

8 Employment, unemployment

The economic activation of the population has an extreme importance both from social and economic aspects as for the majority of people this is the only way of earning regular income, and the ratio of active wage earners and dependants influencing the spending of incomes on household and social levels is also in strong correlation with this process.

The ratio of economically active population (the total number of employed and active jobseekers) within the total number of population (activity rate) is less than the European average. After its decline during the past years it slightly increased in year 2003 in the Carpathian region but still remained on low level, at about 55%. The regional differences between regional activity rates are presented by the table below. It should be noted that of the EU 25 countries the presence of Hungary's active wage earners is the lowest on the labour market. It should also be noted that a great number of jobs were ceased as a consequence structural crisis. Several members of the older generation having lost their job chose an early retirement or live as disability pensioners reducing in this way the statistics of unemployment. This is the main background of the low *activity rate*, as it cannot be explained merely by the number of children (see: low birth rate) (*Table 17*).

The economic restructuring in the region is well reflected by the labour market indicators as well. The employment ratio in the research area is lower but the unemployment ratio is higher than the European average. The number of employed people has significantly decreased since the 1990s.

There are large differences between the economic activity indicators of the territorial units of the Carpathian region. Regional indicators are reflecting national trends as well. In this field Hungary has the lowest economic activity with only 50.2% average and 45.6% (North-Hungary) and 54.5% (Central Hungary) values. The economic activity rates in the Slovak and Czech regions are approximately 60%. The ratio of economically active population increased in the Slovak regions which can be explained by the entry of fresh school graduates in high number into the labour market. This reduced the number of economically inactive persons (but increased the ratio of old-age pensioners).

In postsocialist countries the social system of the communist era regarded full employment as a priority objective. Several state provisions granted full employment for the economically active generations. This, on the one hand, provided a kind of social security for active wage earners but on the other hand lowered the economic efficiency of employment. The collapse of the socialist planned economy system generated massive unemployment in these countries, therefore nearly all member regions of this macro-region are facing this kind of historical heritage. Thus, now we are experiencing the outcomes of not only a

Table 17

Activity rates in the regions of our research area (2005)

| Regions | Economic activity rate (15 years and over) | | |
|-------------------------|--|-------|---------|
| | Total | Males | Females |
| | (%) | | |
| <i>Austria</i> | 59.4 | 67.5 | 51.8 |
| Burgenland | 56.9 | 65.8 | 48.4 |
| Lower-Austria | 58.9 | 66.8 | 51.6 |
| Vienna | 58.1 | 65.8 | 51.3 |
| <i>Czech Republic</i> | 59.4 | 68.7 | 50.7 |
| Jihovýchod | 58.2 | 68.0 | 49.1 |
| Strední Morava | 57.9 | 67.6 | 48.8 |
| Moravskoslezsko | 58.5 | 66.1 | 51.3 |
| <i>Hungary</i> | 50.2 | 58.3 | 43.1 |
| Central-Hungary | 54.5 | 62.6 | 47.8 |
| Central-Transdanubia | 53.3 | 62.3 | 45.2 |
| West-Transdanubia | 53.7 | 62.0 | 46.2 |
| North-Hungary | 45.0 | 52.6 | 38.4 |
| Northern Great Plain | 45.6 | 53.8 | 38.2 |
| Southern Great Plain | 47.3 | 55.5 | 40.2 |
| <i>Polska</i> | 54.9 | 62.8 | 47.7 |
| Małopolskie | 55.9 | 63.7 | 48.8 |
| Śląskie | 52.2 | 59.4 | 45.9 |
| Podkarpackie | 54.3 | 60.5 | 48.5 |
| Świętokrzyskie | 54.3 | 61.9 | 47.1 |
| <i>Romania</i> | 53.9 | 61.5 | 46.9 |
| Nord-Vest | 51.9 | 58.1 | 46.2 |
| Centru | 50.4 | 59.1 | 42.2 |
| Nord-Est | 58.6 | 62.7 | 54.6 |
| Sud-Est | 51.6 | 61.3 | 42.3 |
| Sud – Muntenia | 54.9 | 64.1 | 46.4 |
| București-Ilfov | 53.3 | 61.6 | 46.2 |
| Sud-Vest Oltenia | 57.1 | 63.9 | 50.7 |
| Vest | 51.4 | 60.4 | 43.2 |
| <i>Slovakia</i> | 59.5 | 68.4 | 51.3 |
| Bratislavský kraj | 63.9 | 71.3 | 57.4 |
| Západné Slovensko | 59.3 | 68.2 | 51.2 |
| Stredné Slovensko | 59.2 | 68.2 | 50.9 |
| Východné Slovensko | 58.1 | 67.6 | 49.3 |
| <i>Serbja</i> | 55,5 | 64,4 | 47,0 |
| <i>Ukraine</i> | 62.2 | 68.2 | 56.8 |
| Zakarpattia Oblast* | 64.5 | 70.3 | 59.0 |
| Lviv Oblast* | 61.2 | 65.7 | 56.9 |
| Ivano-Frankivsk Oblast* | 56.5 | 59.6 | 53.6 |
| Chernivtsi Oblast* | 60.3 | 65.6 | 55.5 |

