

# The Hungarian leave system in times of policy regime change

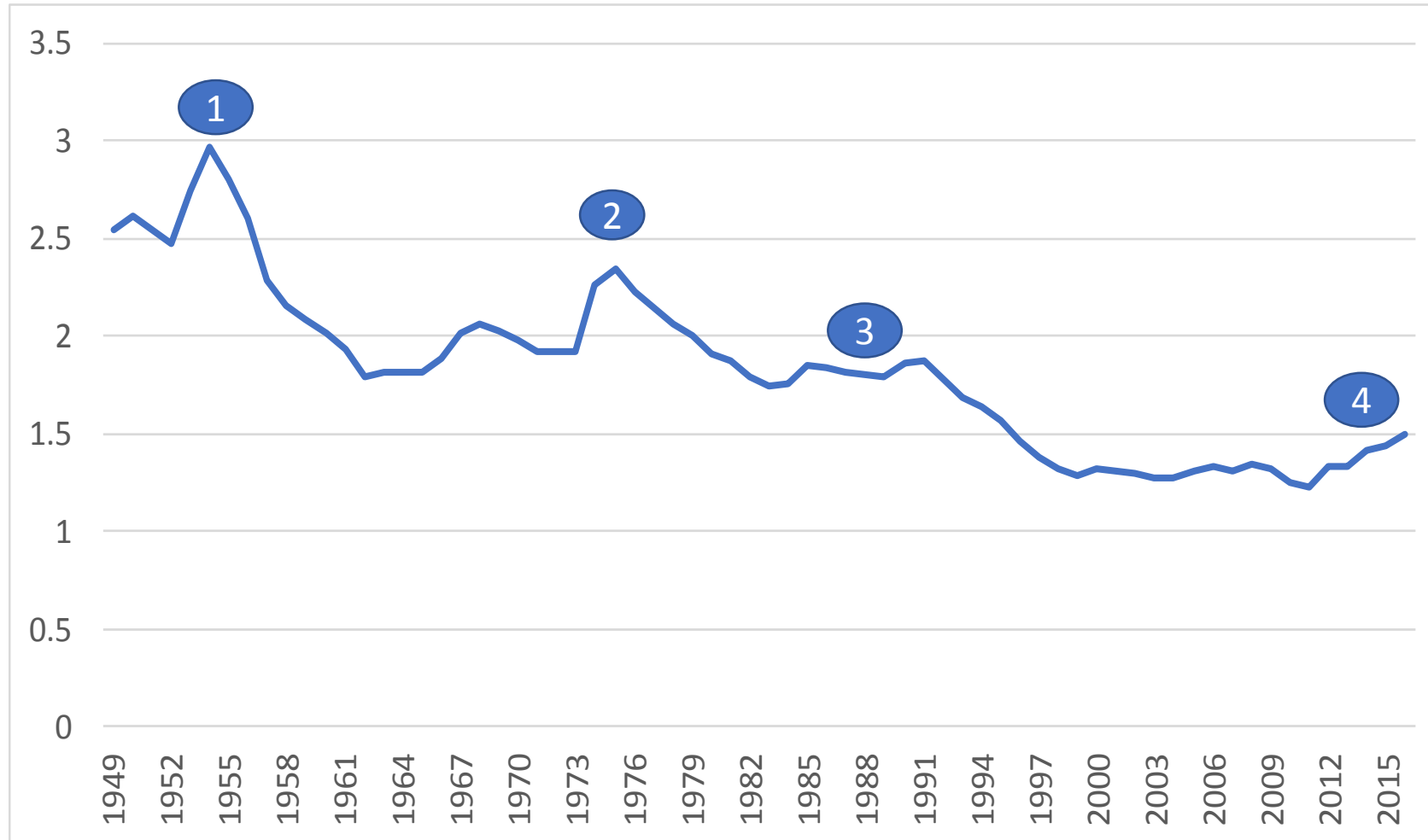
András Gábos

(TÁRKI Social Research Institute, Budapest)

