

Quality of life in Hungary in the 1970s and the first half of the 1980s

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1. Introduction

In the socialist society, one of the main objectives of the development of production was considered to ensure the welfare of the population. In order to achieve this goal, since the 1960s, the Hungarian government has sought to maintain a conformity between the "degree of improvement in the material well-being of the people and the results of aggregate labor". A main attention was given to the improvement of the situation of pensioners and large families. In addition, the task was to ensure a balance in the market of consumer goods and services in such a way so that "the incomes of the population can be realized in accordance with the opportunities, requirements and demands of people".¹

2. The study of statistics

According to statistical data for the period from 1970 to 1985, the average monthly salary of workers and employees employed in the state and cooperative sectors of the national economy increased by 2,7 times (from 2152 to 5887 forints). The average annual growth of the nominal salary for the period was 6–8 per cent. However, the annual increase in real salary by 3,4% took place before 1975, in the next five years this index was only 0,8%, and in the first half of the 1980s there were negative indices (–1% per year).

In parallel with the decline in real salary in the period under review, social benefits were at a high level: their average annual growth was 10–12%. According to economists estimates, in the 1980s the share of social transfers in the income of the population corresponded to the level of developed Western European States, while the level of Gross Domestic product per capita was lower than 2,6 times (5,5 thousand and 14 thousand dollars respectively – on purchasing power parity of currencies).

As a result, due to social transfers, the indicators of real income per capita decreased significantly slower compared to real salary. Thus, in the first half of the 1970s, the average annual growth rate of real per capita income was 4,5%, and in the next two decades it decreased to 1,6–1,8%. In general, real income per capita increased by 1,5 times between 1970 and 1985.² The decline of real indicators since the mid-1970s was due to a slowdown in economic growth. According to official data, the annual growth of gross social product in the first half of the 1970s was 6.8%, and in the next two decades it fell to 5% and 3,2%, respectively.³

Despite a noticeable increase in real incomes, the consumption structure has changed little during the period under review. The main item of expenditure was the cost of food and food products (for the period from 1970 to 1980 they decreased from 48% to 45%). The second place was occupied by services, they showed an increase in consumption from 21.8 to 23,7%. Slightly increased purchases of industrial consumer goods – from 16 to 18%, and

¹ Венгерская Народная Республика. 1983. Москва: Наука, 330.

² Центральная-Восточная Европа во второй половине XX века = *Central-Eastern Europe in the second half of the 20th century*. 2002: В 3 т. Т. 2: *От стабилизации к кризису, 1966–1989*. Москва: Наука, 200–201.

³ *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 18.

clothing costs, on the contrary, decreased from 11 to 9%. The last line in the structure of consumption was occupied by utilities (heating and electricity) – about 3,5%.⁴

Between 1970 and 1985, there was an increase in the consumption per capita of basic food products (see table 1).⁵

| Name of produce | 1970 | 1975 | 1980 | 1985 |
|-----------------------------|------|------|------|------|
| Meat, fat and meat products | 103 | 220 | 287 | 363 |
| Fish and fish products | 2,3 | 2,7 | 2,1 | 2,2 |
| Milk and dairy products | 110 | 127 | 166 | 182 |
| Eggs (PCs.) | 247 | 274 | 317 | 325 |
| Vegetable oil | 1,9 | 2,9 | 4,2 | 5,3 |
| Sugar and sugar products | 33,5 | 39,4 | 37,9 | 35,3 |
| Bread product | 128 | 122 | 115 | 110 |
| Vegetables | 83,2 | 85,2 | 79,6 | 75,6 |
| Potato | 75,1 | 66,8 | 61,2 | 54,1 |

1. table: Consumption of basic food products per capita (in kg)

The largest increase was in the consumption of vegetable oil—from 1,9 to 5,3 kg (2,8 times), milk and dairy products – from 110 to 182 kg (+65%), meat and meat products – from 58 to 77 kg (+32%), eggs – from 247 to 325 pieces (+31%). The consumption of fish remained unchanged (2,2–2,3 kg), the consumption of sugar and sugar products increased slightly from 33,5 to 35,3 kg (+5%). Consumption of bread products decreased from 128 to 110 kg (–16%), vegetables from 83,2 to 75,6 kg (–10%) and potatoes from 75 to 54 kg (–8%).

Countries – member of the Council for mutual economic assistance, based on scientific norms of consumption, developed a rational structure and level of consumption of individual goods. Provided consumption per capita per year of meat – 82 kg, fish – 18, milk – 435, vegetables – 146, fresh fruit – 95, sugar – 36 kg. In Hungary, these figures are expected to reach by the mid-1980s. Comparison of the rational model with statistical data shows that the level of meat consumption was only 12% lower than planned, sugar consumption – and 2%. According to other indicators, the indices were lower than planned: the difference in vegetables is 2 times, in dairy products in 2,4 times, in fish in 8 times. At the same time, the caloric content of nutrition indicators were comparable with the countries of Western Europe.