*2006.

Source: Eurostat, national statistical yearbooks.

short-term economic breakdown or a transitional drawback of market positions, but the problem is much bigger: this is a failure of an economic and social policy run for several decades. Its negative impacts have emerged in a massive scale and simultaneously after the 1990s.

The primary reasons of the economic breakdown of post-socialist countries are stemming from the absence of earlier market mechanisms. The first phenomena of unemployment are correlating with the changes in the economic regulation systems: the ratio of unemployment was continuously increasing for ten years in the regions of our research area. Apart from a temporary period and certain special territorial units it started to decrease only after the millennium but the rate of decrease showed significant regional differences.

In these post-socialist countries the shutdown of big industrial plants and the collapse of agricultural cooperatives have resulted in a massive dismissal of employment surplus. On the demand side the following factors were increasing the ratio of unemployment:

- Tensions in industrial structure.
- The loss of earlier COMECON markets.
- The shrinking size of internal markets.
- The transformation of firms.
- The new proprietary structure and privatization of firms.

On the supply side the professional and language skills of employees were not meeting the requirements of the European economy. This created a mass of unskilled workers having no hope for finding a permanent job on the long run.

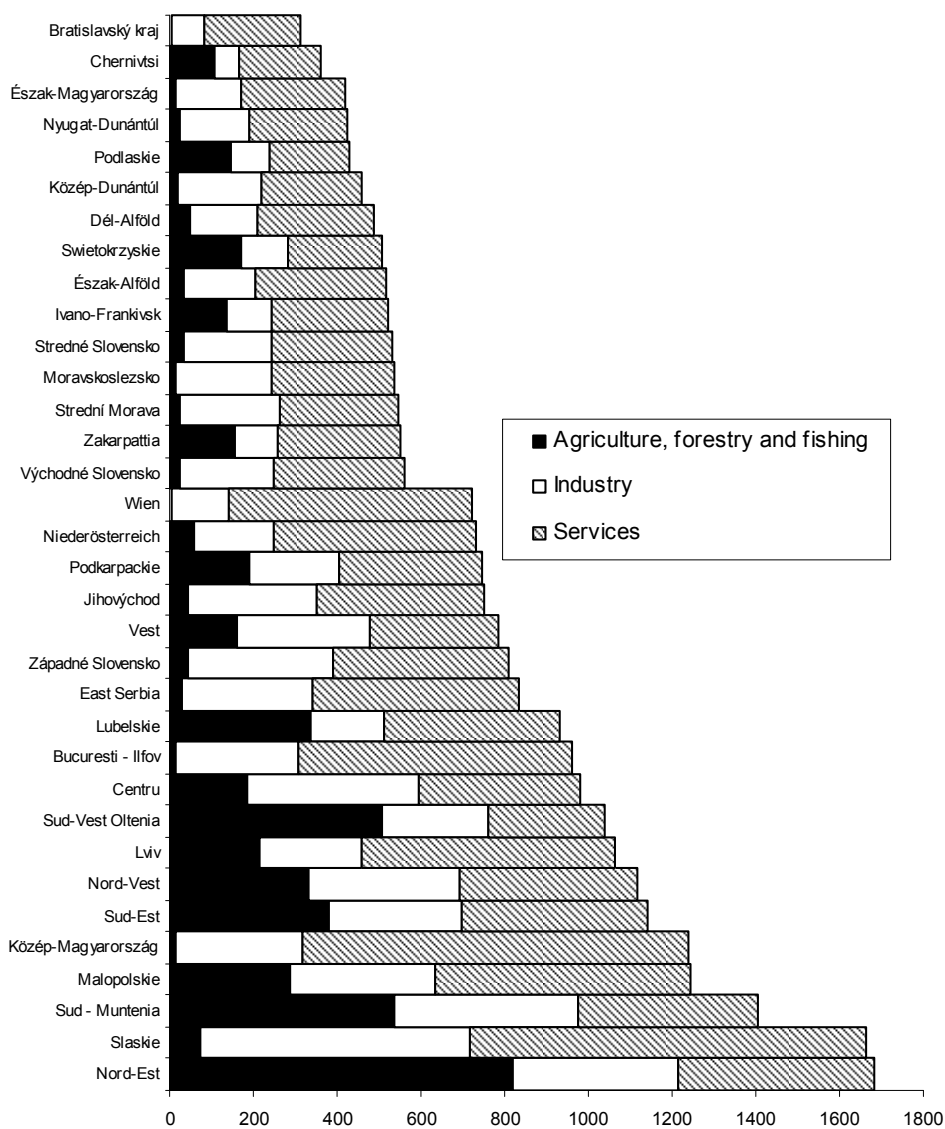
The dropdown of employment was uneven in the different economic sectors and regions. The highest drop rate of jobs can be observed in the primary sectors of economy (*Figure 3*).

