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Public Employment Programs in Hungary

Public employment, as a tool designed for managing the 1989-1990 system change's consequences on the labor market has been present in Hungary for the past 23 years, and - uniquely in Europe – has gone under a transformation that resulted in evolving three parallel subsystems. These days it became an active labor-market tool concerning the greatest part of the long-term unemployed, nevertheless operating with low efficiency, and isolated from labor market processes. In summer, 2009 a survey has been carried out in 52 detrimental settlements, involving 1705 households, aiming to understand public employment's operational mechanisms and effects on the long-term unemployed¹.

Goal of Public Employment

Institution of public employment has been present in Europe's social history in diverse forms and functions. Either it was a condition of belonging to a community or a form of tax; moreover, sometimes it appeared as a penalty tool, according to time and space. Besides variants, a common element – looking back to centuries – is the conviction, that all who wish to work as a member of the community, or to share fulfillment of public duties, will find opportunity. In case he won't, it originates in „his personality, character, after all in imperfect upbringing or in lack of suitable surveillance” (Hámori, 2008:31).

As a result, public employment's everlasting disciplinarian intention towards particular social groups is intensifying from time to time, similarly to the conviction that all communities are obliged to assure opportunity for work for people in need. Labor's framework thus set up by the community has not only served the issue that families drawing on help would be able to pay back support. Besides the intention of integrating them into the society by acquiring and practicing common norms - thus subjecting themselves to public will and regulation -, approval and submission should have been executed publicly in a way that enables society to exercise continuous control (Esztergár 1941, Foucault 1990, Castel 1998, Ulicska 2001).

¹ The research entitled „'A Way to Work' program's impact on families with children” has been managed by Zsuzsa Ferge, Program Office against Child Poverty, Hungarian Academy of Sciences, in 2009.

Mead initiated the notion of “new paternalism” referring to the “demonstrative element” of these days public employment programs, where the state expects that the poor behaves obligatorily in a way that suits the interests of society and economy. Putting public interests forward may conflict personal interests, or that of the poor’s representatives, therefore the state practices coercive tools and keep social policy at regulating welfare systems in a way, which engages all people of active age in working or studying, if they wish to partake society’s support (welfare allowances). New paternalism is seen as the state’s tight control over the poor and the disabled that ensures cheap labor of dropping social groups, thus contributing to their self-sufficiency but also to relieving state budget (Mead 1997)².

Public employment has always been emphasized in periods when former forms of economy and employment has been transforming, and when the labor market’s demand and supply balance and the consequential lack of income rendered former solutions of the fulfillment of public duties difficult - or even make them impossible. In most cases, transitional circumstances have forced out the intervention of central authority, since employing paupers, people with no income, and all the rest excluded from their former labor market positions proved to be of a public interest from not one aspect.

First, provision of communal duties – that couldn’t be further performed by the excluded – appeared as a need; second, assuring survival opportunities for excluded groups, and consequently relieving communal budget seemed inevitable (Castel 1998). Third, obligatory public work played a crucial role in strengthening general order concerning the share from social goods: only the working is entitled to share in. Fourth, organization of public work served as an instrument for regulating the poor, as well as marking out their social position, both intended to have a restraining effect on the rest of society. Organization of public employment has always been based on the principle of “less eligibility”, aiming to encourage the poor to create personal solutions as well as to alienate them from unfavorable conditions assured by the state.

According to the moral of history, in most cases, measures initiated by the authority of transition societies did not intend to solve the problem by retrieving social, cultural, cognitive

² The new system brought maximum freedom for proprietors and maximum subjection for employees. The two extremities (maximum freedom or maximum control) certainly undermine social solidarity and the constitutional state. It seems that citizens are not in the same legal framework; consequently an order based social construction may evolve (Standing, 1999).

or material deficit endured in consequence of the transition, which could have assured that losers would be able to ameliorate their social position on their own. Loss endured through no fault of their own could only have been discharged at the expense of the collective grief of proprietors through withdrawals, redistribution, and the poor's assignment to propriety and to other forms of capital. Even if these investments seemed to recover on the long term, authority would mostly choose constraint instead of investments.

