

RESEARCH ON POVERTY

2023
SUMMER



Egyensúly
Intézet

FRIEDRICH
EBERT
STIFTUNG

The income level for a meagre living has increased by 30 thousand forints since April

Although we are spending less in the shops and inflation is not abating, according to the June 2023 poll by the [Equilibrium Institute](#), Hungarian society has not become more pessimistic about its financial opportunities since the last similar survey in the spring. At the same time, the average Hungarian's income needed to make ends meet has risen from 220,000 HUF (€570) net to 250,000 HUF (€650) net over the past three months, and the number of those who cannot afford the financial conditions needed for an average life has increased by 4 percentage points.

Compared to the April survey of the Equilibrium Institute, there is no significant shift in some dimensions of poverty, but compared to last winter's results, Hungarians are much more optimistic: more households expect an increase in income, and fewer have problems paying heating bills, ensuring a varied diet and paying a larger amount than at the end of 2022. The overall picture is still not encouraging, with **four out of ten Hungarians lacking the minimum income needed to live on a meagre income**, and almost a third (28%) of the population unable to cope with a sudden expenditure of 100,000 forints (€260).



A decreasing share of households expecting a fall in income

According to research by the Equilibrium Institute, **70% of Hungarian households expect no change in their monthly income, while 15% expect a decrease in income in the next quarter.** In addition, **roughly one in ten (11%) of those surveyed believe that their household income will explicitly increase** in the next three months. The optimism about income is particularly strong among those with tertiary education, with one in four (25%) of graduates expecting an increase in income. Over time, we have seen a decline in income pessimism since November, while the number of those who expect their income to increase or stagnate is growing.

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.

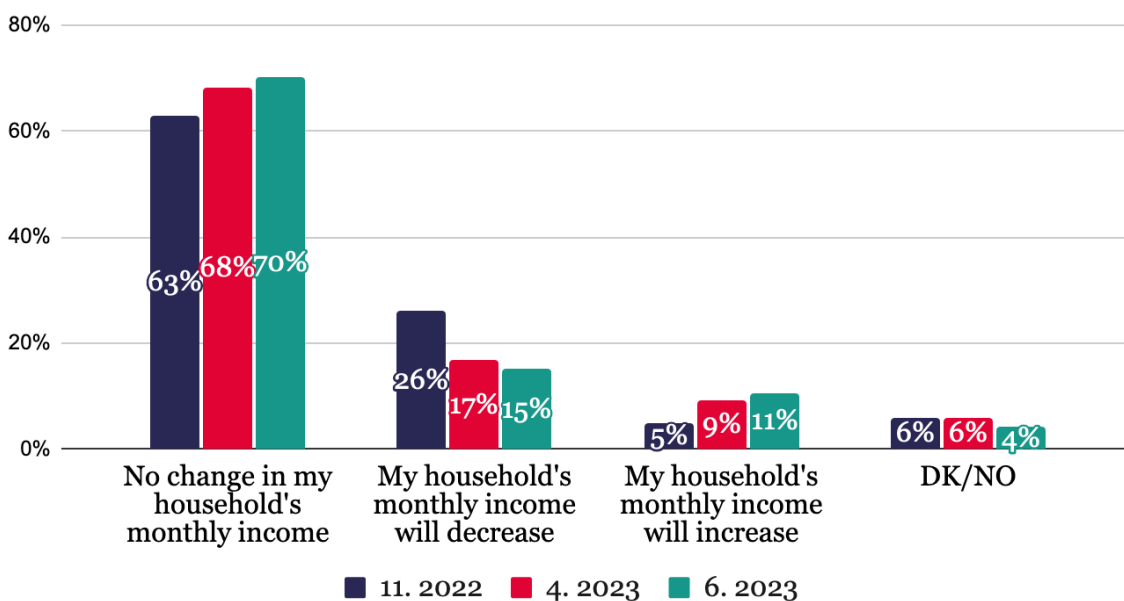


Figure 1.: Do you think your household's monthly income will increase or decrease in the next three months? Please think not only about your own income, but also about the income of all your family members living with you. | percentage

Almost two thirds of Hungarians think it is feasible to put meat or fish on the dinner table every other day

Sixty per cent of those surveyed said they would have enough money to eat meat or fish every other day in the next quarter, but roughly one in three (35%) said the opposite. There was no difference beyond the margin of error between the April and June surveys, with a significant difference still only compared to November (+25%). The results show that older people tend to be more pessimistic in this regard. By type of settlement, people living in municipalities were the most pessimistic, with 5 percentage points fewer than the national average thinking they would have the opportunity to eat meat in the next quarter.