In the countries of our research the decline of employment rate restructured the ratio of the three big economic sectors as well. The migration rates of labour force between the different economic sectors during the past 10–15 years are very close to the indices of the West European countries with advanced market economy. The ratio of people employed in the tertiary sector is approximately 60% in several regions. More than two-thirds of the total labour force are employed in the private sector (*Figure 4*).

Differences in employment are very high within the macro-region of our research. While in core areas unemployment rate is by far below the average in several NUTS3 areas unemployment rate is more than the double of the average but in some depressing regions it is over 20%. The most severely hit by unemployment areas are the south-eastern part of Slovakia, the Polish counties and some counties in Romania.

Figure 3

Employed persons (1000) by economic sectors in NUTS2 regions (2005)

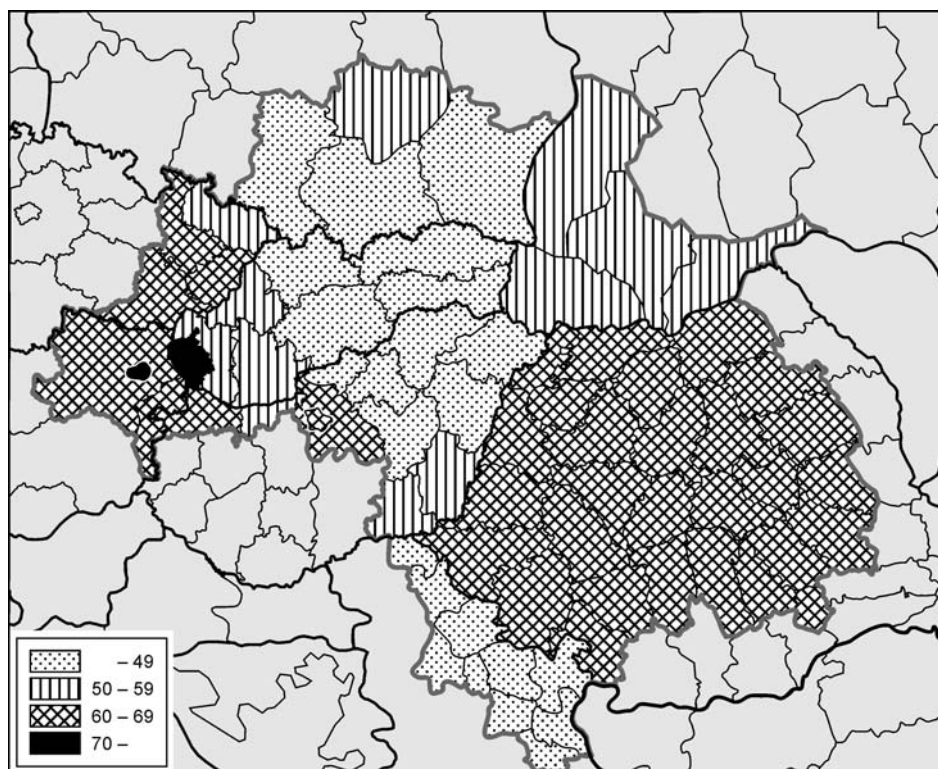


Note: The 10 Serbian kraj altogether are called East Serbia.