The poor (let them be the elderly, who should have saved up money foreseeing their unemployed ages; the ill, who should have counted with their illness; or the unemployed who have been flied out as a consequence of the reduced need of production) shall be put in conditions that are by all means worth and unbearable than any hour of their former „free” life has ever been. As a result, aspiring for a better, easier life will educate them to turn their own life better, but only in case they will work persistently and decently (Szalai 1971:173-174)³. Although Szalai has drafted the above referring to workhouses, it is obvious that persistent and decent public work will also not lead to a thorough transformation of social positions, since it only contributed to the decrease of public costs. As a result of these, most of the authors draw attention to two issues: whether they accentuate punitive aspects of public employment, whether they identify it as a state-provided source of living, which primarily intends to protect the majority against the poor and not to aid them (Gyarmaty 1845, Nagyványi 1891, Pálos 1934, Gyáni 1999).

Principle tasks of public employment – seen as a complex manifestation of social control and paternalistic care – nowadays mirror the previously presented functions in many aspects. It strengthens the rule concerning redistribution of goods depending on work share, it reminds of duties related to belonging to a community, and finally it creates a framework for taking share in the fulfillment of public duties (functions of reinforcing and legitimating rules). As an additional task, public employment reduces deficit of those who have lost their job, may even reduce subsistence crime, meanwhile being careful of budgetary resources, restricting the number of recipients, as well as limiting the amount of benefits. *A third function henceforward is to exercise social control over the poor, respectively to transform poverty's*

³ Szalai also refers to the fact that the first organization representing social workers, Charity Organization Society has entirely incorporated the principle of "less eligibility", considering it as a truly efficient instrument of the poor's education. The Organization only sought solution for the poor *excluded* from workhouses (Szalai 1971: 174).

social reasons into individual ones. This interpretation – namely joblessness of the poor only originates in poverty – pulls a wall between the poor and the rest, and contributes to handle them as scape-goats. This fact also assists to vent social tensions generated principally among low-middle-class people.

Where and how might interests of the unemployed prevail in democratic societies of the XXI Century? In what way might public employment contribute to create opportunities for the poor to emerge from exclusion and how can it serve social integration? What is the essence and what are the most emphatic elements of these days' Hungarian public employment programs? Which role may be contributed to strengthening employee-positions, to the development of skills, to the preparation for adapting to working environment, or to the punishment and to the analysis of initial dispositions towards work in public employment programs? To what extent public employment programs adjust to the system of welfare services? We aimed to answer these questions with the help of our research.

Types of Public Employment in Hungary

The so called “welfare type” of public employment, financed by state budget and central resources - adjusted principally to a differentiated system of interests and less to the needs of the target group - has evolved in three distinct forms after the system change in Hungary: namely public utility work, public work and community work.

In the second half of the eighties, the growing number of unemployed could be hardly handled, since mediation into work has not shown to be successful. Seeking for practicable solutions, an expert proposal has been elaborated for the State Office of Labor and Wages, recommending the initiation of ***public utility work***. A year later, the Office itself formulated a concrete proposal for financing and practical initiation of public utility work, referring to the “*experiences regarding putting shirkers into work*”. In order to improve employment conditions of people who are hardly able to find a job, and particularly in order to enlarge workplaces and to assure opportunities for public utility work, 30 million forints shall be allocated for the year of 1987. First programs of public utility work were organized by municipalities that continuously faced intolerable situation of the unemployed as well as consequent social problems” – is written in the proposal.

Besides public utility work, contemporary employment programs initiated **public work** as well in 1996. *The Public Work Council*, set up in order to organize related programs had a dual aim: at the one hand, it intended to motivate governmental social policy; at the other hand it strengthened active tools instead of passive welfare allowances. According to its founding document, it focuses on the following areas: organization and coordination of development programs, revealing of opportunities, and distribution of budgetary resources.

