

RESEARCH ON POVERTY

2023
AUTUMN



Egyensúly
Intézet

FRIEDRICH
EBERT
STIFTUNG

Hungarians still need a net 250,000 forints a month to make a meagre living, but 600,000 forints a month to live a carefree life

According to the September 2023 survey of subjective poverty trends conducted by the [Equilibrium Institute](#), Hungarian households have become slightly more pessimistic in the past quarter: the share of those who expect a decrease in income in the next three months increased by 6 percentage points compared to the previous survey in June. At the same time, respondents reported a substantial increase in nominal incomes: the share of those earning a net monthly income of HUF 250,000 (€640) or less, i.e. enough to live on, fell by 10 percentage points compared to June. In addition to this, a net HUF 400,000 (€1,300) would be needed for an average lifestyle and HUF 600,000 net (€1,550) for a carefree living: the former would require HUF 50,000 net more than in June, the latter HUF 100,000 net more.

Compared to the June survey by the Equilibrium Institute, there is no significant shift in some dimensions of poverty measurement, but if we compare the recent figures with the end-2022 results, the situation is better: fewer people have problems paying heating bills, ensuring a varied diet and paying a sudden 100 thousand forint expense. It is worth pointing out, however, that a third of Hungarians cannot afford the minimum amount needed for a meagre living, and 28% of the population would not be able to cope with an immediate expenditure of net 100,000 forints (€260).



More households expect income to fall, uncertainty grows

Hungarian households are more pessimistic about the next quarter in terms of income, according to the September survey of the Equilibrium Institute. Although nearly two-thirds (63 percent) of respondents still expect their household income to remain unchanged, the share of those who expect a decrease in income has increased by 6 percentage points (15 percent → 21 percent). In addition, the number of optimists has narrowed by a margin of error: in September, 4

percentage points fewer households expected a financial gain (11 percent → 7 percent).

Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you.

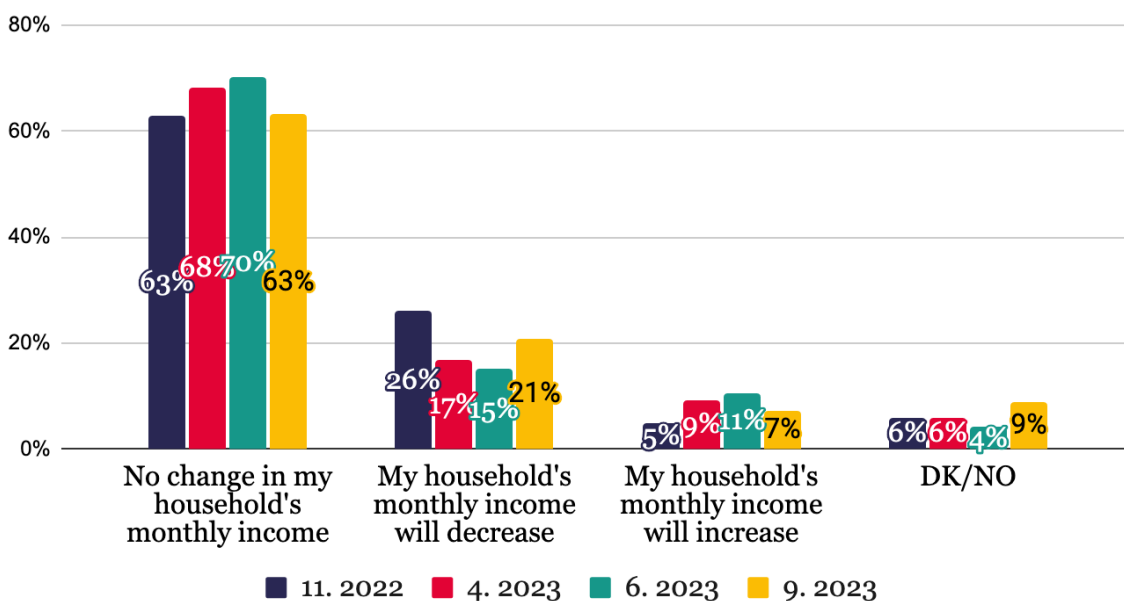


Figure 1.: Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you. | percentage

Six out of ten Hungarians can afford to put meat or fish on the table every other day

According to an opinion poll by the Equilibrium Institute, **59% of Hungarian society will have enough money in the next quarter to eat meat or fish at least every other day.** Around a third of respondents thought the opposite (35 percent). There has been no significant change in this dimension since April. A meat-rich diet is mainly affordable for 18-39 year olds (66 percent), graduates (70 percent) and people living in the capital.

