

SOCIAL STRATIFICATION

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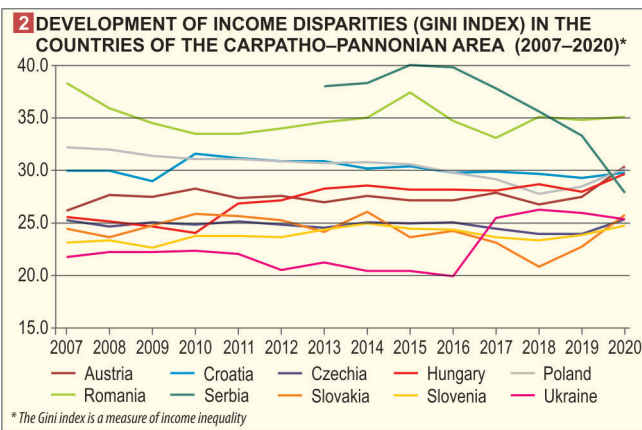
Social inequalities and the stratification of the society are key fields of research in the social sciences up to this day. Social stratification is influenced and described by several factors that are presented in the maps of other chapters in this volume – in particular those showing demographic trends and the quality of life.

Although the concepts describing social stratification apply to a variety of social contexts, comparisons between countries are often difficult or even impossible. The difficulties stem from, among other things, differences pertaining to income categories and data collection systems. Many data are not even available in all countries. In Hungary too, research is constrained by deficiencies in the data available. Much information concerning social stratification (e.g. opportunities for the assertion of interests, friendships and consumption) is absent from the official statistical data; it can only be accessed by means of surveys of limited territorial usability (e.g. data collected by Central Bank of Hungary under the heading ‘What do we live from’ or research carried out by the Centre for Social Sciences, MTA, on ‘Class size in 2014’). These can usually be interpreted only at national or regional level or they merely allow for comparisons between different types of settlements.

Studying social stratification

By social stratification, groups in society and their relationship to each other are meant. Researchers tend to analyse social stratification primarily on the basis of economic (income or wealth), cultural (knowledge, cultural activities and the consumption of culture) and social capital (number and social situation of acquaintances). Here, the main factors related to economic capital are presented. The role of social and cultural capital in social stratification is discussed primarily in the chapter on the quality of life. In this chapter, the data used to calculate personal income tax are employed (i.e. gross average incomes were applied to show income differences).

Of course, social stratification is not permanent; economic and social changes create new conditions, thereby impacting on stratification as well. Thus, such factors as legal regulations, the tax system, the available supports and benefits, as well as the availability of public goods and public services, shape, uphold or reduce



social disparities. It is also increasingly important for people to become involved in the information society and to have the opportunity and the ability to do so. Maps and data pertaining to such involvement are presented in the chapter on the quality of life. Knowledge and lifelong learning have a similar role to play, thus helping to improve the situation of individuals in the labour market. Knowledge is also related to social mobility (i.e. how the position of individuals in society changes). The potential impact of the 2020 corona virus pandemic and the associated economic crisis is also linked to social stratification, as different groups are variously exposed to the adverse effects (e.g. health risks, job losses, depletion of savings, participating in education) and respond to them differently.

Trends in Hungary

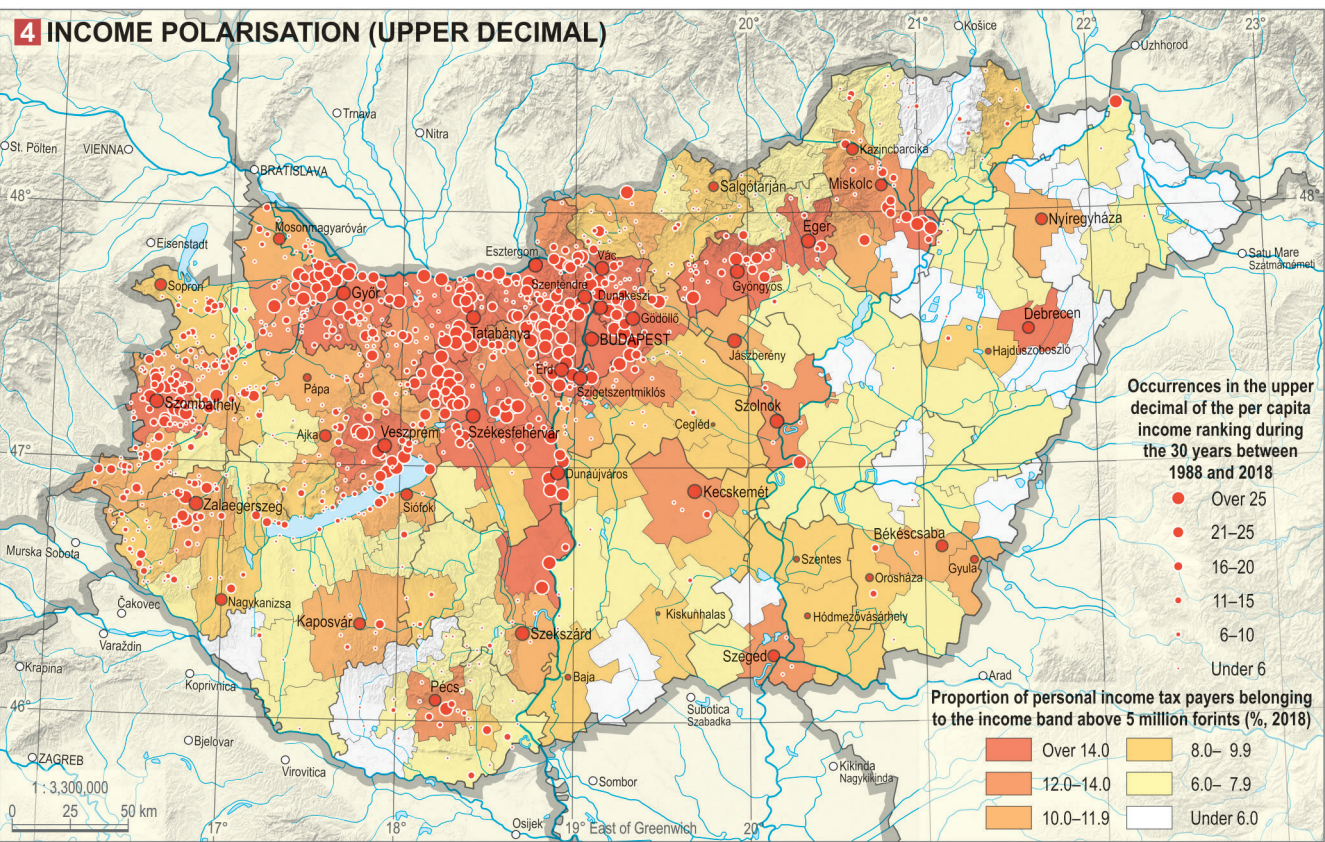
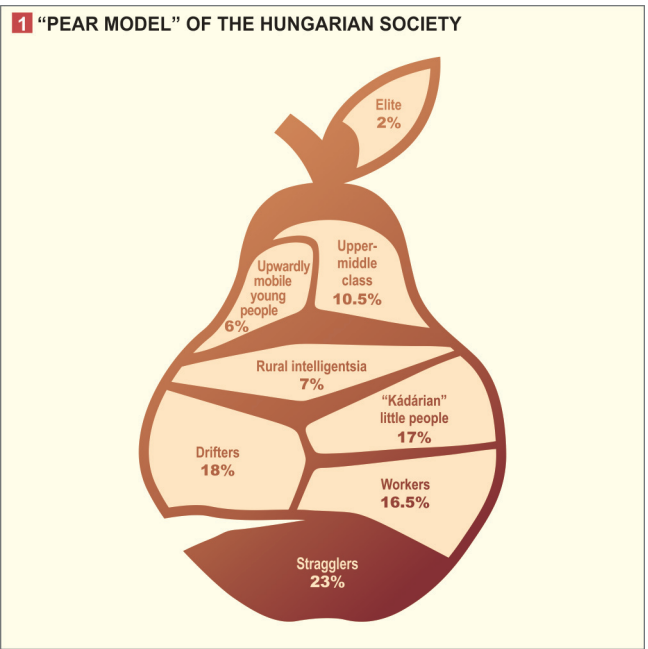
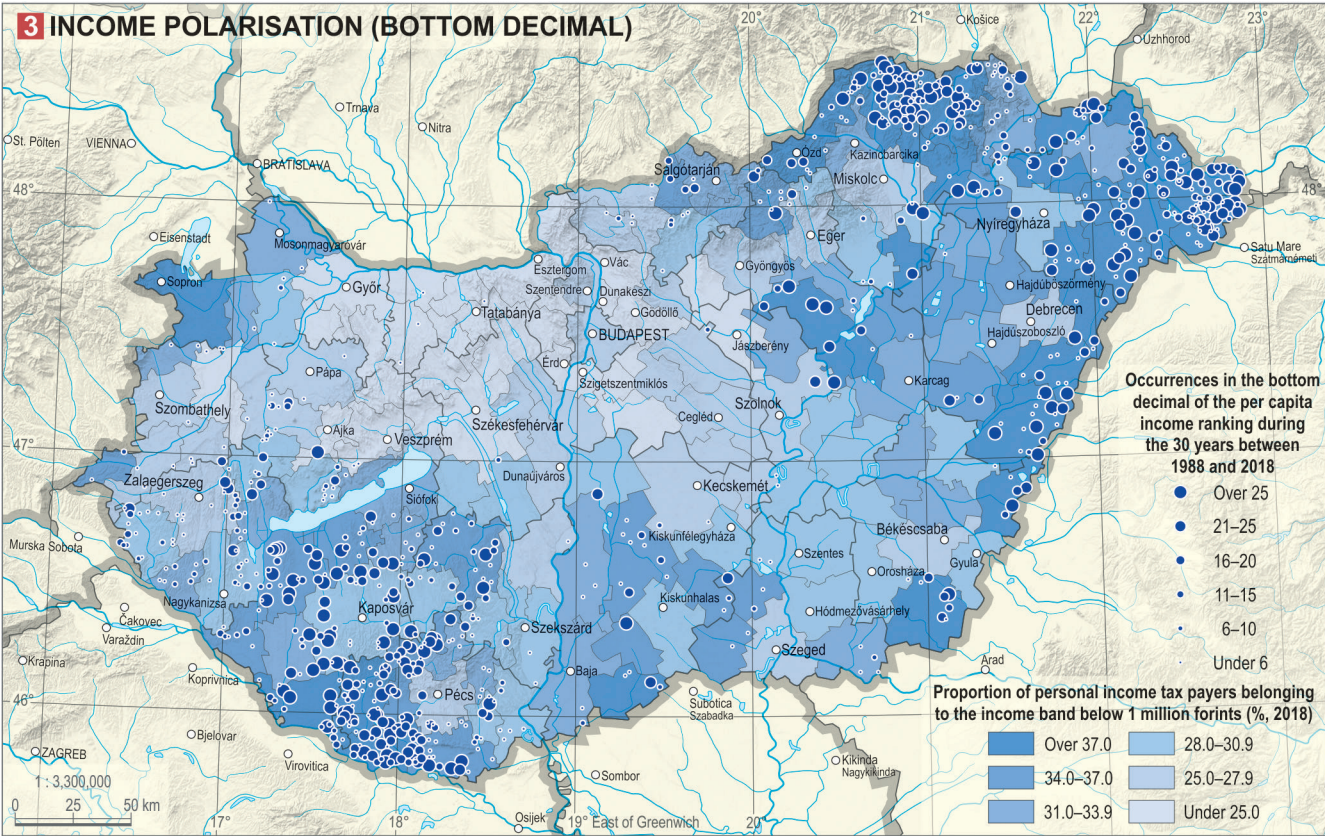
In recent decades, several domestic and international processes have affected the stratification of Hungarian society: the collapse of communism and the related economic changes; globalisation and the associated changes in the economy, employment and wage conditions; the economic crisis of 2008–2009; and changes in the taxation and welfare system.