The latest initiated form of public employment is **community work**. It appears as a recommended condition for entitlement of regular social aid, *regulated in the not once modified law of 1993/III. Its nationwide – but still restricted – initiation was carried out in 1997*. Principal approach of the regulation was that long-term unemployment cannot be solved only with passive allowances, since it is rooted in multiple and complex causes. In order to treat it, *the state needs supporting services and active tools of social and employment policy*, since this might contribute to recipients' social integration. This requires their cooperation with a service-organization entitled by the municipality, as well as their participation in employment programs⁴.

Difference between the three forms of public employment can be essentially seized along three principal elements: in ways of finance, in diversity of interests appearing in the course of organization, and in the scope of the target group drawn in the programs.

Financial Issues

After initial experiments, rules of public utility work has been coded in the framework of Employment Law (IV Law of 1991, 16/A §), accepted after the system change, though afterwards it has been modified – and generally lasting for these days – in the decree of the Ministry of Labor Affairs registered as the Decree 6/1996. (VII.16.)⁵. According to the decree, a *Labor Market Fund*, resourced by contributions of employers and employees has been set up, consisting of two funding elements: a central and a decentralized one. Central element intends to finance the operation of the institutional system, passive allowances and organization of special programs, while the other, decentralized one became a fund handled

⁴ In the course of analyzing concepts and phenomena of public employment, we shall also take into account the institution of „public interest work”, which is not detailed here since its aim is not employment but penalty. Public interest work is identified in the 38 § / 1 of the IV law of 1978 about Criminal Code of Hungary as a penalty instrument. It has a strong negative impact on the prestige and motivation force of public employment, since situations may arise when the same work is a considered as a penalty for people drawn into public interest work, and as a reward for those working in public employment.

⁵ Ministry of Labor Affairs

by local employment institutions, principally financing active labor market tools. Community works are also realized from this fund, available through tenders. Competing institutions (municipalities, municipal institutions, NGOs) may cover 70-90% of the total costs from this fund, while the rest shall be their own contribution.

Community work⁶ is financed by resources provided by the Labor Market Fund conveyed to state budget, and municipalities may claim for covering costs only after terminating the programs. While *resources of public utility work are available through tenders, finance of community work is disposable on a normative basis*, but only for municipal institutions. The available amount is fixed by the amount of actual minimal wage and its contributions, plus a small amount for organizational costs. Consequently, costs of community work are covered to 100%, while those of public utility work are financed only up to 70% – even in case of special target groups state contribution doesn't exceed 90%.

Resources accumulated in the Labor Market Fund also serve to *finance public work*. Though *budgetary resources are only available by tenders*, these shall be sent not to local employment offices but to the National Public Work Council. Although state contribution may rise up to 100% of the costs, institutions and companies desiring a share from these resources often propose a considerable own contribution.

Summarizing forms of *financial resources*, they are in all cases provided from the same Labor Market Fund, although financing is realized in three distinct forms, within three distinct frameworks. What's more, *three distinct organizations fulfill the role of distributor*. Unification of the three public employment systems - all financed from the same fund, all working nearly in the same area – has not yet been carried out due to clash of power interests in the past 25 years. *The above presented division results not only in overlaps and lack of coordination between public employment programs, but also to their low efficiency*.

Organizational issues

Based on the previously presented tenderized, decentralized resources, public utility work may be organized by municipalities, municipal institutions or NGOs. Besides municipal institutions having a principal role in organizing public utility work, the opportunity also aroused for NGOs to become employers. Among forms of public employment, this is the only

⁶ According to paragraph 2 of 36 § of Law on Social Affaires

one that counts with NGOs as immediate actors. This fact is emphasized, because both in Europe and in the United States, NGOs have a dedicated role in enlarging employment.

As for community work, NGOs have no contribution, since in this case organization is a privilege of municipal-based institutions.

Organization of public work is mainly performed by state-owned companies, though a number of public employment tenders are definitely focuses on municipalities and municipal associations.

Summarizing opportunities of actors concerned in organization of public employment, we can state that municipalities have the largest share while NGOs have the slightest contribution. State-owned companies have lobbied out their own supported employment frameworks, while business companies are not entitled to have share in public employment, which fact shall be seriously considered, given that in certain countries business companies have a concrete share in organizing public employment. The most successful program has been initiated in Slovakia in the course of the nineties, where municipal and state actors have been excluded from public employment tenders, and employment of the unemployed has been prescribed for winner market organizations. This program's employment impact became particularly significant after 1995, when huge investments financed by the EU became realized by people drawn into public employment (Hudomiet–Kézdi 2008).

