

The socio-economic situation of Roma
in Hungary before and after the political regime change:
Significant policies and their effects

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Abstract

During my analysis I found that due to different reasons, these policies in relation to Roma socio-economic or labour situation could not be effective enough during the revised time period in the history. The Communist policies could bring the aimed result since they were very aggressive, miss implemented or even not served the interest of Roma at all. However, the Communist systems had one positive common feature by which the Roma could be more integrated after the regime change: It was the policy which made the work obligatory, resulting in high employment rate among Roma. As a result, the working class of Roma people was much broader than today and could afford to be more integrated to the society.

Next to many other Hungarian public policies, I have found that the Public Work Program (PWP) is one of the possible ways to change the socio-economic status of Roma. Although the program in itself is still missing many elements to be effective, just like in case of the previous policies. I suggest six alternative ways to improve the current performance: a, Ensure temporary employment; b, Provide income support; c, Encourage on the job employment search; d, Combine with training and skill accumulation; e, Establish an independent evaluator institution; f, Produce for real goods market. Out of these ways, I consider a, and f, as the most implementable since the infrastructures are already built up, and thus there is no need for a huge financial cost. Roma as the greatest minority group do need the support from the governmental level to make these policy changes in order to help to integrate them throughout changing socio-economic status.

Introduction

I have already discussed the Roma issues in Hungary such as: socio economic status, employment housing, education etc. during my studies at the Central European University. The employment situation of Roma is a burning issue in Hungary, not only because it affects directly the community's living standard, but indirectly has an enormous effect on the society in all. The ineffective public policies in the labour market are not integrating the disadvantaged groups adequately and there are many problems remaining even from the communist regimes. In addition, from an economical point of view the long-term outcome cannot create a positive result but rather a very negative one.

Although Roma is the largest minority group in Hungary, their socio-economic status and living standard are one of the worst compared to the non-Roma groups. According to the census from 2011, 315 000 was the Roma population in Hungary (2011. Year Census Data, 2013), however, unofficial estimates are providing better insights to the real number than the Census data: they indicate about 876 000 Roma live in Hungary in 2018 (Penzes, Tarai, Pasztor, 2018). Therefore, the Roma minority is about 1/10 of the whole population, having an enormous role to create the settings of the socioeconomic-status of the whole population. Unfortunately, they do not have the adequate support in terms of policies and policy implementation by the government neither on the local nor on the country level.

Moreover, labour discrimination creates many uncomfortable situation for employment seeking Roma, even if they possess the right certificates. Often times due to the belonging to the community, employers directly or indirectly discriminated them by which the employment became denied from them.

Labour Policies can always drive evaluators in debates whether they have a good impact on the labour market or not. Hungary is not an exemption with its own policy towards unemployed people. The hotly debated program here is the Public Work Program which is also a great

indicator for how the Hungarian state deals with employment of disadvantaged groups, especially with the Roma minority within the country. Through the lens of this program, my thesis will explore the situation of Roma in the Labour market within Hungary.

According to the KSH estimates 20% of Public worker are Roma and every 8th jobless is a Roma too. The wage provided by the Public Work Program (PWP), is too little and the program itself put political pressure on participants. It is generally accepted that the average income of Roma is quite low because neither the PWP nor the social system can provide a normal amount of income for them. (Central Statistical Agency, 2016)

In order to understand the PWP relations to the Roma community better it is needed to have historical overview and an analysis of policy implementation thorough the changing regemes. Therefore my thesis will be in line with the following structure.

In the first part of my thesis, I will compare the so-called "Goulash" and the "Stalinist" type communist systems in terms of political ideology, economic and social openness. The historical background and comparison I will make between the two similar yet, so different systems are extremely important, since it will show the kind of roles they played in shaping the society. The two systems clearly differ from each other in terms of how much value they put on the human life. Also differs in the degree of policies regarding balancing out the social-economic inequality. After the brief historical comparison, I will discuss the Roma's socioeconomic status, the policies tackling the Roma issue during not only the communist area but also through the transition years as well. Even more importantly, I will analyse the drastic change in the Roma unemployment and the possible reasons for it.

In the second part, I will analyse the created and implemented policies tackling the Roma issue after the economic/political transition just with a different time frame. To clarify the

employment situation of Roma, I will present their socio-economic status of as an indicator which shapes my policy analysis.

The third part of my work consists of describing the current Roma situation in Hungary with regards to the Public Work Program and its connection with labour discrimination as well as the issues caused by the missing labour policies after and during the transition period.

The last part of my work will be the potential policy suggestions for the government and my conclusion.

Methodology

The methodology I am using in this thesis has three main elements. The first is a comparative method for analysing and comparing the Hungarian state systems in terms of economy and its applications to Roma before and after the “Goulash” communism in Hungary. The second is a policy framework analysis, in order to gain better understanding of how the evolvement of various employment policies impacted Roma labour and socio-economic status, and how these policies further influenced ulterior measures. The third element is rather a descriptive analysis on the general situation of Roma as well as providing a greater level of detailed overview on what the influencing factors of the current economic exclusion and low employment rates of Roma are.

The reason why I decided to use comparative method is the fact that via such methodology the similarities and differences can be better illustrated (Collier [Finifter], 1993). It also facilitates to perceive which pathways are the more likely directions and to see how policies should be further developed to reflect on the needs of citizens in our days.

This analysis will serve to answer the research question of what the influencing factors of high-level Roma economic exclusion and unemployment are and how the current Public Work Scheme could be a successful response in various geographical areas in Hungary. This analysis is intended to prove that Roma economic exclusion has indeed a long history when Roma people had been already addressed by specific policies, however, the situation has not evolved significantly yet. As for providing potential solutions, in the lights of this analysis policy recommendations will be presented.

My hypothesis is that the current Roma socioeconomic exclusion has had three major aspects over the decades; before 1989 economy policies were neither effective nor appropriate enough, then the sudden drop of Roma employment from 1989 were not addressed by proper policies, while nowadays the current policies are not implemented properly neither used in a decent manner.

As for the limitation of the methodology, I will not use any statistical or/and mathematical analysis in any of the chapters, due to the lack of adequate historical data. The data collection was much different in the various political systems and served alternative purposes. Thus, they are not comparable and would not show a clear result and could not measure the results of the policies. Even if I would be analysing the available data after 2000 the data collected by sociology or economic scientists would differ from the data collected by the Central Statistical Agency, therefore it would be incomparable.

Based on this reasoning, I am convinced that statistical analysis would not support my findings better than the comparative and descriptive analysis of the existing literature and policies.

Literature review

A historical overview of the two different types of communist systems is a necessary part of my thesis, since it enables the readers to understand the differences between two types of communist governing in relation to social and human value. Two of the most significant books which gave the basis of my overview belongs to the authors (Bokros, 2013) and (Kornai, 1980). Their work summarizes not only the legal but the administrative structure and the political system within these types of communistic world. In their book, we can read about the system as a whole and about real life as well, giving an overview how the Stalinist System controlled all segments of people's life. Moreover, we can even read about how the forced collectivisation let the people to die of hunger. In the Hungarian Modified model, the focus point of the policies do not concentrate on proving the superiority of the system and hiding the weaknesses like in the Stalinist System. But rather to make a huge working class and trying to equalize the economical differences between the bottom and the middle class.

On the one hand, in the book of Vekerdni and Meszaros and Meszaros the Roma policies are presented as they were created and implemented based on the needs of the Roma and tackling the Roma issue as social issue of the whole society in the communist systems. On the other hand, Majtenyi and Majtenyi highlights the problems with the policies and with the implementation as well. In their point of view, we see the inadequate results of the Roma policies, making me think about why the policy implementation regarding Roma integration has failed again and again. Although, in both books we can see how the policies and the legal system has changed during the communist systems from violence against Roma to offering social and economic goods to Roma.

Kertesi, Kezdi, Telegdy and Szalai described the Roma situation in Hungary, after the political changes (from 1989) most precisely, in terms socio economic status. Despite the fact that Szalai

had a rather sociological approach to the Roma issue, unlike the other three researchers who even built statistical models, their results and findings are very similar. All the above-mentioned authors found a drastic change in the employment rate of Roma after the political changes and confirmed it as one of the main causes of the current Roma situation regarding socio-economic status and discrimination in Hungary. In different books and papers e.g.: (*Munkaerőpiaci Tükör*, 2015), all of them stated that the level of education, locational disadvantages, housing and discrimination are the main reasons of the low employment rate. These findings are the backbone of my thesis, since I firmly believe that the Roma policies should tackle the labour market situation and the educational level of Roma.

Although, International Labour Organization (ILO) , Organisation for Economic Co-operation and Development (OECD), Magyar Tudományos Akadémia – Hungarian Academy of Science (MTA) , *Munkaerőpiaci Tükör* proves by many paper, researches that the Roma policies, on an average, were not effective enough to change the Roma situation for better.

Usually Péntes János –Tátrai Patrik –Pásztor István Zoltán (Területi Statisztika, 2018) have used the Central Statistical Agency data to analyse the current Roma situation within the Country. They have found statistical proofs for the ineffective policies and policy implementation. They state that most of the Roma still live in the regions, where they did during the communist years. Moreover, the unemployment rate is the highest within those counties, showing a similar tendency to the information gathered before 1989. On an average, the number of Roma population is still the highest in the most underdeveloped areas. Thus, I can conclude from their report that the Roma situation did not change in terms of location, and being in a disadvantaged position, despite the fact that more Roma live in cities nowadays than decades ago.

Bernat also discusses the unemployment rate of Roma and finds it still significantly low, compared to the non-Roma majority since the 1989 political changes. In 2014, 27% percent of

Roma was employed (old.tarki.hu, 2014) compared to the 77% rate of employment in 1984 (Kertesi, 2005). Therefore, we can claim that the “democratic” policies are less effective in terms of increasing employment rate of Roma than the “communistic one”. I do not think we should make work obligatory again, but the policy makers should improve the current labour policies in order to provide better opportunities for low skilled Roma labourers. I do consider these facts as basic proofs for my thesis, since we can clearly see how the Roma people are faced with high unemployment and need help from the governmental level.