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

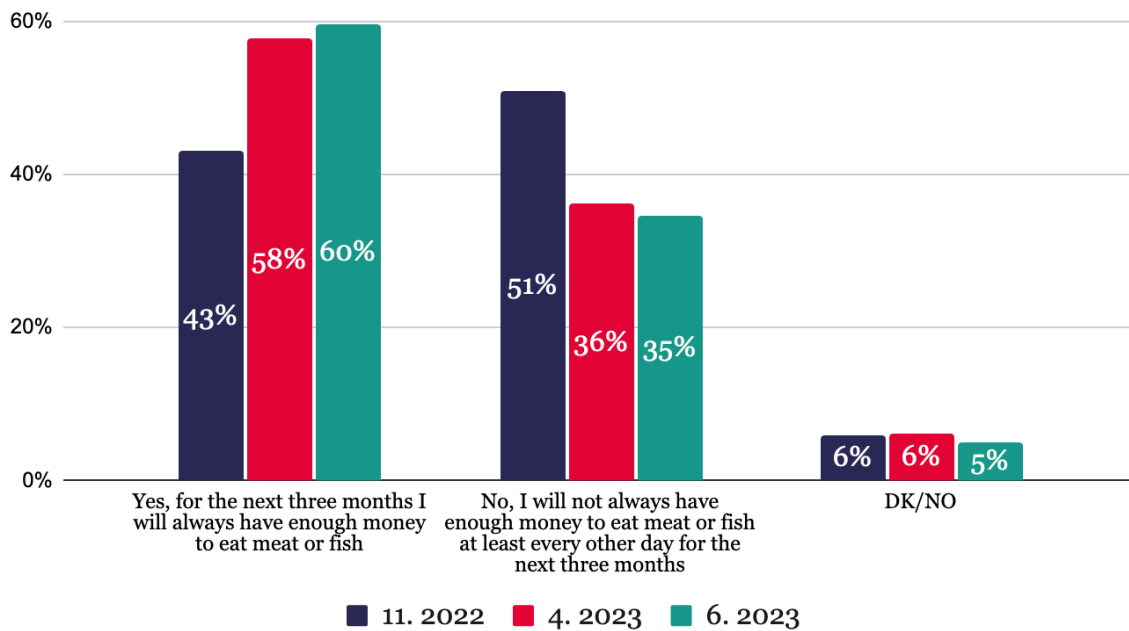


Figure 2.: For the next three months, do you think you can or cannot afford to eat meat or fish at least every other day? | percentage



Only a quarter of Hungarians could cope with a relatively large unexpected expense

Based on the June 2023 results, 40% of the Hungarian population would have a problem paying an expense of HUF 100,000 (€260), but could still manage it on their own. However, nearly a third (28%) of respondents say they would not be able to cope with such a sudden expense. At the same time, the results of the survey show that roughly one in three (29%) people could easily pay 100,000 for an unexpected expense. Compared to previous surveys, the summer data paint a more positive picture of the financial situation of the adult population, with an increase in the number of people who would have no problem paying a larger amount of money, by a margin of error (4 percentage points). In interpreting the results, we

cannot ignore the fact that the average inflation rate between November and May was 24.2%, so the HUF 100,000 probed in the question 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?