In Hungary, market actors have been excluded from public employment already from the beginning, since no organization having returns against its activities was entitled to organize such programs⁷. Coordination of public employment programs was primarily the privilege of state and municipal institutions, and additionally that of NGOs fulfilling public duties. As a result, employment programs' transitive effects could hardly prevail, since continuous reforms of state finances, as well as saving waves of state and municipal institutions threatened even employees of the institutions organizing public employment themselves. Significant enlargement of statuses therefore has not been possible; on the very contrary, a substitutive or even extruding impact can be traced: organizers intend to replace former employees of state and municipal institutions with people drawn into public employment programs.

⁷ „Employers... do not receive further offset for the service realized through employment from any other organizations” (1991/ IV. Law on Promoting employment and Provision of the Unemployed” 16/A § (1) par. d) point).

In the second half of the nineties, employees working in the communal area have been the first replaced by public workers⁸, followed by other welfare areas (such as social feeding, home assistant services, elderly care, childcare, etc) appearing somewhere around the millennium. As a result, *instead of contributing to create work statuses, public employment became the basis of cutbacks.*

Potential target groups

The scope of people to be drawn into employment in all three employment forms is limited to the registered unemployed. Entry is the most rigorous and tightest in case of community work, since it only provides employment for recipients of municipalities' regular social aid. Since the 2009 initiation of the program entitled "Way to work", this benefit has been modified to "support of disposability"⁹. This program covers those who have been in the system for the longest time, probably representing the worth labor market positions in terms of education, work experiences, performance and lacking of personal network. In case of public utility work and public work, entry is assured for a considerably wider scope of the target group, including people in a better physical status having a relatively more advantageous labor market position.

Scope of the target group drawn into public employment has been widening after 2000, thanks to generalization of community work. The process was initiated due to the CXXII Law of 1999 about modification of certain laws concerning labor market and social issues. According to new regulation, *municipalities are obliged to provide employment opportunities for people having filled out the period of unemployment benefit, while a condition of entitlement for regular social aid is the uptaking of the work offered.*

Supporting system of the unemployed thus has been significantly transformed *after 01 February 2000*, concerning social provision of the unemployed as well. Through enlarging cooperation programs, *municipalities were obliged to organize public employment* lasting at least 30 days, while on the other hand, *prescription of recipients' cooperation was no more a municipal duty but a juridical requirement.* Obligation of employment and uptaking of the offered work have more and more predominated among conditions of entitlement for regular

⁸ Here 'public work' refers to all three forms of public employment.

⁹ Modifications are regulated in the XXXVIII Law on modifications of ordered labor affairs and on other labor market issues of 2009, published in Hungarian Official Journal 2009/73. Besides modification of a number of laws, this new juridical framework modifies several paragraphs of 36 § of Law on Social Affairs concerning public utility work, in its Closing Regulations (11. § (16) and (17) These sections of the new law came into force in 01, June 2009.

social aid. Priority, what's more, obligation of employment among recipients of passive allowances has further been strengthened by the program entitled "*Way to Work*", initiated in 2009. Uptaking work became a precondition of onward provision of regular social allowance by law¹⁰. Further on, enlargement of employment among the target group was not primarily limited by motivation of the unemployed, but by the volume of available resources and municipalities' capacity of organizing and assuring community work (Komka 2004). Although finances of the "*Way to Work*" program had no upper limits, due to lack of organizational capacity¹¹ and concrete work opportunities, despite all juridical prescription, only slightly more than half of the unemployed could be drawn into public employment.

Status of groups drawn into public employment

Aiming to analyze societal status of people drawn into public employment, in the course of the summer, 2009 a survey was carried out, in 51 settlements representing the most detrimental micro-regions of Hungary. The sample consisted of 1000 long-term unemployed persons of active age. The research was coordinated by the Program Office against Child Poverty, Hungarian Academy of Sciences. The research aimed to summarize first observations of the program entitled "*Way to Work*", aiming to widen public employment. Results have also been compared to those of our previous researches that focused on the issue¹².