The most recent research on social stratification (2014) identified eight major groups in Hungarian society. The findings showed that members of the elite live mainly in the major cities and their agglomerations; they are highly educated and in most cases their

parents already belonged to this echelon. People in the upper-middle class lag behind the elite in terms of income and education, but their cultural and social capital is significant. Upwardly mobile young people also have relatively large amounts of cultural and social capital and thus have a chance of joining the best-positioned groups in society. Members of the rural intelligentsia have average but predictable incomes and a high demand for cultural goods. Another group is made up of the so-called ‘Kádarian little people’ who live mainly in smaller settlements, were relatively better off under communism and now struggle on their income. The proportion of single people is highest among the drifters, whose level of education is low to medium. The low level of education of workers is coupled with a precarious financial situation. The stragglers have little social or cultural capital, and their parents were typically in a similar situation.

In light of the above, a conspicuous feature of Hungary’s social structure is the weakness of the middle class VI.7.1.; no strengthening or widening of this group has occurred since the collapse of communism. At the same time, it is worth noting that Hungarian income differentials are moderate by international standards, although they have increased in recent years VI.7.2., VI.7.3., VI.7.4.. According to analysis by the European Commission, Hungary’s current tax system stimulates social polarisation because it benefits those on higher incomes. The place of residence also plays a major role in the development of the social structure; people living in the major cities or their catchment areas are generally better off than those living in small towns and villages VI.7.5..

According to surveys by the Central Bank of Hungary, the wealth of Hungarian households increased between 2014 and 2017. This increase, however, was mainly due to an increase in the value of properties. Wealth growth mostly affected the layer of society with the most favourable conditions. There are also marked differences in savings: a significant proportion of families do not have substantial savings. If they were to lose their income, they would find it difficult to cover unexpected costs or maintain their previous



The majority of Roma people in Hungary live in cumulatively disadvantaged conditions

standard of living. They are also considered particularly vulnerable to deprivation in the crisis caused by the 2020 corona virus pandemic. Another problem is that while the path of social advance is difficult, downward mobility is easy. The role of education, including participation in higher education, is paramount in creating opportunities for social mobility. In this respect, there are significant differences between the different types of settlements. Moreover, in recent years access to higher education has become limited VI.7.6., reducing social mobility for those from the worse-off families. A higher level of education also positively impacts on income. For instance, in 2017, average income per capita among higher education graduates was more than 30% higher than that of secondary school graduates and almost double that of those with no more than primary education. The proportion of those at risk of poverty and social exclusion is also much lower among higher education graduates.

Regarding income and wealth, it is also important



Managers are overrepresented in Budapest and its agglomeration

to highlight the role of household size. Single-person households are in the best situation, and single parents and families with three or more children are in the worst.

