

# Support for Families

## A Way to Tackle COVID-19 and Its Implications in Hungary

Éva Gellérné Lukács\*

### Abstract

*COVID-19 poses a huge challenge for families and children; their exposure to economic, social and mental hardship is considerable and is confirmed by several studies. The pandemic pushes governments to allocate resources to the economy, but it is equally important to invest in the future by supporting families and children. The article outlines general tendencies in the EU and reflects on Hungarian measures in this field. During the first, second and third waves of COVID-19, a wide range of measures were introduced in Hungary. By extending the eligibility periods of family benefits for families with small children (both social insurance contribution-based and universal benefits) approximately 40,000 families (households) were covered. During the first and second COVID-19 waves, not only did the government extend benefit eligibility, but it also announced several new or renewed measures related to cash benefits and housing for families with at least one economically active parent. During the third wave eligibility periods of family benefits have again been extended. On the other hand, the unemployment benefit system remained intact, labor market pitfalls were addressed by providing wage subsidies.*

**Keywords:** family, children, vulnerable groups, social protection, housing benefits, labor market.

### 1. Introduction

COVID-19 hit Hungary in January 2020. By the end of that month, the 'Operative Corps', jointly led by the Minister of the Interior and the Minister of Human Resources, had been established to coordinate the national response to

\* Éva Gellérné Lukács: senior lecturer, ELTE Law School, Budapest; external expert, Kopp Mária Institute for Demography and Families, Budapest.

the coronavirus pandemic.<sup>1</sup> Following the WHO's assessment that COVID-19 could be defined as a pandemic on 11 March 2020, the Hungarian government declared a state of emergency on the same day (11 March 2020).<sup>2</sup> It was lifted in mid-June 2020, but an 'Epidemiological alert' remained in place, authorizing the government to uphold restrictions.<sup>3</sup> Strict travel restrictions were imposed at the end of August,<sup>4</sup> and, due to the rapid spread of the virus, the state of emergency was reintroduced in November (still in force probably until autumn).<sup>5</sup> Until April 2021 it meant strict curfew orders, social distancing protocols and the closure of schools and several service providers.<sup>6</sup> Full closure has been lifted gradually from 19 April 2021, but protective measures remained in place, in particular rules that grant access to indoor services only for those who possess a vaccination certificate.<sup>7</sup>

The Hungarian government has passed extraordinary measures to deal with the economic and social impact of the virus during 2020-2021.<sup>8</sup> At the macro level, public expenditure increased by HUF 2,920 billion during 2020, compared with 2019.<sup>9</sup> By the end of December 2020, other general government sector expenditures had surpassed the previous year's level by HUF 2,169 billion (by 56.3%) mainly due to the regulations adopted to reduce the economic impacts of the coronavirus pandemic. Additional costs emerged, among others, as direct costs in the health care sector (vaccinations, public procurement, wage support

- 1 Government Decision No. 1012/2020. (I. 31.) on the Establishment of the Operative Corps responsible for the Prevention of the Coronavirus Epidemic. The Operative Corps was and continues to be (April 2021) in charge of proposing the necessary medical and epidemiological measures to protect the population and to coordinate the activities of other state bodies. The members of the Operative Corps are the National Chief Medical Officer, directors of the police, the Counterterrorism Centre, the National Ambulance Service, the National Healthcare Service Centre, the National Directorate of Disaster Management, the National Directorate-General for Aliens Policing and the South Pest Central Hospital.
- 2 Government Decree No. 40/2020. (III. 11.) declaring a state of emergency.
- 3 Act LVII of 2020 on the Termination of the State of Emergency as of 17 June 2020; Act LVIII of 2020 on the Transitory Rules in Connection with the Termination of the State of Emergency and about the Epidemiological Alert as of 17 June 2020; Government Decree No. 283/2020. (VI. 17.) on the introduction of the Epidemiological Alert.
- 4 Government Decree No. 407/2020. (VIII. 30.) on the temporary reintroduction of border control; Government Decree No. 408/2020. (VIII. 30.) on travel restrictions during the period of the Epidemiological Alert.
- 5 Government Decree No. 478/2020. (XI. 3.) declaring a state of emergency.
- 6 Accommodation and food services sector and indoor sport and entertainment facilities.
- 7 Government Decree No. 166/2021. (IV. 7.) on extending protective measures; Government Decree No. 60/2021. (II. 12.) on evidencing protection against coronavirus; Government Decree No. 194/2021. (IV. 26.) amending the Government Decrees governing the protection measures to be applied in the event of an emergency, with a view to the third stage of the phasing-out of protection measures.
- 8 Government Decree No. 140/2020. (IV. 21.) on tax relief to mitigate the negative economic effects of the COVID-19 pandemic within the framework of the Action Plan on Protecting the Economy; Government Decree No. 484/2020. (XI. 10.) on the second wave of measures applicable during the state of emergency. See István Balázs *et al.*, 'Veled Uram, de nélkülöd' – Állam, önkormányzatok, munkáltatók a koronavírus idején', *Magyar Tudomány*, Vol. 82, Issue 5, 2021, pp. 625-634.
- 9 See at [www.ksh.hu/gyorstajekoztatok/#/en/document/krm2012](http://www.ksh.hu/gyorstajekoztatok/#/en/document/krm2012).

for health care workers), financial support for public service providers, wage subsidies and social assistance benefits. Altogether approximately 67 per cent of the upsurge was related to COVID-19 in 2020.

Several targeted measures were passed to halt the spread of COVID-19, to maintain and restore employment and to support families, in particular families with small children and large families. Eligibility periods of family benefits for families with small children (both social insurance contribution-based and universal benefits) were extended. Level of cash-benefits were raised, and new or renewed measures related to housing of families were introduced. This article seeks to highlight the approach that has been chosen by Hungary in tackling COVID-19, namely, to specifically reinforce support for families instead of cutting them. The article also aims at interconnecting Hungarian measures with strategic EU legal documents that have recently been passed and which strongly encourage Member States to adopt measures to mainstream families and children.