For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day?

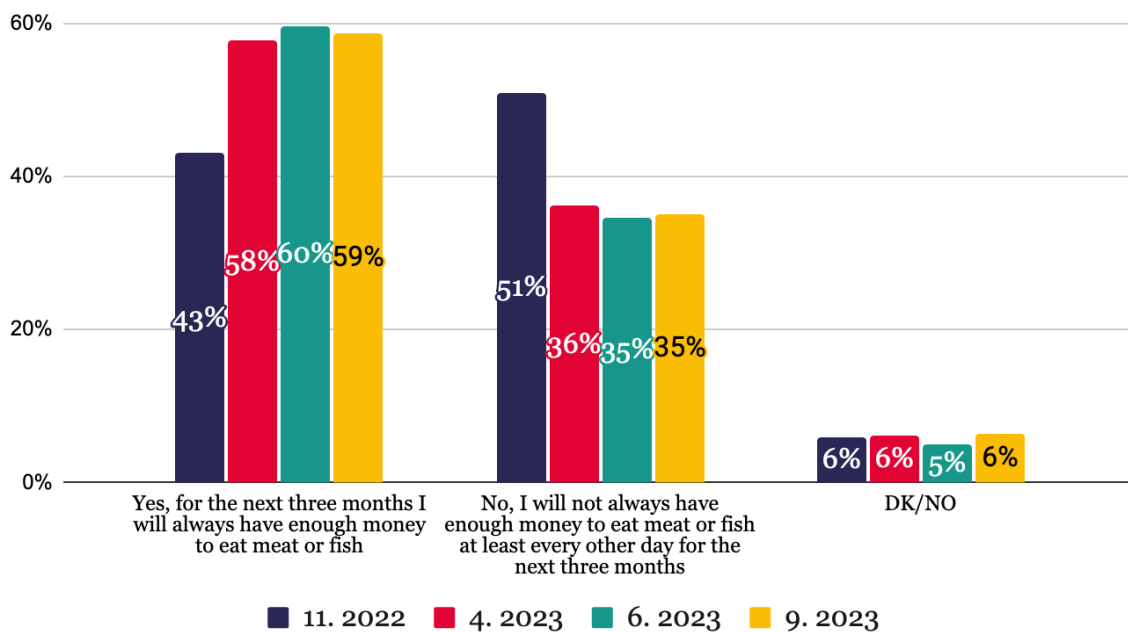


Figure 2.: For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day? | percentage



Only 27% of Hungarians could cope with a HUF 100,000 unexpected expense without any problems

The results of the autumn survey show that 41% of Hungarian society would have a problem covering a sudden expense of 100,000 forints (€260), but could still manage it on their own. Only 27% of the population would have no problem paying the amount indicated in the question. In contrast, more than a quarter of respondents (28%) think they would not be able to cope with such an expense. Overall, there has been no movement above the margin of error in this respect since November 2022. However, it is worth bearing in mind that average inflation between November and August was 22.3 percent, so the purchasing value of 100,000 forints has fallen significantly.

If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000?