Source: Eurostat, national statistical yearbooks.

Figure 4

The ratio of employed persons in the Carpathian region, % (2004)



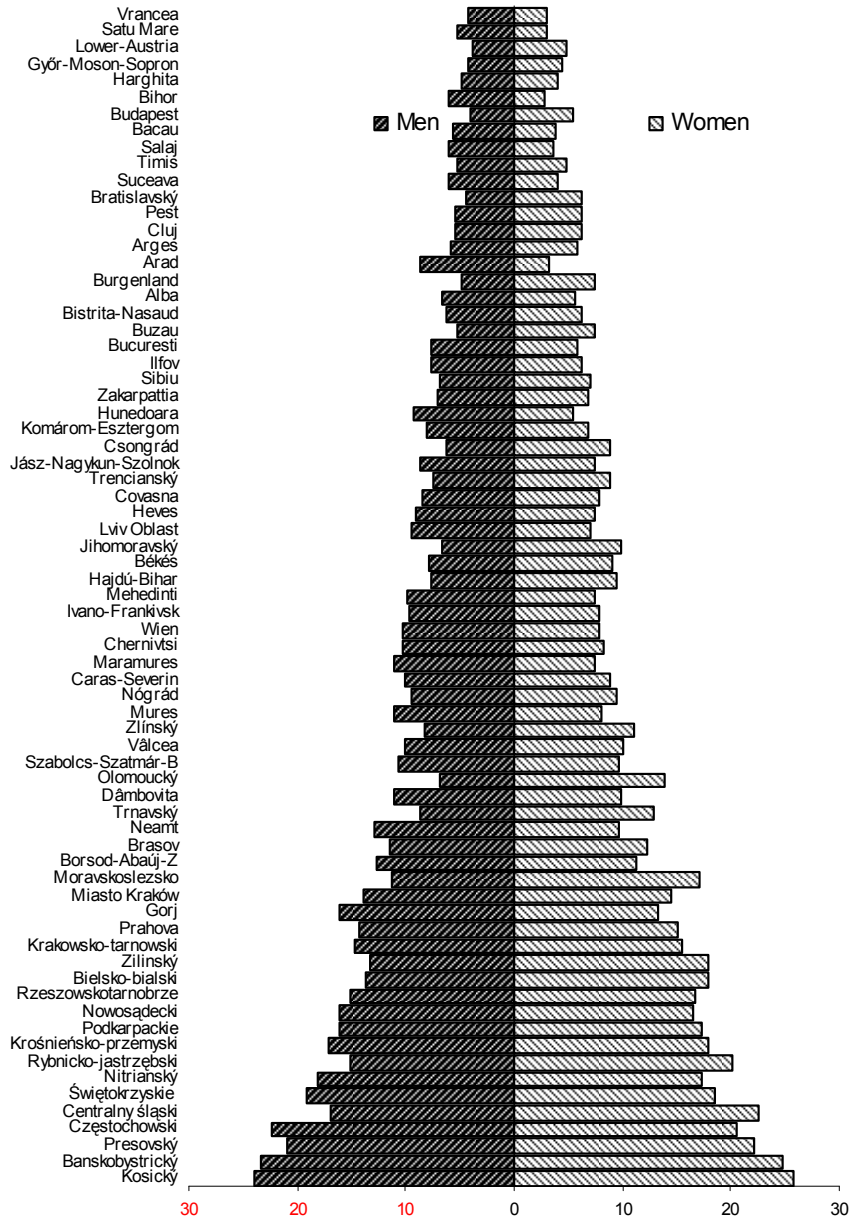
Source: Eurostat, national statistical yearbooks.

Roma population is in a very disadvantaged position from the aspect of employment chances by sex and ethnicity. The ratio of Roma population is extremely high in lagging regions where poverty and poor physical access are further hindrances to their social integration process. Their return to the labour market needs carefully elaborated and customized measures and in the majority of cases they can work at state subsidized workplaces only (*Figure 5*).

The macro-region's economic restructuring and the massive employment change of population all contributed to the increase of migration. This can very well be verified by the outmigration of skilled labour force from east to west (brain drain). The macro-region's economic restructuring increased the mobility of labour force, especially of skilled labour force. This territorial shift of labour force is coinciding with the territorial shift of capital resources and assets (*Lelkes, 2004*).

Figure 5

Unemployment rates by sex (2005)



Source: Eurostat, national statistical yearbooks.