## 2. Scene Setter – Families, Children and EU Policies

### 2.1. Societal Challenges of COVID-19

The European Pillar of Social Rights Action Plan,<sup>10</sup> which was adopted on 4 March 2021 to provide for the effective implementation of the European Pillar of Social Rights (Pillar)<sup>11</sup> and which was endorsed by the European Council on 8 May 2021 in the Porto Declaration<sup>12</sup> pinpointed that “Competitive sustainability is at the heart of Europe’s social market economy, striving for a sustainable and inclusive growth model that delivers the best for people and the planet.”<sup>13</sup> The EU flagship initiative in the social arena is without doubt *the Pillar that sets out 20 key principles for a strong, fair and inclusive Europe*. The right to quality and inclusive education, training and lifelong learning is proclaimed as its first principle. Principle 11 is ‘Childcare and support to children’ which proclaims children’s opportunities to have the right to affordable early childhood education, care of good quality, as well as the right to protection from poverty and the right to specific measures to enhance equal opportunities. These are the cornerstones to create a fair, “stronger and more innovative Europe”.<sup>14</sup> *Social Europe is a key concept*:<sup>15</sup> 88% of Europeans said in the Eurobarometer survey that they considered a social Europe to be important to them personally (issues such as

10 See at <https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/>.

11 See at [https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en).

12 See at [www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/](http://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/).

13 European Pillar of Social Rights Action Plan, p. 3.

14 *Together for Europe’s Recovery. Program of the German Presidency*, 1 July to 31 December 2020, at [www.eu2020.de/blob/2360248/e0312c50f910931819ab67f630d15b2f/06-30-pdf-programm-en-data.pdf](http://www.eu2020.de/blob/2360248/e0312c50f910931819ab67f630d15b2f/06-30-pdf-programm-en-data.pdf).

15 Catherine Barnard, ‘EU Employment Law and the European Social Model: The Past, the Present and the Future’, *Current Legal Problems*, Vol. 67, Issue 1, 2014, pp. 199-237.

equal opportunities, access to the labor market, fair working conditions and social protection).<sup>16</sup>

The European Council (Social Summit) in Porto welcomed the new EU headline targets for jobs, skills and poverty reduction, namely (i) at least 78% of the population aged 20 to 64 should be in employment by 2030; (ii) at least 60% of all adults should participate in training every year; and (iii) the number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030. The European Council also stressed that it is

“committed to reducing inequalities, defending fair wages, fighting social exclusion and tackling poverty, taking on the objective of fighting child poverty and addressing the risks of exclusion for particularly vulnerable social groups.”<sup>17</sup>

The EU and Member States will work hard together to achieve these objectives, and by looking into the future, they are devoted to creating more and better jobs for all within the framework of an inclusive recovery.

The positive approach of the Porto Declaration is essential because Europe’s social fabric has been put to a serious test by the COVID-19 pandemic. The achievement of the UN SDG targets is threatened.<sup>18</sup> When COVID-19 hit Europe, governments were forced to introduce mitigating measures which, indeed, were largely similar. A large majority of EU Member States introduced schemes to pay a proportion of the wages of employees who have been at risk of being made redundant, some Member States granted financial support for unemployed people or people on sick leave or for certain societal groups, like the elderly or care-givers.<sup>19</sup>

Emergency measures assisted well the EU Member States to absorb COVID-19 without an irreparable shock on the labor market. According to statistics however, 23 out of 27 EU Member States had lower employment rate in Q4 2020, compared with Q4 2019. After a sharp fall from 73.2% in the fourth quarter of 2019 to 71.7% in the second quarter of 2020, the EU employment rate went up to 72.6% in the fourth quarter of 2020.<sup>20</sup> Not all age groups were affected equally by the COVID-19 crisis. Young people aged 15-24 experienced the largest drop in employment and the greatest increase in labor market slack

16 *Special Eurobarometer 509: Social issues*, March 2021, at [https://data.europa.eu/data/datasets/s2266\\_94\\_2\\_509\\_eng?locale=en](https://data.europa.eu/data/datasets/s2266_94_2_509_eng?locale=en).

17 The Porto Declaration, para. 9, at [www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/](http://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/).

18 *The Likely Impact of COVID-19 on the Achievement of SDG 8*, ILO, 2021, at [www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/publication/wcms\\_770036.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_770036.pdf).

19 *Coronavirus Pandemic in the EU – Fundamental Rights Implications*, European Union Agency for Fundamental Rights, 2020, p. 9.

20 *Employment – Quarterly Statistics*, Eurostat, 2021, at [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment\\_-\\_quarterly\\_statistics#Employment\\_overview\\_in\\_2020\\_in\\_the\\_EU\\_and\\_the\\_Member\\_States](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment_-_quarterly_statistics#Employment_overview_in_2020_in_the_EU_and_the_Member_States).

during the health crisis when compared with other age groups.<sup>21</sup> Young people and young workers are the most sensitive to changes hence they are usually less experienced career starters, know less and earn less.<sup>22</sup> But at the same time, they are one of the most important age cohorts in many respects, because this is the stage in life when they leave home and start creating their own family life, including having children. Instability and uncertain future prospects can have undesired consequences for them.

In addition to young people, COVID-19 added to the hardship of vulnerable societal groups. Those highly affected by poverty or social exclusion usually include single parents (47.7%), families with multiple children, as well as the Roma and persons with disabilities.<sup>23</sup> The restrictions on work adopted because of COVID-19 adversely affected those who are particularly vulnerable to reductions in income, namely women, single parent families, migrant families, those working in precarious work conditions, and anyone living in, or at risk of, poverty.<sup>24</sup> This in turn has an impact on families and children living in these households.<sup>25</sup>

## 2.2. EU Strategic Documents during the COVID-19 Pandemic

In the second half of 2020 and in the first quarter of 2021 the EU adopted several strategies and action plans, that are the follow-ups of the Pillar and include measures in the light of COVID-19. The documents envisage intervention areas and foster actions – supported also by EU funds – to make a difference for the life of EU citizens for the period 2020-2025.<sup>26</sup> They always expressly refer to the adverse effects of COVID-19 on families and children and always call for EU and Member State level action to counteract disruptions. These documents were submitted by the European Commission and supported fully by the European Parliament,<sup>27</sup> and also endorsed by the Council. The latter is indeed important hence a considerable part of the implementation of the foreseen actions falls upon the Member States. Issues related to families, children and also initiatives on education and employment fall to a large degree within the competence of the Member States.<sup>28</sup>

- 21 *Key Figures on the Impact of the COVID-19 Crisis on the Labour Market*, Eurostat, 2021, at [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key\\_figures\\_on\\_the\\_impact\\_of\\_the\\_COVID-19\\_crisis\\_on\\_the\\_labour\\_market](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Key_figures_on_the_impact_of_the_COVID-19_crisis_on_the_labour_market).
- 22 Daphne Ahrendt et al., *Living, Working and COVID-19*, Eurofound, 2020.
- 23 *European Semester Thematic Factsheet: Social Inclusion*, European Commission, 18 May 2018, p. 4.
- 24 Laura Gyenyey, 'Mobilitási trendek Európában, különös tekintettel Magyarország helyzetére', in Péter Smuk (ed.), *Társadalmi fenntarthatóság*, Ludovika Egyetemi Kiadó, Budapest, p. 1156.
- 25 *Coronavirus Pandemic in the EU – Fundamental Rights Implications 2020*, p. 19.
- 26 EU Roma strategic framework for equality, inclusion and participation for 2020-2030, 7 October 2020, COM(2020) 620 final; A Union of equality: EU anti-racism action plan 2020-2025, 18 September 2020, COM(2020) 565 final; Action Plan on Integration and Inclusion (2021-2027), 24 November 2020, COM(2020) 758 final; Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030, 3 March 2021, COM(2021) 101 final.
- 27 EP resolution of 11 March 2021 on children's rights with a view to the EU Strategy on the Rights of the Child, 2021/2523(RSP).
- 28 See Sára Hungler et al., *Az Európai Unió szociális és munkajoga*, ELTE Eötvös, Budapest 2020.