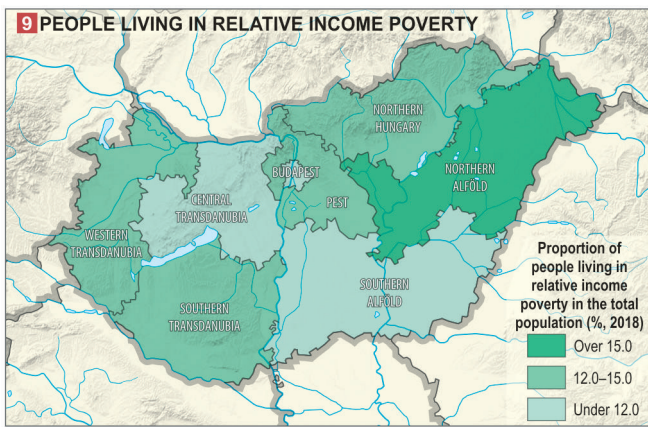
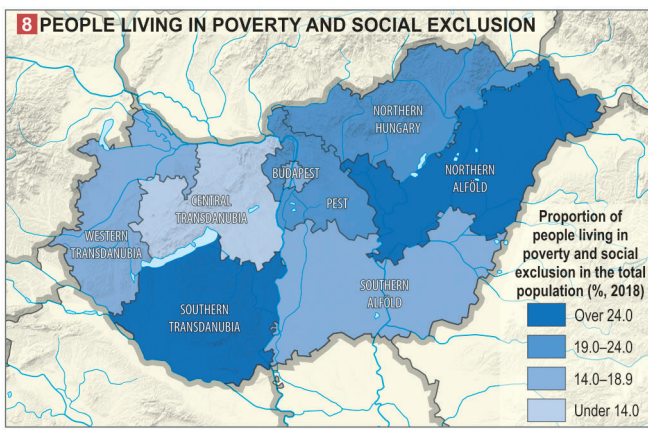
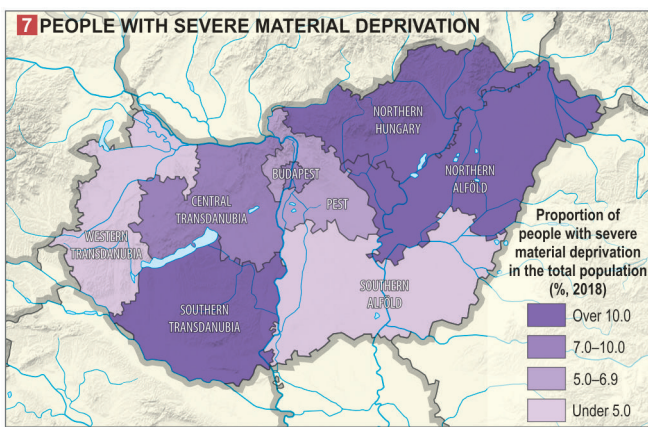
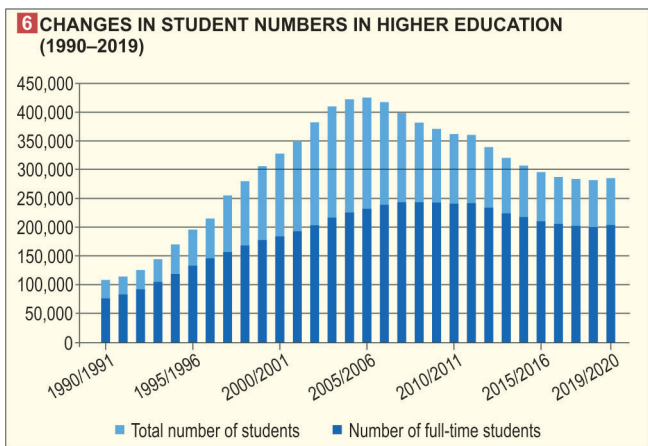
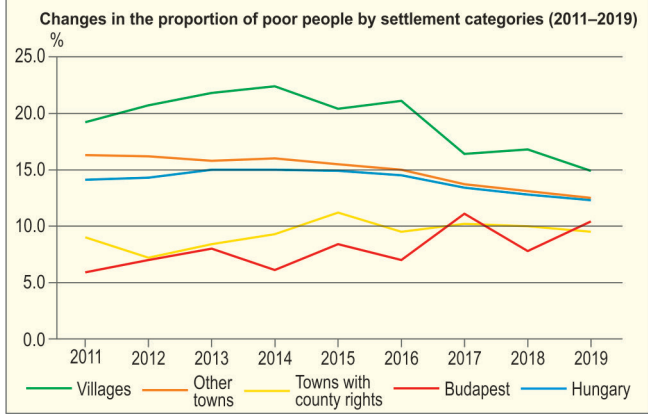
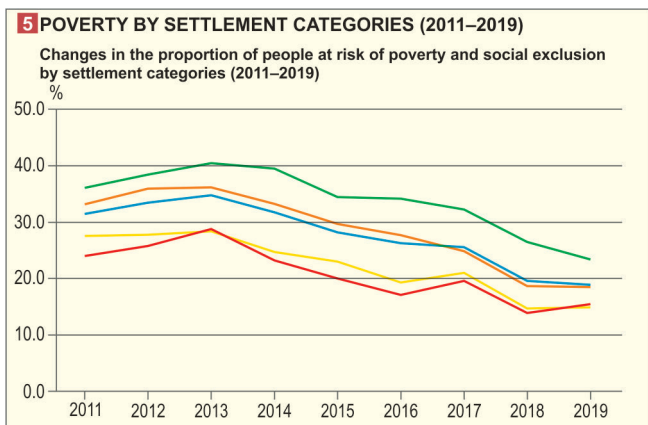
Regarding the situation and living conditions of the Roma population, it can be observed that although the risk of poverty and exclusion decreased in accordance with national trends, it was still three and a half times the national average in 2017 1. The positive changes were mainly due to an improvement in employment rates, but more than half of Roma still suffer from severe material deprivation, according to recent studies. Further, their housing conditions are worse than average.

Social groups in favourable or improving conditions

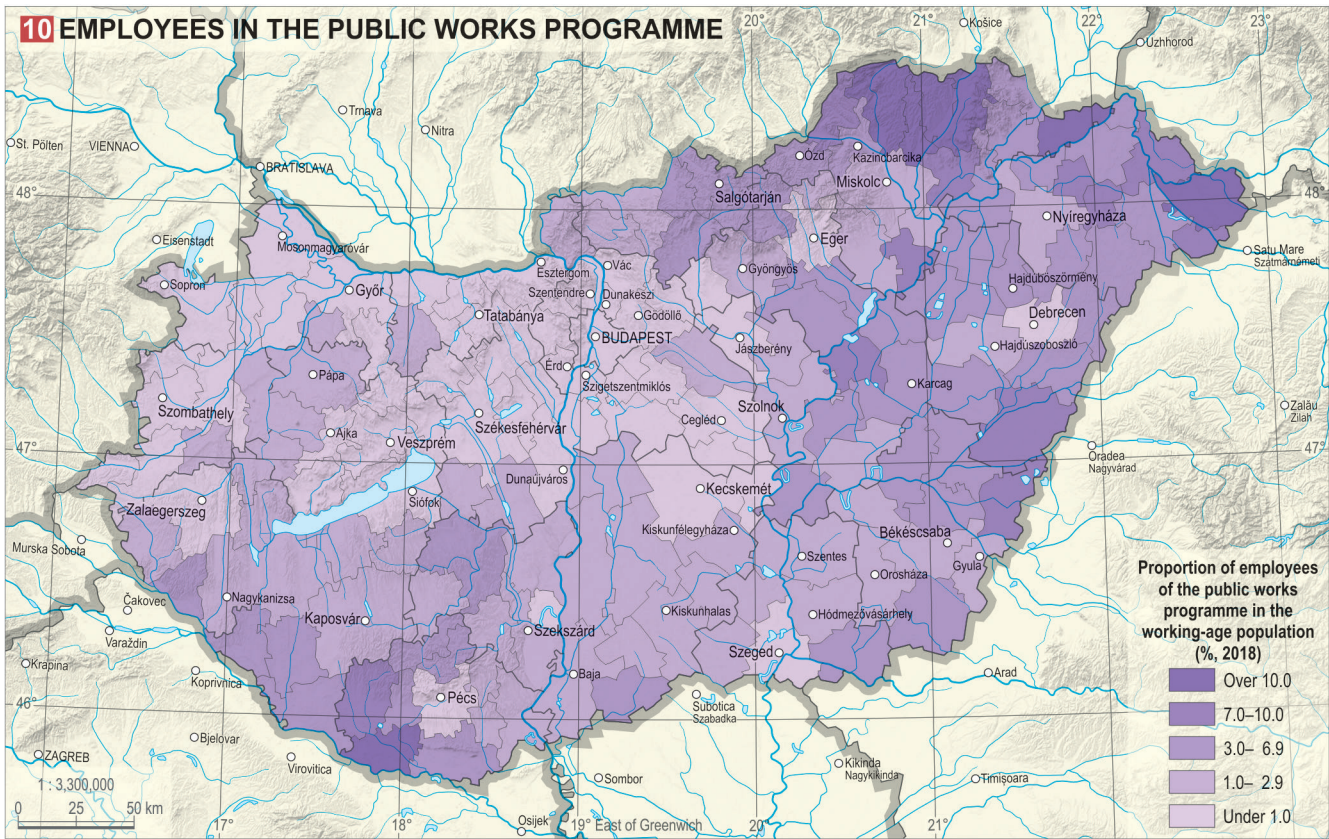
The regions with the most favourable conditions are those that were the target of foreign capital investments following the collapse of communism: Central Hungary, Western and Central Transdanubia. In these regions, employment and income conditions are better than average VI.7.7., VI.7.8., VI.7.9.. Moreover, people’s general level of education and knowledge of foreign languages are also above the Hungarian average.