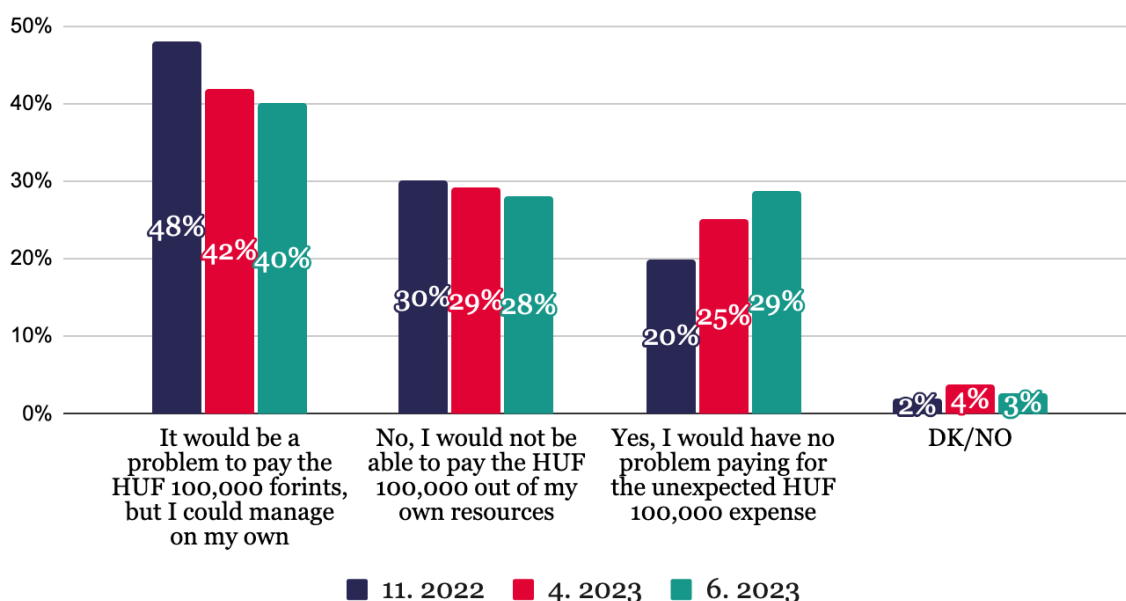


Figure 3.: If you had an unexpected but unforeseeable expense of HUF 100,000 tomorrow, would you be able to pay the HUF 100,000 out of your own resources or would you not be able to pay the HUF 100,000? | percentage

Broken down by type of municipality, it can be seen that the inhabitants of the capital are the best in this dimension, as 37% of them would have no problem paying such a sum, while only 21% would not be able to cope with such a financial challenge at all. Again, the most vulnerable are those aged 60 and over and those living in municipalities.



One in three Hungarians could have problems paying their heating bills in the next quarter

According to the June 2023 research by the Equilibrium Institute, the **majority of respondents - 64% - would have enough money to heat their home (if they had to) in the next quarter.** However, **27 percent of Hungarians could have problems paying their heating bills, while another 6 percent expect to have no money at all to keep their homes warm.** In the light of previous surveys, there has been no significant shift since April, i.e. within the margin of error, but there is a significant improvement in sentiment compared to November. This is also due to the fact that **the issue of heating and heating bills is clearly less of a concern for the population in the spring and summer months.**

In terms of age, the trend continues to be that older people tend to be more pessimistic regarding this topic. And by type of settlement, people living in cities are clearly the most vulnerable, with nearly 39% of them finding it difficult (34%) or impossible (5%) to keep their homes cool.

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?