The enormous problems around Roma unemployment, is blamed on the community by the Ministry of Human Resource. The ministry attempt to prove the success of the Roma related policies, however in actual outcome and implementation they fail. The previous minister of Human Resources, Zoltan Balogh said the ministry does not know if the Hungarian Roma who lives over the Hungarian border is a burden or a resource for the Hungary (Dioszegihorvat, 2017). I do think that this sentence represents, the extent which of how the Roma situation was important for the government. Especially as in that time Zoltan Balogh was one of the main responsible person for it. I still have the impression that the Roma issue is considered as a problem of Roma population not as a problem of the society. I believe that with political will, and a carefully planned and implemented policy tackling social and economic inclusion, the current situation of Roma could be solved.

I think that the a socio-economic policy restructuring should target the Public Work Program since it is the most well-known, popular, and best documented policy and also the closest to the Roma issue. The PWP is a significant policy in terms of Roma issue not only because of it targets the employment factors but because in 2015 39% of the Roma working age has been employed through the program. (Munkaerőpiacitűkor, 2015) Due to the fact that significant part of the Roma labour is in the PWP with a negative outcome of not being able to transit them to the primary labour market, there is an enormous need to improve this tool on the country

level. According to the Szazadvég out of 200 public workers, only 10 of them would be able to directly go to the primary labour market and find the job. In addition to it, out of the rest 190 only 20 would be able to find a job in the primary labour market provided, they can participate in labour skills enhancing trainings. (Szazadveg, 2016) Thus, even if we add the two group together, only 15% of the PWP participant have a chance to enter the primary labour market. It is a significantly low number when comparing it to the size of the program. Hence, in the current set up I do not consider the PWP as a tool to change the Roma labour situation in Hungary.

But I do think with different set up and implementation the program is able to provide the necessary tools, trainings and opportunities to upgrade them to compete in the primary labour market. Since it has many good feature like integration via labour activates but the implementation still misses some elements like proper job search support.

I. The Hungarian communist systems and transition years in terms of Roma Policies

a. Historical background of the two types of communist systems

This section will describe the major difference between the “Stalinist” Type of Communist System (STCS) system and the Hungarian Modified Model (HMM) type of communist system “Goulash Communist system”. I will mainly refer to book from Prof. Bokros, Kornai and to the knowledge I earned at the Central European University course held by Prof. Bokros. The name itself is an indicator for a different type of communism. Goulash is a type of meaty Hungarian traditional soup which provided the name for the Hungarian communistic system. The name seemed fitting, since in this period the students could afford soups with meat as many times as they wanted, and even have savings after that. On the other hand, “Stalinist system” was

infamous for the hunger and forced collectivisation where people had no opportunity to save money. (Bokros, 2013)

The Hungarian economy was governed based on the Stalinist type of political ideology until 1968 when the Hungarian Modified model came into force. It is important to note that the system change was brought about by the Hungarian heroes of 1956. The 1956 uprising was a turning point in the thinking of communist leaders, because they recognized that they need a change in the type of governance they were continuing since they had to continuously face dedicated freedom fighter. (Bokros, 2013)

After many freedom fighters were killed by the RED Army and many soldier have died, the Hungarian political leaders did not want to revert to the Stalinist ruling system since a new uprising was very undesirable. It has taken almost 12 years until 1968 for a new government to be formed and until the new leader, Janos Kadar could begin to implement the Hungarian Modified Model of communism. (Bokros, 2013)

The two systems differed not only in name, but in the way, they dealt with Roma issues, and in the rate of success they experienced with their own policies. But one feature was common, the low skilled workers were provided with job opportunities and they were told where, when and how to work. During the decades the legacy of this practice was continuous, and the low skilled workers were well behind reaching competing positions in the labour market. I consider a huge change between the two type of communist systems in terms of policy creation and implementation. But still not as drastic change as after the 1989 political regime changes, since after 1989 I have the impression the population, mainly the disadvantaged groups, were kind of left alone or behind. This was due to the fact that in both communist systems the policies were more direct and said what the target group needed to do. In contrast the democratic polices provided freedom to choose what to do but gave no direction, thereby creating an inactive group in the society.

Prof Lajos Bokros, in his *Accidental Occidental* (2013) book presents 10 key points which create a very good basis for comparing the two systems together. Through them, I would like to describe the main features of the two communist systems in order to make the different political ideologies understandable.

1. Ownership structure

In the HMM the dominant share about $\frac{3}{4}$ of the ownership belonged to the state, and around $\frac{1}{4}$ was owned privately. The private properties were even protected by the laws within the constitution. Meanwhile in the STCS, there was no protection allowance of private property and every unit of production were owned by the central authorities (the state). Ownership is extremely important since the main point of having private property is the opportunity to save, invest and produce, providing growth and possibility for a better living standard.

2. Agriculture

The structural system of the agriculture was an extremely important determinant of that time, since the economies were not as industrialized as today and there were many more jobs available within this sector.

On the one hand, the HMM has worked on the basis of cooperation, in which the people had the right to join the state and they were not forced to do so. They were not under the rule of collectivization. In addition, to it they also had a right to produce on their own land (small household plots) providing the basic of savings and the fulfilment of the central plan's targets. On the other hand, within the STCS people were forced into collectivization by the cooperatives, extinction of private property and by the absence of rights to the small household plots.

In the HMM, there was no food shortage due to the fact that they could produce on their own, they could own small household plots and use it if the harvest did not provide enough food through the cooperatives.

3. Central planning

In the HMM the central planning was set based on monetary aggregates, but it was still far from a free market economy. Even if there was private property, the people were still told what to produce in the cooperative, and it gave only a limited amount of freedom. In the STCS there were only physical targets which had to be fulfilled. Like in a “command economy” the economical relationships are only hierarchical since the Central Planning Office had to allow and deny each decision for every cooperative. The state demanded the fulfilment of the central plan even in case of vis major with no care about the life of the farmers. As a result, millions of peasants died out of hunger since the state took away 100% of their harvest, letting no food for the farmers in case of bad production outcome. Thus, the greatest difference in central planning I think is the value of the human life, since the STCS only focuses on the central plans while the HMM cares about the people.

4. Prices, Taxes, Budget

The lack of inflation within STCS proves the superiority of the system but actually it was an obvious effect of the free prices. Prices were set and changed only by the central planning office and served only accounting purposes. On the other hand, in the HMM there were free prices set by small house plots but fixed by the central planning office as well. HMM found out that they can only prevent inflation by foreign trade and they

have opened up the borders enough to take foreign debt and necessary trade but nothing more than that.

In the STCS, there were no taxes as such put into practice since there was no private property but there was confiscation and forced collectivisation. Only the cooperatives paid taxes to the central budget, but it depended on the bargaining power of the cooperative, thus no uniform taxation. Meanwhile, in the HMM there are taxation for the individuals and for the cooperatives as well. More surprisingly, there were even many subsidies to boost the economy as result the tax system was complicated and ununiformed.

There are further differences in the budget, however, not by much. In the STCS there is 0 spending and 0 tax autonomy for the municipalities and they can only follow the command of the central planning office. In HMM the municipalities do not have independent taxation rights but they could make arguments supported with strong enough calculation proof and ask permission for spending autonomy.

5. Shortage

In the HMM model, there was no food shortage unlike within the STCS model, where the food shortage was constant, since the state took as much goods as they wanted from the people to support the army and the heavy industry. While in the HMM the state allowed the population to have savings and trades between each other. Although, there was no shortage in food, due to the 0-inflation target, Hungary had to take a huge amount of foreign loan resulting in debt. In addition to the debt, 3 big ticket items were in shortage: cars, houses, telephone due to the missing supply side adjustment.

6. Consumer autonomy

The product market in the HMM was reinstated, since there was no shortage except for cars, houses and telephones, but the pupils were free to choose between products and to buy them based on their needs and wants. In the STCS model, there is 0 consumer autonomy, no freedom of choice, people are told what to get and from where because of the fixed rationing system.

7. Labour market

In the STCS, there was no labour market due to the fact that each individual was assigned to the job by the state authorities. So, there was no free movement of labour, no freedom of choice and even on top of it, if there were wages they were fixed or wages in fixed rationing (like a portion of crops). In contrast, the people within the HMM the were free to find jobs for themselves and there was bargaining possibility for wages, but working was obligatory for everyone. Although the state still had a huge role in matching the labour market supply and demand.

8. Banking system

The banking system did not go through almost any modernization until 1987, when Hungary went for the two-tiered system. Until that time HMM and STCS had the same one-tiered banking system, meaning there were no private banks but only the state-owned banks, which all belonged to the central bank. Thus, private citizens were only allowed to access the investment banks, hence the system could control them easier financially. Although, in my perspective the banking system was the less important

change of the 10 since the other 9 rather explain the differences in the socio-economic relations than the bank control.

9. Open Economy

In the STCS, we cannot talk about economic openness since there was no foreign trade but only exchange of units of productions between member states of the Soviet Union. Yet, in the HMM we can clearly see an example of opening up the economy, based on how much loans different sectors needed. Dealing with foreign trade was the privilege of the state-owned enterprises. Income and labour also were forbidden to flow freely in and out of the country but foreign truism existed.

10. Open Society

The most important measure to open society in my point of view was the free flow of ideas and education. In the HMM, the technological and economic improvements were the result of the western foreign relations. While in the STCS, the state attempted to keep the western information outside of the border in order to prevent the state from the ideas which could encourage the people to try to escape the system.

From these points it is clear that the two systems were much different from each other. In summary of the points: The HMM was a more consumer friendly system than the STCS since the policies tried supported the human life and created opportunity for a better living standard. The state or the central plans have prescribed the livelihood of each individuals both in the STCS and in the HMM as well. As a result, after 30 years of the political changes many people, mainly the low skilled workers still require the help of the state to find training, jobs and opportunities on the labour market, just like during the communist system. As I will describe in later sections, in 1989, the most adversely affected group was the Roma, in terms of job

losses since most of them were low skilled workers. I personally think, if there were policies to provide trainings for the low skilled people to make them able to compete in the labour market in the new political system, the current Roma situation of Hungary in terms of unemployment would have been different.

b. The living area and living standard of Roma in the communist system

One of the first throughout and representative data about the Roma was collected by the Hungarian Academy of Science in 1971. My analysis in the following section is mainly based on this research, and its aim is to give a basic overview of how Roma lived their lives in the 70s (Vekerdy, Meszaros 1978).

Back in the 70s the Roma population lived in many segments of the country and similarly to today's situation their geographical distribution was not even. The most significant number of the Roma population lived in Bekes, Hajdu and Szabolcs-Szatmar county. Unfortunately, from an economic point of view, they were not the best place to live. Although Roma were present in Győr-Sopron county as well, their numbers, 5000 was nothing compared to the 80 000 Roma in Szabolcs-Szatmar county (Vekerdy, Meszaros 1978).