The "*Way to Work*" program intended to assure work opportunity in the framework of public employment for former recipients of regular social aid, based on the assumption that employment on the open labor market has no more chances. Following 01 April 2009, after performing a work-aptitude examination, municipalities should have provided public work for some 170 000 persons in the country. Since people drawn into public employment have mostly lower educational attainment, opportunities of employment seemed to be considerably restricted. According to initial conception, the budget provided to the program should have

¹⁰ First 24 months of entitlement could be reached by accomplishing the formerly 12 months long obligation of cooperation, but entitlement for further support could only realized in case the client fulfills employment obligations.

¹¹ After a year of operation of the „*Way to Work*” program, these problems arises much the same way: municipalities refers to the limited scope of work opportunities while the government refers to high expenditures spent on the program.

¹² Final papers of the previous researches have been used as references (all lead by the author): „*Employment and Economical Impacts of Public work Program sin Hungary*” 1999-2001, mandator: Secretary of National Public Work Council. „*Complex, integrated and differentiated employment programs*” 2001-2002, mandator: National Employment Foundation. „*Struggling against exclusion from the world of work*” 2004-2006, mandator: ESF Hungary. „*Cooperation between social and employment services*” 2007-2008, mandator: Institute of Social and Labor Affairs

been utilized in large-scale public work programs, intending that former recipients of regular social aid would be drawn into tasks seemingly important for the community. Observations of the analyzed period nevertheless show that instead of large-scale public work programs, 70-80% of people drawn into employment (usually having only primary school) fulfilled compulsory communal and operational tasks of the municipalities, similarly to the content of former public utility and community works. Experiences also show that enlargement of public employment has been realized only to a limited extent, since the proportion of “newcomers” (those being unemployed in the previous three years, but not having yet worked in public employment) has not exceeded 4%.

Among 1000 persons - representing detrimental areas - of active age, being unemployed for more than a year, 621 persons have been drawn into public employment in the last three years. Although being long-term unemployed, 384 persons have not been drawn into any of the public employment programs. The group drawn into public employment nevertheless has a worse social status than people left out from public employment in terms of the following aspects:

- public workers are more likely Roma people (proportion of the Roma among public workers is 58% compared to that of people left out 38 %),
- public workers have lower educational attainment (they finished 8,5 classes in average compared to 9,2 classes in the group of left-outs),
- public workers' families have less active members (public workers' families have 0,31 active person in average compared to 0,48),
- seasonal and black work are available in a limited extent (seasonal work lasting for 2,8 months in average among public workers, compared to 5,5 months; and black work lasting for 1.9 months in average compared to 3,4).

Summarizing the above observations, participation in public work seems not to have advantages concerning future career, on the contrary, it bears disadvantages. Participation in public work is not typical for unemployed people having a promising labor market position and motivation to work, while acquiring work experiments would considerably increase their chances of employment on the open labor market. On the contrary: people working in public employment have no other opportunities, have significantly restricted working abilities, and are the less motivated to work. Development of abilities and skills as well as managing special drawbacks however is not comprised in public employment programs.

Municipalities organize community work programs primarily for recipients of regular social aid, thus contribute to reach entitlement. In the framework of public community work programs, working period would be improbably longer than it is necessary for being entitled by law, although short-cycle working generally cannot effectively contribute to the integration of the unemployed. Neither development of skills, nor widening of personal network is expected in such a short period. *Short cycles may be much more contributed to the will which investigates long-term unemployed people's disposition for work, and which provides passive support only for the worthy.*

We witness a peculiar pitfall: public employment generally offers work opportunity for the most disadvantaged long-term unemployed, for people permanently excluded from the open labor market. Employing long-term unemployed people in sheltered employment could have been a deliberate strategy, in case employment would integrate skills development, amelioration of working abilities and training as well, contributing to future job search on the labor market. In his study of 1988, summarizing observations of public utility works of a town, Gyula Borissza has already pointed out that public employment shall be combined with other labor market tools (training), since only joint services may indeed contribute to managing the transition period, leading to future employment on the primary labor market. Besides training, he also emphasized the importance of analyzing possible work opportunities, and besides generally performed communal tasks, he urged the elaboration of a more differentiated, therefore more motivating scope of activities within the framework of public utility work¹³. Lacking these tools, working abilities cannot be developed; therefore entrance into the open labor market gets highly improbable.