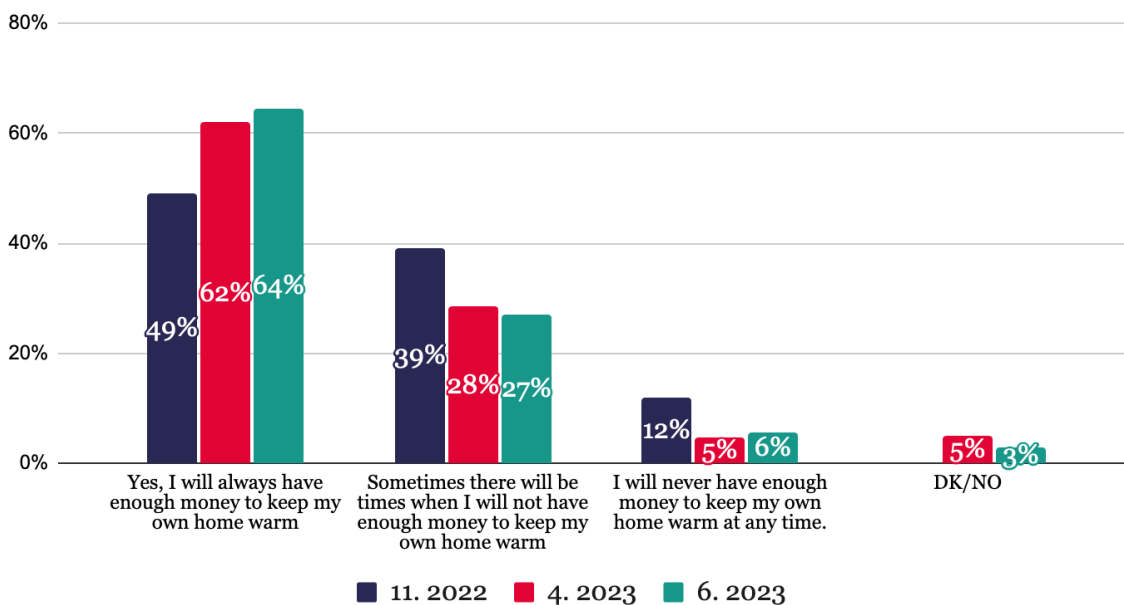


Figure 4.: In the next three months, do you think you will or will not have enough money to keep your own home warm at all times, i.e. at a temperature suitable for your home chores and sleep? |percentage

The income level for a meagre living has increased by 30 thousand forints (€80) since April

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 The latest results show that a **Hungarian citizen would typically need a net monthly income of HUF 250,000 (€650) to live a meagre life. For an average life, respondents would need a net 350,000 forints (€900) per month, and for a carefree life, they would need a net 500,000 forints (€1,300) per month. Compared to the April survey, there is a difference in the amount needed for a meagre living: respondents now think they need 30,000 forints (€80) more to cover their living needs.**

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.

You alone would need how much money...

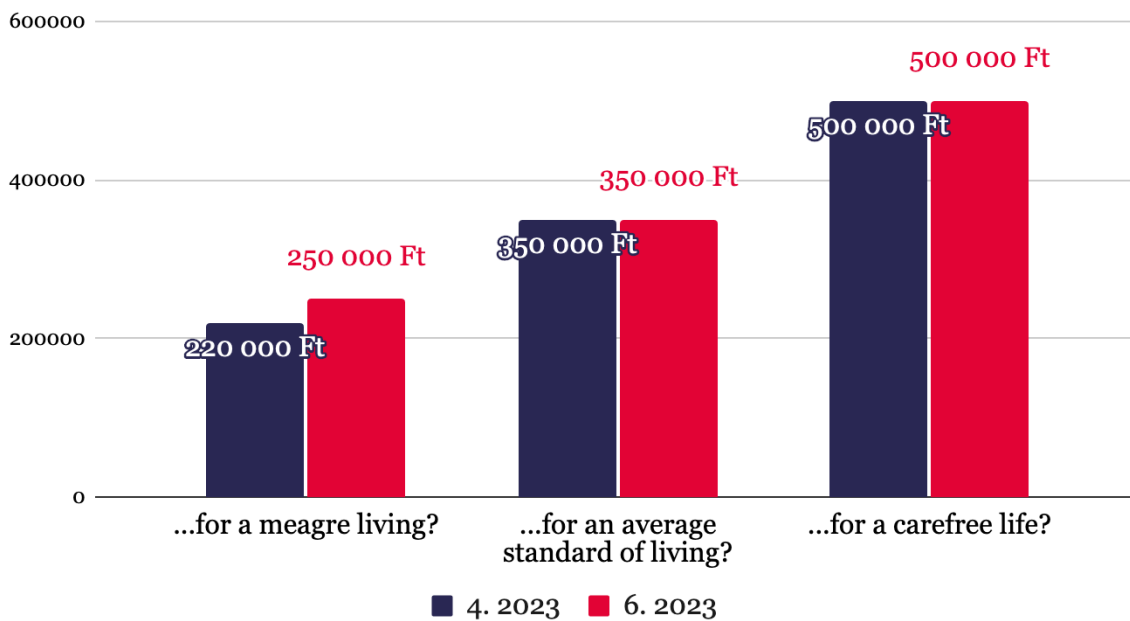


Figure 5.: Just for you alone, how much would you personally need for a meagre living; for an average living; for a carefree life? | median value of responses