The living standard of Roma was the lowest in the Eastern regions of Hungary, since these counties were underdeveloped compared to Budapest or Győr-Sopron. Not only the underdevelopment but people with low skilled labour knowledge was over-represented in these areas and the average wages gradually fall due to these factors. The situation was worsened by the fact that about $\frac{3}{4}$ of Roma lived in Romani settlements (ghettos) resulting in an even more

difficult situation of Roma in terms of maintaining a standard of living. Just like any other ghettos these types of Roma settlement gave opportunity for sustaining a low quality of living.

The low income generated additional problems, e.g. overcrowded living areas, often time's houses with one room maybe a room and a half for 5 people. Thus, the average income per person is much lower than in the case of non-Roma families. (Vekerdy, Meszaros, 1978).

The low income was not the only factor contributing to the below average living conditions within the Roma communities. The fact that an average Roma family had more children than non-Roma, and the tradition that only the head of the family worked (which were men) worsened the socio-economic situation of Roma. Therefore, even if the number of the family members and the wage are the same the average income per person will be divided by two since the woman did not contributed to the income of in family. (Vekerdy, Meszaros, 1978).

Moreover, in 1971, a survey has already explored the dimensions of an existing wage gap between Roma and non-Roma citizens. In 1971, the average Non-Roma workers' wage, accounted for 2420ft, ~ 7.56 € meanwhile, an average Roma workers wage was only 1917 ft. ~ 5.99€.

This difference of course led to differences in the final number of incomes per person. The non-Roma average income per person was 1174ft ~ 3.66€ while in Roma families it was only 540ft ~ 1.68€ due to the reason stated above (Vekerdy, Meszaros 1978). This wage gap also led to the outcome that many Roma were financially incapable to pay for electricity or running water.

The poor economic situation went hand in hand with the high illiteracy rate among Roma. In the 70s almost every third of the Roma faced with lack of reading or writing skills. However, despite the high illiteracy rate, the employment rate was high among the Roma population. More than 85% of the working-age man population was employed. Out of which, three-quarters of them had a long term job and only one-quarter of them had seasonal jobs. Which is a quite

pleasant result if we take the rate of illiteracy into account. Most of them have worked in a physical position in the construction or in the agricultural sector. (Vekerdy, Meszaros 1978).

Even though many Roma were employed and were active part of the society through working in factories, contractions, farms they had to face prejudice on a daily basis. Romani people were discriminated and generalized by the majority, irrespective whether they were employed, had housing or marital status (Varnagy, 1978).

II. Policies and policy implementation before and after the 1968 system modification

Official and unofficial policies were implemented in Hungary from the 1910s, with the specific purpose of tackling the issues around Roma. Despite having many of those policies from that year, I would like to highlight only a few before the "Gulash Communism". The reason for that is to show how the state attempted to integrate Roma without consulting them about their needs and wants. Moreover, the rulers of former Austria-Hungary, Maria Teresa or II. Joseph also created Roma policies on a national scale but all of them failed due to implementation mistakes.

Firstly, I would like to start with a sentence of a gendarme from 1910. As it is generally accepted at that time, the gendarmerie was representing the will of the state and was not allowed to take any personal action without a previous command. "Each of the gendarmes had its own territory. If we found a traveller Romani group in it we beat them over and take them into to the border of the adjacent territory. Then they will be found, beaten over and taken to the next gendarmerie territory by this gendarmerie group. And it goes until the infinity" (Majtenyi and Majtenyi, 2012, p. 47) By this action, the state enforced the Romani travellers to settle down with the hope that the community will become more 'controllable' and assimilated.

According to the state's logic, if they are able to convince the Roma population to settle down and force them to work in a regular manner, the Roma issue would solve itself by this 'simple' action, and there will not be any more integrational issues. It is important to note here that one of the main policies of the Communist system, although was not explicitly implemented to solve the Roma issue, had a huge positive and at the same time negative effect on Romani people as well. Obliging people to work actually forced Roma to work and presented them with continuous work opportunities.

The positive effect of the policy was the constant income for the Romani families and the fact that by being present in work, the stigma around Roma has been reduced. The chance to work for companies – state-owned – or private, provided the opportunity for Romani people to fight against the prejudices simply by working and networking. While the policy had its positive sides, the implementation itself was rather aggressive and violate. In order to see the effects and side effect of the policies, we need to take a look at how the policy was designed.

The legislation of 1913, Article XXI introduces the concept of "dangerous work avoider" (közveszélyes munkakerülő) the articles says that those unemployed people who do not want to work is a criminal who should be punished. *„Az a keresetre utalt munkaképes egyén, aki munkakerülésből csavarog vagy egyébként munkakerülő életmódot folytat, kihágás miatt nyolcz naptól két hónapig terjedhető elzárással büntetendő.”* - " Any working-age person who is capable of being employed but instead he vagabondizes in order to avoid to work or living as a work avoider should be punished/ jailed form 8 days to two months". (Netjogtar.hu, 2019, §1)

The law of 1913, Article XXI went through on some modification through the years, until 1989 when it was banned completely. The most important modification in the law was the lessening of punishment, switching the jail time to mandatory participations of work camps. The punishment was still too severe since there were court cases where a defendant had to spend 3

years in working camp in order to be re-educated into a working person. (Ezer év Törvvényei, netjogtar.hu)

Therefore, to be employed was not only an obligation but it could be punished severely. To go back to the above-mentioned case of the Romani travellers they fit right into the concept of "dangerous work avoider" and were severely punished instead of instead of helping them to a smoother transition into the labour market. On the one hand, the obligation to work has many positive effects on Roma integration since it is one of the main tools of providing work opportunities. But on the other hand, the policy was too aggressive, and the state relied too much on the abusive authorities such as the gendarmerie or the police. The fact that the Romani people were not asked whether they are interested in agriculture, industry or any other type of jobs the tension between Roma, Non-Roma and the state grew. The Article XXI in 1913 therefore eventually treated Roma and travellers as criminals. While they were forced to being part of the productive system, they usually worked in low skilled, physical positions. Failing to comply with the legislation had bigger consequences than ever before (Majtenyi and Majtenyi, 2012).

The next policy period which set out to solve the Roma issue went down on the same route via however, in a much-civilized manner. The similarity between them was the way they intended to settle and control the Romani travellers. The Council of Ministry has created the policy to introduce the identity documents (ID) in 1953, which had to be issued until the 1955.06.30 the latest. For the Romani travellers, it was not that easy task, since they did not have a permanent home address. The Ministry of Home Affairs decided in 1955.06.17 to create a different type of ID document for the Romani traveller group in order to be able to control them. This type of ID was called the "black" ID, which needed to be renewed every year. This policy has failed as well, and the "black" ID was withdrawn in 1961 (Majtenyi and Majtenyi, 2012). The Romani travellers were treated as criminals since being unemployed, begging, collecting firewood were

all considered as crimes. Although the state tried to force them to stop their activities the aggressive behaviour and violence did not bring the expected results.

After 1961, the state made an attempt to modify its aggressive policies towards Roma and created more lenient policies which could lead to the integration of the minority group. The most important tool of this time was the labour inclusion policy of Roma. The task itself was quite complicated, since many Roma had their business in the informal market, thus work activities which were not registered with the states. In the communist years of 60s and 70s some Roma families were still travellers and did not want to settle down at all because a nomadic lifestyle was part of their traditions. Many Roma families were ironworkers (calderas) such as smiths who were running their unofficial business at their house or even when traveling around serving the demand for work where it was needed. Although the Traditional Smith occupation seemingly disappeared, there were still some families continuing this occupation. With the disappearance of the smiths more Roma became iron collectors and did business with that. Other types of Roma families were selling carpets (colari) or clothes. The (beas) Roma families had a business by selling and creating crafts, furniture and products made of wood. Therefore, the state policy would have severed all traditional occupations of Roma which provided the main income for the family.

In 1961, the Political Council of the MSZMP within the decree of 1961.06.20 recognized the Roma as an official minority with full rights of a Hungarian citizen (Vekeredi. 1978) The decree had many policies tackling the Roma issue, in my opinion the state policy does not match to the needs of Roma since many of the policies tackled the housing issue and it did not bring the planned rate of success. The council claimed the problems related to Roma as an important social agenda of the Hungarian society. The main argument of the decree is to provide the full rights and obligations of the citizenship plus all the needed elements to fulfil these requirements.

The decree of the council created institutional bodies and hierarchy of them which were involved in the policy implementation. The main responsible body became the Ministry of Culture. Furthermore, the Ministry Coordination Committee had a huge role as well since they had offices on a state, count, and town level. With such a widespread administrative representation of decision-making bodies the implementation could start at the local municipality level, through the county councils, reaching to the state government. While, there were plans to promote the Romani culture, the Romani civil movements and the Romani leadership through the media, it did not rise to popularity. This specifically was a result of the amendments that any element within the Romani culture cannot raise to power and full popularity (Majtenyi and Majtenyi, 2012). Therefore, even if one-half of the policies tackled the integration of Roma the other part has defended the nationalist superior Hungarian view in which Romani people did not really have a role as normal citizens.

I would like to highlight some policies which could help the Roma population to be more included in society. Such a policy was the state-financed cultural clubs which were a place for Romani culture, music, and arts to be presented for the majority and improved by Romani artists. Another policy was dealing with the inclusion of Romani children to pre-school education. It intended to include and oblige kindergartens to take Roma children as part of their enrolled 'student' body. This policy is extremely important since it is the first place where Roma children can interact with non-Roma, and it is a crucial place for socialization. After the 1961 decree, many educational opportunities have become open for Romani people. Varnagy – *A Cigányság Beilleszkedésének Problémaköréből*, book presented an interview in which a Romani adult states that when he was a child, he was not allowed to attend the school, moreover, he was sent out from the school by the teachers when he stated he wishes to study. (Varnagy, 1978) He was a Roma from the Romani ghetto and he could be accepted neither by the teachers nor by the students and their parents.

While this phenomenon was a common practice in the 50s by the time we reach the 60s there are already good programs implemented specifically targeted Roma school integration. I would not like to evaluate them deeply but at least there were training for Romani workers to become socially accepted in the workplace and professional training as well. The system paid special attention to the young Roma workers to help them to be integrated at their workplace. Similarly, the kindergartens and elementary schools were more open towards Roma than in before the 1961 Decree (Majtenyi and Majtenyi, 2012)

In the next short section, I will give an overview of some policies which seem excellent for the first glance in terms of the inclusion of Roma but were missing a lot of important elements when looked at closely.