# Structure of the presentation

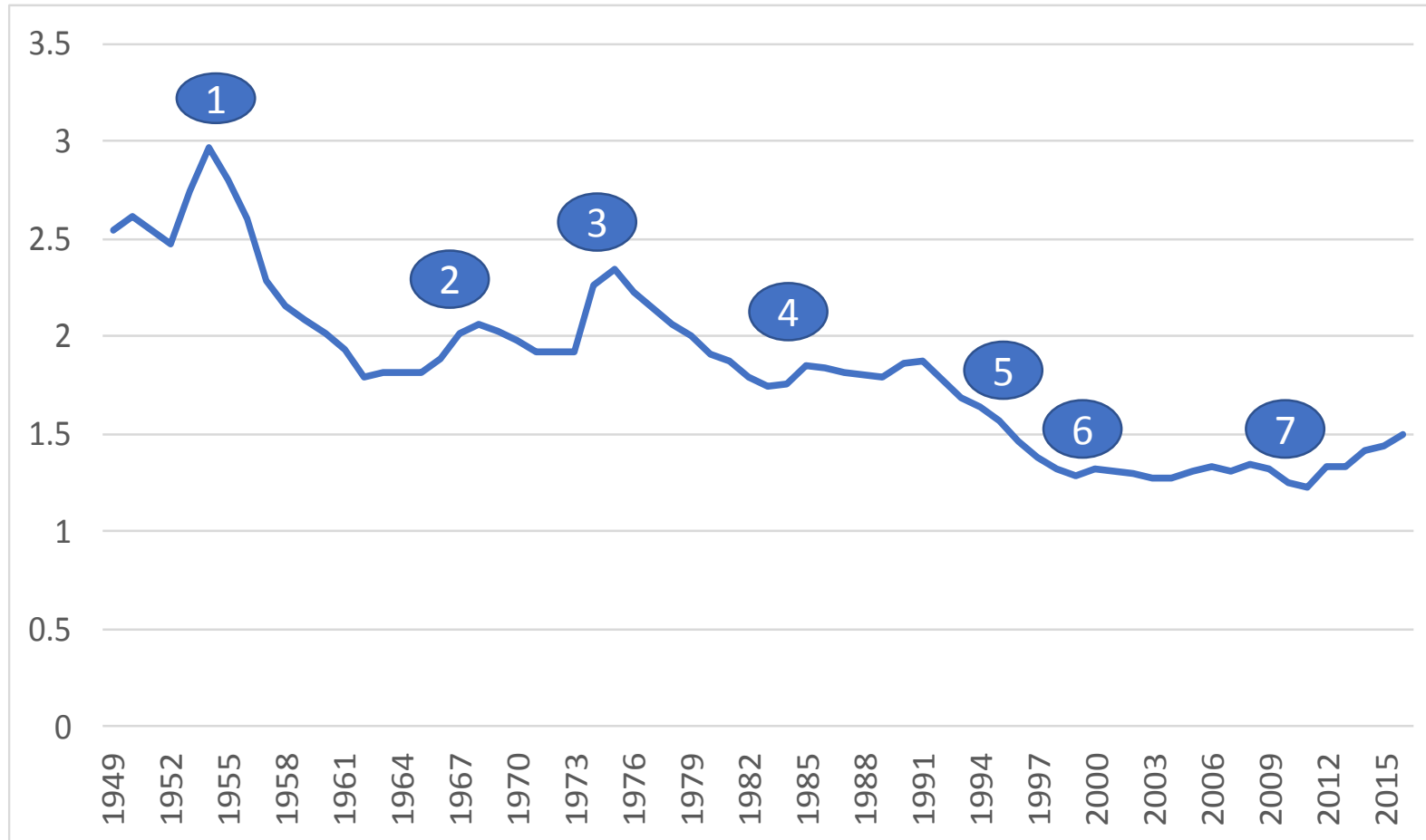
1. Long-term fertility trends
2. Policy responses
3. Effects on fertility and labour market participation

# Long-run demographic trends in Hungary



1. 1953  
After II WW fertility peak
2. 1973  
Second peak: children of the first peak mothers
3. 1985-1991  
Slight recovery I
4. 2010  
Slight recovery II

# Responses through population and family policy means



1. 1953

Ban on abortions

2. 1967

The introduction of **Child care allowance** (GYES) due to fertility and LM concerns

3. 1973

Complex family policy package (incl. extension of social security entitlements, housing, increase in cash benefits) + heavy restriction on abortions

4. 1985

The introduction of **Child care fee** (GYED)

5. 1995

Austerity measures (means-test and the withdrawal of GYED), while the institutional child care system was already severely cut back (1990/91)

6. 1998-2002

The first Orbán government reintroduced GYED and increased transfers through the PIT system

7. 2010-

The second and the third Orbán government .  
Even more focus on employment-related transfers. Outwards migration.

Source: Hungarian Central Statistical Office (HCSO) data.