Regarding young people, on 20 October 2020 the Council reinforced the *Youth Guarantee*, which aims to secure a smooth transition from school to work and support labor market integration.<sup>29</sup> This has been the follow-up of Council Decision (EU) 2019/1181, and in particular Guideline 6, which called upon Member States

“to continue to address youth unemployment and the issue of young people not in employment, education or training (‘NEETs’) through prevention of early school leaving and structural improvement in the school-to-work transition.”<sup>30</sup>

The Youth Guarantee recommends Member States to make employment and start-up incentives work, “to use targeted and well-designed employment incentives, such as wage subsidies, recruitment incentives (‘bonuses’), reduction of social security contributions, tax credits or disability benefits, and start-up incentives in order to create good quality opportunities for the sustainable integration of young people into the labor market.”<sup>31</sup> It was deemed necessary hence the COVID-19 pandemic “is likely to bring back dramatically high youth unemployment and NEET rates.”

Almost at the same time, on 25 September 2020 *the European Education Area has been launched*

“where learning mobility is the norm, where universities can work seamlessly across borders, where it is normal to speak two languages in addition to the mother tongue, where school and higher education diplomas are automatically and mutually recognized, where everyone feels they belong, irrespective of their background and where Europe would become a continent of excellence in education and research.”<sup>32</sup>

Clearly, mobility of young students or trainees can also be a tool in mitigating the loss of human capital and in tackling intergenerational transmission of poverty throughout the EU.

Regarding work-life balance, in addition to Directive 2019/1158,<sup>33</sup> on 5 March 2020, *the Commission adopted its Gender Equality Strategy 2020-2025*.<sup>34</sup> It thrives for equal sharing of childcare responsibilities between parents and stresses that the promotion of equality between women and men is a task for the

29 Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee (Youth Guarantee).

30 Council Decision (EU) 2019/1181 of 8 July 2019 on guidelines for the employment policies of the Member States.

31 Youth Guarantee, para. 15.

32 Commission communication on achieving the European Education Area by 2025, COM(2020) 625 final.

33 Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.

34 A Union of Equality: Gender Equality Strategy 2020-2025, COM(2020) 152 final.

EU, in all its activities, required by the Treaties. The COVID-19 pandemic had a disproportionate socio-economic effect on women in this regard: social distancing, working from home, permanent childcare, home-schooling-related duties and domestic work put women under significant pressure from several directions.<sup>35</sup>

Regarding children, on 24 March 2021 the Commission adopted the *first comprehensive EU Strategy on the Rights of the Child for 2021-2024*, as well as a proposal for a Council recommendation establishing a European Child Guarantee. This is highly necessary because 18 million children or 22.2% of children in the EU were growing up at risk of poverty and social exclusion according to Eurostat data from 2019 and this figure is likely to increase due to the socio-economic consequences of COVID-19.<sup>36</sup> One in four children in the EU grows up in vulnerable families that need support to break the cycle of poverty.

“The increased economic insecurity for many families, with parents risking to lose or actually having lost their jobs, has produced negative consequences for a large number of children, with those from already low-income or socially marginalized families suffering the most.”<sup>37</sup>

The protection of children and young people and smooth transition from school to work are issues that are of outstanding importance for European societies. It is imperative that in these areas policy debates in the EU be inclusive and dedicated also to nurture Member States’ best practices. Commission President von der Leyen flagged in her speech to the European Parliament, held on 20 January 2021:

“Change towards a greener, fairer and more inclusive future will entail short-term costs and challenges. That is why it is so important to accompany the change and to help communities and individuals adjust to the new world. This requires keen attention to social issues. The European Pillar of Social Rights should be implemented at EU and Member State level, with due regard for respective competences.”<sup>38</sup>

It can’t be overlooked, however, that even though the pandemic caused unprecedented economic and social damage by peacetime standards, Europe has long been facing serious societal challenges. The most striking one is demographic ageing which is followed by (or coupled with) economic and social inequalities. Statistics and summaries pinpoint that the number of children in the household has regrettably become a poverty risk. In the EU, compared with a childless

35 Réka Geambaşu *et al.*, ‘Qualitative Research on Hungarian Mothers’ Social Situation and Mental Health During the Time of the COVID-19 Pandemic’, *Corvinus Journal of Sociology and Social Policy*, Vol. 11, Issue 2, 2020, pp. 151-155.

36 *Supporting Families and Children Beyond COVID-19 – Social Protection in High-Income Countries*, UNICEF, 2020.

37 *COVID-19 Pandemic Responses*, Council of Europe, Strasbourg, 2020, p. 7.

38 See at <https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/>.

household with two adults, a two-adult household with two children cost about 40% more.<sup>39</sup> Consequently, it is capable of increasing the risk of poverty, even without COVID-19.

### 3. The Hungarian Perspective

In Hungary, the years of the 2008-2010 economic crisis hit families the hardest. That time family allowances were cut, family tax credits and housing allowances were abolished, and the paid childcare period was shortened.<sup>40</sup> In 2011, Act CCXI of 2011 on the Protection of Families was passed, the underlying idea of which is that *family and having children should not be a risk of poverty*.<sup>41</sup> Supportive family policies have been a priority in Hungary ever since. An important goal is to achieve a better standard of living for families with children in financial terms than if they had not had children.<sup>42</sup>

In the last decade Hungarian family policy has been newly shaped and it has a remarkable feature: work-related family benefits have become significantly more valuable, the emphasis of support has shifted strongly towards employment-related and wage-related benefits.<sup>43</sup> At the same time the objective goes beyond strict income-replacement, the family support system is of holistic nature, which in addition to the classic cash benefits and benefits in kind also encompasses benefits on a wider horizon, it provides – among other things – considerable housing benefits to buy a home or car acquisition subsidies for large families.<sup>44</sup>

While the proportion of inhabitants born outside the EU has overall increased over recent years,<sup>45</sup> it varies across Member States. It is around 10% or above in Austria, Croatia, Estonia, Germany, Latvia, Luxembourg, Malta, and Sweden, while it is below 3% in Bulgaria, Czechia, Hungary, Poland, Romania, and Slovakia.<sup>46</sup> It means that the target group of Hungarian family policies is rather homogenous in cultural and religious terms.