The 1961 decree has banned the function of Hungarian Roma Cultural Association then transferred the cultural responsibility to the Ministry of Culture. On the one hand, it seems that the Romani culture could be promoted on a better level by the state in terms of finance, media, etc. On the other hand, the Romani culture became more controlled and the ways of managing the remembrance and maintenance of Romani culture and traditions were pre-scribed. I think the system wanted to bring Roma and non-Roma closer to each other but still saw the Romani culture less worthy than the Hungarian. Moreover, the communist system looked at the Romani culture as an obstacle in Roma assimilation. (Majtenyi and Majtenyi, 2012)

Among the Roma associations, not only the cultural but the industrial ones were banned as well. Although, they do not have so many registered workers about 1500-1800, they still kept the traditional occupations of Roma (Majtenyi and Majtenyi, 2012). The association of Roma blacksmiths was integrated into the state-owned Metal Industry Association, many Roma were employed by the “MÉH” Waste Re-cycling Enterprise. By these policies the government

involved the iron and quill collectors to the white state economy provided a market for them and for Romani crafts workers as well. Seemingly this part of 1961 decree helped the Roma not to be part of the black but the white economy of the system and even provided "working book document" for the Roma. With this document, the Roma could prove that they were part of the productive system and not "dangerous work avoider" criminals.

But by looking at the policy from the point of view of Romani crafts men, associations, workers and from the modern democratic point of view the picture is much different. If the government's only purpose was to involve them in the economy and provide additional market, they should have not closed the associations. The aim of the policy was to gain control of these Roma as well who did not work for the state-owned enterprises or farms etc. But the control did not fulfil the wishes of the local authorities, since at some places they did not like that the Roma were still collecting quills, irons, etc. under the name of the state and creating profit. In order to demonstrate the power of the authority the Romani workers of the MÉH were taken by the police persecuted with illegal profit makers or suspected as "dangerous work avoider" even if they had the "working book". Despite the harassment against Roma, who were selling and buying their crafts and made a business trips to create profit, they could still improve their financial status. The financial improvement is proved by their activity of changing the carriage to cars at the 80s where only a small number of people could afford to do so. (Majtenyi and Majtenyi, 2012)

The most interesting policy of the communist system was in relations to solving the housing problems of Roma, more precisely the elimination of Romani settlements. The decree of 1961 has already touched upon integration the Roma to the non-Roma neighbourhood, but only 1964 governmental decree planned to eliminate all the Romani ghettos completely.

I would like to emphasize here, that Roma people were not the only occupants of these poor, segregated areas but the poorest non-Roma were part of the Ghettos too as well. Nevertheless,

the literature always talks about Romani ghettos (Vekerdni and Meszaros, 1978) at the 60s the state had provided land for free to the Romani people, where they could build their new home by themselves. The second alternative was when the government has reallocated the Romani people from their houses to barracks and stalls or into another type of buildings used for farming. Majtenyi states that these policies were rather aimed to hide poverty and proving the superiority of the communist system than to help the Romani people. Since firstly they tried to move the most visible ghettos to areas where they do not bother the potential tourism etc. (Majtenyi and Majtenyi, 2012) I can agree with the statement of Majtenyi since both policies failed in the near future. The free parcels were firstly small and located at the less economically advanced areas, moreover, the Romani people did not get any financial support to build the house on the parcel. Thus, they left with their own traditional technic to build their home, which was exactly the same as in the ghettos. Therefore, only the location of the ghetto has changed nothing else. This provided smaller chance for integration because the same people moved to the new ghettos which was even further from the centre of the town than previously. The relocation where rather a forced eviction than providing new better homes for disadvantaged people. Again, the location of the buildings was far the most disadvantaged in the area. Even the previous tenants left them to find better jobs/opportunities and standard of living since they could not maintain a quality life there due to the economic situation of the area. Moreover, these buildings, barracks were partitioned/ shared by the state between families, providing even smaller living area then the reallocated families than they had in the ghettos. Therefore, both policies have created an even worse situation for Roma in terms of standard of living but made their poverty less visible, helping the state to prove the success of the system (Vekerdni and Meszaros 1978).

The elimination of ghettos, stayed on the agenda of the central planning office in the middle of 70s as well, but they attempted to learn from their failures. The new approach was to provide

interest-free loans for the inhabitants of the ghettos in order to provide financial support to buy or built better houses. The elimination of the ghettos which were under the social standards still a subject of 1976. Article 13. Decree by the Ministry of Finance. (Vekerdni and Meszaros 1978). This article tried to strengthen the new approach by increasing the amount up to 90% of the loans for buying but maximum 140 000 ft. ~ 437.5€. The new rules of the loan provided for building construction for “cs” houses (decreased value houses) and were also up to 90% but only a maximum of 100 000ft ~ 312,5€. The requirements of eligibility for the loan were the following: (1) the builder can be a person who has at least 1-year continuous employment (2) his or her monthly wage was above 1000ft on average (3) if the potential builder is a member of a cooperative (farming cooperative) he must prove that he is over performing the central office plans and takes part in the work of the cooperative (4) the potential builder had to prove he owns part of the budget (at least 10% of the value of the house). (Vekerdni and Meszaros, 1978)

Based on the details mentioned above, this policy would not perform badly, however, Majtenyi states that the policy has helped only a few Roma families and left behind the ones who were indeed in need of financial help.(Majtenyi and Majtenyi, 2012) Most of the Romani men did not have long-term employment to make them eligible for the requirement of the loan. Moreover, they did not reach the level of the monthly average wage. Even the ones who would have been able to afford the 10% and had more than 1000ft ~ 31.25€ average monthly wage and more than one-year employment were not really better off with the new "cs" house. First, these “cs” houses consisted of 2 rooms: bedroom + kitchen and buildings’ locations created more disadvantage than advantage. Usually, the plots were offered by the local councils and they were at the periphery of the town in the worst area and they were unsuitable for farming. Thus, again these policies only facilitated the building of new ghetto, this time with brick

instead of wood and mainly to hide the impoverished Roma community (Majtenyi and Majtenyi, 2012).

As a conclusion of the historical state policies with regards to Roma minority, I conclude that there were some positive effects of them, mainly the ones tackling unemployment. However, the effective employment policies should have been implemented with less violence and in more convenient way, using education in relation to Roma, educating them for work and to present them the advantages of long-term employment. It is impossible to prove your point to a group through violence and threats but bringing good example and patience would result in a better outcome. Good examples attract more people, just like how education affected Roma, the situation is much better than 70 years ago.

The housing policies could have been much more effective if the local councils would support the Roma families in building "cs" homes or buy existing ones in the cities or towns to help the Roma settle in a well-integrated environment, sharing neighbourhoods with non-Roma. Instead of creating new ghettos at less visible and bur more disadvantaged places.

I still think that the most important tool for tackling the Roma question is to provide a chance for decent earning and education. Later on, I will discuss the Public Work Program in Hungary which could be an extremely effective policy tool if it was a bit modified and implemented properly. Although it is not necessarily targeting the Roma community it is heavily involved in with dealing with unemployment and a significant number of Roma are part of it.

III. A drastic change in the unemployment rate of Roma between 1988 and 1994 and the reasons behind the phenomenon

Roma are the most adversely affected group within the society after the political change in Hungary. This is a consequence of the occupational changes within the community. They changed their original, traditional jobs such as iron making, service delivery or horse dealing. Another reason is the obligation to fulfil the communist system's requirements. Thus, most of them became part of the formal labour. Mainly, they became an employee in the industrial and agricultural sectors at East, South-East of Hungary. After the political changes firstly the heavy industry then in some cities any type of industry were shut down due to the particular changes in politics, since the focus from the military and heavy industry has shifted to the more competitive ones. These big industries were not financed anymore by the state and then the labourers became unemployed due to missing income to employ them. The policy changes regarding financing State Owned Enterprises (SOE)-s change affected the low skilled labour.

I will examine the drastic changes in the Roma`s employment between 1984 to 1993. At the end of the 80s, approximately 120,000 Roma people were employed against only 40-60 thousand unemployed Roma people (Keretsi, 2000). Yet, these numbers significantly changed from the end of the 80s. This means that the number of employed Roma people decreased to 60,000, meanwhile the unemployed number of people became more than 140,000. At the middle of the 80s, the ratio of employed and the unemployed people among Roma in the ratio was 3/1, although, in 1993 it has decreased only to 1/2 which is a huge setback.

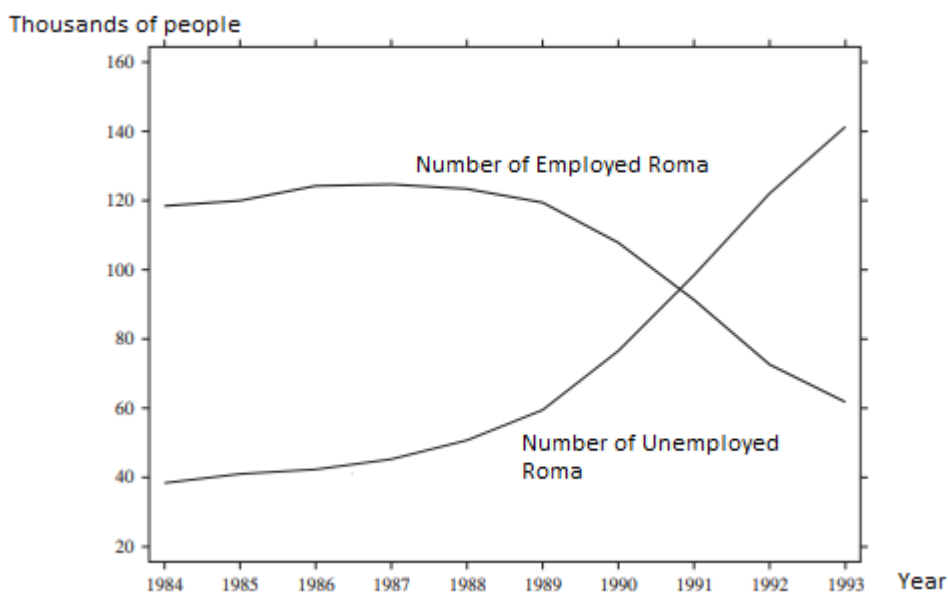


Figure 1.

