 70%. Recipients of the infant care allowance are only required to pay personal income tax, without any pension and social security contributions. Recipients will be able to combine the infant care allowance with the PIT relief for under 25s. This means they will be exempt from paying PIT on CSED, making their infant care fee entirely tax-free. This enables them to receive, through the infant care allowance, 150 % of their earlier, taxable salaries.





PIT exemption for under 25s

The measure introducing PIT exemption for young people supports employees aged under 25 and aims to help young adults who are planning to start a family. Its goals include promoting the independence of young people and increasing employment among the youth. Moreover, it can improve the quality of life of young people and whiten employment. It is conceivable that this type of PIT relief will encourage more people to take up employment sooner. The PIT relief for under 25s can also make the recovery from the economic effects of the coronavirus pandemic shorter and easier. It could help to increase employment in the short term and boost economic growth over the long haul.

PIT exemption for under 25s is one of the key elements of the government's action plan to restart the economy. The measure's planned introduction date: 1 January 2022 In line with the proposed legislation, from 1 January 2022 under 25s will, to the tune of the gross national average monthly salary registered last July—which was EUR 1,152 in July 2020—become exempt from their personal income tax payment obligations.

According to employment statistics, the measure is expected to affect 280 thousand young people. In case of an average salary, the exemption leaves

up to an additional monthly 11.8 euros, and nearly 1434 euros more per year with those affected. This means an increase of around 23% in young people's income compared to the current situation.

The representative survey conducted by KINCS in February 2021,47 which also examined how the PIT relief for under 25s was received, reveals that 83 % of respondents have already heard about plans to provide full PIT relief for under 25s, starting from 2022. The measure is supported by 78% of respondents while almost as many, 77%, also find it useful. The majority, 76%, believe that this will be a significant help for young people to start their lives or have families, as the measure enables them to save more money. Six out of ten respondents say the measure will have a positive impact on the economy and the labour market: it will encourage more young people to work, which can contribute to economic growth. 57% of respondents agreed that the PIT relief will reduce unemployment among the youth.

Századvég Foundation also examined the views of Hungarian people on providing a tax relief for under 25s.⁴⁸ More than two-thirds (70 %) of those surveyed agree that young people under 25 in employment should enjoy income tax relief as a means to help them find a job and start their lives.

⁴⁷ Fiatalok szja mentességének és 13. havi nyugdíj visszavezetésének fogadtatása, KINCS 2021 (Reception of the personal income tax exemption for under 25 and the reintroduction of the 13th month pension. KINCS, 2021) https://www.koppmariaintezet.hu/docs/gyors-jelent%C3%A9s_fiatalok%20SZJA%20mentess%C3%A9g%C3%A9nek%20%C3%A9s%2013.%20havi%20nyugd%C3%ADj%20visszavezet%C3%A9%C3%A9snek%20meg%C3%ADt%C3%A9l%C3%A9se%2020210225.pdf

⁴⁸ A magyarok jelentős többsége támogatja a fiatalok jövedelemadó-mentességét, Századvég Alapítvány, 2021 (The great majority of Hungarians support the personal income tax exemption for under 25, Századvég Foundation, 2021) https://regi.szazadveg.hu/hu/kutatasok/az-alapitvany-kutatasai/piackutatas-kozvelemeny-kutatas/a-magyarok-jelentos-tobbsege-tamogatja-a-fiatalok-jovedelemado-mentesseget



In terms of age groups, the planned measure is the most popular among respondents aged 18 to 24 (90%), but nearly three quarters of those aged 25 to 29 and those over 65 (74–74%) support the personal income tax exemption of under 25s.

13th month pension, again

The government's pension policy is based on the principle that retirees should also benefit from the progression of domestic economic trends, so they are rebuilding, step by step, what has been abolished by left-wing governments. The reintroduction of the 13th month pension is a token of high appreciation for the elderly, which contributes to improving their quality of life and creating a sense of security in an old age. This additional amount is available for those who – for at least one day in 2020 and throughout January 2021 – received either an old-age pension, a widow(er)'s pension, an orphan's allowance, a parental pension, an accidental survivor's benefit or an agricultural annuity.