Considering the above, the question necessarily arises: *what is the inner purpose of public employment, organized in three parallel subsystems?* What interests may hide behind them? Who are primarily favored in the system?

Interests represented in public employment

According to the international definition, “public utility work is an alternative of unemployment, a compulsory solution ensuring transitive labor market integration of the unemployed, which – due to market forces’ insufficient capability of creating workplaces, but

¹³ Notwithstanding a number of modifications, the „IV Law of 1991 about promotion of employment and provision of the unemployed” does not guarantee juridical framework for these additional services.

not penetrating operation of the market – establishes public financed additional work opportunity for the provision of communal and non-governmental tasks of public utility (Frey 1993:30).

Setting off the above definition, we may suppose that primary target group of public employment consists of people who receive welfare supplementary income support for the transitional period "due to market forces' insufficient capability of creating workplaces". During last years of socialism, expecting unemployment's transitivity, local councils intended to manage problems of families lacking income with the aid of this form of employment, nevertheless expectations regarding enlargement of the labor market proved to be unrealistic. Instead of remaining a transit program of the transition period, community work programs, organized by local municipalities – together with additional forms of public employment elaborated in the meantime – became an active labor market tool, concerning the greatest number of the unemployed and lasting till these days. *Initially formulated as a principle, expectation of establishing additional workplaces has been considerably surpassed, and other – mostly opposing – interests have appeared in terms of forms of public employment.*

Considering the proportion of people participating in active labor market tools, public employment had the largest share even in the year of 2009. Interpreting the high number of people concerned (139 350 persons, representing 37,2% of all participating in active tools) shall also take into consideration that employment cycles are rather short, and people have changed employment status in average every three months. Public employment shall not be treated with special attention only because of the number of participants, but also in terms of expenditure: in 2008, close to 36 billion forints have been spent on public employment from the fund provided for active labor market tools. 11, 7 billion forints have been spent on community work, 9, 5 billion forints on public work and approximately 14, 7 billion forints have been spent on public utility work (Gácsné 2009). In the year of 2009, expenditure has already exceeded 100 billion forints, and although it was one of the most costly labor market program in terms of consuming resources, it brought the slightest results: proportion of people able to get work on the primary labor market was between 1 and 4%. Since no program elements contributing to labor market integration has been included, we shall suppose that authorities had no intention to have a transitive impact, and generous resources provided for these programs have not intended to promote participants' labor market integration. But what other hidden goals can be detached? Why have several thousand been drawn into the system

(even if only for a short period) in the previous years and why have more than 100 billion forints been spent on them? Whose interests may be hidden in the system?

First we shall point out that according to previous studies, public employment, as an active labor market tool is not able to serve labor market integration of the low-skilled, characterized by poor labor market positions and insufficient work experiences. The generally short employment period, predominance of municipal employers, as well as low prestige and character of the work to be done cannot serve further advance. Actually *these are local municipalities that profit from the system*, which mostly struggle with a considerable lack of financial resources. Contributing to the fulfillment of public duties, work organized within the framework of public employment aims to ease this deficit. This statement is reinforced by research results according to which the group of recipients has been divided into two: a tight and stable circle of public employees - representing longer period of employment - is outlining, while the rest of the unemployed are never, or for not more than 30 days drawn into public employment programs.

In case of public employment programs, integration into primary labor market became only a manifest goal: on the one hand, organizers consider the unemployed incapable of stepping out to the labor market both in terms of skills and education, and of demographic status. On the other hand, primary labor market, which has considerably tightened in the course of the nineties, is also considered unsuitable to handle the target group after terminating supported employment, even if advantageous conditions are provided from the side of public employees. It is obvious that primary goal is not future employment or labor market integration of the unemployed, but the latent intention (prevailing since the beginning of the nineties) to assure fulfillment of public duties of municipal and state sector struggling with continuous deficit by supported employment, decreasing both income deficit of people excluded from the primary labor market, as well as consequent social tensions. Nevertheless, public employment also fulfills a function of work testing.