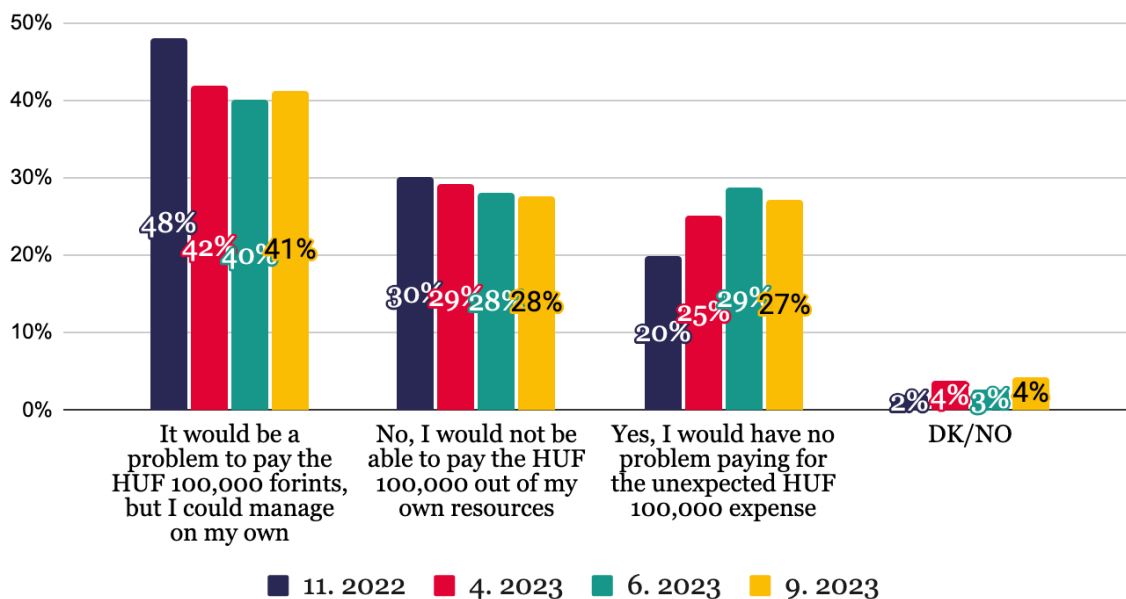


Figure 3.: If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000? | percentage

In terms of demographic variables, the situation is most favourable for 18-39 year olds (32 percent), people living in Budapest (35 percent) and people with a college degree (54 percent): they are the ones who could easily afford the 100 thousand forints in the question. The most vulnerable are those aged 60 and over, those living in municipalities and those with less than 8 years of education.



A quarter of Hungarian society could have problems paying their heating bills in the next quarter

According to a September 2023 survey by the Equilibrium Institute, **roughly two-thirds (62 percent) of respondents will still have enough money to pay their heating bills in the next quarter.** A quarter of Hungarians (25 percent) said they would occasionally not be able to keep their home warm. **Nearly a tenth of society is particularly pessimistic: 9 percent of those who feel they will not be able to**

afford to heat their homes at all. In the last three quarters, there has been no real change in this regard - even as the heating season approaches. At the same time, the data suggest that older people, those with lower levels of education and those living in communes appear to be more vulnerable.

In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep?