Leave Policy and Research Network seminar

Prague, 21-22 September 2017

# The recent maternity and parental leave system in Hungary

Month	-1	1	2	3	4	5	6	7	8	9	10	11	12	24	36
Maternity leave	CSED	- CSED - Anyasági támogatás	CSED	CSED	CSED	CSED									
Parental leave							GYED	GYED	GYED	GYED	GYED	GYED	GYED	GYED	GYES
Missing employment record		- Anyasági támogatás - GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES	GYES
Employment (unlimited hours)							both GYES and GYED								

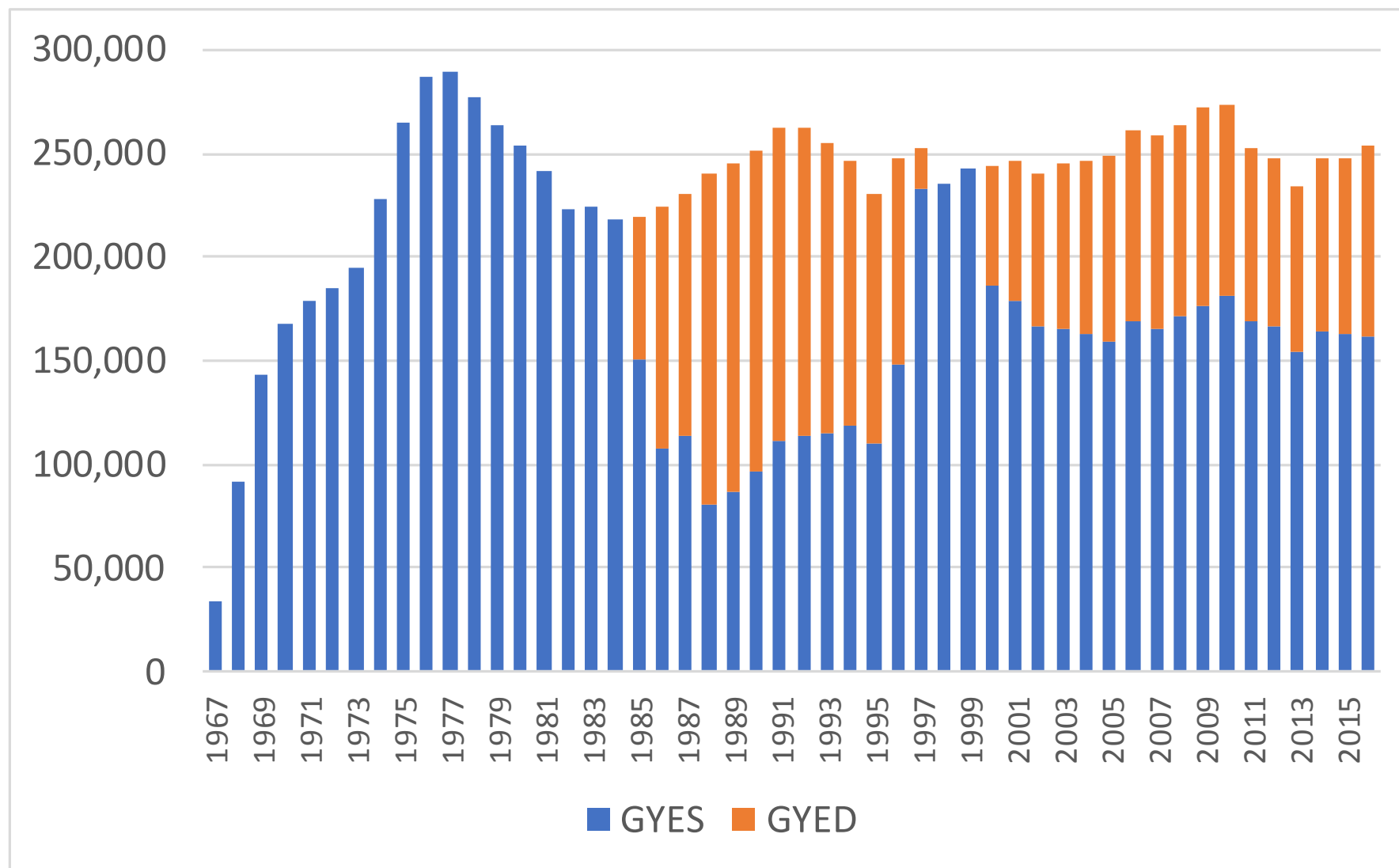
**CSED (Infant care payment)** – 70% of actual average daily earning, with no ceiling on payments. Gross. Eligibility: employment record of at least 365 days within two years prior to the birth of a child.

**GYED (Child care fee)** – from the end of the Maternity leave period until the child’s second birthday, for insured parents. benefit of 70% of average daily earnings calculated for the last 180 days prior the birth, up to a ceiling of 70% of twice the minimum daily wage. Gross. Eligibility: eeither of the parents employed for at least 365 days within two years prior the birth.

**GYES (Child care allowance)** – Until the child’s third birthday for parents who are not insured. All parents are eligible and guardians too. Flat-rate benefit equal to the amount of the minimum old-age pension.