COVID-19 put the horizontal and intersectoral goals of Hungarian family policy to a test hence the above-mentioned *holistic approach requires considerable*

39 *Child Poverty and Social Exclusion: Investing in Children and Their Well-Being*, The Social Protection Committee, 2014.

40 Tünde Fűrész & Balázs Molnár, 'A családbarát Magyarország építésének első évtizede az Európai Unióban', *Kapocs*, 2020/3-4, pp. 3-11.

41 Act CCXI. of 2011 on the Protection of Families, preamble.

42 Balázs Molnár, 'Foglalkoztatottak gyermekvállalását és gyermeknevelését segítő ellátások Magyarországon', *Munkajog*, 2021/1, pp. 64-71.

43 Zsuzsa Makay, 'Családtámogatás, női munkavállalás', in Judit Monostori *et al.* (eds.), *Demográfiai Portré 2018. Jelentés a magyar népesség helyzetéről*, KSH Népeségstudományi Kutatóintézet, Budapest, p. 83.

44 *Id.* p. 71.

45 At the end of 2019, most residence permits in the EU were issued for the following reasons: family (38%), work (17%), asylum (9%), education (1%) and other (32%). See Eurostat, Residence Permits Data. See also at [https://ec.europa.eu/info/strategy/priorities-2019-2024/promoting-our-european-way-life/statistics-migration-europe\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/promoting-our-european-way-life/statistics-migration-europe_en).

46 Action Plan on Integration and Inclusion (2021-2027), 24 November 2020, COM(2020) 758 final, p. 3.

*financial resources from the state budget, which however suffered immediate shrinkage due to the pandemic. According to preliminary data, the deficit of the general government sector in 2020 was HUF 3,870 billion, 8.1% of GDP.*<sup>47</sup>

Already in May 2020 the Hungarian State Audit Office stressed the importance of maintaining the support of families instead of cutting back benefits:

“The analysis shows that the significant decline in the number and proportion of people living in poverty between 2010 and 2018 was mainly due to a significant increase in employment and a concomitant decline in unemployment. The loss of jobs due to the epidemic therefore poses a serious risk to maintaining the progress made in reducing poverty. It is therefore appropriate for economic protection measures to give priority to encouraging the retention of jobs and the creation of new ones. *In order to avoid an increase in the proportion of people living in relative poverty, it is justified to continue the priority support for families with children and to gradually introduce a 13-month pension.*”<sup>48</sup>

In 2020 and 2021 extraordinary measures have been introduced in the social protection system to prevent the marginalization of people with low income and/or who have young children in Hungary. Support of families with children was imperative because “The two most important institutions and scenes for the reproduction of poverty are the education system and the family.”<sup>49</sup>

The distortions of the labor market caused by the COVID-19 crisis were addressed by other means, namely tax reliefs and deferrals of social security contributions as well as wage supplement schemes.<sup>50</sup> *No changes were introduced in the unemployment benefit system which corresponds to the long-term target of Hungary, namely, to support those who are economically active or make all efforts to become employed. This article intends to present the main features of Hungarian crisis management: first the social implications of COVID-19 will be examined, followed by focusing on some distinct aspects of labor market challenges.*

47 See at [www.ksh.hu/gyorstajekoztatok/#/en/document/krm2012](http://www.ksh.hu/gyorstajekoztatok/#/en/document/krm2012).

48 Gyula Pulay & Júlia Szappanos, *A COVID-19 járvány közpénzügyi hatásainak értékelése*, Állami Számvevőszék, Budapest, 2020, p. 8.

49 Andrea Rácz, ‘Social Exclusion in Hungary from a Child Perspective’, *International Journal of Child, Youth and Family Studies*, Vol. 6, Issue 3, 2015, p. 459.

50 Gyula Pulay et al., *A járványhelyzettel összefüggő gazdaságvédelmi akcióterv munkaerőpiacra gyakorolt hatásai*, Állami Számvevőszék, Budapest, 2020.

### 3.1. Social Implications in Hungary

#### 3.1.1. Family Benefits

Family benefits can be – as a rule – twofold: universal or contribution-based benefits, and both cash and in kind in these baskets.<sup>51</sup> Universal financial transfers are due to basically everyone having children – these mainly aim at decreasing poverty and inequality.<sup>52</sup> On the other hand, according to EU statistics, the vulnerability of children is largely driven by the labor market status of their parents.<sup>53</sup> Contribution-based benefits for economically active parents help these parents to start or continue their professional career and also to raise their children. Labor market activity is important also in avoiding the so-called inactivity trap, namely that the existence and amount of family support is an incentive to stay at home rather than to orient the parents towards the labor market.

In Hungary, parents are entitled to a *monthly family allowance* (35 EUR per month). The family allowance is a universal benefit and paid, as a general rule, until the child reaches 18 years of age. Additionally, families are entitled to child care allowance (GYES), which is granted to all mothers without eligibility testing until the age of three of the child. The amount of the child care benefit is equal to the minimum amount of old-age pension, which is approximately 90 EUR per month.<sup>54</sup> GYET (early childcare supplement) is another benefit, which is the continuation of GYES if the family raises 3 (or more) children and the smallest is under the age of 8. The universal nature of these benefits has not changed in the last decades, however, the personal scope of GYES has been extended to include grandparents in 2001 and a very important material restriction was lifted in 2013.<sup>55</sup> Prior to 2014, mothers were not entitled to take up work during the payment of the GYES, since 2014 they have been able to pursue paid activities and receive the benefit at the same time.

There are *benefits that require preliminary insurance periods* (contribution-based benefits). If the mother has had 365 days of social security coverage within the 2 years before the child was born, baby-care allowance (CSED) is offered for 168 days, amounting to 70% of the salary earned prior to the child was born, whereby no cap applies. CSED is a maternity benefit. CSED is followed by child care allowance (GYED) that is available from the 169th day until the child reaches the age of two: this is already a family benefit. It amounts to 70% of the salary earned prior to the birth of the child but is a capped at 700 EUR / month and is

51 Csaba Dani & Éva Gellérné Lukács, 'Hazai szabályozás uniós kitekintéssel: családok szociális ellátása; öröklési jog az Európai Unióban', in Orsolya Szeibert (ed.), *Család, gyermek, vagyon: A joggyakorlat kihívásai. Családjogi tanulmánykötet*, HVG-ORAC, Budapest, 2012, pp. 481-496.