Between 1970 and 1980, the average daily caloric intake in Hungary increased from 3,098 to 3,250 kcal.⁶

During the period under review, there was a significant increase in the consumption of durable goods (see table 2).⁷

| Name of goods | 1970 | 1975 | 1980 | 1985 |
|------------------|------|------|------|------|
| Refrigerators | 103 | 220 | 287 | 363 |
| Washing machines | 179 | 228 | 297 | 340 |
| Televisions | 171 | 226 | 344 | 404 |
| Cars | 21 | 52 | 91 | 132 |

2. table: Availability of durable goods in the population (per 1000 people population; pieces)

⁴ Венгерская Народная Республика. 1983. Москва: Наука, 365.

⁵ Статистический ежегодник стран-членов Совета Экономической Взаимопомощи. 1987. Москва: Финансы и статистика, 54.

⁶ Мещеряков, В. В. 1975. СЭВ: принципы, проблемы, перспективы. Москва: Политиздат. 147.

⁷ Статистический ежегодник стран-членов Совета Экономической Взаимопомощи. 1987. Москва: Финансы и статистика, 56.

From 1970 to 1985, the number of washing machines per thousand people increased from 179 to 340 (1,9 times), televisions from 171 to 404 (2,4 times), refrigerators from 103 to 363 (3,5 times), and cars from 21 to 132 (6,3 times). The latter indicator corresponded to the average level of the countries of southern Europe.

There was rapid growth in housing construction. In 1971–1980, 84–85 apartments were built annually for 10 thousand inhabitants, in the next five years this figure dropped to 69.⁸ About 1/5 of all apartments were built in Budapest and 2/5 were built in other cities and in rural areas. The number of apartments per thousand inhabitants was 302 in 1970 and 373 in 1989. This was higher than in Austria (277 in 1990) and Spain (306 in 1987) and comparable to Belgium (382 in 1988) and the United Kingdom (400 in 1987). There were positive indices with regard to the size of apartments. While in the 1960s a typical Hungarian apartment was 60 square meters, in 1985 the average apartment area increased to 80 square meters, which was also comparable to developed capitalist countries such as Austria (84 square meters) and France (85 square meters). However, not all apartments in Hungary matched to European standards. According to the housing census, about 16% of the apartments had no running water, and 25% – bath and shower.⁹

Another line of development where significant progress had been made was social security. During the period under review, social payments and benefits increased faster than salary growth. By the mid of 1980s, their share was 34% of the total income of the population.

In the structure of public consumption funds, pensions and benefits accounted for the largest share: from 1970 to 1985, their share increased from 48,9 to 57,9%. The costs of providing free education and culture (during this period they decreased from 22,8 to 20,5%), free health care, social security, physical culture and tourism (their share decreased from 16,7 to 14%) were significant. Among other expenses there were housing maintenance and scholarships for students.¹⁰

The right to a pension men received at 60 years old, and women at 55 years old. During the period under review, the number of pensioners increased from 1,453 to 2,299 thousand (their share in the total population increased from 14% to 21,6%)¹¹. Pension contributions were determined on the basis of progressive rates and depended on income. Pensions in Hungary increased by 2 per cent annually, but not less than 120 HUF, and for pensioners over 70 years of age and persons with disabilities of groups I and II – by 5 per cent, but not less than 150 HUF. As a result, the ratio of pensions to incomes of the working population increased from 36 to 52 per cent in the 1970s and 1980s. In other words, the average pension has become about half of the average salary.¹²

Another important area of social spending was the assistance to young families, to children and support for motherhood. These types of assistance solved two tasks – mitigation of the differentiation of incomes of the population depending on the number of children in the family and stimulation of the birth rate. To solve the housing problem, a system of loans to young families was created. It allowed to cover the initial contribution to the housing

⁸ Венгерская Народная Республика. 1983. Москва: Наука, 370; *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 161.

⁹ *Центрально-Восточная Европа во второй половине XX века = Central-Eastern Europe in the second half of the 20th century*. 2002: В 3 т. Т. 2: *От стабилизации к кризису, 1966–1989*. Москва: Наука, 205.

¹⁰ *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 45.

¹¹ Calculated by: *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 8, 416.

¹² *Центрально-Восточная Европа во второй половине XX века = Central-Eastern Europe in the second half of the 20th century*. 2002: В 3 т. Т. 2: *От стабилизации к кризису, 1966–1989*. Москва: Наука, 208–209.

cooperative. In some cases, the amount was sufficient for the construction of an individual house.

Monthly payments were provided for families with children: for children up to 16 years of age, and for secondary school students up to 19 years of age. Kindergartens and nurseries, school meals, various sports and art schools and courses were provided free of charge or on a preferential basis. Maternity support included the provision of maternity leave with full pay, allowances maternity and child care.