**Anyasági támogatás (Birth grant)** – Lump-sum at birth.

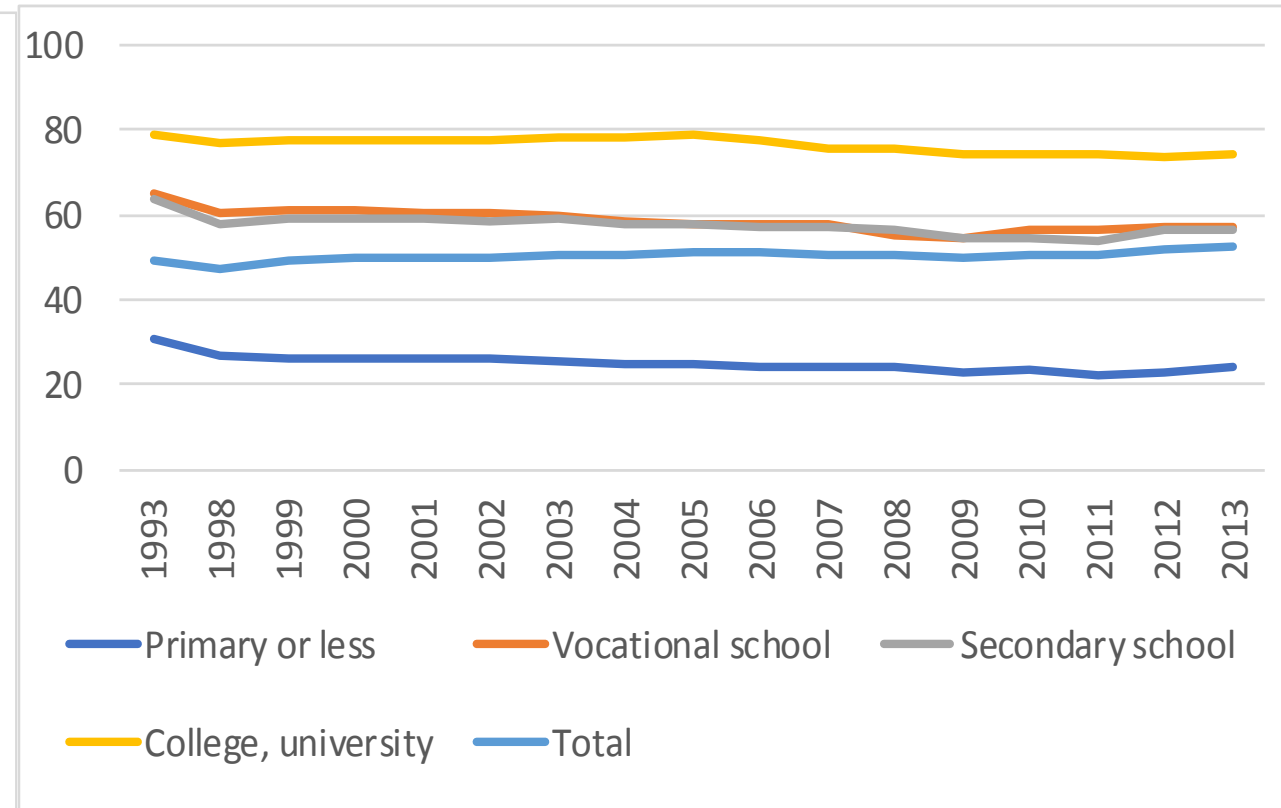
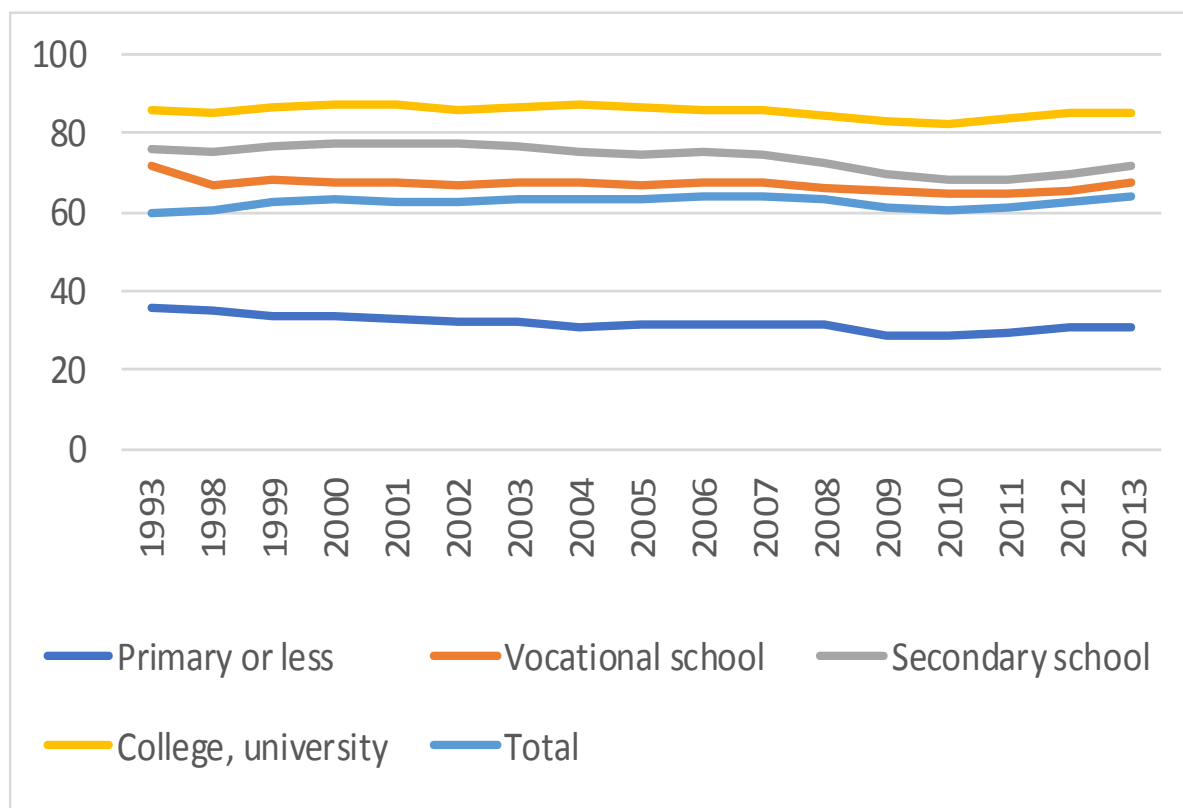
# Reciency in GYES and GYED, 1967-2016



