Towards a post-modern servitude?
An early account on the new labour legislation in Hungary

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Targets of the new legislation

- **Macro-level:**
  - Improve „competitiveness”
  - Increase employment rate
  - Improve labour market flexibility

- **Micro-level:**
  - Improve numerical, functional, and financial flexibility
Methods applied in Labour Code

- Reducing statutory floor of rights drastically
- Re-contractualization of labour law
- Reducing sanctions employers’ are facing to in case of breach of law or contract
- Weakening trade unions position in many ways
Methods applied in other laws

- Limiting employees’ access to labour courts
- Weakening labour inspectorate
- Reducing radically social and unemployment benefits, disability pensions and benefits
A selection from the most debated rules 1. – „wages”

- New rules which leads to direct loss in income, especially among shift workers
  - Elimination wage supplements of shift workers in continuously operating enterprises
  - Reduction of wage supplements for afternoon and night shifts
  - New rules on calculating payment for non-working periods
  - Downtime is not paid if it is caused by unavoidable external reasons, etc.
A selection from the most debated rules 3. „working time”

- Daily break-period is not part of daily working time anymore, the working time is increased accordingly (20 minutes daily, 11 days per year)
- Information on work schedule could be given only four days ahead - in case of unforeseen circumstances
A selection from the most debated rules 3. „dismissal”

- The probationary period could be extended from statutory 3 months to 6 months by collective agreement
- The scope of prohibition of dismissal was cut back seriously, effecting detrimentally (and in different ways) pregnant women, mothers of small children, ill people, the elderly.
- Sanctions of unfair dismissal was cut back drastically (rules on liability for damages must apply, lost income for max. 1 year, or only payment for notice period).
Immediate consequences

• Complexity of regulation has increased
  - What is the law to be applied? Deviation from the Code is valid?

• Legal uncertainty has increased
  - Rules on liability which are new in the whole legal system

• Reduction of wages
  - Increasing portion of population earn less than the living wage
  - Intensifying migration abroad of well-educated workforce
Long-term consequences

- Reduction of job security
  - The dismissal of any employee became more easy and much cheaper
  - Not leading to new jobs

- Worsening subordination and vulnerability of employees
  - Undermines loyalty and innovativeness
  - Reinforces behavioral patterns of servitude?
Long-term consequences 2.

- Reduction of „competitiveness” at the micro level
  - Business risks could devolved to individual workers
  - Companies are not forced to search for better solutions in organising their operation, their logistics, etc. because consequences of failures could be devolved to workers
Long-term consequences 3.

- Employees are less able to reconcile working and private life
  - More stress-related illness? Increasing health care expenditure?
  - Decreasing birth rate?
- Women are more exposed to dismissal and other detrimental treatment
  - Decreasing birth rate?
  - Decreasing employment rate?
  - Reinforcement traditional gender roles?
  - Increasing number of people (children) living in poverty
Thank you for your attention!

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