As employment rates are also more favourable in the above regions, the significance of public works programmes is mostly negligible VI.7.10.. Indeed, the market offers enough jobs, some businesses are even facing labour shortages. This is also reflected in a higher average income level. Naturally, the spatial distribution of managers (chief executives, senior officials, legislators and other managers) 2. is also greatly influenced by the spatiality of the economy and the system of institutions: they are concentrated where significant foreign capital was invested in recent decades and in settlements with key roles in public administration. As in other countries, so also in Hungary the capital city and its suburbs play a paramount role in this regard. Outside of Budapest, the proportion of senior managers is highest in the Budakeszi, Pilisvörösvár, Dunakeszi and Szentendre districts VI.7.11..

Stratification analyses agree that mobility chances are increased by higher educational attainment. In this field too, people living in or near the major cities are in a better position, with a generally higher proportion of university students VI.7.12.. The proximity of higher education institutions has a positive impact on the



rate of participation in higher education (i.e. regional educational centres play a major role in creating and maintaining opportunities for mobility). Based on research in recent years, it can also be seen that the chil-



dren of those who are already better off and have higher educational qualifications are more likely to enter higher education, whereas poorer people and those living in peripheral areas are virtually excluded – which can lead to social ossification and even to increasing social disparities. The importance of education is also underlined by international evidence showing that at times of economic crisis people with less education are relatively more likely to lose their jobs.

Real incomes increased in the vast majority of municipalities in the period between 2009 and 2017, partly due to economic growth, as the recovery from the 2008–2009 economic crisis improved the employment situation. The number of Hungarians working temporarily or permanently in other EU member states also increased significantly during this period. Their

higher wage levels also raised income levels directly (and the incomes of many households). Moreover, in some sectors wages increased as a result of labour shortages caused by people working abroad. Changes in the Hungarian tax system had a similar effect; because minimum wages became taxable, the salaries of those with the lowest incomes had to be increased so that their net earnings would not be reduced in consequence of the new legislation. In addition, the introduction of a unified public works programme since 2011 has contributed to an improvement in income relations, since under this system official income was earned by those who had not previously had it (VI. 7. 10.). This explains why a significant proportion of municipalities with the highest average income growth are found in peripheral areas (VI. 7. 13.). The

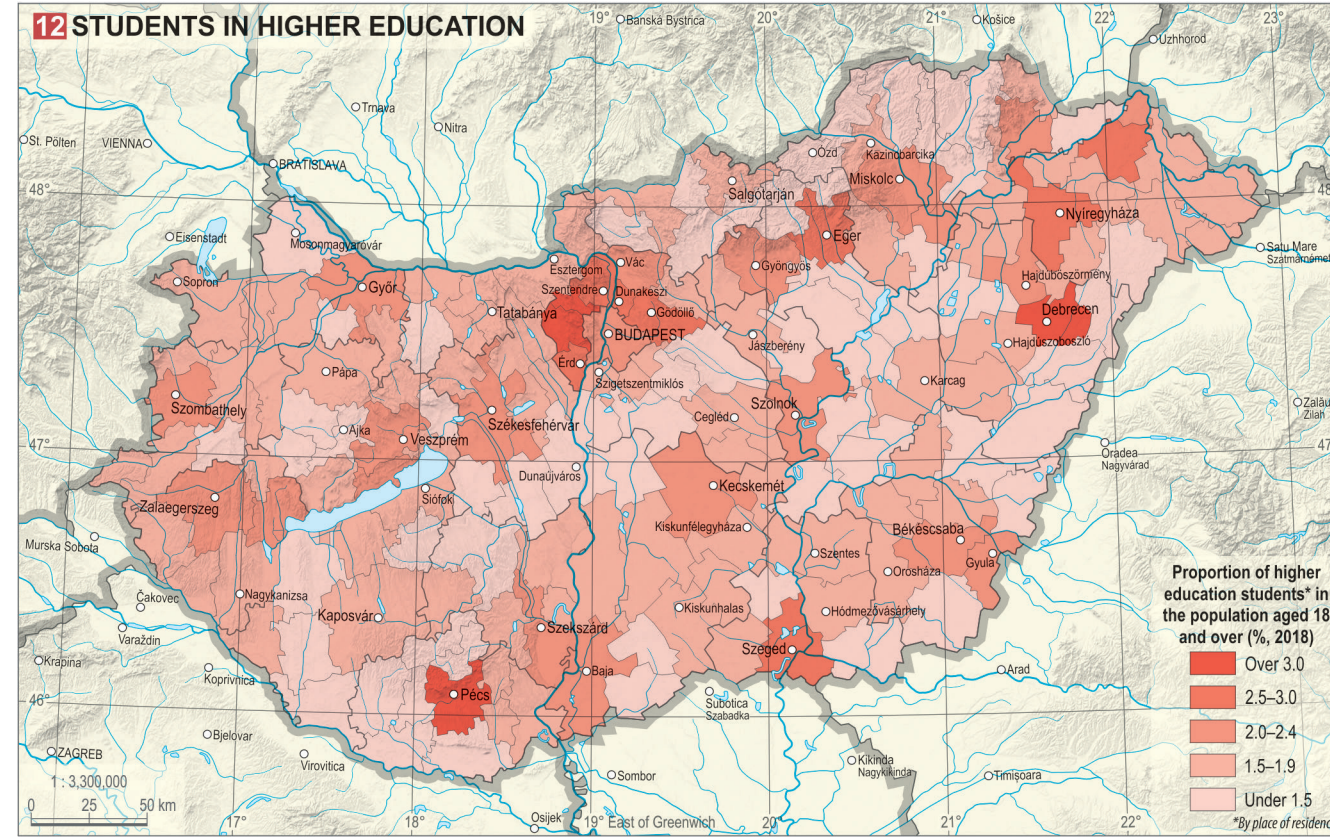
same processes have led to a reduction in various indicators of poverty. At the same time, differences between the types of settlements have remained. The proportion of people in the highest income categories is highest in the agglomeration of Budapest and in the vicinities of Győr and Székesfehérvár. In these areas, more than one-eighth of taxpayers had a personal income tax base of more than 5 million Hungarian forints. This is true of just 3–4% of taxpayers in the worst-off districts (VI. 7. 15.).

The more favourable situation of Western and Central Transdanubia and of central Hungary can also be seen in savings. In Budapest, for example, the proportion of households with private pension savings is almost three times higher than in the southern Alföld (VI. 7. 14.).

Poverty and disadvantageous conditions

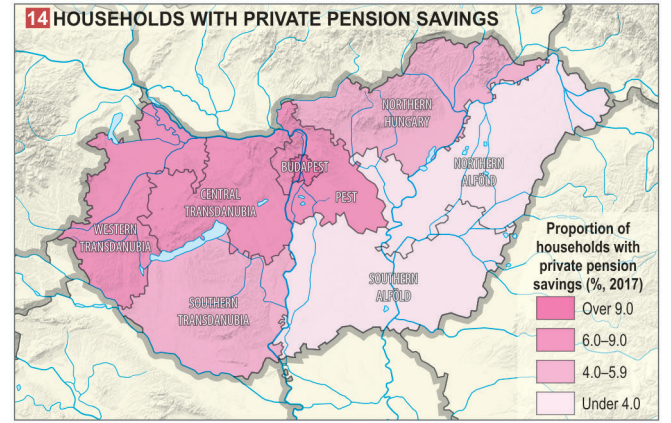
In Hungary – as in other former communist countries – regional social inequalities increased significantly in the 1990s. The postcommunist transition plunged the country into economic crisis, whereby the illusion of full employment gave way to the reality of mass unemployment (peaking around 500 thousand in 1993). The problems were a result of processes that had partly begun well before the collapse of communism. The economic decline of the first half of the 1990s showed significant regional disparities.