# Fertility effects of the Hungarian family policy

- Low levels and huge disparities by education level: women with less than primary education had more than twice as many children as those with secondary education (2011 HCSO Census) and the gap increased since 2001
- High spendings and strong debate on effects on effects and efficiency
- Overall effects of cash transfers: an estimated 0.2 – 0.25 elasticity for the period between 1950-2006 (Gábos, Gál & Kézdi 2009)
  - higher than 0.3 elasticity for the third child in this period
- The introduction of GYED had a positive effect on fertility in 1985 (Kapitány 2008)
- Strong pressure on middle income hhs (Bartus et al. 2013; Bartus and Spéder 2016)
  - the work-life conflict is highest among couples with completed secondary education
- The latest TFR (1.49) is far the highest since the political regime change and partly might be attributed to the changes introduced by the Orbán-government since 2010, but research evidence is needed
  - outwards migration may also play a role

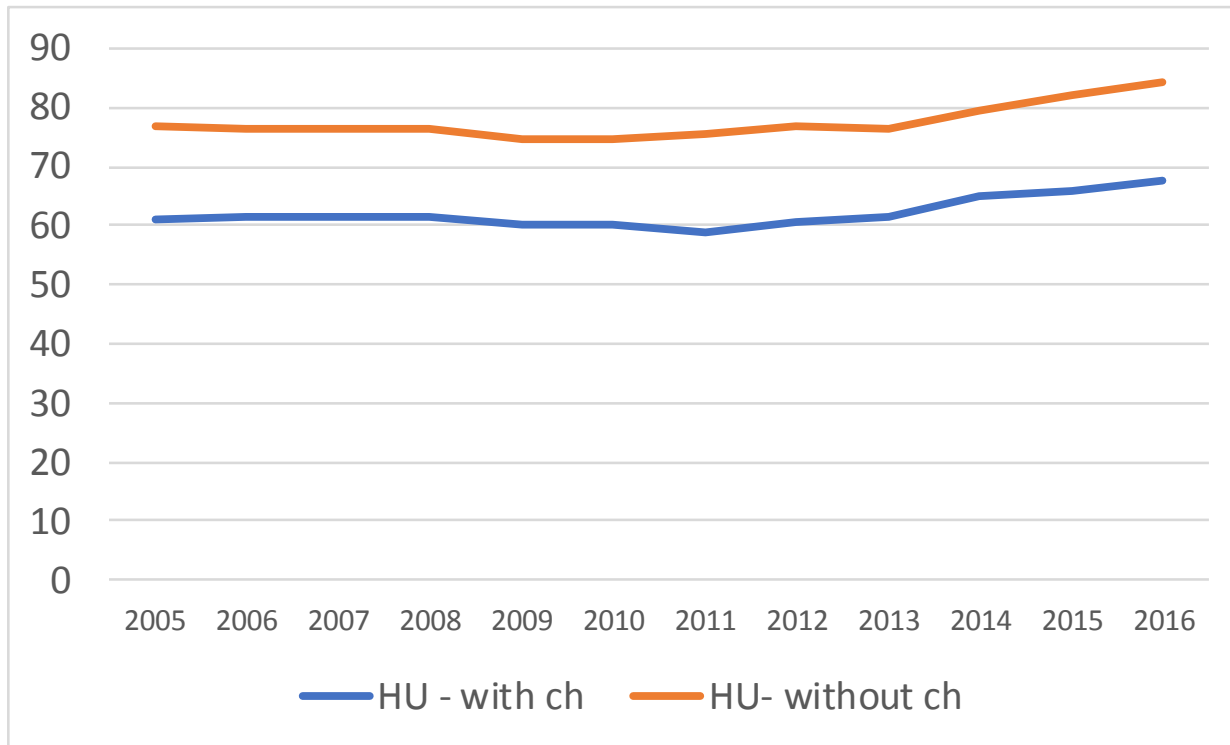
# Labour market participation effects



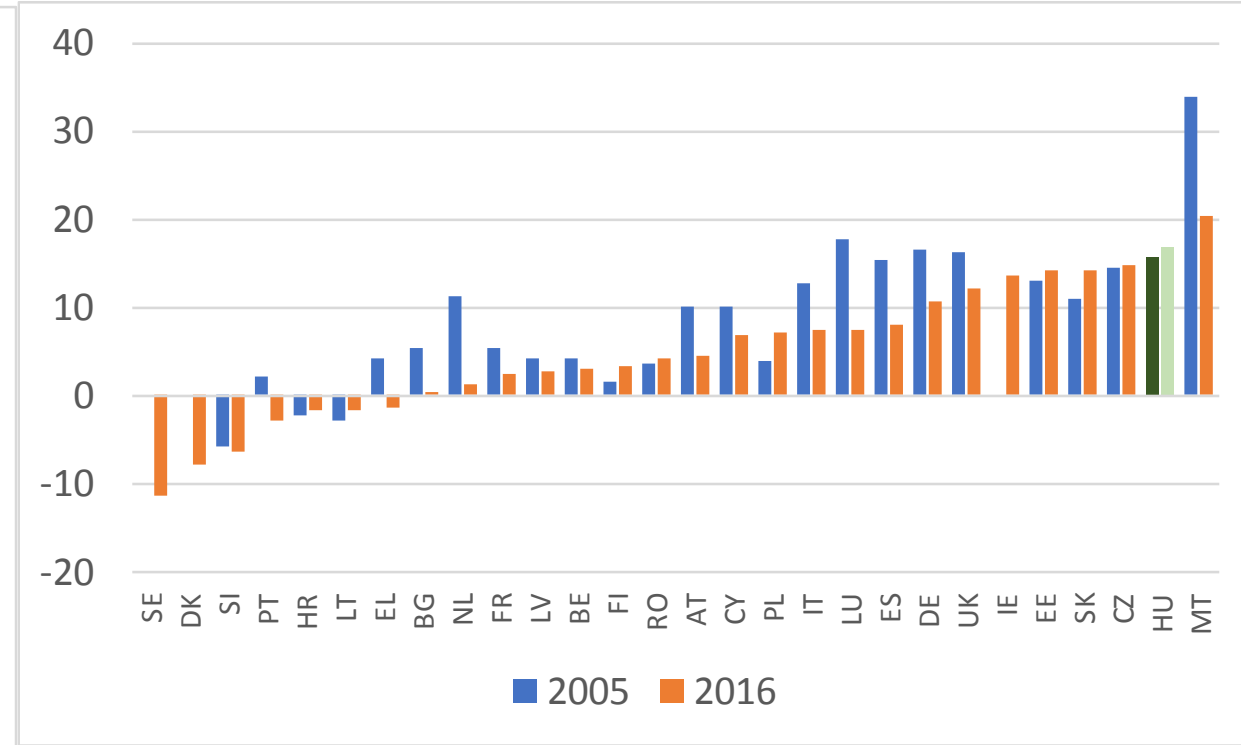


# Labour market participation effects: maternal employment

Employment rates of women aged 20-49 by household composition (%)



Gap in the employment rate of women without and with children, EU, 2005 and 2016 (%)