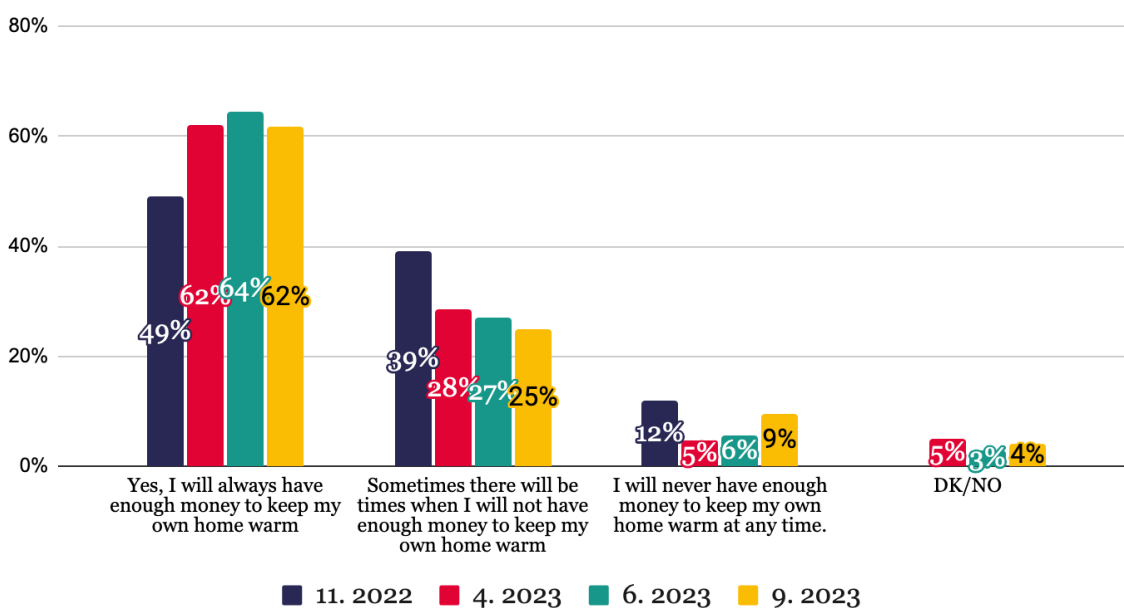


Figure 4.: In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep? |percentage



Income level for average lifestyle has increased by HUF 50,000 since June

In its quarterly survey, the Equilibrium Institute also asks how much money Hungarians need at the individual level to live a life of scarcity, average or carefree.¹ According to the latest results, a **citizen would typically need a net monthly income of 250,000 forints (€640) to make ends meet** - and this has not changed since June. But in the other two dimensions, we see a **big shift: what is considered an average**

¹ In the November 2022 survey, we looked at household material needs, but for methodological reasons, we will be looking at individual needs in the 2023 survey.

lifestyle would require HUF 400,000 net (€1,300) a month, while a carefree lifestyle would require HUF 600,000 net (€1,550) a month. In conclusion, an average life requires a net 50,000 a month more than at the beginning of the summer, and a carefree life requires a net 100,000 more than at the beginning of the summer.

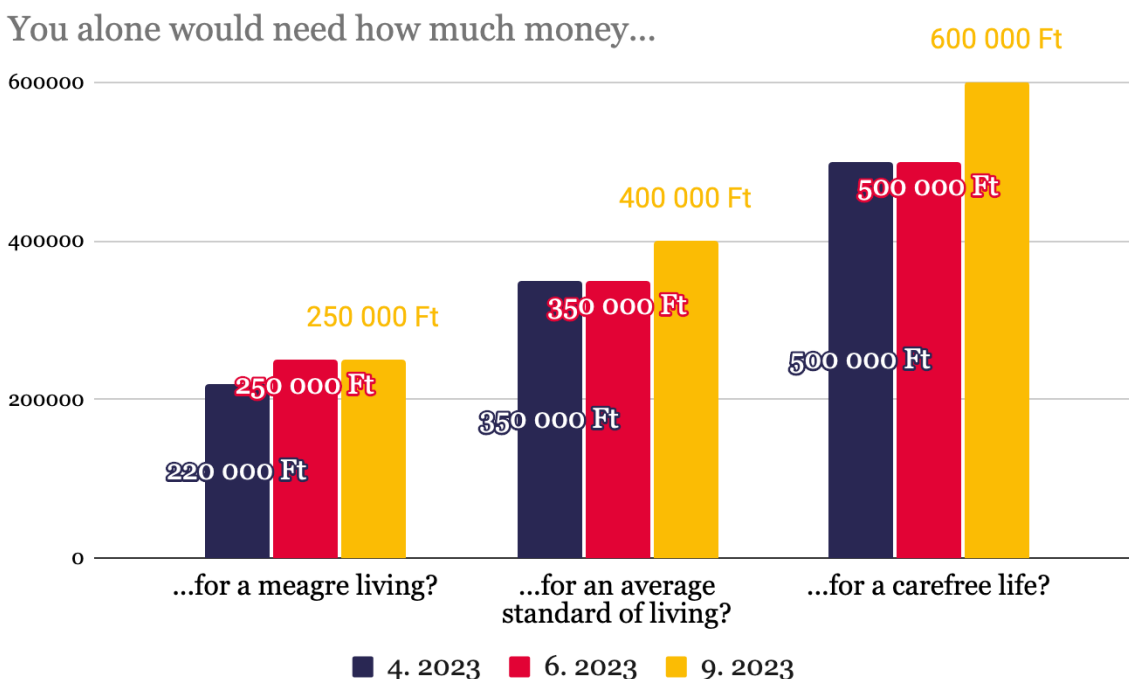


Figure 5.: Just for you alone, how much would you personally need for a meagre living; for an average living; for a carefree life? | median value of responses

