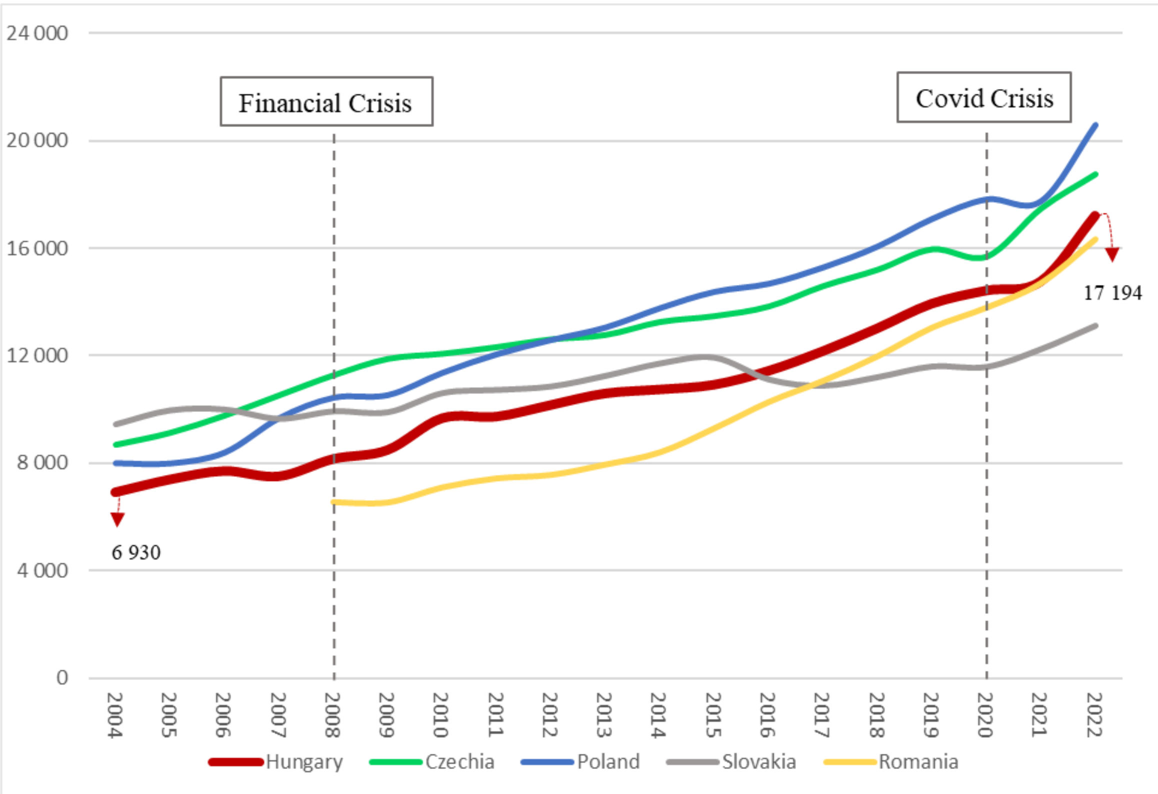
HUNGARY' 20 YEARS IN THE EU: HOW HAVE EARNINGS CHANGED?

On May 1, 2004, ten new states joined the European Union, including Hungary. In our series of articles, we use various indicators to examine how Hungary's situation has changed during our 20 years of EU membership. The topic of this article is the **change in earnings**.

There are basically two ways of measuring the level of earnings in international comparisons: in absolute terms (how much you earn when you convert your money into euros) and in purchasing power parity (how much you can spend elsewhere at the price level of the country you are in).