# Summary

- The Hungarian leave policy system is an extended and complex one, and has started to expand step-by-step from the late 60's
- Two parallel tendencies linked to the political cycle:
  - Stationarity: its main elements (more or less) are staying since their introduction, political costs of withdrawing them
  - Subject to ideology-driven changes: vertical redistributive (left) and population policy focus (right) alter when governments are changing, brings uncertainty
- While being complex and resource-intensive, outcomes (fertility, LM participation, child well-being, poverty) are mixed
- Since 2010: a further expansion and more flexibility, advantaging the middle income families in the first place

Gábos, A. and I. Gy. Tóth (2017). Recession, Recovery, and Regime Change: Effects on Child Poverty In: B. Cantillon, Y. Chzhen, S. Handa, B. Nolan (eds., 2017). *Children of Austerity: Impact of the Great Recession on Child Poverty in Rich Countries*. Oxford University Press. pp 118-145.

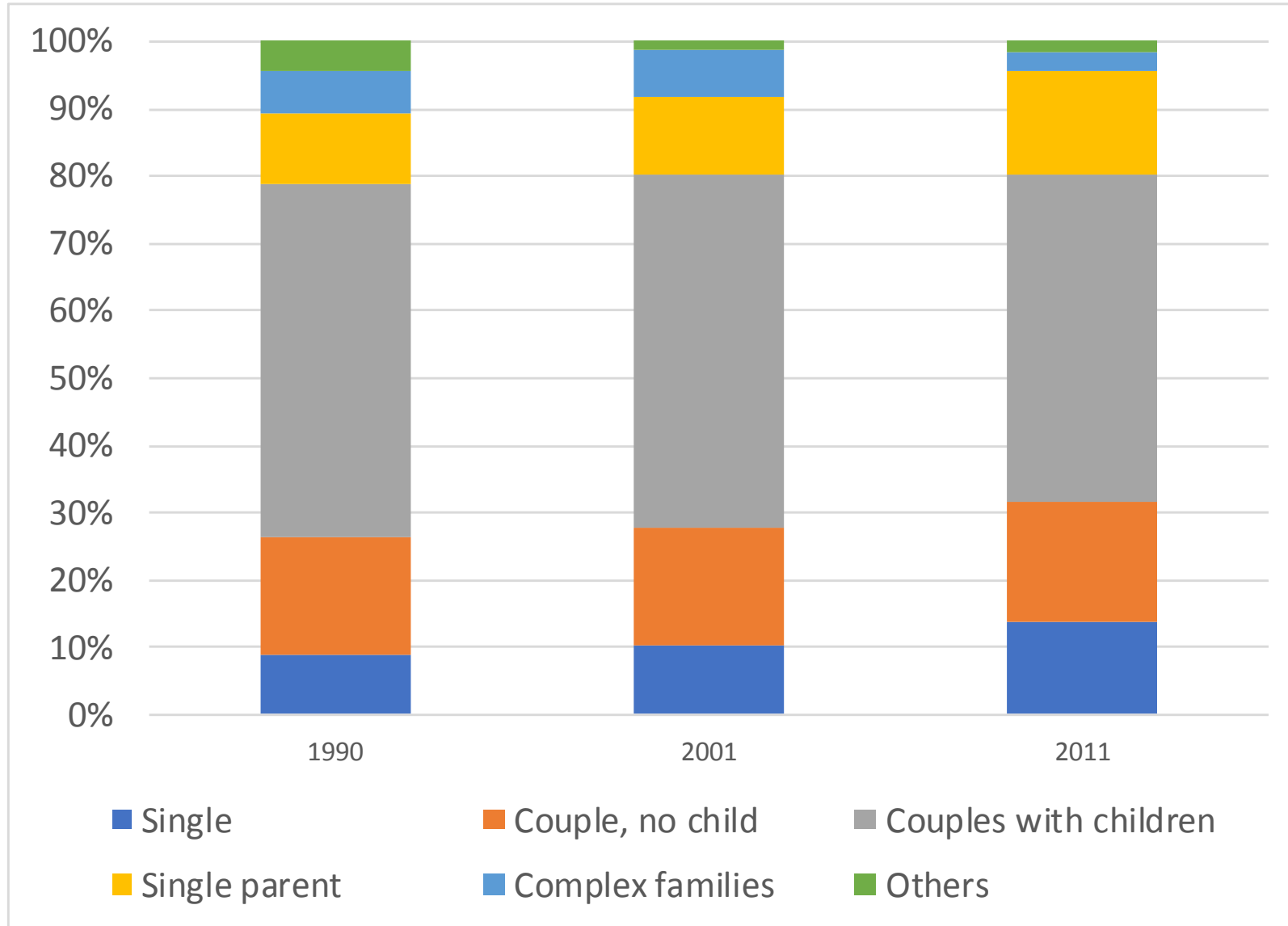
[www.tarki.hu/en/](http://www.tarki.hu/en/)