According to the results of the September survey, **29% of the respondents do not bring home more than HUF 250,000 net per month, and another 3% have no income at all. Almost a quarter of the population (24%) receives more than HUF 250,000 net but less than HUF 400,000 net per month. And 8 percent of Hungarians fall into the above-average income bracket. It is worth noting that the proportion of people taking home less than HUF 250,000 net has fallen by 10 percentage points compared to June, suggesting that there has been a substantial increase in nominal incomes.** While this can be seen as an improvement, persistent inflation has significantly dampened the real effects of income growth, as the purchasing power of forint has declined.

How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). (full sample)

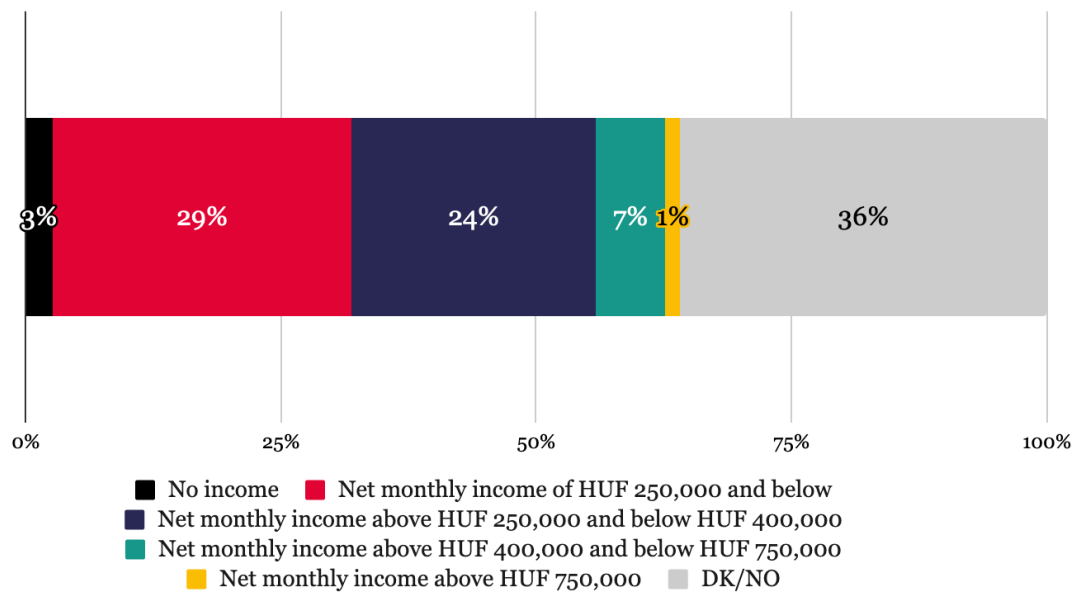


Figure 6.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). | percentage, full sample

Because of the high non-response rate, we also looked at how income varies among those who give a valid response. According to the latest results, **4% of respondents currently have no income, while 46% have a net income of less than a quarter of a million forints per month. This means that one in two respondents - without spousal or relative support - cannot raise the amount needed to make ends meet.** A further 37% of respondents reported having a net monthly income of over 250,000 HUF net but less than HUF 400,000 net. Overall, **almost nine out of ten (87%) of those who gave a valid answer have an income below the level considered necessary for average financial conditions.**

How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). (valid responses)