In addition to the traditionally underdeveloped areas that had clearly existed under communism, the 1990s saw the emergence of industrial structural crisis areas in the former coal mining and heavy industrial regions. Over the course of a few years, long-term unemployment became a complex social problem, from which only a few more fortunate areas were able to emerge (e.g. Oroslány and Várpalota).



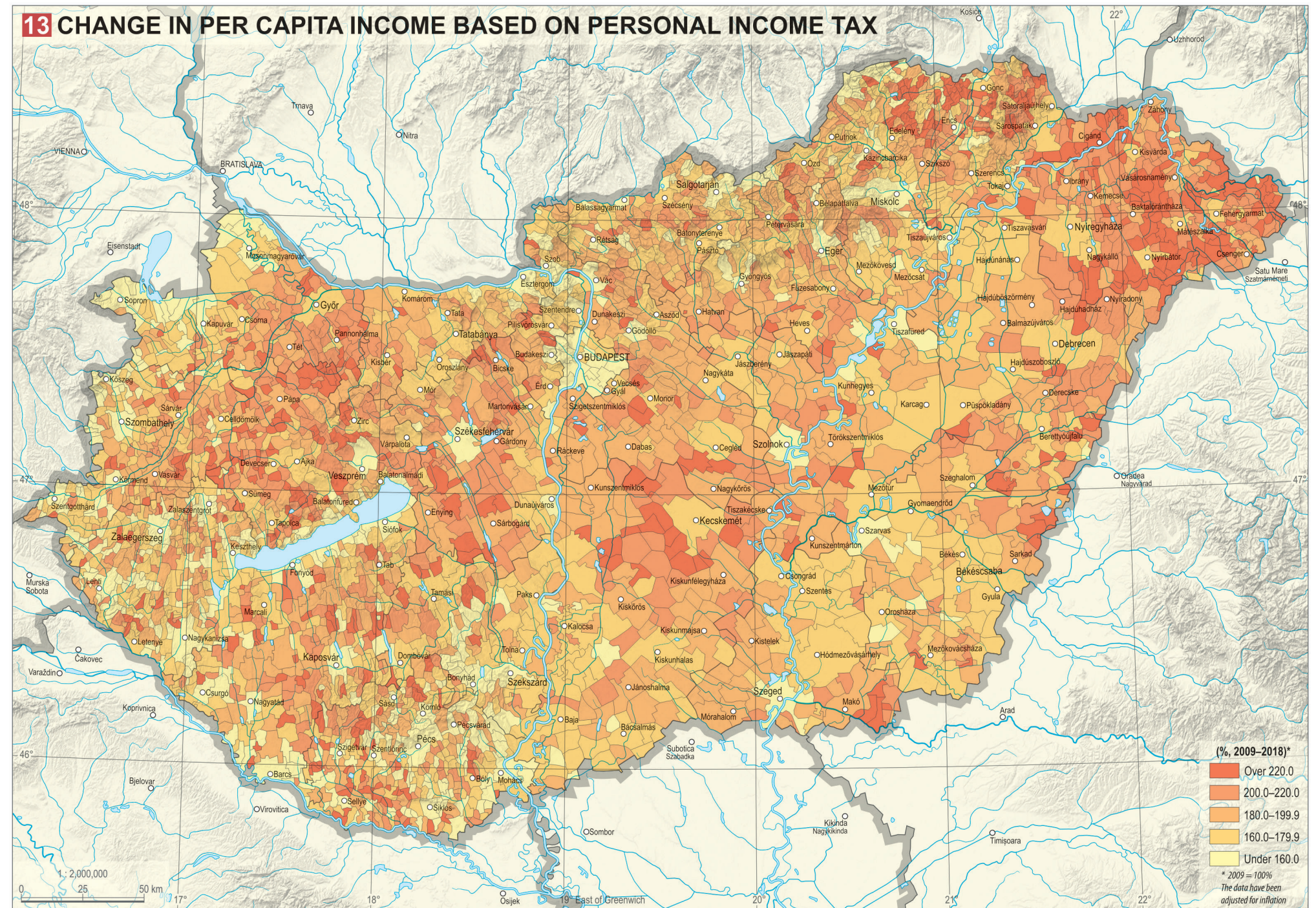
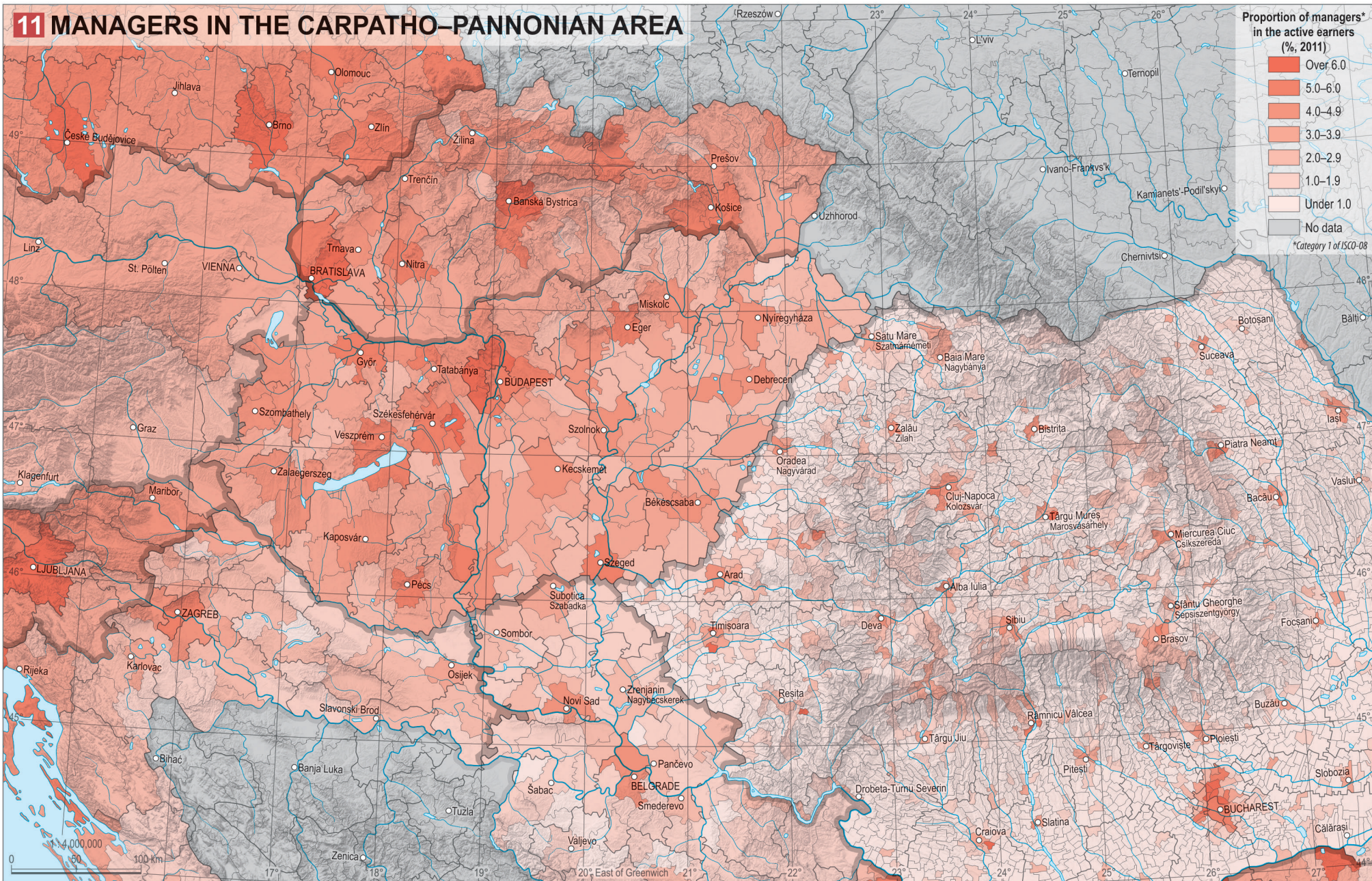
3 Even in Budapest, many people in deep poverty live in ghettos