[gabos@tarki.hu](mailto:gabos@tarki.hu)

# Societal outcomes of Hungarian demographic processes

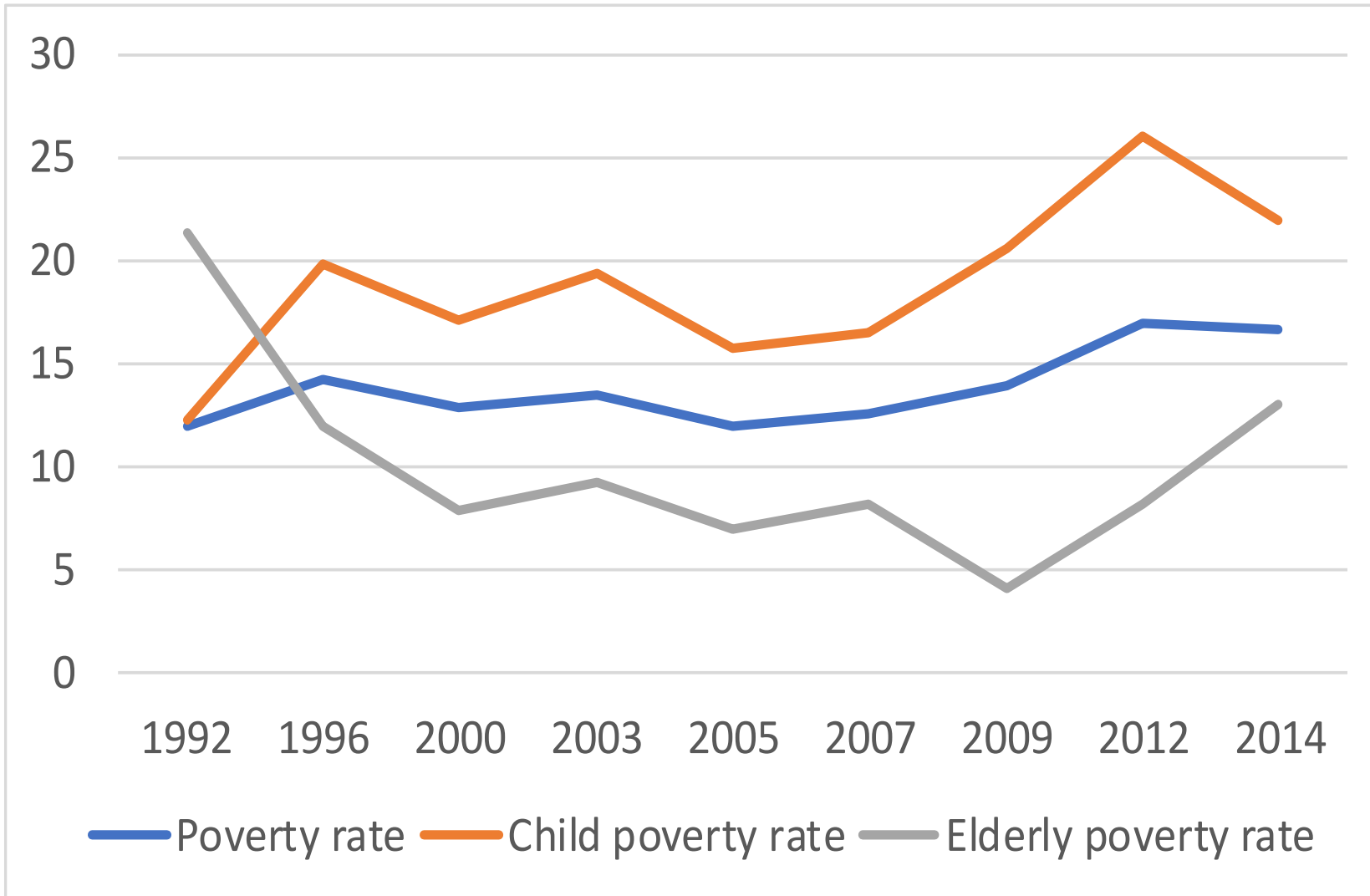
- Decreasing number of children in new generations
- Decreasing share of families with children
  - especially those with 3+ children
  - increasing number of single parent families
- Low labour market participation among mothers
- High relative poverty risk of children
- Disparities in fertility levels by
  - Educational level/social status
  - Settlement type
  - Ethnic background

# Societal outcomes: household type structure



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# Societal outcomes: child poverty rate



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