Net in and outflow of employment of Roma

Source: Kezdi, Kertesi 2005

Additionally, to the above-mentioned facts, we need to consider the demographic changes as a sudden growth in the number of pensioners and the drop in the number of job seekers who find jobs. Thus, we can make a difference in the presented time horizon and split it into three parts, showing the decreasing rate of unemployment among Romani people in different time ranges. The first-time range is between 1985 and 1989, and we can see that the net inflow is constant, meanwhile the outflow is slightly growing due to job losses. The second part is from 1989 to 1992, at which, the job losses increased extremely fast and the inflow was continuously decreasing. Meaning that for example Roma employment in 1992 has drastically changed since the employment rate in 1991 where much lower, around 20 percent. Then, the third part started in 1992 where the growth of the outflow shrank, and the degree of the inflow decreased as well. Although, the labour situation of Roma seems to be a bit more stable than in the previous time

range, the actual economic status was still among the most disadvantaged ones. At that time most of the Roma had to rely on the seasonal precarious works, which were usually low skilled physical work. (Kertesi, 2000)

The most important change in the life of the Roma, in terms of labour position is the length of the employment. Between 1985 and 1987 more than 2/3 of Roma men had a job, and it lasted longer than a year. Meanwhile, between 1991 and 1993 this proportion has decreased to a slightly more than 1/3.

Thus, the labour situation of Roma started stagnating in terms of huge unemployment due to the surrounding circumstances. Therefore, during the transition, many Roma has lost their jobs for an undetermined period of time and many others, around 30% of employed Roma peoples only had short-run, low skill required employment. The unstable jobs determined not only their economic situation but their social status as well. The low level of unstable income did not provide enough resources to maintain the standard of living and in addition, it created gaps, prejudice and the tension between Roma and non-Roma. Thus, the Romani people became more excluded from the society than they were before the regime change. Unfortunately, many families have even lost their eligibility for social welfare, social security, etc., and indirectly lost their chance for a proper inclusion into the society.

There were several reasons behind this change, but I would like to highlight the most important one, which is the bankruptcy of the state-owned industrial sector. This sector had employed most of the lows killed labourers, since they were in need of the human resources but not the trained one. As the political system has changed, the state financing has been overwritten by competition and privatization which killed the whole sector since the non-profitable companies could not be financed. The disappearance of this sector caused the end of the continuous flow of stable job opportunities, many Roma low skilled workers have benefited from.

Spent years as an employee among Roma in 1989

Age in 1989	Years of employment of Roma in 1989			
	Lost their job till 1994		Still employed in 1994	
	Man	Women	Man	Women
20 -24 years	5,3	5,3	5,8	5,4
25 - 29 years	9,9	7,9	10,5	8,6
30 - 34 years	14,3	11,9	14,2	12,4
35 - 39 years	18,1	13,6	19,7	15,1
40 - 44 years	23,4	15	24,3	17,2
45 - 49 years	28,9	18,4	28,2	23,4

Table 2.: Spent years in employment of Roma by employment status in 1994 by gender

Source: Kertesi, 2000

The demand for low skilled labour had decreased drastically, meanwhile, the demand for skilled labour has increased. According to the table above on average, the Roma worker was low skilled and was usually a man, among the non-Roma group, workers were middle-skilled, and both men and women participated in the labour market. The above mentioned factors explain the labour market policy outcome in relation to the Roma group. Especially since, their primary job opportunity comes from the industrial sector which has completely disappeared in a few years and there was no any other employer substituted this employer losses and no one provided long term jobs anymore.

According to the (Központi Statisztikai Hivatal) KSH yearly data, the Roma population was much more adversely affected than the non-Roma, although the majority of both groups has

suffered a lot, in terms of job losses during the transition. Kertesi's research, concludes through observing a sample of working age men, between the ages of 20-39 that the unemployment gap between Roma and non-Roma has increased from 5% to approximately about 45% between the years of 1984 and 1994. Similarly, sampling the same age group, but this time targeting working women also shows huge differences between Roma and non-Roma women. Roma women were working in the enterprise sector, usually in positions which required physical endurance. While the non-Roma counterparts had jobs in the administration sector, which was not as affected not affected by much after the political change took place.

In the data provided by Kertesi, we do not only see the gaps between the two groups, but the actual reasons for those employment gaps. We can see a huge difference in the employment rate between Roma and non-Roma because of the skill level. As it is obvious, the reason of it is the level of education, yet it is not that simple because we need to take discrimination, age, gender, experience, territorial disadvantages into consideration. There are several features created by the drastic, sudden changes during the transition. Other than the fact that most Roma were blue collar workers, I need to highlight that an additional complication and problem was that Roma workers' living areas were concentrated around their workplaces. Thus, even if they have a vocational degree they could not find a job at the area where the biggest employer was no longer in business. Therefore, their close location to their workplace became a hindrance, since there were no more industries in many areas. The example of Miskolc well illustrates the situation. Miskolc is a town, where thousands of Roma became unemployed form one day to the other, since the state-owned loss maker company has closed.

In cases, where the company survived the privatization and it has continued its operation, the Roma workers suffered firstly, since they were usually in the position which was the easiest to replace. The existing literature is not clear on why Roma were the ones who usually obtained

these positions. It is not clear at all, whether Roma were weaker performers as human resources than the non-Roma or it was simply because of discrimination.

I assume, there was one more factor which is important to take into consideration, and that is the health status of Roma. There are many kinds of literature e.g. (FRA, Roma Survey 2014) proving that the living standard, level of income and health status is lower in within the Roma community than within the group of non-Roma people. The lower level of health resulted in many cases where lots of working age Roma men became early pensioners. Thus, I think the employers had some idea about the health status of the employees and they put the Roma workers in less important and more substitutable positions in order to decrease the cost of replacing or firing human resources.

a. Level of education

The following table provides data on the educational differences between Roma and non-Roma. The sample data shows the gap in the working age population both for men and women. The sample clearly shows that the Roma population is much lower educated than the non-Roma in 1993. We can conclude that only 1/5 of the 15-59 years old Roma men could obtain higher educational level than elementary school. It is a 3 times weaker result comparing to the number non-Roma 15-59 years old men with the same educational level. The results are even lower comparing the 15-54 years old women`s education level since only 10 % of the Roma women had degrees higher than elementary school, which means

that non-Roma women had six times more, higher school attainment. Despite the fact that there is the educational gap between Roma and non-Roma, it is still not enough proof for the even higher employment gap. Thus, there must be other reasons as well which would explain why the Roma population is suffering from a high unemployment rate.

Comparison between Roma and non-Roma in terms of education

Level of education	Man			Woman		
	Non-Roma	Roma	Difference	Non-Roma	Roma	Difference
0-7 grade	3,08	30,93	-27,85	2,24	43,46	-41,22
Elementary school	31,19	50,45	-19,26	37,79	48,16	-10,37
Vocational school	32,36	16,44	15,92	17,46	6,63	10,83
High school	23,22	1,92	21,3	32,07	1,53	30,54
Higher education	10,15	0,26	9,89	10,44	0,22	10,22
Total	100	100		100	100	

Table 3. Level of education in the working age population of Roma and non-Roma between 15-59 years man and 15-54 years old woman

Source: Kertesi G. 2000

According to Kertesi there were many minor factors affecting the huge drop in unemployment of Roma after the political regime change. But I have found one which was common in the case of Roma and non-Roma as well which is not as discussed in the literature as the above ones.

It is a newly established terminology in relation to the open market competition which was not widely known in that time period and is titled: the responsibility of the individual. It did not exist in either of the communist systems since the central planning office or the state oversaw the creation of jobs, opportunities, and supply for the labour demand. Thus, the people did not need to take the responsibility to train themselves, neither to find a job nor to compete. But as the political-economic situation has changed and instead of the state, the competition driven markets took over, people should have been aware of their responsibilities. Personally, I still see this legacy of the communistic system of Hungary e.g. at my workplace. If the workers are not told what to do they rarely take responsibility and/or the decision to go further in their job.

b. Locational disadvantages

According to the 1993 Central Statistical Agency data, more than 60 % of the Roma population lived in villages. In ration, it means that it was two times greater than the non-Roma counterpart's result. It is generally accepted that in villages, there is a low number of employment provider companies, agencies, office, etc. Moreover, the Roma who were living in cities or bigger towns tended to stay in the ones had the worst situation regarding employment opportunities (Kertesi, 2000) Therefore, even if the Roma people could live in cities they lived in the economically weak ones. Regarding schooling, the average level of education was higher in the cities where the employment and job opportunities were higher as well. The supply will be concentrated at the same place since employees always need to find possible job opportunities. The data also shows that the average education level is higher in cities which has more job opportunities than the ones which have a lower level of opportunities.

Rate of unemployment is higher as the type of the town is smaller

Group	Rate of unemployment					
	-10%	10-15%	15-20%	20-25%	25-%	Total
Capital Cities						
Non-Roma	17,62	73,27	9,11	-	-	100
Roma	16,26	68,29	15,45	-	-	100
Difference	1,36	4,98	-6,34	-	-	-
Ordinary Cities						
Non-Roma	14,42	42,75	31,01	10,9	0,92	100
Roma	8,75	23,67	36,73	20,78	10,07	100
Difference	5,67	19,08	-5,72	-9,88	-9,15	-
Villages						
Non-Roma	14,84	44,01	26,15	10,92	4,08	100
Roma	8,05	25,87	38,78	14,66	12,64	100
Difference	6,79	18,14	-12,63	-3,74	-8,56	-

Table 4. : Composition of working age population of Roma and non-Roma between 15-59 years man and 15-54 years old woman by type of living area and the rate of unemployment

Source: Kertesi, 2000

c. Discrimination

"We refer to discrimination in those cases where the employers value workers of the same quality – with the same schooling, labour market experience and not differing in most other attributes (those of importance in their market productivity) – differently: they hire these workers with different probabilities or at different wages. There can be many kinds of causes of this discriminative labour market policy. According to the most accepted explanation the employers discriminate between individuals belonging to different groups because they believe, based on previous experience – be this belief well-founded or completely irrational – that in these groups they will find workers appropriate for their purposes with differing probabilities keeping the workers' observable attributes fixed" (Kertesi, 2004, pp. 34)

The discrimination has existed during the communistic year as well, but the different types of policies, state regulations and the communist system itself made it less visible than during the transition years. As it is generally accepted, one of the main statements of the communist system is equality. It supposes a society where Roma and non-Roma were equal. Actually, Roma were more equal with Non-Roma within the labour market at that time, than in the transition period, but there is a good strategical reason behind this equality. This mechanism employed lots of low skilled labourers - and in many cases, the Roma workers were the lowest skilled, resulting in wage stabilizing. The companies set wage groups for different kinds of jobs based on the needs of the lowest skilled workers. As it is obvious a Roma worker with low education level, low experience, being discriminated must had to be satisfied with lower wages. Thus, the general wage could be lowered, since there were a group of workers who accepted (they had no

choice in the matter) the lowest of wages. Hence, the companies could keep wages lower due to the fact that paid the same level of wage because “workers are equal” in the same position.