One element of the economy protection action plan announced on 6 April 2020 is the Family and Pensioner Protection Programme, under which the government will gradually reintroduce the 13th month pension in many steps. In February 2021, those affected received an additional 25% of their pensions, i.e. a weekly extra benefit. Pensioners will receive 50% of their monthly pensions in 2022, 75% of their monthly pensions in 2023 and - from 2024 onwards - they will receive one full monthly pension's worth each year, in the form of this added benefit.

The reintroduction of the 13th month pension affects 2.6 million people in 2021. In February 2021, receiving the first instalment of the 13th month pension meant an average EUR 108 in additional income for Hungarian pensioners. The Budget Act of 2021 spends an additional EUR 221 million on this purpose. The budgetary impact of the reintroduction of the 13th month benefit could thus affect 0.15% of the GDP in 2021, which could rise to 0.6% of the GDP by 2024. The extent of this 13th month benefit is determined by the amount of the monthly pensions. Looking at all the beneficiaries, the average pension may be around EUR 384.5 in 2021, plus an additional benefit of around EUR 97.6 disbursed at the beginning of 2021.⁴⁹

⁴⁹ A Magyar Nemzeti Bank: Költségvetési jelentés. A 2021.évi költségvetési törvény 2021 elemzése (Hungarian National Bank: Tha analysis of the 2021 budget law) https://www.mnb.hu/letoltes/ko-ltse-gvete-si-jelente-s-2020-hun-0723.pdf

Thanks to Hungary's economic growth, the government decided to maintain - besides reintroducing the 13th month pension - the so-called pension premiums introduced by the former government during the 2008 financial crisis, when 13th month pensions were abolished. If the GDP growth exceeds 3.5%, pensioners can also receive a pension premium in November and the central budget for 2021 includes a provision of EUR 153 million for the payment of the benefit.

According to a representative survey conducted by KINCS in February 2021, Hungarians accept and appreciate the extra benefits for the elderly. The majority of Hungarians, 88%, have already heard about the reintroduction of the 13th month pension, and the vast majority (84%) find the measure useful. Half of those surveyed say the pension system provides appreciation for senior citizens. 77% claim that it's of great help to them and 58% argue that it helps maintain their standard of living. Overall, the 13th month pension is considered useful by all age groups, with no difference of opinion between younger and older generations.

Increased support for single-parent families

Considering families raising children, the pandemic has had the most adverse effect on single-parent families, so in 2022 the government will introduce new measures to help single parents raising children, in the form of a package designed to assist single-parent families.

Restructuring the child support scheme

As a proclaimed objective, the awarded child maintenance fees must reach every entitled parent and no child should live in deprivation because the other parent fails to pay the fees. For this reason, the government has decided to take steps to improve the living conditions of single-parent families in order to:

- increase the efficiency of child maintenance fee lawsuits,
- make the recovery of child maintenance fees both faster and more efficient,
- and to make legal regulation on the advancement of child raising support more favourable.

Under the previous regulation, the child raising support - as a type of state subsidy - could only be advanced to a single parent if the other parent failed to fulfil his or her obligation and the family's monthly per capita income was less than twice the all-time lowest amount of the old-age pension. Advance disbursement of the child raising support can only be claimed after unsuccessful judicial enforcement and 6 months of irrecoverability. Following this, the advanced monthly amount to be disbursed by the state is capped at a minimum of 50% of the old-age pension. From 1 January 2022, in the case of every child, the state provides identical child raising support access by scrapping the income threshold prescribed as an eligibility requirement for the advancement of child raising support. This means that, from 2022, the support can be claimed irrespective of any family's per capita income. Going forward, no family can miss out on this support because of a few excess forints, and every single-parent family with irrecoverable child raising support demands will be able to use this option. The proposal promotes easier access to the child raising support, as claimants will only have to prove 3 months of irrecoverability, instead of the earlier 6.

The upper limit of the advanced child raising support will be capped at 30% of the minimum wage from 2022. This means the maximum amount advanced by the state will see a more than threefold increase (by approx. 3.5-times, from EUR 40.9 to EUR 144), and that - as the minimum wage increases - the child raising support's upper cap will also increase.