52 E.g. the effects of the new Polish benefit. Iga Magda et al., 'The "Family 500+" Child Allowance and Female Labour Supply in Poland', *IBS Working Papers*, 2018/1.

53 *European Semester Thematic Factsheet*, p. 3.

54 Act LXXXIV of 1998 on the Support of Families.

55 Act CCXXIV of 2013 on the Amendment of Certain Legal Acts Relating to the Restructuring of Childcare Benefits, and to the Enlargement of the Benefit of Exemption from the Payment of Social Contribution Tax.

indexed annually.<sup>56</sup> It is equally true here that in 2014 the restrictions on engaging in paid activities were lifted. Of course, stay-at-home-motherhood is still an option, but the choice to return to the labor market without losing the benefit lies with the family. As of 1 January 2020, non-retired grandparents may become entitled to child care allowance if they undertake to care for their grandchild. The legal regime thereby *tries to counteract both poverty and the inactivity trap of parents*.

An important innovation has been introduced regarding CSED during COVID-19: from 1 July 2021 the amount of CSED will be increased from 70 per cent of the income to 100 per cent thereof. As a result, the unique situation will evolve that *mothers will earn a higher net income after childbirth than when they were still working*, as no social security contributions are deducted from the CSED, only personal income tax is payable. And if someone spends the childcare period with her fourth child, the amount of CSED is equal to the amount of the previous gross salary. This is a very significant financial support for families during the six months immediately following the birth of a child, as the mother is in a more financially favorable position during this period than when she was still working.<sup>57</sup>

During the first wave of COVID-19, the government *extended the eligibility period of the above-mentioned family benefits*, that would have expired during the emergency period between 1 March and 30 June 2020 for families with small children. Entitlements to GYES and GYET and also GYED were extended until 30 June 2020.<sup>58</sup> According to data collected by the Hungarian State Treasury, over 30,000 families benefitted from the extension of GYES/ GYET.<sup>59</sup> GYES and GYET are paid out to around 180,000 families monthly: with the extension approximately 2 per cent of them and 14 per cent of those already receiving benefits for small children were supported. Around 105,000 families, on average, were receiving the contribution-based benefit GYED, but there is no available data on the number of extensions during the first wave of COVID-19. The author's estimation is that around 10 per cent of child care benefits were due to expire in the period between March and June 2020, *i.e.* the extension likely covered approximately 10,000 families.

Accordingly, about 40,000 families with small children benefitted from the extension of child care allowances during the first wave of COVID-19. *No similar measures were adopted during the second wave*. During the third wave of COVID-19 the extension measures were reintroduced for GYES, GYET and GYED similarly to

56 Both CSED and GYED can be found in Act LXXXIII of 1997 on Mandatory Health Insurance.

57 Molnár 2021, p. 67.

58 Government Decree No. 59/2020. (III. 23.) on extending entitlement to certain maternity and family benefits. The end of extension was declared by Article 71 of Act LVII of 2020 on the Termination of the State of Emergency as of 18 June 2020.

59 Éva Gellérné Lukács, *Social Security in Times of Corona from a Comparative Law Perspective, Country Report: Hungary*, 2021, forthcoming, p. 71.

the first wave, reaching out to appr. 9,000 families.<sup>60</sup> The transitory regime in the first and third waves prohibited the overlap of benefits, *i.e.* no other additional benefits or allowances could be claimed by the family during the extended eligibility period.

### 3.1.2. Housing Benefits

The area of housing, as an important factor of family-planning, has been addressed by unprecedented measures in Hungary over the last decade. Regarding housing, the Hungarian situation is special: the ratio of people who rent their homes is very low in Hungary, *most people aim for home ownership*. A KINCS survey<sup>61</sup> revealed that according to Hungarians in reproductive age the most important factors that influence childbearing are: (i) a stable relationship; (ii) a secure workplace; (iii) an appropriate (own) property.

In 2015 and 2016, the government introduced a housing subsidy scheme for families (CSOK), which is available for purchasing or building a house or flat and also for purchasing and enlarging used properties.<sup>62</sup> Basically the amount of the subsidy depends on the number of children. Families that are raising three or more children, or that undertake to raise at least three children in the future (including the children they already have) may receive a one-off in-cash subsidy of approximately 30,000 EUR for a new house or flat. In addition, they are eligible to another 45,000 EUR residential loan with a state-subsidized interest-rate. Since 2018 the housing allowance covers families with two children as well. An important eligibility condition is that the applicant shall have social insurance coverage prior to the receipt of CSOK. Access to CSOK thereby is connected to legal labor market participation and payment of social security contributions. Every second CSOK contract is concluded by parents who plan on having another child in the future, hence, the birth-promoting effect of CSOK is very significant for Hungary,<sup>63</sup> in addition to the housing market stimulus effect. In the period from January 2016 to December 2020, the number of CSOK disbursed by credit institutions was almost 156 thousand, amounting to HUF 386 billion.<sup>64</sup>

As from 1 July 2019, a new type of an interest-free loan has been made available for married couples where the wife is between the ages of 18 and 40, in an amount of maximum 30,000 EUR. If the couple has a child, repayment will be suspended for 3 years at the time of the birth of the child; while the repayment will be suspended for another 3 years upon the birth of a second child with 30%

60 Government Decree No. 128/2021. (III. 13.) on extension of entitlement of certain health insurance and family benefits related to the care and upbringing of the child as amended by Government Decree No. 155/2021. (III. 27.). Measures were in effect from 8 March 2021 to 7 April 2021.

61 *Intergenerációs kutatás a reprodukciós kort meghaladott idősebb generáció és a reprodukciós korban lévő fiatalok körében*, Kopp Mária Intézet, Budapest, 2019, p. 17.

62 Government Decree No. 16/2016. (II. 10.) on state subsidy for building and purchasing a new flat; Government Decree No. 17/2016. (II. 10.) on subsidy for purchasing and enlarging used flat.

63 Orsolya Béres & Tibor Papházi, 'Családi Otthonteremtési Kedvezményben (CSOK) részvesztő családok szocio-demográfiai jellemzői', *Kapocs*, 2019/1-2.

64 See at [www.ksh.hu/hir\\_210503](http://www.ksh.hu/hir_210503).

of the outstanding debt released. The entire remaining amount will be released upon the birth of the third child. Regarding already existing (old) mortgages, at the birth of the second child the government will deduct *cca.* 3000 EUR from the mortgages of parents and 9000 EUR at the birth of the third child (and subsequent 3000 EUR in the case of further live births).