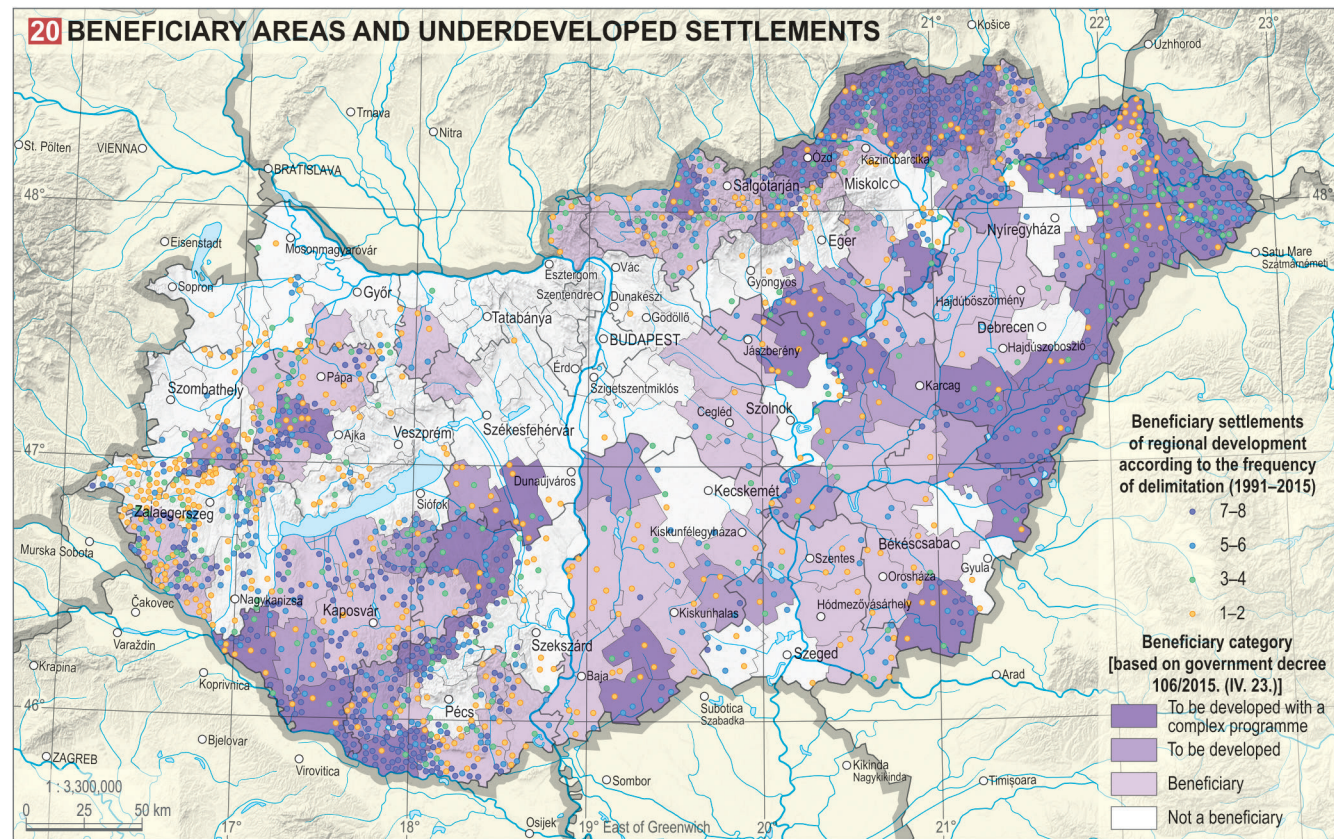
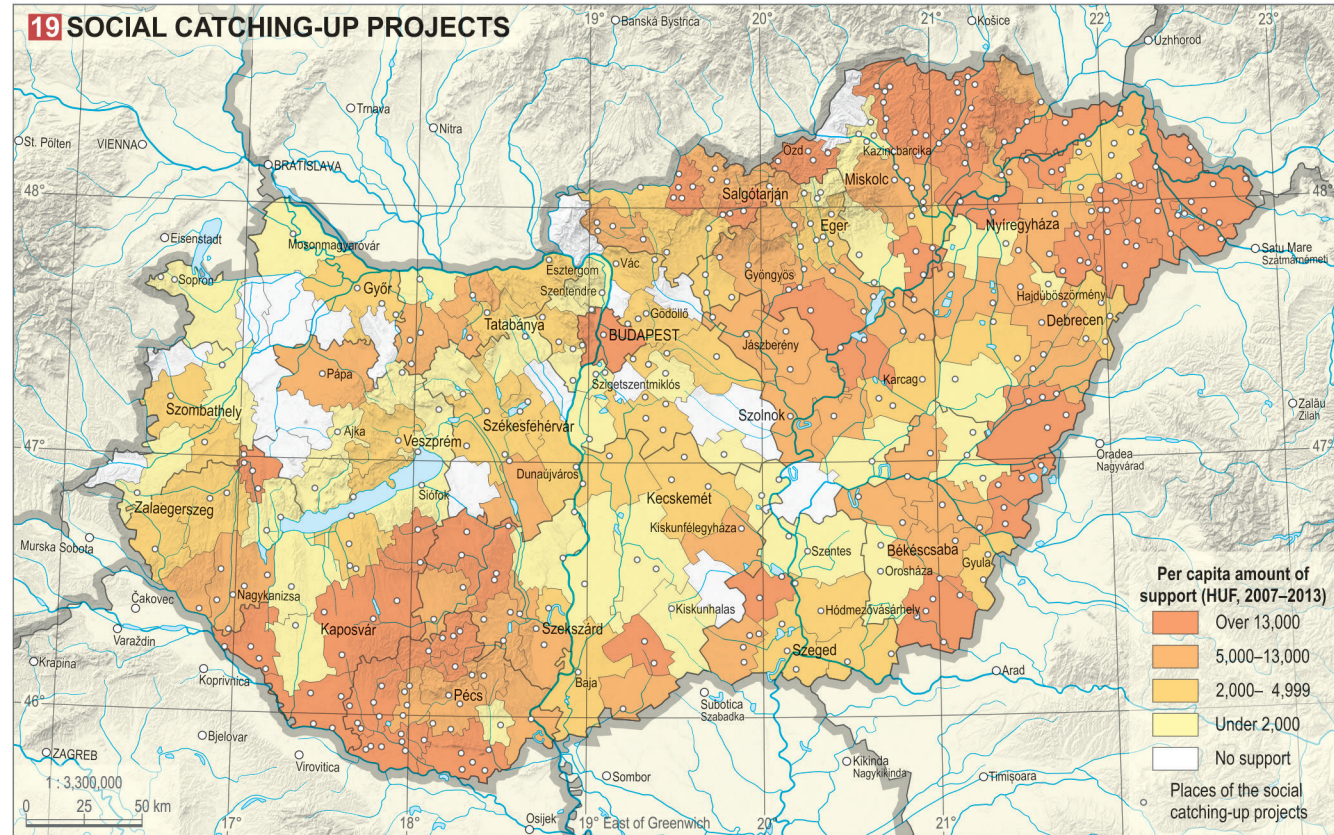
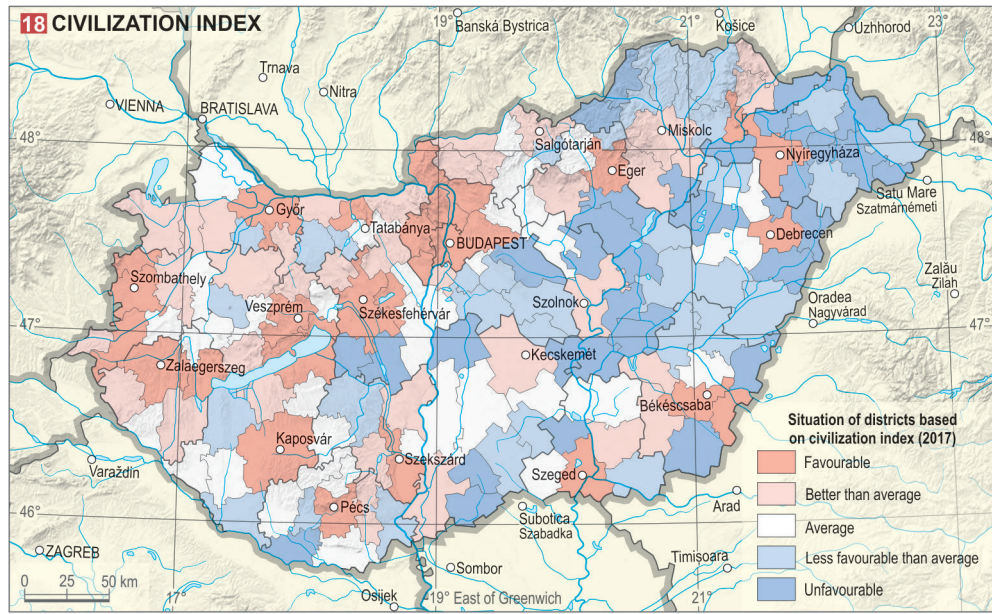
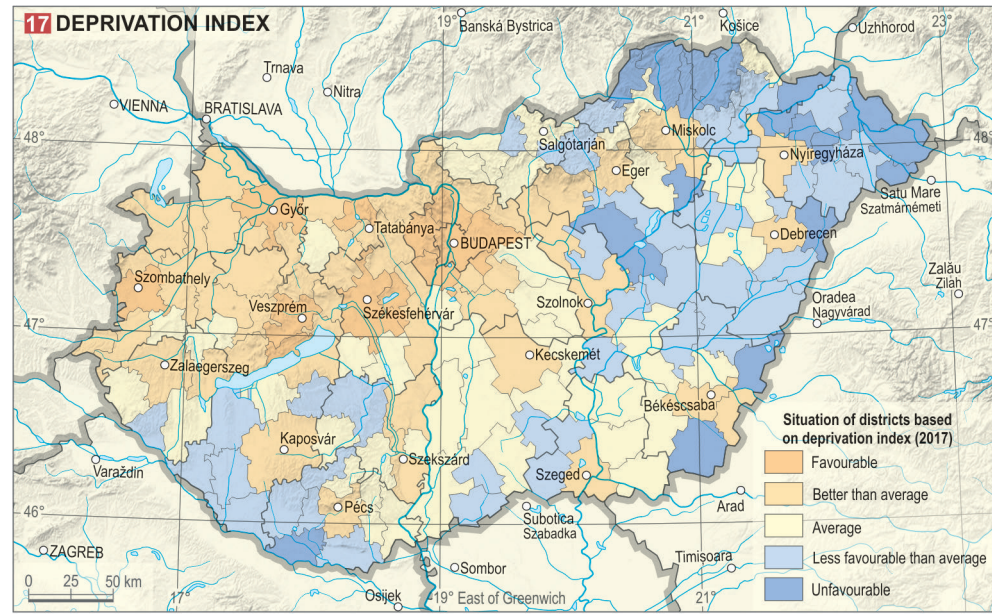
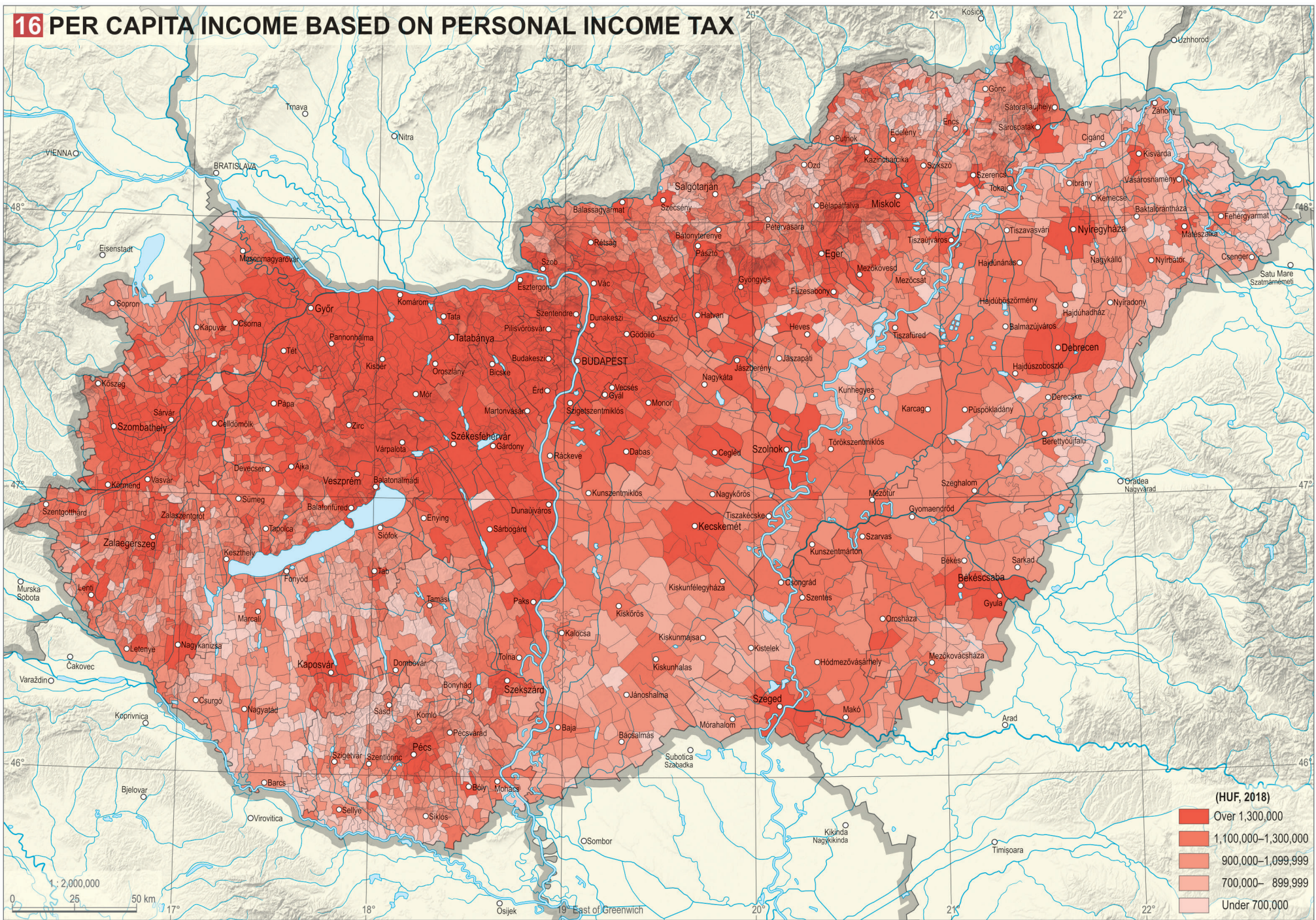
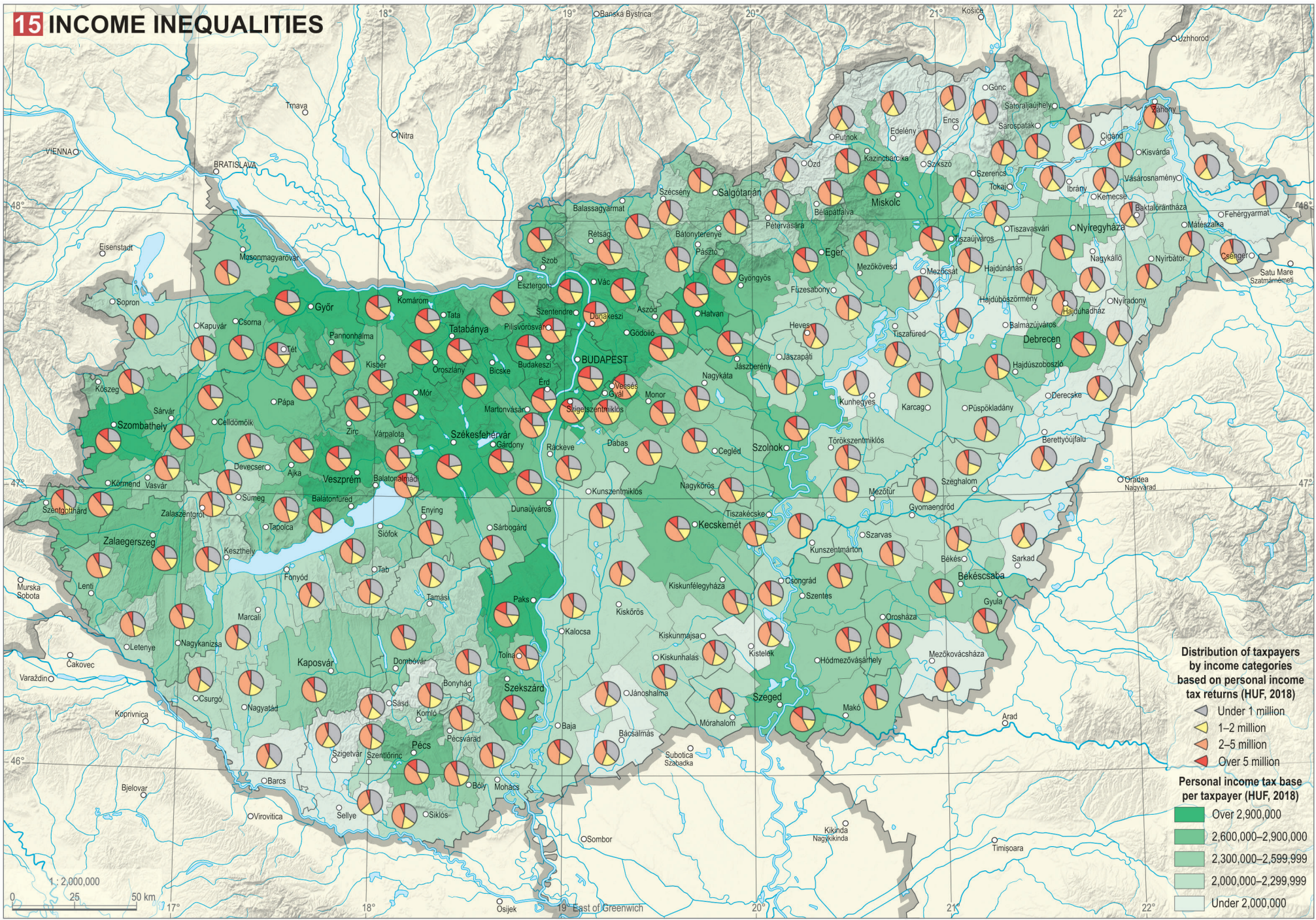
A strong spatial separation of the underdeveloped areas was observed in the 1990s, with significant impoverishment among the population living there. After the turn of the millennium, the range of underdeveloped areas changed little, but many variables exhibited a further decline or only modest improvement. Such is the significantly low level of education and employment, which is reflected in income data (VI. 7. 16.). Public works programmes have become essential to people's livelihoods – especially among the inhabitants of groups of settlements farther from the commuting zones of major cities (VI. 7. 10.). In peripheral municipalities with small populations, the proportion