Increasing the orphan's allowance

If the deceased parent had social security coverage and completed the length of service necessary for the allowance, his or her widow(er) and child(ren) are entitled to a relative's pension. In this way, the children of eligible parents will receive orphan's allowance. The orphan's allowance is due until the child turns 16. If the child attends full-time education at a school, vocational school or higher education institution, the orphan's allowance lasts for the duration of the studies, but only up to the age of 25. If a child becomes disadvantaged on the labour market before the end of the entitlement, he or she will remain eligible to the orphan's allowance regardless of age.

The amount of the orphan's allowance is adjusted to the deceased's claimant's income, but the law sets a maximum amount. From 1 January 2022, the minimum monthly amount of the orphan's allowance - payable after a deceased parent - will double.

Another Single Parent Centre

In Hungary, outside Budapest, the Single Parent Centre operates clubs in 11 rural and 4 cross-border settlements. Government measures helping single-parent families can be reinforced by expanding an existing good practice - the Single Parent Centre - which provides additional services to single-parent families in more vulnerable life situations, enabling an individual-centric, direct assistance. This is why, besides the existing centre in Pest, the Buda Single Parent Centre will also be established to provide services — such as lawyers, psychologists, tutoring, employment support programmes — that will be available to single-parent families throughout Budapest and its agglomeration. With the government's support, the Single Parent Centre in Buda will begin its operation on nearly 200 square meters on 21 March 2022, the International Single Parents' Day.

Smart solutions for the family – Smart Family



As part of a unique initiative even in international comparison, the Mária Kopp Institute for Demography and Families (KINCS) opened a Family Innovation Centre on 15 May, the International Day for Families. The KINCS Smart Family Centre, in cooperation with economic and social organizations, works to create as many valuable, innovative, smart solutions as possible that support families in Hungary. The institute launched the KINCS Smart Family Award 2021 initiative for start-ups to find innovations that make families' lives easier and contribute to their well-being and prosperity.





Innovation has already received attention in almost every area of life, therefore it's become essential in the lives of Hungarian families that modern, smart solutions are available and accessible. The aim of the KINCS Smart Family Centre is to create a platform that supports and catalyses solutions making the lives of families more convenient. Through supporting the smart solutions of Hungarian start-up businesses, the KINCS Smart Family Award 2021 start-up competition can contribute to giving more room for innovation in the lives of families. The goal of the KINCS Smart Family Award 2021 start-up competition is to create as many Hungarian innovations as possible that make the lives of families easier and contribute to the application of smart family solutions.

Start-ups can apply in six categories:

- Social and community innovations for family relationships
- 2. E-Health new medical technologies to keep families healthy
- 3. Education of the future modern educational technologies for different generations
- 4. Smart family homes
- 5. Family budget financial awareness in the

family

 Music and creative solutions for the family

 opportunities for entertainment and development in quality time spent together

The submitted applications will be evaluated by a professional jury, whose members include leaders of the biggest Hungarian companies, as well as academic experts.

Personal Income tax return for families in 2022

Prime Minister Viktor Orbán announced on 9 June 2021 that families raising children can, at the beginning of 2022, receive a personal income tax refund for 2021. The one-off refund was tied to the Hungarian economy achieving a 5.5% growth at least, but because GDP growth in 2021 is estimated to be around 6 to 7%, the PIT refund may provide significant assistance for families.

The measure is expected to affect 1.1 million families as - in some cases - both parents may receive a refund. This means the rebate will potentially affect as many as 1.5 million working parents. Everyone is eligible for the refund, regardless of

their income, but it will have an upper cap. The refund's upper limit was determined based on the PIT content of the average monthly wage (gross EUR 1,205), which is currently EUR 2,525 so this is the maximum amount to be claimed back by those affected. If both parents work, families can receive a refund of up to 4.6 thousand forints. Employees can claim back their actual annual personal income tax payments in the first few months of 2022, an amount reduced by the sum of other benefits (for example the family tax rebate).