The state has further bolstered CSOK during COVID-19. As of 1 January 2021, families building a two-generation house by constructing a separate flat in the attic of the house will be eligible for the full CSOK subsidy amount. The 4 percent levy for purchasing a house/flat will be abolished for CSOK properties. The VAT of newly built houses will be reduced by 22 per cent (from 27 per cent to 5 per cent), and the state will reimburse the remaining 5 per cent VAT for families that purchase their homes through the CSOK housing program. The conditions of the interest-free loan have also been adjusted to the realities of COVID-19. If the wife completed the fortieth or forty-one years of age (which is a condition for the loan) between 18 July 2020 and 10 March 2021, or during the first emergency, the couple remained entitled to the loan until the 30th day after the end of the emergency.<sup>65</sup> Additionally, a moratorium on payments of loans introduced in March 2020 to mitigate the effects of the COVID-19 pandemic had been used by 43 per cent of home loan borrowers by the end of 2020, in about 286,000 cases.

Furthermore, in order to help families living in rural areas the overarching *Hungarian Village Program boosts infrastructural and community investments in the countryside*. The Village Housing Subsidy Program supports the energy efficient housing of families living in the smallest settlements of the country.

Last but not least, in order to improve the housing conditions of families raising children, to encourage the renewal of the domestic housing stock and to whiten the construction sector, *a non-refundable home renovation subsidy* was also introduced during the COVID-19 pandemic, in November 2020.<sup>66</sup>

### 3.2. Labor Market Challenges in Hungary

#### 3.2.1. General Observations Regarding COVID-19

The European Labor Market faces challenges due to our changing world, which indeed has fed lots of discussion on the jobs of European citizens and growth over the last decade, and also as a follow-up of the Brexit referendum in June 2016.<sup>67</sup>

Digitalization and automation are putting great pressure on the labor market, and this pressure became more visible and tangible with COVID-19. According to statistics, *one-fifth of workers did ICT-based mobile work or telework*

65 See at [www.portfolio.hu/bank/20201209/tobb-konnyitest-jelentett-be-a-kormany-a-csaladta-mogatasoknal-a-koronavirus-miatt-461004](http://www.portfolio.hu/bank/20201209/tobb-konnyitest-jelentett-be-a-kormany-a-csaladta-mogatasoknal-a-koronavirus-miatt-461004).

66 Government Decree No. 518/2020. (XI. 25.) on home renovation support for families with children.

67 Éva Gellérné Lukács, 'Brexit – A Point of Departure for the Future in the Field of the Free Movement of Persons', *ELTE Law Journal*, 2016/1, pp. 141-162; Lilla Nóra Kiss, 'The Optician's Dilemma: Can All These Lenses Be Polished into the Same Frame or Do We Need New Frames, too? BREXIT: Time to Reform EU Citizenship?', *Curentul Juridic*, 2019/2, pp. 21-37.

*regularly or occasionally already in 2015.*<sup>68</sup> While for example in Denmark 38% of the workers did ICT-based or telework, in Italy it was only 8%. These proportions dramatically increased during the pandemic, as both employers and employees needed to adapt to this situation and survive the upcoming period somehow. Two sectors continued to grow (in addition to the health sector), with their net job creation at an even higher level in 2019-2020 compared with 2018-2019: the information and communication technologies (ICT) sector, and the professional, scientific and technical activities sector.<sup>69</sup> In fact, these knowledge-intensive sectors were the sole bastions of job growth across most EU Member States.

This evidences that not all sectors were affected equally by COVID-19. The occupations that revolve around social interaction and which require physical contact evidently suffered more by the lockdown, mostly because in these occupations there are limited options for working from home (teleworking). These are arts, entertainment and recreation, wholesale and retail trade, transport, accommodation and food service activities.<sup>70</sup> Other sectors were hit by different negative developments. These include the circumventing of rights to enforce (unjustified) dismissals,<sup>71</sup> the non-compliance with protective measures such as distance regulations, exposure of increased risk of infection and government-imposed adjustments to working hours, especially in the health sector.<sup>72</sup> Distortion of the labor market is the detrimental result of the pandemic, which can only be partially measured by employment statistics. People who would wish to work more or wish to pursue other occupations (like the ones prior to the COVID-19 but were lost) are statistically 'employed' but obviously their labor market situation has worsened.

*In the Hungarian labor market several significant positive changes were seen between 2010 and 2020.* In 2010, less than 3.7 million people were employed, while in 2019, more than 4.4 million people.<sup>73</sup> The unemployment rate has fallen from 11.2 per cent to 3.4 per cent over the past decade, and Hungary moved from being the country with the eighth highest unemployment in the EU to the Member State with the fourth lowest rate.<sup>74</sup> The employment rate for men rose from 65.5 per cent to 83.1 per cent.<sup>75</sup> However, perhaps more relevant now is the result that Malta alone was able to increase the level of female employment in the EU to a greater extent than Hungary. The relevant figure expanded from 54.6 per

68 See at [www.eurofound.europa.eu/news/news-articles/covid-19-could-permanently-change-teleworking-in-europe](http://www.eurofound.europa.eu/news/news-articles/covid-19-could-permanently-change-teleworking-in-europe).

69 *Benchmarking Working Europe 2020. Covid-19 and the World of Work: The Impact of a Pandemic*, ETUI, Brussels, 2020, p. 56.

70 Id. p. 21.

71 Volker Stück, 'Abmahnung und Kündigung im Zusammenhang mit Corona', *Arbeitsrecht Aktuell*, 2021/3, p. 70.

72 See at [www.economist.com/graphic-detail/2020/11/24/people-are-working-longer-hours-during-the-pandemic](http://www.economist.com/graphic-detail/2020/11/24/people-are-working-longer-hours-during-the-pandemic).

73 See at [https://ec.europa.eu/eurostat/databrowser/view/lfsi\\_emp\\_a/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/lfsi_emp_a/default/table?lang=en).

74 See at [https://ec.europa.eu/eurostat/databrowser/view/une\\_rt\\_a/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/une_rt_a/default/table?lang=en).