Obviously, employment efficiency of public employment programs is rather questionable. In most countries of the EU, public employment is considered as a deadlock, seen as a “workfare” type of tool, primarily dominated by constraint and work testing and not empowerment and provision of real work opportunities, aiming to contribute to the integration into the primary labor market.

Notwithstanding, governmental bodies still consider public employment able to fulfill its function of reducing expenditures on passive allowances by limiting entitlements, excluding people of a low motivation, providing low wages, and by assuring working conditions on low expenditures.

Regardless of the form of public employment, we can state that compared with expenditures spent on public employment programs, they serve labor market integration of the unemployed with a low efficiency. Although labor market and social integration have been formulated as a goal in case of all three forms of public employment, in the meanwhile other interests became prior. Though in its examination of 2002, National Audit Office has already drawn attention on the apparent contradiction between goals and instruments, as well as on low efficiency of the system, nothing has been fundamentally altered. With the approval of the Ministry of Social and Labor Affairs, primary beneficiary of public utility employment and community work are local municipalities. On the one hand, central resources are only available if municipalities are disposed to use public employment as a working test, both reducing the number of recipients of welfare allowances and central budget's expenses. On the other hand, aiming to withhold the spread of passive allowances and to strengthen retentive impact, working became a precondition of welfare allowances provided by municipalities. Besides working test function, public work also serves as a basis of state seasonal employment (flood protection, averting catastrophe, maintenance of public roads, maintenance of railways, etc). This solution brings double benefit for the state and municipalities¹⁴, since activities performed by public employees are substantially cheaper than service provision bought on the market, and additionally a considerable amount of resources remains as well. Duties performed by public employment are usually hard physical work that otherwise – due to low their prestige – could hardly be fulfilled. As a consequence, in most cases public employment does not create new working opportunities, but transforms already existing statuses. Further dysfunctions of public employment are:

- organizers of public employment are not competent to organize and realize social and employment programs, having no realistic image of working abilities and possible developmental outcomes of people drawn into programs
- organizers are not professionally prepared to the challenge,
- they are indifferent about seeking appropriate solutions and

¹⁴ Double benefit supposed to prevail only on the short term, since on the long term low wages result in the decline of working abilities, therefore at the end people held on low wages will also enter the system of supports.

- they are not motivated to solve the target group's social and employment problems.

As already mentioned, according to results of relevant researches, public employment provide transitional income support lasting for a short period for people having the worst labor market position, mostly irrevocably excluded from the primary labor market, *thus lacking them into the hopeless trap of regular social aid and supported employment. Participation in public employment unequivocally hampers getting back to the open labor market – the system itself conserves financial and labor market status of the long-term unemployed.*

In terms of operational principles, public employment resembles more to workhouses and to distress works protecting public security of early modern times, than to modern integration programs aiming to develop working skills and contributing to transition to the primary labor market. This statement is also proved by the fact that according to interview results, organizers themselves doubt efficiency of the work performed in public employment. They mostly agree that value of the work performed in public employment is not commensurate with the expenditures spent. Consequently, public employment, considered as “mockwork” is not able to diminish social and ethnic tensions of local communities and further reserves the need for regulating the unemployed¹⁵.

Available research results concordantly show that among all active labor market tools, public employment has the strongest controlling function and obligation force. It is seen as a prescribed duty, a condition of welfare allowance. Although it's a subject of serious professional debates, all agree that it primarily serves as a working test of motivation of the unemployed. Employment on the open labor market or supported employment are thus not considered as successful outcomes, since success shows only in reducing the number of recipients of regular social aid and saving communal expenditures, as well as in strengthening the principle that availability of public goods depends on publicly demonstrated, continuously controlled work.

¹⁵ According to research results, even black economy's efficiency in labor market integration is higher than that of public work.

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