After 1989, the companies were not in the hands of the states thus, there was no need for low-skilled workers in order to keep wages down on average. But there was rather a need for skilled labour, and the positions taken by Roma started to disappear since only the most competitive of them could survive. Since the company manager had to find the best human resource on the lowest cost, they tried to find out the easiest and the most economical way to do it so. It was discrimination based on previous experience or based on internal feelings and stigmatization. Hence, the opinion of the employer is not performance based but built on internal feelings toward the colour of skin. Then, as the competition increased for the low skilled positions the Roma workers started to lose their jobs, since the prejudice already stopped them even if they were better professionals than non-Roma colleagues. Unfortunately, even if the Roma workers did not face discrimination the non-Roma co-workers got the job. Because it was still more economical for the managers to choose a non-Roma since the risk of being a lower performer was lower than in the case of Roma due to the fact of the general level of education and of course the discrimination. Although, it is still a discrimination against Roma not to have them as an employee only because of their ethnicity and not because of their work performance.

Adding the four-factor together: discrimination, low education, locational disadvantages plus the competition created difficulties after the political changes, the low participation of Roma people in the labour market, is not surprising. Therefore the four reasons for the huge drop in Roma employment were strengthening each other.

IV. Results and effects of the previous Roma policies

a. Income rate

According to the TARKI's report (old.tarki.hu, 2014), the high unemployment among Roma and their low educational level causes poverty, but the report did not speak about the labour discrimination Roma face which is a necessary factor to explore if we want to understand the circumstances and reasons for the unemployment of Roma. In Hungary, in 2012, 76% of Roma were relatively poor meanwhile only 12% of the non-Roma, meaning, and seven times more Roma were living in poverty. In 2012, the chance of becoming poor was 4.4 times bigger in the households where the head of the household and income generator was a Roma, therefore, the ethnic origin played an important but negative role in the process of becoming impoverished (Gábos–Szivós–Tátrai 2013). However, a person's ethnic origin cannot define poverty, but it is more of a result of a certain kind of socialization and opportunities given by the oppressive political system. The number of poor people increased between 2009 and 2012 in terms of income poor (34%) and those living in severe material deprivation (17%) (Gábos–Szivós–Tátrai 2013). Considering the fact that the Roma community in population numbers made up only 9% compared to the whole Hungarian, I claim that this issue is enormously serious, not improving and it is not only about Roma's willingness to work but it is about the labour discrimination and the ineffective policies. Sometimes, mainly these two phenomena cause results in the dangerous, deep poverty, meaning someone or a group of people living under the subsistence level for a long time without a chance to raise above without any carefully planned outside help. Causes of Deep poverty are social differences like living standard, level of education, etc. conveying the struggle for everyday life. It also brings the lack of healthy nutrition, housing, health status, moreover the majority discriminates the people who are living in deep poverty.

b. Most important labour market figures

I can conclude that Roma integration can be solved only via labour and educational integration. This section clearly justifies my reasoning and explains of the above-mentioned policies. Although, most of them were not effective some of them were extremely important and had some good result as well. I think, the implementation was more problematic than policy creation. I think the communist system was not competitive at all and did not provide a chance to Roma to improve their skills neither wanted to support their cultural heritage but rather wanted to assimilate them aggressively. Despite these facts, there was a great feature of the communist system which was obliging them to work. But the greatness of the policy was not only this labour law, but the job opportunities provided by the system. As the job opportunities were provided and a high number of Roma had jobs, there was a much smaller difference between Roma and non-Roma, creating a socio-economically less separated society. Unfortunately, in the transition years, there was a huge drop in the employment rate of Roma, generating many social problems and unfortunately these problems persist until current dates.

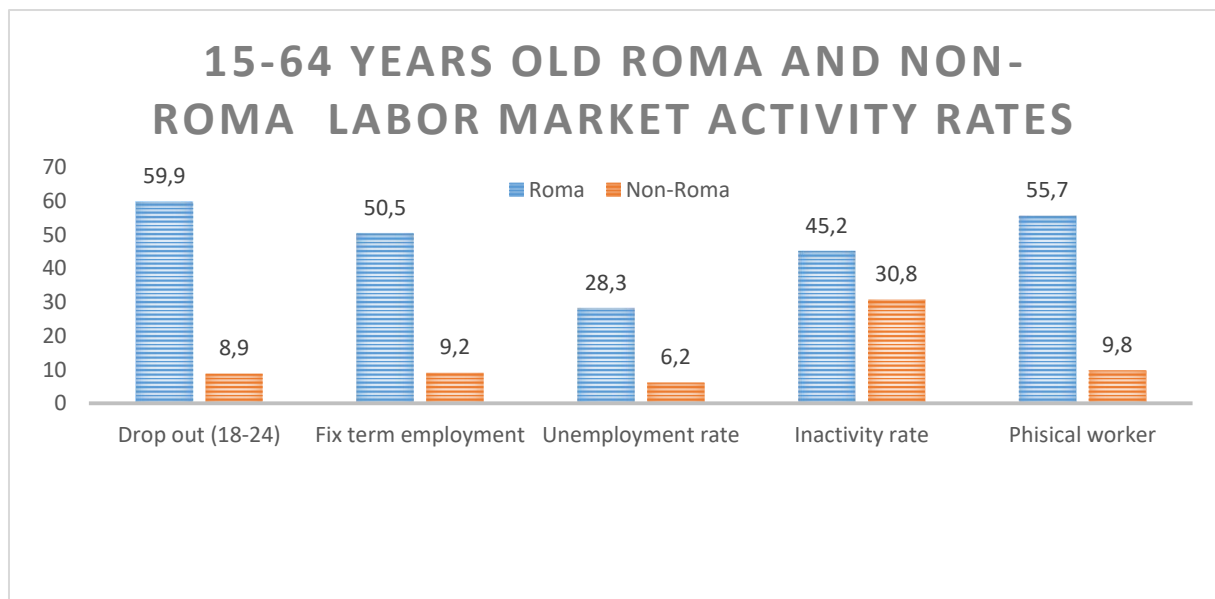
The table below shows that the massive gap between the Roma and the non-Roma across the whole spectrum of the working age population prevails: from the inactive to those employed. (Central Stat. Agency. 2016)

The activity rate among the Roma in 2016 is 55%, which is 14% lower than the non-Roma majority. It means that a much smaller percentage of the Roma participate in the labour market than the rest of the population. The difference is the largest (51%) in the rate of school dropouts. The gap between the Roma and the non-Roma is equally large among labour market participants, and even among those employed. The unemployment rate is close to 30% among

the Roma, and almost 5 times higher than in the population at large. Moreover, the lack of job stability and access to quality work further worsens the situation of those who were employed: the share of fixed-term employment is 50,5% among the Roma (9,2% in the majority population), and the share of repetitive and non-intellectual work accounts for 55,7% of Roma employment (Central Stat. Agency. 2016) Last, but not least, not only the average earnings are significantly lower among the Roma in the aggregate, but also if regional, sectoral, and task-specific differences are accounted for.

This is especially problematic, since a disproportionately high share of the Roma is in the early stages of their careers. Research has shown the importance of how early experience gain boost career prospects, from labour market participation to lifetime earnings to job quality.

Unfortunately, the Roma workers belong to the group of low-salary employees, because they usually have low-quality jobs. The most interesting point coming from the labour market system evaluation in 2015, was that Roma workers were overrepresented in the Public Work Program, with an astonishing 42%. It meant that every fifth public worker was Roma, although the majority said most of the public workers are Roma. But it cannot be true since every 5th means 20%, hence it is much less than the majority. One class of the 15-64 years old Roma population are willing to work but they became discouraged workers because of the continuous dissatisfaction in the job seeking. In this case, they are part of the inactive group due to the fact that they gave up finding a job.



Source: Central Statistical Agency 2016 (own edited)

Figure 2. Labour market activity rates

It is fair to say that Roma represent a marginalised group in the labour market, both in the short- and long-run. In order to change the situation, the government should create policies on the local and the national level as well which consist of practical and theoretical elements as well as practical training and practical jobs but in a useful, well worthy way.

c. Location of Roma

The third characteristics of analysing Roma related policies is their geographical location. This concerns their spatial distribution and in particular the large concentration of Roma in under-developed and/or impoverished regions characterized by job scarcity. According to the Munkaeropiaci helyzetke, (2015), 52% of the Roma population lived in the most unfavourable

areas in Hungary such as Borsod, Szabolcs, and Bekes counties in 2015. It means there are less job opportunities in these areas than in the other Hungarian counties.

More than half of the Roma population lives in villages, almost one-third of them (31%) in small cities and only 17% are present in bigger cities. The regional gap had decreased in terms of the living area since more Roma lives in cities than during the communist regime. But the segregated areas still exist although not in that huge number. The most significant Roma population lives in villages. Moreover, most Roma is over-represented in villages having less than 2000 inhabitant. In addition to it, these are the areas where the Roma population has increased the most in proportion to the entire Roma population (Pénzes, Tátrai 2018)

The unfavourable living locations affect these families in terms of living standard and in terms of future expectation as well. The bearers of this outcomes are not only current generations but rather the future generation... In 2015, 67.8% of Roma children were raised in a family, where there was at least one of the adults who had an income while this situation persists at a rate of 92.6% of the non-Roma families. But in Roma households, the earners have only a low level of income which on an average is less than in non-Roma households. Most of the earners in Roma families in 2015 were participating in the public work program or had a minimum wage salary. In addition to it, the rate of the social benefits provided by the state is constant for years, not even following the rate of inflation, and thus affecting adversely the socio-economic state of poor families (KSH 2016).