75 See at [https://ec.europa.eu/eurostat/databrowser/view/LFSI\\_EMP\\_A\\_\\_custom\\_517061/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/LFSI_EMP_A__custom_517061/default/table?lang=en).

cent in 2010 to 67.6 per cent in 2019.<sup>76</sup> It is particularly gratifying that by 2019, the employment rate of women aged 25-49 with three or more children had increased from 31.7 per cent to 57.1 per cent compared with 2010.<sup>77</sup>

COVID-19 hit the labor market considerably in 2020: loss of jobs, reduction and suspension of work had to be counteracted by governmental intervention. During the COVID-19 pandemic, tax relief provisions were adopted in the form of payroll tax relief<sup>78</sup>(i) for employers in certain sectors, who employed natural persons; (ii) for self-employed persons; and (iii) for persons working for an undertaking as a member.<sup>79</sup> The economic sectors included, among others, were: the accommodation and food services industry; sports and entertainment services; the production of film, videos and movies; travel agencies; passenger transport; gambling; the production of newspapers and periodicals; and the organization of conferences and other events. Employers, self-employed persons and persons working as members of undertakings were exempt from paying payroll taxes from March to June 2020. During the second wave of the pandemic, the payroll tax relief was re-introduced for the period November 2020 to February 2021 for those same economic sectors.<sup>80</sup> These measures aimed at protecting jobs and to support employers to prevent redundancies.

During the first wave of COVID-19, the wage subsidy program contributed to the retention of nearly 270,000 jobs, but the State Audit Office emphasized:

“[...] the majority of employers considered the crisis to be temporary and treated it as such; at the cost of significant financial sacrifices, it therefore retained part of the workforce. State aid in this provided assistance. However, with the strengthening of a possible second wave, the decline can no longer be considered temporary, therefore, further redundancy waves may occur.”<sup>81</sup>

During the second COVID-19 wave, the so-called sectoral wage subsidy was introduced. The targeted sectors were the tourism and accommodation industries. Until 18 February 2021, employers were able to apply for wage subsidies; the program aimed to protect approximately 130,000 workers.

As a result of these interventions the *employment rate increased* in March 2021 (the first month in which increase was observed compared with previous years), it stood at 72.5 per cent of the economically productive population (15-64 years). It was 0.7% higher compared with the same period in 2020, the average number of employed persons was 4,616,000, which is 41,000

76 See at [https://ec.europa.eu/eurostat/databrowser/view/LFSI\\_EMP\\_A\\_\\_custom\\_517061/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/LFSI_EMP_A__custom_517061/default/table?lang=en).

77 *10+1 tény a 2010-es években gyermeket szült édesanyjáról*, Budapest, 2020, p. 14.

78 Act LII of 2018 on Social Contribution Tax. This is a solidarity tax paid by the employer on top of the employee's wages and is also paid by self-employed persons and members of undertakings.

79 Act LVII of 2020 on the Termination of the State of Emergency, Article 34.

80 Government Decree No. 485/2020. (XI. 10.), Article 5(4).

81 See Pulay *et al.* 2020.

more than during the same period of the previous year.<sup>82</sup> At the same time, the number of members of Hungarian households working abroad decreased by 39,000. The unemployment rate increased despite these efforts and state interventions: the average number of unemployed persons between January and March 2021 was 215,000, an increase of 42,000 persons compared to the same period in 2020.<sup>83</sup>

COVID-19 also urged protection of one of the most vulnerable groups in the labor market, *young workers*. They have been granted two important benefits recently. From 1 January 2020 onwards, all mothers who are caring for at least four children, or who have cared for four or more children in the past, are fully exempt from paying personal income tax until they retire.<sup>84</sup> Additionally, in 2021, the government announced that from 2022, as the third state after Poland and Croatia, Hungary will introduce a personal income tax exemption for young people under the age of twenty-five.<sup>85</sup> The measure is awaited to increase the rate of young workers while at the same time they will be socially protected hence they will be affiliated with the Hungarian social security system. Social insurance coverage will be important for young workers and couples because at the time of starting a family they will be able to demonstrate the required preliminary insurance periods for housing benefits.

### 3.2.2. *Importance of Childcare Facilities*

Childcare facilities are generally understood to be caring and educational spaces for children below mandatory schooling age (usually the age of 6). Childcare facilities are part of the social service system or the educational system (or both, it varies between Member States), and they contribute to a very large extent to the employability of mothers and fathers.

In 2002 the Barcelona European Council set objectives with regard to the availability of high quality and affordable childcare facilities for pre-school children, through two targets, *i.e.* 90% of children from age 3 until mandatory school age and 33% of children under 3.<sup>86</sup> In 2018 the Commission assessed in a report to what extent Member States had progressed towards implementing the Barcelona objectives between 2013-2016.<sup>87</sup> The overall rate of children cared for in formal childcare structures, from 3 to the mandatory school-going age increased considerably in the EU between 2011-2016 from 83% to 86.3%. The Commission, in its Gender Equality Strategy 2020-2025 referred to the revision

82 See at [www.ksh.hu/gyorstajekoztatok/#/hu/document/fog2103](http://www.ksh.hu/gyorstajekoztatok/#/hu/document/fog2103).

83 See at [www.ksh.hu/gyorstajekoztatok/#/hu/document/mun2103](http://www.ksh.hu/gyorstajekoztatok/#/hu/document/mun2103).

84 Act CXVII of 1995 on Personal Income Tax, Section 29/D.

85 See at [https://mandiner.hu/cikk/20210115\\_orban\\_viktor](https://mandiner.hu/cikk/20210115_orban_viktor).

86 Presidency Conclusions, Barcelona European Council 15-16 March 2002.

87 Commission Report on the development of childcare facilities for young children with a view to increase female labor participation, strike a work-life balance for working parents and bring about sustainable and inclusive growth in Europe (the “Barcelona objectives”), COM(2018) 273 final.

of the Barcelona targets “to ensure further upwards convergence among Member States of early childhood education and care” (ECEC).<sup>88</sup>

The situation of Hungary is peculiar in this respect. On the one hand, increase in the rate of children in formal childcare from age 3 until mandatory school age has been striking in Hungary between 2013-2016, it amounted to 15 percentage points, from 73% to 88%. Full-time childcare (30 hours or more a week) is used most among children attending childcare.<sup>89</sup> In this sense the Hungarian approach is fully aligned with the European target objectives.

As regards *children under the age of 3, Hungarian family policy supports flexibility*. It means that mothers or fathers of small children are given the freedom to have a say in what they judge the best interest of their child before the age of compulsory education. The reinforcement of the family benefit system gives mothers and fathers the choice to stay at home with their small children under the age of 3. On the other hand, overarching reforms were undertaken to increase nursery care options. Over the last decade, Hungary experienced some ups and downs in this area. In 1989, there were 1000 nurseries in Hungary, covering overwhelmingly all demands, however this system was largely dismantled.<sup>90</sup> As a result of reinstalling public day-care nursery now available places are able to cover about 18% of children under the age of 3 and developments are continuous.<sup>91</sup> Additionally, since 2019 those parents who could not find a public nursery place for their children have been entitled to a monthly contribution of 110 EUR to be able to pay the fee of the private nursery.