In comparison, **41% of the respondents earn less than HUF 250,000 net per month, meaning that four out of ten Hungarians - without spousal or family support - do not have the minimum income needed to live on a meagre income.** It is also worth pointing out that 2% of the population have no income at all. In addition, the results show that **16% of the respondents take home between 250,000 and 350,000 HUF net per month, so overall 57% of Hungarian society is unable to meet the financial conditions for an average life.** This represents an increase of 4 percentage points compared to the spring figures (53% → 57%).

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)

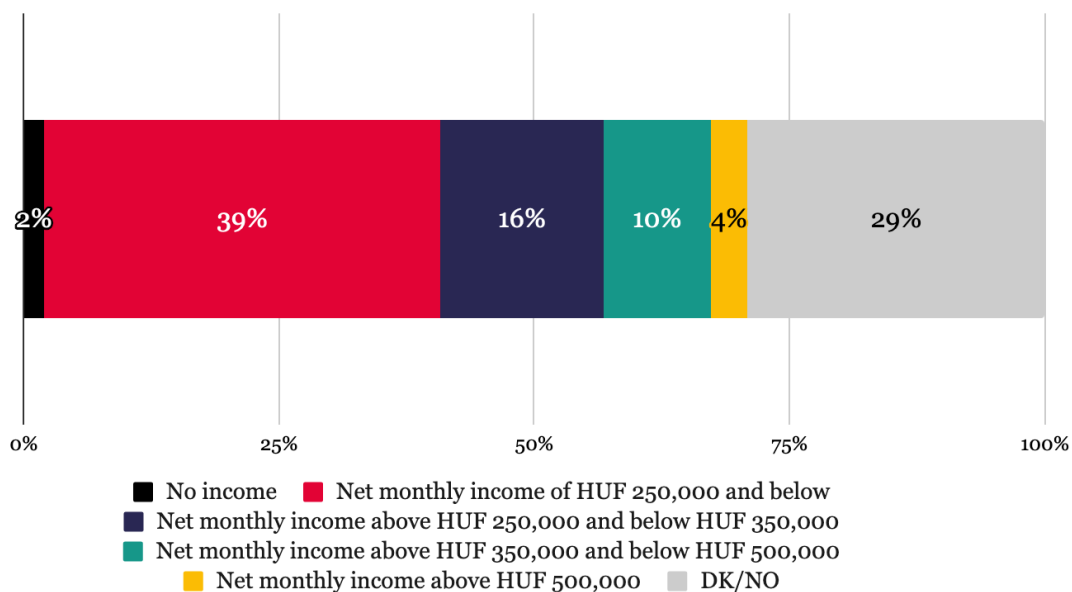


Figure 6.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). | percentage, full sample

In line with the April results, **currently 10% of Hungarians fall within the average income range for a carefree life (HUF 350-500 thousand), and only 4% of the population can say that they earn above the threshold for a carefree life.** Higher educational attainment is still associated with higher income expectations, while the opposite pattern can be observed across age groups: the older someone is, the lower their financial needs.

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)