As a conclusion, we can see that the policies have no significant effect on the socio-economic status or the living standards of Roma. I still consider the Roma situation in Hungary as an issue which needs to be solved. Although I think the policy creation is not enough in itself, the

implementation and the mobilization of Roma also play a great role. In order to find a policy which could be the tool for the Roma issue in Hungary, I will analyse the Public Work Program in the next chapter. Although it is not a Roma policy in itself, it involves many of these policies. I think this could be a tool to mobilize the Roma population and make a stronger connection between policy creation and implementation. Also, the level of cooperation between different types of state authorities could be improved using the PWP better.

V. The Hungarian Public work system

The section presented here will touch upon the operation and implementation of the Hungarian Public Work Program (PWP) (Kozfoglalkoztatatas.kormany.hu, 2018).

The PWP itself belongs to the category of standard active labour market policies, which entails and is set out to be a social safety net through providing employment opportunities to marginalized groups within the society. One of the most vital elements of such a program is to accelerate the transition of the unemployed and underprivileged workers or former workers to the primary labour market through employing them within the PWP. The program itself has a psychological element which enables the workers to familiarize themselves with the rules and customs of the labour market. One might assume that this part of the program might bear less importance, but people who have not been employed for years, or are coming back from the informal labour market, can greatly benefit from this transition period.

The Hungarian PWP's main program component is to change the source of income from a social benefit based one to a salary based one which is provided by the PWP itself. This kind of transition is beneficial for both PWP employed people and to the taxpaying population in general. With the elimination of the social benefits the PWP employed person will not be subject to a dependency on social welfare system but by paying taxes they will give back to the

economy as well. Other benefits include the following: (1) the PWP is higher than the social benefit (2) the PWP can reduce the feeling of pity from taxpaying citizens towards the stigmatized social benefit recipients.

The general function and the intended effect of the PWP are both important points of analysis when we want to assess its performance and effects on the Roma participants. As an active labour market policy PWP is equipped with the following key objectives (1) PWP should serve as a temporary safety net, providing decent income while helping people along in their job finding journey (2) PWP should promote job-search during employment period (3) PWP therefore, emphasizes skill building and growth which can be used in the primary labour market.

The former skill accumulation for such a disadvantaged group like the Roma, is even more important, since discrimination and lack of important labour market skills hinders them from finding jobs in the primary labour market. Roma's participation is clear from the statistics of Munkaerőpiaci helyzetkép which shows that in 2015 every 5th PWP employed worker was of Roma origin. This could imply that PWP became the primary labour market tool of the government which enables Roma to work and provides a working framework that delivers continuous income for the group, even though it does not provide the minimum wage prescribed by the labour law. The success of the PWP's outreach and coverage lays in the fact that it is a governmental-funded and created program, which is implemented by local municipalities. The national coverages of PWP reaches over to almost every segment of the country, especially where the for-profit sector has no presence. The economy within any country would not work without lowering the number of unemployed people, and without the involvement of policy makers who can create employment opportunities e.g. the PWP program.

As I have already described, Roma is one of the most vulnerable group in the labour market who is involved in the Public Work Program. They are disproportionately involved (41.8 percent of the Roma employment is concerned). This is even more the case if regional differences are factored in because in some Hungarian countries the private sector is not able to provide workplaces. Unfortunately, in these areas the Roma are overrepresented compared to the other counties because these are the previously agricultural areas. For instance, in Borsod-Abaúj-Zemplén County has only 9% of the new workplaces which was established in the private sector in 2011 based on the real labour supply, meaning 91% of the jobs were provided by the Public work program. In Jász-Nagykun-Szolnok, Nógrád, and Baranya counties the results differ only 1-2 percentages (444.hu, 2014), therefore in these four counties the success rate of the Public Work program is only 10%.

a. Hungarian Public work performances

The section presented here will describe the PWP from a critical point of view and will assess its vulnerable points in its mechanism. While in the previous section I have pointed out the positive side of the PWP, in this section I focus on the problems in the design and implementation of the program that indicate great underperformance.

First and foremost, this pre-set work condition does not necessary assist the smooth transition of PWP employed people to the primary labour market, as clearly defined in the program's objectives. It creates a secondary job market where the employed people do not possess the

power, ability and skills to leave the program but becomes a constant source of income with no possible changes neither in the close and nor in the near future. With this prolonged participation within the PWP, the clear results show political dependency, and therefore reduced chances of transition between the job markets. (Pilisi K. 2018)

Another pitfall of the program is the fact that each employed person is underpaid. The wages within the PWP are pre-set and since the launch of the program (2011) the wage is below the national minimum payment, and only accumulates for 75% of that. This means that e.g. in 2015 the PWP wages were 173 Euros. This money is ‘awarded’ for 8 hours of work per day. While the workers are better off with earning their income than receiving the standard social benefit amount of 75 Euros, they are clearly underpaid (Munkaerőpiaci helyzetkép, 2015). Basic calculation shows that the PWP employed people’s daily wage is a bit more than 5 Euros a day, which would barely be enough for one person’s meal coverage, and certainly not enough for a whole household’s necessities.

Consequently, the low wage invalidates another objective of the program, which is the PWP should assist and encourage its employees to participate in job interviews. With a low wage like that, PWP workers would not be able to continuously afford travel and accommodation costs (especially if it is in another city) related to job interviews. However, the PWP employment trap does not end here, but continues with the rigid rule regarding rejecting working opportunity within the PWP. According to the Munkaerőpiaci helyzetkép, if an eligible person refuses to be employed within the PWP, she or he will be also denied unemployment benefits (Munkaerőpiaci helyzetkép, 2015). This mechanism leaves no choice to those people who would rather be on unemployment benefit and would dedicate more time for actively researching job opportunities.

Furthermore, one of the toughest parts for a PWP employee is the difficulty to overcome the stigma surrounding the PWP itself. Once a person has signed up for the PWP participation - compared with non-participant – his or her chances are meaningfully reduced for being employed in the primary labour market. In percentage it means that former PWP participants would have a 37% of chance of being employed in the primary labour market while a non-participant has a chance somewhere between 43-45% (Bakó et al., 2014)

As mentioned in the previous section local municipalities are key stakeholders in the PWP implementation and mechanism. On the one hand it has a negative effect due the fact that it creates the system overly “state” centralized. Even the local authorities that have a production cooperative trade the goods between each other, thus providing no competition. This lack of competitions is due to the fact that the products are usually traded between local authorities and or governments (Kozfoglalkozatatas.kormany.hu, 2018). In this case, the policy is similar to any of the policies implemented during the communist system, where the state set the demand-supply equilibrium, not the economy itself. Thus, there are no incentives for working more effectively neither for creating profit, resulting in a working community who cannot compete. I do think if these production non-profit companies, governments, cooperatives could produce based on the demand of the real competitive market, the program would have been more effective. This is because it could provide a better connection to the primary labour market via competition, which is in relation to my following points. Since it takes the role of an employer, it also has the authority of deciding whether a PWP employee could make the decision of answering calls from a potential employer in working hours. Mayors or delegated local coordinators of the PWP therefore can prevent PWP beneficiaries from transitioning to the primary labour market in a faster space. Therefore, the original goal of the PWP, which is that it assists in employment transition, is invalidated. To sum up, PWP can become a trap to the

already disadvantaged participants and can prevent them from income growth through acquiring better paid positions in the job market (444.hu, 2014).

Regarding the goal of PWP on skill accumulation, the fact that most of the people have no chance to be employed in quality positions, and are not provided with efficient trainings, proves to be yet another contradiction within the program. A representative survey targeting participants of the PWP show the results that 75% of PWP workers had not encountered with any offer for training (Bako at All., 2014). Despite the worryingly high percentage, some local municipalities show extra efforts to tackle the issues around PWP, including trainings. Due to the lack of capacity or funding however, the trainings offered are very limited in variation, and PWP employees do not have authority over deciding which training they want to choose. The example of a village where 30 kindergarten teachers and 8 masons have been certified with the occupations shows that the targeting mechanism and understanding the local needs and context is not present. In my opinion, trainings should be aligned to the labour supply, so a match could happen quicker. The educational opportunity within the training element should be further emphasized, since people abilities and capacities are not limited only to physical work. (Bako at All., 2014).

The above-mentioned arguments and assessment of the program concludes to very high underperformance in terms of the gap between program goals, implementation and outcome. While the PWP provides job opportunities according the Bako at all, only 13 percent of the employed workers could transition to the primary labour market (Bako at All., 2014). The poorly performing outcome is due to the fact that there is no difference between being in program for 0-1 or 12 months, the results and chances are the same for entering the primary labour market and it is a tell-tale sign of the functionality of the PWP. (Bako at All., 2014)

b. Long-term humanitarian consequences

While assessing the short-term negative impact, it was inevitable to look at the consequences of the PWP program on the long run. Unfortunately, the long-term effects prove to be even more negative than the short-term. If we assume that the employed in the PWP program have children, we can quickly conclude that with the salary they receive they are in no position of supporting the future education of those children. Though, in the fact that these children are also citizens of the country and potential employees and taxpayers. With no educational opportunities and low access to quality education, they will fall into the same trap as their parents with little chance of breaking the cycle.

Furthermore, if we come back to the basic conclusion that PWP employees are coming from the marginalized groups of labour market, sustained poverty will become an additional effect of the program. In 2011 the household expenditure and Living survey showed that 35-40 percent of marginalized unemployed people were not able to pay for heating. Additionally, 70 percent of those people are not able to buy proper nutrition and do not possess any savings. Moreover, 50 percent of the people have debts and are not able to pay for everyday items. (Bako at All., 2014). One might wonder after the assessment proposed above whether the PWP is able to improve the conditions of marginalized people. The low salary, and the continuous failure to meet the objectives in the implementation stages suggest that the program is poorly designed and instead of the wanted effect of labour market transition, it traps employees with very little chances to break out.

VI. The most problematic social issues in the Employment of Roma

Although the political and the economic system has changed a lot the position of Roma still does not change that much in society. The Romani people are still marginalized, discriminated, blamed and deemed as problematic in the current political debates today, as it was during the communist system. I think that discrimination, stigmatization, and antigypsyism are the most problematic factors in the labour market integration of Roma. In general Prejudice is not considered as a big factor which affects Roma unemployment, however, it is significantly affecting those Roma who encounter discrimination while on the job hunt. As I mentioned, Roma are struggling with prejudices which the majority created, like Roma do not like work because this is their lifestyle, or that Roma are lazy, and they prefer to live on social benefits. These fake statements are spreading from company by company, people by people. However, there are several facts which can prove these are not true; according to the following table before 1989 Roma were similarly employed to non-Roma. Therefore there is evidence that the created prejudices are not built on the Roma labour performance but rather on the prejudice against them.