During the COVID-19 pandemic, public nurseries for children under the age of 3 were partially exempt from closure as opposed to schools for older children. During the first wave all childcare institutions fell under the closure (also nurseries). However, during the second wave and the third wave public day-care nurseries remained open while kindergartens (during the second wave) and schools (both during the second and the third waves) remained closed.<sup>92</sup>

Closely related to ECEC is the provision of full-day education in primary schools. The European Social Partners issued a joint statement on childcare provisions in the EU<sup>93</sup> at the end of 2020 stating that

“there is also a *shortage of after school hours and holiday childcare in Europe*. This is detrimental for children’s well-being and represents a major obstacle to

88 Gender Equality Strategy 2020-2025, p. 12. Early childhood education and care (ECEC) is a key tool.

89 The Barcelona objectives, p. 10.

90 Zsuzsanna Makay, ‘Family Support System – Childraising – Employment’, in Judit Monostori *et al.* (eds.), *Demographic Portrait of Hungary 2015*, Budapest, 2015, p. 68. In 2019, there were 50,000 places and approximately 280,000 children.

91 *Id.* p. 69. The aim of the Government is to reach 70,000 places until 2022, that would address all demands.

92 Schools were closed between 8 March 2021 and were opened for children aged 6-12 on 19 April 2021 and for children aged 12-18 on 10 May 2021. Public-day care nurseries remained open.

93 See at [https://lddk.lv/wp-content/uploads/2020/11/13-11-2020\\_Joint-social-partner-statement-childcare.pdf](https://lddk.lv/wp-content/uploads/2020/11/13-11-2020_Joint-social-partner-statement-childcare.pdf).

full-time paid work for parents with school age children to remain in employment and increase their working hours, as well as attract more women into the labor market.”<sup>94</sup>

In Hungary the possibility of full-day education and care for children under the age of 10 has been a long-standing tradition, but it was made obligatory in 2017.<sup>95</sup> The state is playing a crucial role in the arena of education. In Hungary education is free for every child (primary and secondary schools and also tertiary education if the young adult is in receipt of a state financed scholarship). Free textbooks are granted at the primary and secondary levels of education, as well as free or heavily subsidized meals, that have been continuously provided for families during the closures of the nurseries, kindergartens and schools.

Educational attainment is the output of the socialization process and also one of the most important factors in the determination of adult social status.<sup>96</sup> Full-day childcare facilities enable children to develop their full potential, they assist mothers and fathers to work, while also contributing to the mitigation of differences in the financial status of families.

#### 4. Concluding Thoughts

COVID-19 adversely affected the EU, including Hungary, especially the labor markets and generated challenges at all levels of the social protection system. It is strongly believed that the unprecedented policy responses across the EU have been well-targeted in their scope, direction, and speed of implementation which, in accordance with the Porto Declaration, will result in an inclusive recovery. It is also time to return to issues which were at the center of societal reflections prior to the pandemic (including demographic challenges and struggling social inequalities).

Hungary has in many ways followed similar path in tackling the challenges of the pandemic as the majority of the EU Member States. The wage supplement schemes for sensitive sectors in the labor market is a clear example, the exact volume and effects of which will be measurable at a later stage, especially in the light of the fact that unemployment benefits were not amended throughout COVID-19. The payment of benefits for families in vulnerable situations (families with small children and large families) were also in the focus of tackling COVID. In addition, however, some special measures were introduced that differ from the mainstream. These are particularly related to the housing situation of families and supporting young generations. In 2020-2021 the existing framework of housing benefits has been finetuned, eligibility criteria have been broadened and new types of benefits and subsidies have been introduced. Red tape had constantly been reduced; the entire administrative procedure may now be

94 Id. p. 2.

95 József Mayer & Attila Varga, 'Dilemmák az egész napos iskola nevelési-oktatási programjának bevezethetőségéről (Kritikai észrevételek)', *Új Pedagógiai Szemle*, 2017/1-2, pp. 18-38.

96 Rácz 2015, p. 460.

conducted in an electronic manner. Since 2020 mothers of 4 or more children have been exempted from paying personal income tax for their entire lifetime. Young workers until the age of 25 will be granted exemption of paying personal income tax as of 2022. Obviously, these measures are closely related to previous measures, developments must be seen as a genuine continuation of former family policies. Important to note, that the impetus has not been broken by COVID-19, most probably the continuity and reinforcement of the chosen path is of utmost importance now.

Regarding housing benefits, the CSOK, the interest-free loan and the home renovation subsidy are all dependent upon previously performed social insurance periods by the applicants. Access to housing benefits is thereby connected to legal labor market participation and payment of social security contributions beforehand. Housing benefits evidence best that the emphasis of support has been put on employment-related and wage-related benefits, also driven by the notion of avoiding the inactivity trap of parents. The expansion of housing benefits might evolve into a strong incentive for young people and young couples currently living and working in other EU Member States or elsewhere in the world to return to Hungary.

Family policies, family mainstreaming is more important than ever, to battle the reproduction of poverty and to help boys and girls “to pursue their chosen path in life, where they have equal opportunities to thrive and where they can equally participate in and lead our European society”.<sup>97</sup> In Hungary, supporting families and children remained a cross-cutting principle throughout the COVID-19, the coronavirus caused no break in this either. Despite the social and economic difficulties caused by the virus, there has been no cutting or termination of benefits, quite on the contrary.

The reinforcement of the family benefit system in Hungary gives mothers and fathers the choice to stay at home with their small children under the age of 3. During the COVID-19 pandemic the extension of the period of entitlement guaranteed financial stability for those who opted for staying at home. On the other hand, childcare facilities for children under the age of 3 (public day-care nurseries) remained open during both the second and the third wave to assist mothers and fathers to remain in employment or even increase their working hours if they decided to pursue their gainful activities during the pandemic.

We can only endorse the summary given in the report of Kopp Mária Institute in 2018 as a compass for the future:

“The standard of living of those communities and nations is higher, and they are more successful and more likely to establish permanent values, where intergenerational cooperation is strong. In these societies, a promising future, a successful present, and experience appears in both private and community life at the same time. The wisdom of those with a decent career, the impetus and innovation of people in their working ages, the agility of youngsters who want to change their fate and the fate of the community, and

97 Gender Equality Strategy 2020-2025, p. 2.

Éva Gellénné Lukács

the curiosity of children create values and lay the foundation of the future of the nation together.”<sup>98</sup>

98 *Családbarát fordulat 2010-2018*, Emberi Erőforrások Minisztériuma, Budapest, 2018, p. 9.