According to estimates, the measure will impose an additional burden of EUR 1.58-1.67 billion on the budget, to be covered and offset by the effects of a greater-than-expected economic growth. Due to its high vaccination rate, Hungary was able to look forward to restarting its economy from a much more favourable position, so after the pandemic, the results of a rapid economic growth could directly manifest themselves in the wallets of families raising children.

The measure dovetails organically into Hungary's decade-old pro-family budgetary approach and the government remains committed to a work-based economy, where the reduction of tax burdens leaves more money with those who raise kids and pay personal income tax.

Századvég Foundation has surveyed Hungarians' views on the tax refund announced by the government: "If Hungary succeeds in achieving 5.5% economic growth in 2021, the government will return – based of the average wage – the personal income taxes of parents raising children." More than three-quarters of respondents (79%) agree that parents and families raising a child should get back their personal income taxes paid in 2021, if Hungary's economic growth reaches 5.5%. Those opposed to the planned measure are estimated to represent around 18 %. There appears to be a social consensus regarding this refund for families raising children.

Protection of children more important than ever

On 15 June 2021, Hungary's National Assembly adopted Act LXXIX of 2021, introducing tougher action against paedophile offenders and amending certain laws with a view to protecting children. The legislation was passed to introduce harsher sentencing for sex crimes against children on the one hand, and to provide effective protection for children against such crimes on the other. The rights of parents - that unauthorised people and organisations can have no say in the sexual education of their children - also had to be protected. Access to pornographic content that



promotes sexuality, homosexuality and gender reassignment for its own sake has been restricted in order to protect minors. The measures are not in conflict with the right to respect private and family life enshrined in Hungary's Fundamental Law, although Paragraph (1) of Article XVI stipulates that "every child shall have the right to the protection and care required for his or her proper physical, mental and moral development".

Stricter action against paedophile offenders includes, inter alia, the establishment of a register of paedophile offenders to help prevent them from getting close to children. By submitting a data request, people will get a chance to verify the identity of those who are in direct contact with a child, for instance whether they have ever been convicted of a sexual offense against a child. In compliance with the law, a person who commits paedophilia cannot be employed by employers providing services related to sports, leisure and entertainment activities for children. They are also banned from employment in public administration and cannot hold leading posts in politics.

In order to protect minors, the provisions of the recently adopted legislation prohibit the portrayal of pornographic content that promotes sexuality, homosexuality and gender reassignment for its own sake. When delivering classes for students on sexual culture, sex life, sexual orientation and sexual development, special attention must be paid to provisions set out in Paragraph (1) of Article XVI of Hungary's Fundamental Law.

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FAMILY HAS NO ALTERNATIVES

Ten years is a long time in the life of a man, and it appears especially lengthy in the case of children. It is a rare occasion that a political community can stay for such a long time without interruption in the governing position with two-thirds majority. This blessed situation made and makes it possible for Hungary to stand in the forefront of the family friendly movement. During the past decade, families could feel that they are not abandoned and not alone, and that their children are valuable treasures whose protection and happiness is our common goal and responsibility. Children and family are values, values that we, Hungarians, hold in high esteem.

No matter how many attacks the family should endure, no matter how much some people question the most basic rules of our lives, Hungarians will stick to a family and children-centered mindset. Children are sacred in Hungary, Prime Minister Viktor Orbán said, insisting that we will not allow anyone to hurt Hungarian families and children. The issue of protection is more pressing now than ever, because the family is being attacked in such absurd ways that we have not thought possible before. Taking a stand for certain issues - for instance in the case of eco-activists opposed to having children, or the demands of the LGBTQ movement - directly entails the repression of traditional family values. We are ready to fight these attacks. We are certain that we need a firm stance to protect the future of our children.

The family-friendly mindset will not disappear, as it is a natural aspiration for people to ensure the continuity of life. Regardless of how many are bent on interring family values, the family will always be important to most of humankind. Not solely because of reproduction, but because familv is the cradle of love. It is a community based on love which gives foundations and ideas to cherish, it protects and teaches, provides and keeps us in balance. Family, just like love, does not and cannot have an alternative.

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