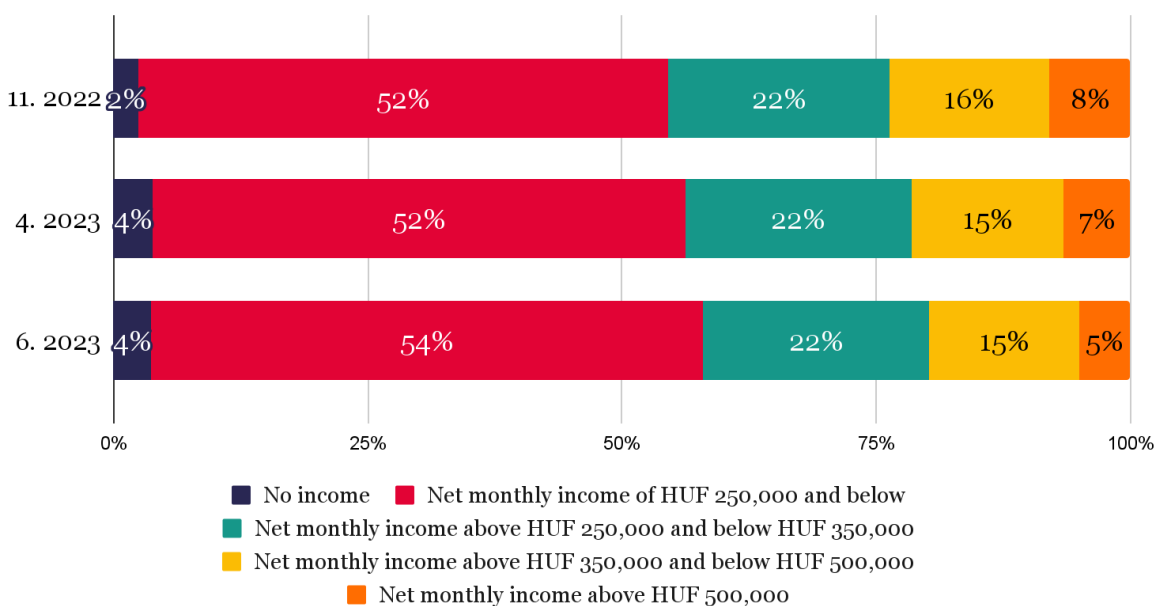


Figure 7.: How much is your net income (what you receive) (salary/pension/grant) per month? Please include any extra work (second job, side job, casual income, etc.). | percentage, valid responses

Because of the high non-response rate, we also looked at how income varies among those who give a valid response. The results show that there are no significant differences between the different surveys. The most recent results show that **58% of respondents had an income below the subsistence income threshold.** A further 22 percent reported receiving between 250,000 HUF net and 350,000 HUF net per month. In conclusion, 80% of respondents do not have access to the income needed to meet their average needs. **Only one fifth of respondents (20%) take home what they consider to be average or above.**