of people receiving social assistance is also high as a result of being excluded from the labour market. The extremely high proportion of students with multiple disadvantages clearly indicates very limited opportunities for social mobility in several areas. The modest level of public services and the decline in institutional provision are in many cases coupled with the very limited presence of commercial undertakings. In addition to the significant migration loss, ethnic and demographic trends indicate the increasing regional proportions of the Roma population in underdeveloped settlement groups. Since the 2000s, signs of regional segregation have appeared in the northeastern and southwestern parts of Hungary (e.g. Cserehát, Ormánság) and in the internal peripheries (e.g. central Alföld). In addition, segregation within villages and towns has intensified in consequence of uneven development (3.).

The statistical data do, however, show a modest improvement in the situation of the most underdeveloped groups of settlements, despite marked and persistent regional differences. Nevertheless, analysis based on various complex indicators reveals that spatial and





Responses in development policy

The purpose of identifying settlements that benefit from regional development is to enable their targeted support and thus enhance the development of the most underdeveloped municipalities. The compilation of the list of municipalities to be developed started before the collapse of communism (in 1986), and it was modified in 1991. Settlements and areas eligible for benefits from regional development funds were designated on several occasions in later years (employment districts in the early 1990s, then microregions based on changing criteria, and finally districts from 2014). A direct comparison is made difficult by the changing methodology and the range of indicators used. Even so, the eight municipal delineations from the collapse of communism to 2015 form a unified logical framework. A summary map of settlements that are socially, economically and infrastructurally underdeveloped (and thus eligible for benefits under regional development schemes) shows the underdeveloped, peripheral regions in Hungary [VI.7.19](#), [VI.7.20](#).

Settlements classified as underdeveloped form a characteristic geographical grouping. Most of these municipalities are typically concentrated in the north-eastern and southwestern counties of Hungary, particularly in border areas. Since the collapse of communism there has been a spatial rearrangement of the underdeveloped settlements, entailing a clear shift from west to east and a more modest shift away from Budapest and the county centres. Delineations and other development studies of the beneficiary settlements indicate that the municipalities regarded as underdeveloped are concentrated in traditionally peripheral areas or in crisis regions which arose after the collapse of communism. Underdevelopment is reflected in an increasing number of social and economic indicators. This makes it more difficult to distinguish between the types of peripheral areas. The upgrading of the western–northwestern part of Hungary, as well as Budapest and the more developed county centres, also affected the spatial distribution of underdeveloped settlements. Overall, the territorial structure of the lagging settlements seems to have become more rigid since the turn of the millennium. Although there has been a more modest shift towards the east, the concentration of the most disadvantageous groups of settlements in the northeast and southwest remained. Catching-up programmes have also focused mostly on these areas [VI.7.19](#), albeit with relatively little success. So far, these programmes have failed to significantly reduce inequalities in living standards, wealth and income.

social differences among the various districts are still significant. The *deprivation index* [VI.7.17](#), is established by combining the indicators of employment (unemployment and public works programme participants), income, education (the proportion of those with at least secondary educational attainment), housing conditions (the proportion of homes without sanitary facilities) and consumption (number of new cars per one thousand people).

The *civilization index* [VI.7.18](#) is based on the degree of social activity (activity in elections, the proportion of civil and non-profit organisations) and the level of

foreign language knowledge, in addition to education (proportion of those taking part in higher education) and the situation in the labour market (percentage of managers). Using the two combined indicators, researchers can identify areas where the different dimensions of the favourable or disadvantageous situation are multiply displayed. In addition to northwestern Hungary and the Budapest agglomeration, the districts of the county centres have the best conditions. Districts with less favourable conditions are concentrated in the northeastern and eastern parts of Hungary and in the Central Tisza Region.

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- Geographical Institute, RCAES, Ildikó Kuti – Civertan Bt.

Design and typography

- Ildikó Kuti – Civertan Bt.

Printing

- Pannónia Nyomda Kft. (Budapest)

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Publisher: László Kiss (Director general)
Eötvös Loránd Research Network (ELKH), Research Centre for Astronomy and Earth Sciences (CSFK), www.csfk.org
© Geographical Institute, CSFK www.mtafk.hu, Budapest, 2021

The publication is supported by:
Government of Hungary
Ministry for Innovation and Technology (ITM)
Eötvös Loránd Research Network (ELKH)
Hungarian Academy of Sciences (MTA)

Closing date of editing: 1st May 2021

ISBN 978-963-9545-58-8ö
ISBN 978-963-9545-64-9

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SOCIETY

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