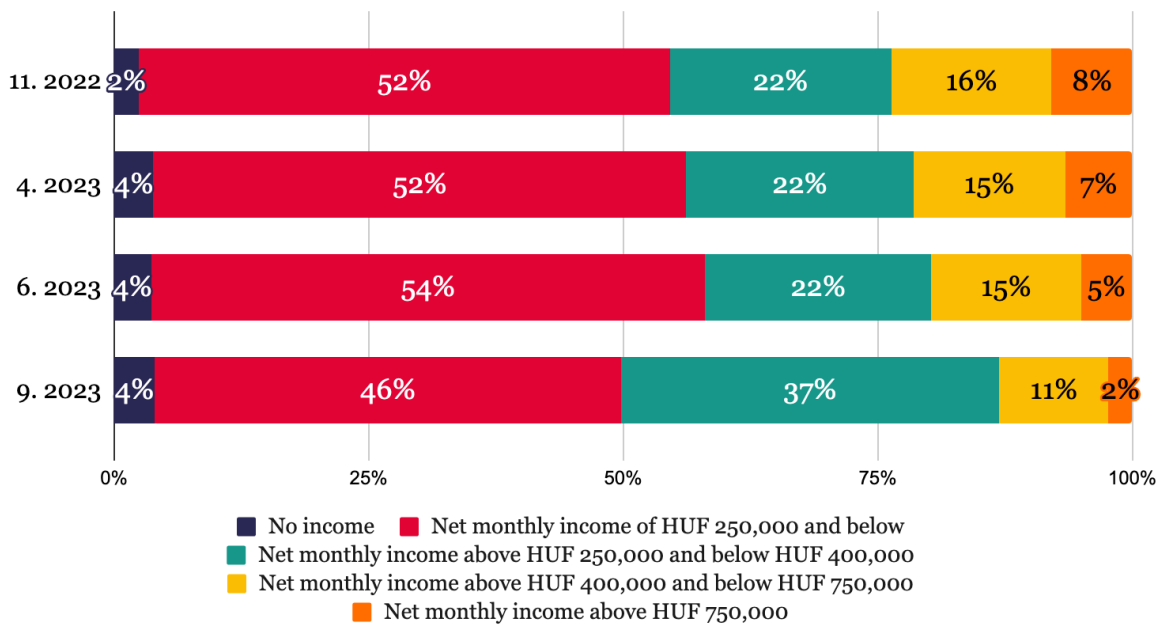


Figure 7.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). | percentage, valid responses

On a quarterly basis, there is no significant difference between November 2022 and June 2023, but in autumn we see a significant shift: between June and September 2023, the share of those earning above the monthly net amount of HUF 250,000 needed to live on a meagre income increased from 42% to 50%.

Higher educational attainment was also associated with higher income expectations in this quarter. There was no change in age groups: **the older someone is, the lower their income expectations.**

In your opinion, how can your household cover its normal expenses?