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

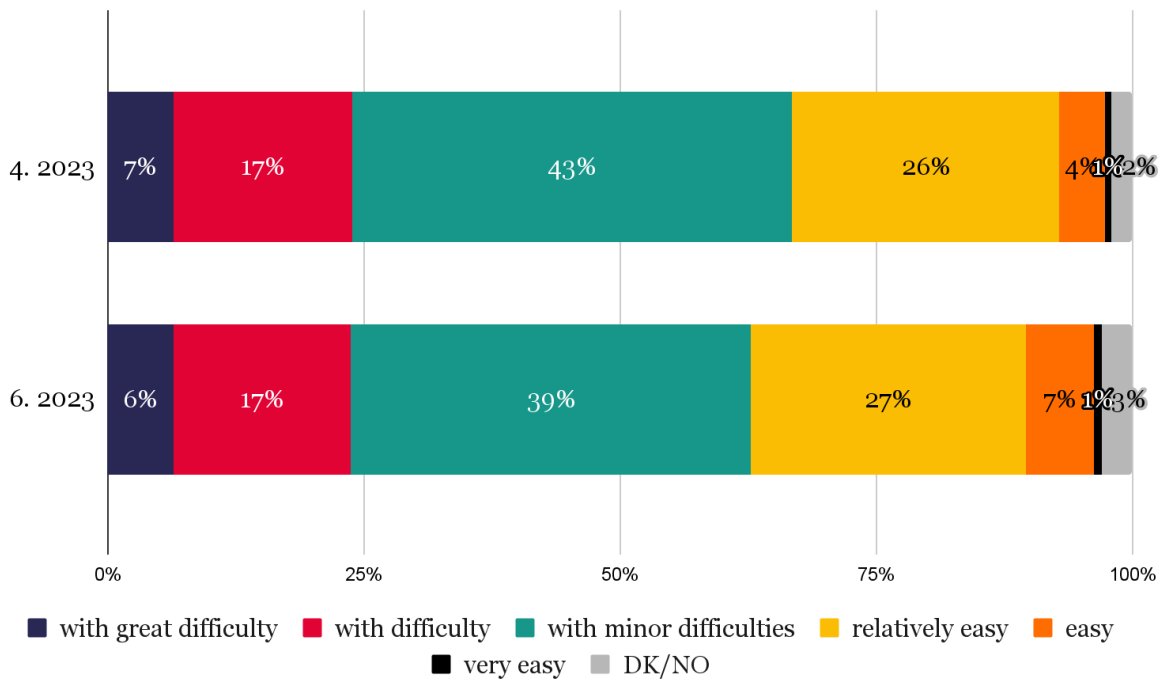


Figure 8.: In your opinion, how can your household cover its normal expenses? | percentage

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. It is worth pointing out that the results show no noticeable difference between the spring and summer figures. **In June 2023, 7 percent of households had a high level of difficulty in meeting normal expenditure, while 17 percent had only moderate difficulty. In 39 per cent of cases, respondents reported that they could only manage to finance their household with little effort. This means that 62% of Hungarian households are able to meet the costs of everyday living only with little or no difficulty. More favourable circumstances were reported by 35 percent of respondents: 27 percent manage their household's financial pull with relative ease, 7 percent with ease and 1 percent with great ease. Compared to the spring results, Hungarian society seems to be more optimistic, with a 4 percentage point increase in the number of people who have no problems meeting the financial needs of their household (31% → 35%).**



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

Over the past 10 years, the Hungarian economy has experienced continuous and significant economic growth and real wage growth, with the exception of the COVID year 2020. 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)

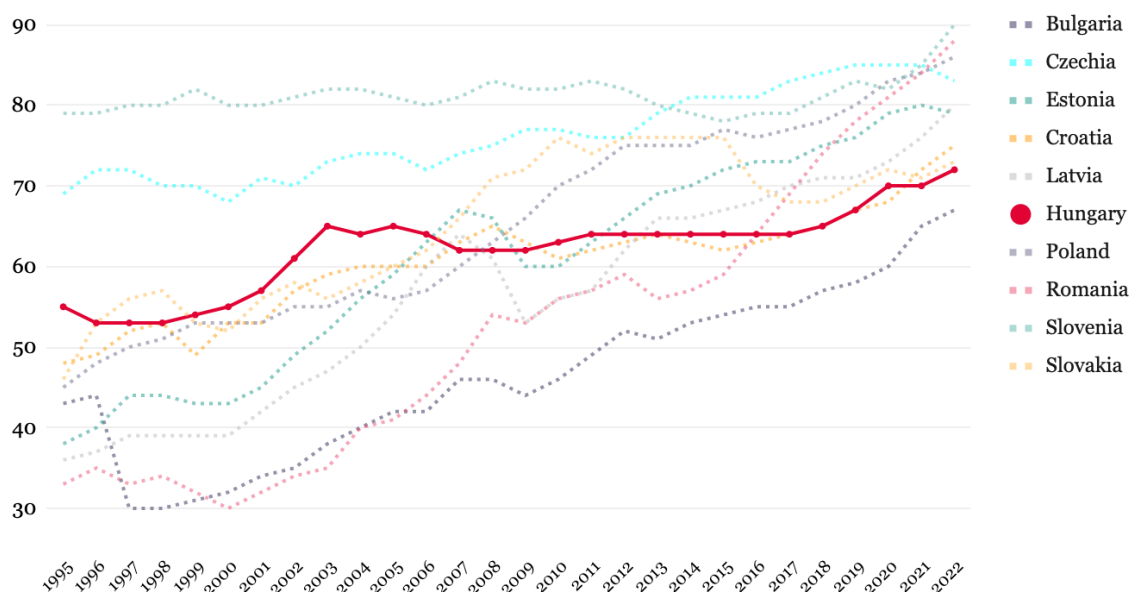


Figure 9.: Actual individual consumption among countries in the bottom third (PPP, 1995-2022) | Volume indices of real expenditure per capita; base = EU-27; base year = 2020; source: Eurostat

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 official statistics

show the extent of poverty in Hungary many months or even more than a year in advance, the Institute's quarterly reports are based on recent surveys 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.