Change in earnings in the V4 countries and Romania
(in purchasing power parity, in euros)



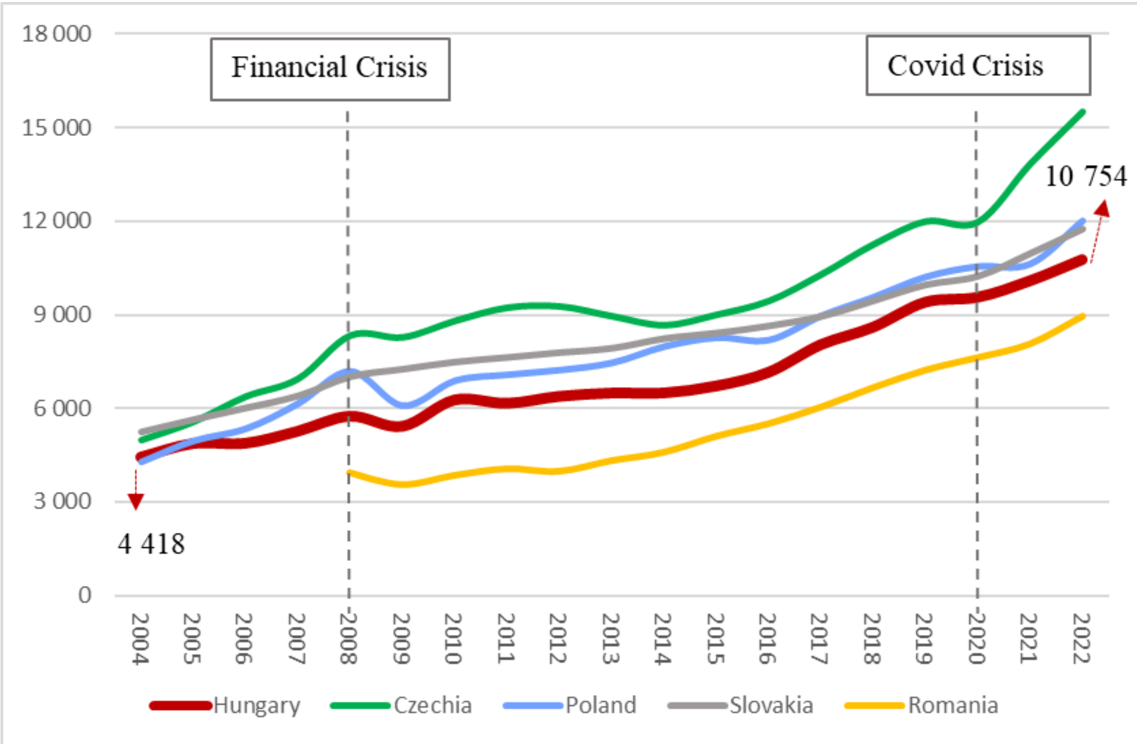
Source: [Eurostat (2024)]

In Hungary, euro earnings in purchasing power parity (PPP) have risen rapidly over the past two decades. Although there have been years of near-zero wage growth, the indicator has not declined significantly during the crisis periods. Overall, over the past two decades, wages in euro terms **have risen nearly two and a half times** over the past two decades, so that **Hungarian workers now take home 67% of the EU average**. This puts Hungary in 22nd place out of the 27 Member States (23rd in 2004).

In the last 20 years, Hungarian wages have outpaced Slovakians (2016) and have risen roughly in line with the Czechs and Poles. Romanians are gradually catching up with the Visegrad countries, but overall there is also wage convergence in the region.

Slightly different conclusions can be drawn if wages are not measured in purchasing power parity but in absolute terms. This gives a good indication of how much our wages are worth when we travel abroad or buy goods abroad.

Change in earnings in the V4 countries and Romania (in euro)



Source: Eurostat (2024)

In the period of 2004-22, Czech wages shot up, **Hungarian, Slovakian and Polish wages grew essentially together**, while Romanian wages did not come close to those of the Hungarians.

Overall, domestic earnings in euro terms increased by 2.4 times over the period, which means an inflation-adjusted **increase in real earnings of 3.1% per year**. However, **in 2022 we were still only 41% of the EU average (30% in Austria), so that only Romania and Bulgaria perform worse than us in EU terms.**