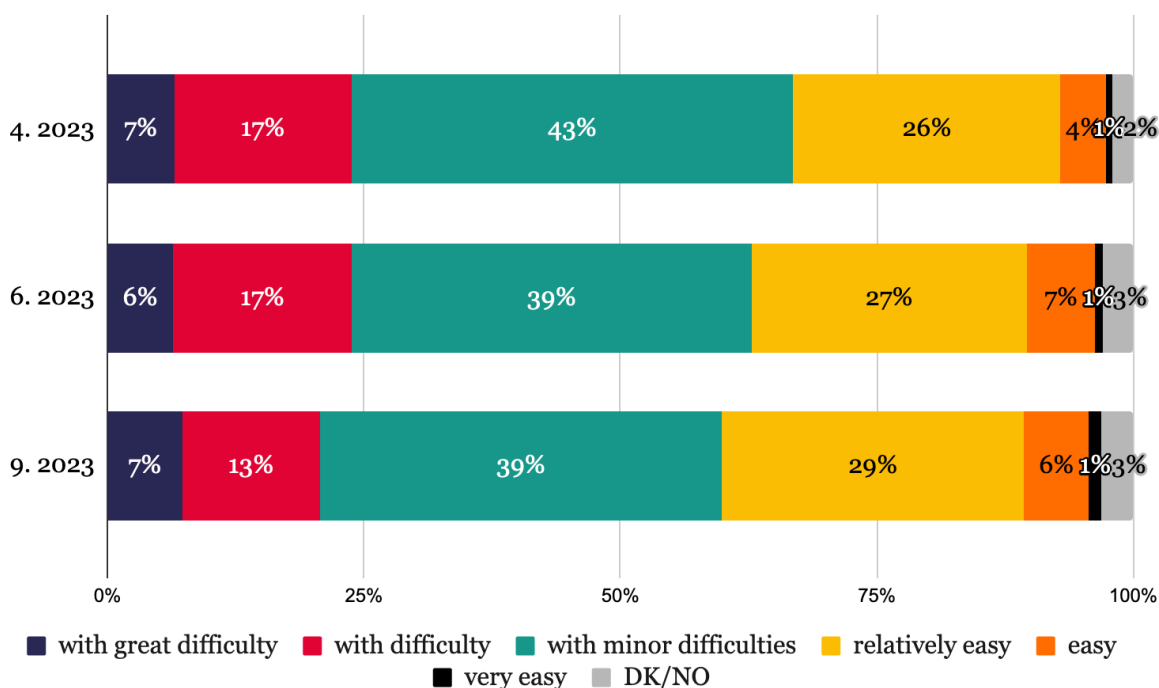


Figure 8.: In your opinion, how can your household cover its normal expenses? | percentage

The quarterly poverty survey by the Equilibrium Institute also looks at the hardship Hungarian households face in meeting ordinary expenses such as utility bills and food. In September 2023, **7 percent of Hungarian households had great difficulty in meeting everyday expenses, while another 14 percent had only moderate difficulty.** Four out of ten Hungarians reported that they could only finance their household expenses with some effort, i.e. six out of ten households could only cover their household's normal expenses with some difficulty. **37% of respondents reported better financial circumstances, with 30% finding it relatively easy, 6% finding it easy and 1% finding it very easy to overcome the financial challenges of everyday life. There has been a clear improvement this year, with an overall reduction of 7 percentage points in the proportion of households experiencing financial difficulties (67% → 60%).**



Methodology

Data collection period of the personal, representative public opinion poll: 20-29 June 2023. Number of respondents: 1000 people. Respondents collectively represent the country's population aged 18 and over. The survey data may differ by no more than plus or minus 3.2 percent from what would have been obtained if all eligible persons in the country had been interviewed. People are selected using a two-stage stratified random sampling method, which means that all adult Hungarian citizens have an equal chance of being included in the sample. Data was collected by ZRI Závecz Research. The next Equilibrium Institute poll on poverty and income will be published in autumn 2023.



About the research

For most of the past decade, the Hungarian economy has expanded spectacularly and real wages have risen significantly. As a result of these improving trends, poverty rates in Hungary have fallen according to all available statistics. However, in terms of actual consumption at purchasing power parity, Hungarians consumed 72% of the EU average in 2022, with only Bulgaria performing worse at 67%.² This means that, according to the latest data, Hungary is the second poorest country in the EU. Moreover, Hungary is one of the biggest losers in the period 1995-2022: among the countries starting from the bottom third, Hungary's relative position has fallen the most, while our direct competitors have overtaken us (see Figure 9). Behind all this lies decades and cycles of inappropriate economic, educational and social policies. To help Hungary become a more competitive, prosperous and successful country, the Equilibrium Institute has made policy proposals to [strengthen Hungarian businesses](#), [improve education](#) and [reduce poverty](#).