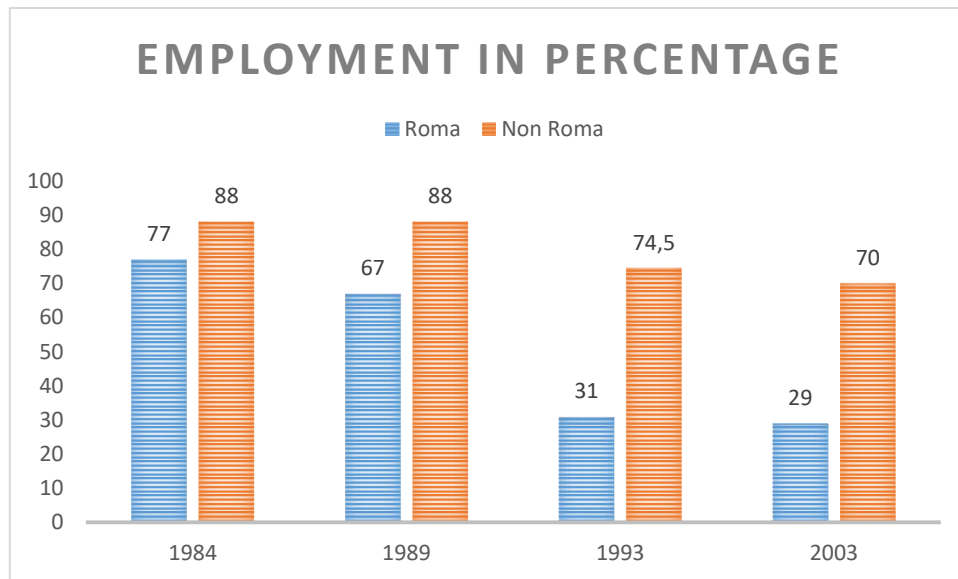


Figure 2. Employment rate among Roma and non-Roma from 1984 to 2003

Source: Kertesi, 2004

The most troubling part in the job searching process, is the interviewing stage, because at this point, the employer meets with the employee. Unfortunately, it can be the worst part of the discriminated job seeker because applicants have to face personally with prejudice and discrimination based on their ethnicity. The following two quotations are parts of Roma jobseekers' experiences:

"Emily's girlfriend works for the local labour office and she showed her on the labour office computer screen, job offers where the employer did not want Roma people had an "R" flag to signify that no Roma was employed by the company. Joseph, from the same town, also reported that the local labour office only made placements to the locations where the "R" flag was missing from the name of the company." (ERRC interview, Hungary, August 2005)

"Before setting off to attend a job interview I called the potential employer to make sure that the position was still free. I was assured that nothing had changed and that they were looking forward to seeing me. As soon as I entered the office they told me that I had wasted my time as they do not employ Roma." (ERRC interview, Slovakia, July 2005)

As it is obvious, sometimes the ethnicity is more considerable factor for an employer than the adequate certificate or work experience or even the need for an employee. One of the most common types of discrimination in the Hungarian labour market is taste-based discrimination. (Lovasz, Telegdy, 2010)

This means the member(s) of the majority group does not wish to work together with the member of the prejudiced group, such as Roma, only because of their preferences. In this case, there is no basis of the prejudice nor from the economic point of view and neither from the social point of view. Only personal preferences are the main factors in the following paragraph I will quote Telegdy and Lovasz since they give the perfect definition of taste based discrimination.

“ In the employer taste discrimination model, in addition to the wage cost, the employment of a minority worker imposes an additional psychological cost on the employer at the firm, so the employer’s utility function depends negatively on the number (or ratio) of minority workers employed in the firm. In this situation, employers who have discriminative tastes will only hire minority workers if their wages are lower than that of majority workers (assuming that both groups’ marginal productivity is equal, so they are equally good at doing their job)” (Lovasz, Telegdy, 2010, pp. 54)

Majtenyi and Majtenyi state that the communist system also blamed the Roma for the failure of the assimilation as many people do it today. (Majtenyi and Majtenyi, 2012)

Therefore, the focus point of the policies was not about to strengthen the socio-economic position of the Roma but to weaken the position of the resistant group by assimilating them to the low skilled industrial workers.

VII. Policy recommendations of the PWS

I as an MA candidate at the Department of Economics and Business at CEU, I have been working on the issue of Roma employment and economy for a longer period. I also attended on the class titled International Economic Policy Seminar. During this class, I proposed specific policy recommendations addressing Roma unemployment and economic issues in my paper *Roma at the Labour market in Hungary: Analysis and Policy suggestions of the Public Work Scheme*. This knowledge provides the ground for me, to elaborate more and further clarify what type of policy interventions needed to solve the core issues Roma face in economy and labour. In the following part of my thesis, I formulate my own policy suggestions based on my studies and experience regarding the unemployment situation in Hungary towards Roma, and in terms of the Public Work Scheme. I think it could be one of the most effective public policy in Hungary provided the implementation was much more consumer and competition focused. I think this is the only policy which has already reached most of the Roma families and has the potential to be a tool to integrate the Roma population both in social and economic point of view.

All the six points listed below in my point of view have a common bottom line which consist of two elements. The system is overly “state” centralized, just like in the communist regime. By this, I understand that even the towns where public workers are producing goods, the goods market is not competitive.

a. Guarantee interim (temporary) employment and long-run employability

Both intensified primary labour market transition and developed targeting mechanisms are necessary because as mentioned in previous chapters, some participants are not entitled to be in the program and some are included overly long, if not forever in the PWP. The developed target mechanism should look like as follows. The primary target group should be those people, who recently lost their employment status and possess adequate certificates, such as vocational, high school or university diploma. They should not be part of the program, but they need financial support for 3 months with 80% of their previous salary but a maximum of 400 euros. (own calculation) The second target group should be those who are direct members of the PWP but for no more than half a year. It is also greatly important to identify the maximum duration of the program that could play a role as encouragement to look for and find another competitive employment. As a further motivational tool, PWP program participants must be obliged to attend on minimum three job interviews at the primary job market after staying six months in the program. In case PWP program participants are still not being employed after attending on those job interviews, they might be provided with an opportunity to be maintained in the program.

b. Provision of income support

The compensation that Public work program participants receive must be increased to the minimum wage. If the salary equalization or increase is realized it will lead to fulfilling the gap between PWP participants and non-PWP workers. The salary increase will also give a chance to PWP workers to cover the expenses while looking for a job as well as it results raised consumption generating higher tax revenues. Furthermore, it is pivotal to increase

unemployment social benefits in general with the aim of excluding those jobseekers to take part in the PWP program who are not in need. To better illustrate, jobseekers should be entitled to own sufficient income during the job search period, which would ensure that people who do not need re-integration to primary job market are not being part of the PWP program. In this way, job seekers will have sufficient time to find a competitive job ensuring fair income, instead of becoming a PWP participant.

c. Providing facilitation during the job search period

The program should provide facilitation for job seekers during the job search period by information flow and developed cooperation with other governmental institutions and private entities. The local self-governments should better coordinate in partnership with the national labour force offices in order to gain up to date detailed information about the available job opportunities. Apart from the question of information flow, the self-governments and other employment related stakeholders should further develop a network for instance with the head hunters, civil sector, local businesses etc. Through, the shared information and developed network with stakeholders the PWP coordinators will be equipped to better help the transition of PWP participants to the primary labour market. The national government should introduce a new policy motivating companies to employ PWP workers. One of the incentives could be that companies employing PWP workers would be awarded with tax cuts for the first few months of employment.

d. Provision of trainings and soft skills

Trainings and having relevant skills for finding a job are the basics that need to be ensured for better transition to the primary labour market. Trainings should be designed according to the economic needs of the state and by those professions that are shortage occupations. Moreover, specific soft skills trainings need to be organized such as education on CV and motivational letter writing, behavioural rules during job interviews, and additional elements occurring during the job search period.

e. Evaluation and monitoring the performance of the PWP

A new independent institution needs to be set up and established by governmental support. The primary role of the institution is to monitor and evaluate the performance of the PWP and measure how successful it is in terms of transition to the primary job market. The institution needs to be established with the following pre-condition. Only those employees should be hired at this entity who have been previously registered in the PWP possessing at least Bachelor's degree diplomas. In regards to their payments, it needs to be guaranteed that the remuneration must be in line with the basic wage for higher education certificate holders.

f. Produce for real goods market

The participants could learn more about jobs in the primary labour market if they could work for a cooperative, government, or in any production line which produces for the competitive goods market. Due to the fact that in the competitive market the goods must compete with the other goods thus the production line needs to compete as well, resulting workers who are in competition by themselves. Since they need be effective in order to make some profit just like in jobs at the primary labour market. The competition could create incentives to work harder if the salaries were performance based above the fixed level provided by the state. In this case the policy would not be similar to the communist polices since the competition would help to

Conclusion

I would like to highlight that competition could be the key to solve the Roma employment issue in Hungary. As I have described above, many Roma are unemployed or participants of the PWP, thus the modification of the policy could affect many of them. The most important criteria of the modification thus is to make it more economical, since the policy change should be done on the country level. This is the fact that financial cost of a policy modification is a significant factor during the evaluation of it. Certainly, the competition is a factor which was missing from the communist system and this is one of the most important reasons why it could not improve. Thus, I evaluate it as a factor which could help to change the standard of the PWP. In a competitive company the working culture is different from a non-profit production company since the people are incentivised to work harder to get extra salary, resulting in more product and more profits as well.

I consider an applicable modification encouraging the job employment search due to the fact that the labour market offices have already built up their system, data base etc., and thus it would not require a huge financial cost. Next to the point that it would be economic enough, the local implementer of the PWP could be informed about the current labour market demand and would have a chance to train their people in time. Thus, the supply could meet easier with the demand due to the fact information and timing are both important factors in competition.

With the combination of the two changes we could definitely empower the PWP, resulting in higher chance for Roma entering the primary labour market. Thus, their income could grow, causing possibility to have a higher living standard and afford a better socio-economic status. Therefore, the key to the Roma policies is to empower the policy tool for competition which could empower the beneficiary of the program to compete and fight for a better position within the society.

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