There are different estimates of the impact of these benefits on family income. Thus, according to one estimate, the cumulative effect of the family allowance on the second child in Hungary was 21 per cent of the average salary in the fabricating industry, and 73 per cent on the third child. According to other estimates, the share of the state in the total cost of child support was up to 40%.

In the first half of the 1980s, total expenditure on family benefits in Hungary was 2,7% of Gross Domestic product. It was one of the highest indexes in Eastern Europe. Large-scale public assistance to families with children has reduced inequality. In Western Europe, benefits were comparable in terms of their impact on income differentiation only in France and UK.¹³

The state's expenditure on free education and culture, which had the second place in the structure of public consumption funds, has also achieved notable results. Changes in the number of educational institutions are presented in table 3.

| Types of educational institutions | Number of educational institutions | | Number of students (in thousand people) | |
|--|------------------------------------|------|---|------|
| | 1970 | 1985 | 1970 | 1985 |
| Preschool institutions | 4704 | 6115 | 275 | 479 |
| Secondary schools | 5814 | 3806 | 1284 | 1424 |
| Factory and trade schools and colleges | 214 | 274 | 223 | 176 |
| Secondary special education institutions | 213 | 301 | 179 | 195 |
| Higher education institutions | 74 | 58 | 80,5 | 99,3 |

3. table: Number of educational institutions (as of 1970 and 1985)

As follows from the statistics given in the table, the number of pre-school institutions increased by 1,3 times and the number of children attending them by 74% between 1970 and 1985. Data on the number of children in pre-school institutions per 10,000 pre-school children show that attendance at pre-school institutions has almost doubled (from 37 to 67 per cent of the total number of pre-school children).

The number of children enrolled in General education schools increased by 10,9%. The number of students in factory and craft schools and colleges has decreased significantly, while the number of students in secondary special educational institutions has increased. In general, the total number of students in secondary schools of all types increased by 6,4%. The number of students in higher education increased by 23,4 per cent. Thus, the statistics show a significant increase in the number of students in educational institutions at all levels.

In the field of culture, the main indicators were the development of a network of libraries, theaters and cinemas. Between 1970 and 1985, the number of mass libraries in Hungary increased by 4,3% and their book stock doubled (4,6 library books per inhabitant by the mid-1980s). The number of theaters increased from 34 to 41, and their attendance – by 8,9% (every second resident of Hungary annually visited the theater). The number of film

¹³ *Центрально-Восточная Европа во второй половине XX века = Central-Eastern Europe in the second half of the 20th century*. 2002: В 3 т. Т. 2: *От стабилизации к кризису, 1966–1989*. Москва: Наука, 210.

installations during this period decreased by 3,5%, and attendance of film screenings decreased from 8 to 7 film screenings per person per year. The reason for the reduction of these indicators, obviously, was the widespread use of television. The number of TV subscribers increased by 64,5%, by the mid-1980s one TV set per 4 inhabitants, i.e. almost all families had the opportunity to watch TV shows.¹⁴

The third place in the structure of public consumption funds was occupied by the costs of providing free health care, social security, physical culture and tourism. Statistical data allow us to characterize the development of medicine. During the period under review, the number of doctors per 10,000 population increased from 22 to 31,5. This was lower than in the USSR (42), Czechoslovakia (36) and Bulgaria (35), but was higher than in other Eastern European countries and comparable with Western Europe. A significant reduction in child mortality has been achieved, from 35,9 to 20,4 ‰. The number of Hungarians undergoing sanatorium treatment (from 32,6 to 51,8 thousand people) and arriving in holiday homes (from 664 to 1212 thousand people) has increased significantly, i.e. every tenth resident of the country had the opportunity to undergo Spa treatment annually.¹⁵

3. Conclusion

During the period under review Hungary managed to develop a system of social support for the population, which was not inferior in terms of coverage to Western standards and included pension payments and benefits, free education and health care. Social security, in fact, leveled the tendency of decline in real salary in the first half of the 1980s. Confirmation of the growing welfare of the population is the information about the increase in the size of deposits in savings banks and banks. For the period from 1970 to 1985. they grew from 42,1 to 244,1 billion forints, i.e. approximately 4-month salary in terms of the total population¹⁶. At the same time a considerable volume of funds accumulated by the population testified about the limited possibilities of acquisition of durable goods. In the second half of the 1980s there was another trend—an increase of deficit in the state budget, which indicated the need to revise the current system of spending. It was necessary either to reduce social payments, or to ensure a higher rate of economic growth, and this, in turn, implied economic reforms.

Literature

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¹⁴ *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 403-410.

¹⁵ *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 413-416.

¹⁶ *Статистический ежегодник стран-членов Совета Экономической Взаимопомощи*. 1987. Москва: Финансы и статистика, 8, 59.