² Eurostat: Purchasing power parities (PPPs), price level indices and real expenditures for ESA 2010 aggregates; <https://shorturl.at/fhoD5>

Actual individual consumption among countries in the bottom third (purchasing power parity, 1995-2022)

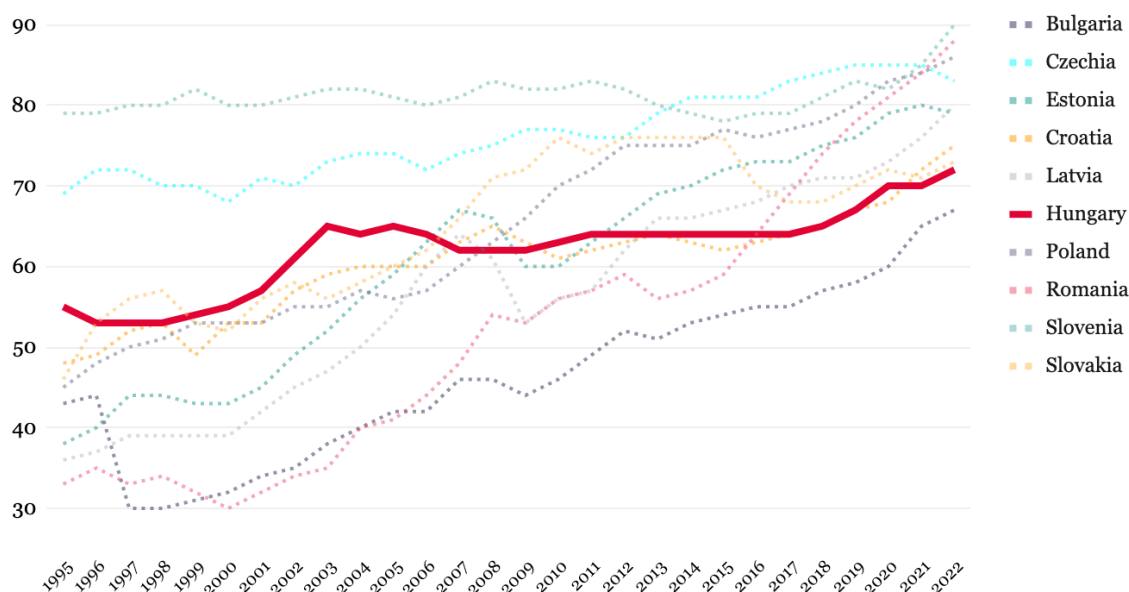


Figure 9.: Actual individual consumption among countries in the bottom third (PPP, 1995-2022) | Volume indices of real expenditure per capita; base = EU-27; base year = 2020; source: Eurostat

Due to the general rise in living standards over the past decade, the methodological and policy debates on domestic poverty, which used to be frequent, have diminished in the last few years. However, the steady rise in inflation in recent months, the energy crisis, fiscal adjustments, the freezing of EU funds and the expected stagnation of Hungarian economic growth are likely to reverse the improving trends. This could lead to a renewed increase in poverty in Hungary.

In order for decision-makers, state institutions, charities and NGOs to be able to respond adequately and in a timely manner, they need to be able to assess the scale of the problem, i.e. the process of poverty (or poverty reduction), the proportion of poor people in Hungary, the economic expectations of the population, more accurately and up-to-date than today.

The Equilibrium Institute intends to contribute to this task by conducting quarterly opinion polls, which are representative of the Hungarian population as a whole, to estimate the current level of poverty and the expected trends. While the official

statistics show the state of domestic poverty many months or even more than a year ago, the Institute's quarterly reports use recent data from a few weeks earlier, allowing for faster reactions by decision-makers and the assessment of improving or worsening trends within a given year. Therefore, the data presented do not necessarily correspond to the Hungarian Central Statistical Office's poverty calculations and reflect the current situation and condition of the respondents.

In the regular survey, we look at the trend in the population's wealth or poverty through five questions:

1. In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep?
2. Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you.
3. For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day?
4. If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000?
5. You are the only person who knows how much you need:
 - a. For a meagre living: ... HUF per month
 - b. For an average level of living: ... HUF per month
 - c. For a carefree life: ... HUF per month

The research is supported by the Friedrich-Ebert-Stiftung Budapest Office.

Legal notice

RESEARCH ON POVERTY – AUTUMN

© Friedrich-Ebert-Stiftung – Equilibrium Institute, 2023

Publisher and editor: Equilibrium Institute

Data collection: Závecz Research

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES. The views expressed in this publication are not necessarily those of Friedrich-Ebert-Stiftung.