

EMPLOYMENT OBSERVATORY

Central & Eastern Europe

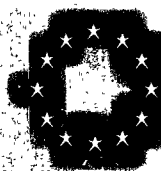
Employment Trends and Developments

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Employment in
EUROPE



European Commission

Directorate-General for Employment,
Industrial Relations and Social Affairs

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Central & Eastern Europe

Employment trends and
developments

Nº 8 November 1995

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Employment developments in Central and Eastern Europe

The improvement in the economic situation in Central and Eastern Europe which was evident in 1994 continued in the first half of 1995. Where estimates are available, GDP expanded significantly and all countries, bar Albania, experienced strong growth in industrial output. The numbers in employment either increased or fell at a slower rate and unemployment declined throughout the region. Moreover, the rate of inflation also came down in most countries, though it remained in double digits everywhere — but only just in the Czech Republic — and there was some growth in real wages in the majority of cases.

The growth in output, however, has been accompanied, in all countries apart from Bulgaria, by widening trade deficits as imports have expanded faster than exports in US dollar terms. Although imports seem to an important extent to have gone into strengthening the productive base of the economies rather than merely into private consumption, the deficits have added to external debt problems which in most cases were already severe.

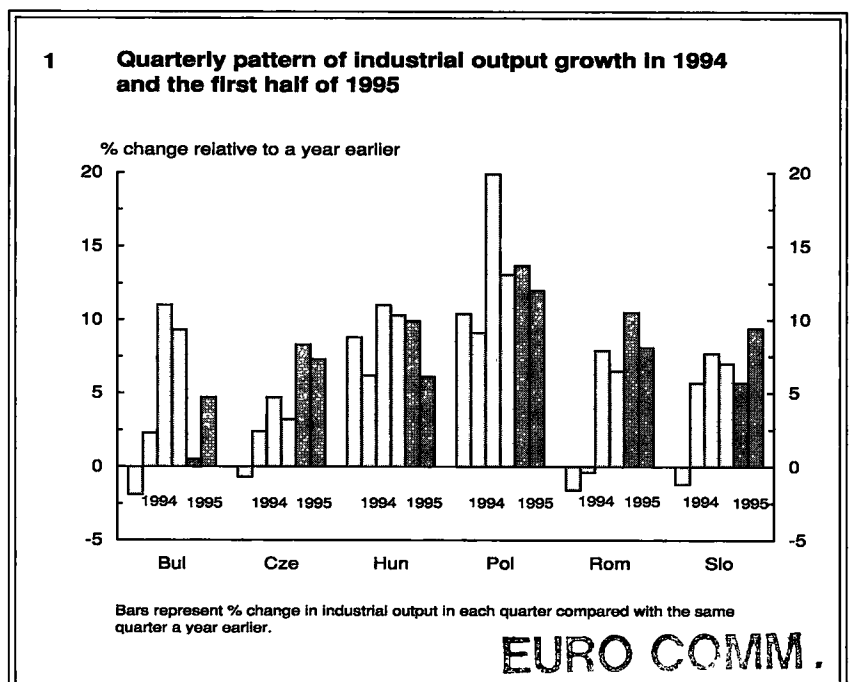
Output

In the three countries for which data are compiled on a quarterly basis — Bulgaria, the Czech Republic and Slovakia — GDP increased at a higher rate in the first half of 1995 than during 1994. The largest gain was in Slovakia where it rose by over 6% in this period as against 5% in the second half of 1994 (all percentage figures in this section relate to the change over the 12 months preceding the period referred to). In the Czech Republic, growth in both the first two quarters of 1995 was around 4%, slightly lower than in the last quarter of 1994 but double the rate in the first three quarters of the year. In Bulgaria, GDP was up by just under 3% in the second quarter of 1995 as compared with a year earlier after growing by 2% in the first quarter and by 1½% in 1994.

Although no quarterly figures for GDP are available for Poland and Hungary, the official forecast for the former is for growth of 6% in 1995, slightly higher than in 1994 (5%) and 1993 (just under 4%) and giving four years of steady growth. For Hungary, growth of 0–1% is forecast for 1995, down from the 3% achieved in 1994.

Data for the first half of 1995 are available for industrial output, however, for all the countries. Apart from Albania, where industrial production continued to fall sharply, these show a significant increase during this period. In Poland, industrial output was up by almost 13% as compared with a year earlier, in Romania, by over 9% and in the Hungary, the Czech Republic and Slovakia by 8% or just below. In Romania, the Czech Republic and Slovakia, this represented a larger rise than in the second half of 1994 — a very small one in the case of the latter — and an even bigger increase in relation to the first half of 1994. Some acceleration of growth is, therefore, evident in these three countries (Graph 1, which shows the growth each quarter relative to a year earlier).

In Hungary and Poland, though growth in the first half of 1995 was higher than in the same period of 1994, it was below the rate in the second half of 1994 which



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suggests a possible slowdown (though since the series for industrial output are not seasonally adjusted, some caution is needed in drawing any conclusion from the quarterly pattern of change, in the sense that growth in the second half of the year could pick up as it did in 1994). Nevertheless, the rate of increase in production achieved in both countries during this period was relatively high. At the same time, restrictive measures were introduced in Hungary in March aimed at slowing down inflation and correcting external imbalance. As noted above, the latest forecast is for GDP growth of only 0–1% over 1995 as a whole, which implies that the rate of industrial output growth is likely to fall in the second half of the year.

In Bulgaria, growth during the first half of the year (2¹/₂%) was less than elsewhere apart from in Albania, and also lower than in the preceding half year (10%), in this case considerably so. Again, however, it was higher than a year earlier and only time will tell whether this represents a slowdown or merely a seasonal fluctuation (third quarter estimates show growth of 3¹/₂%, well down from growth in the latter part of 1994).

Much of the growth in output which occurred went to exports, as described below, and production for the domestic market rose by significantly less than the total. There is also evidence that growth has been underpinned by increased investment. In Poland, where output growth was highest, gross fixed capital formation in the first six months of 1995 is estimated to have been 17¹/₂% higher than in the corresponding period in 1994, in Slovakia 16% higher — a marked improvement compared with 1994 when investment fell by 7% — and in Hungary, the Czech Republic and Romania 6–7% higher. In Bulgaria, investment expanded by 4% over this period, less than in 1994 when it rose by 5¹/₂%.

Within industry, there was some variation in the sectoral breakdown of growth between the countries, though in all four countries for which estimates are available — Bulgaria, the Czech Republic, Hungary and Poland — one of the highest rates of increase in production during the first half of 1995 was in the metals industry as well as in paper and printing. Other industries showing relatively high rates of output growth were rubber and plastics (in the Czech Republic), electrical and optical equipment (also in the Czech Republic), engineering (in Hungary), furniture (in Poland), chemicals and glass (in Bulgaria) and food processing (in Bulgaria and Hungary).

In all countries, the private sector continued to expand relatively rapidly. In Slovakia, for example, private sector investment was almost 40% higher in the first half of 1995 than a year earlier. In Bulgaria, the private sector share of GDP rose from 27% in the first quarter of 1995, and an average of 24% in 1994, to 30% in the

second quarter. As elsewhere, most private activity was in services and, on the latest estimates, this was responsible for 16% of GDP as compared with 6¹/₂% of GDP in the case of private firms in industry. Much the same was the case in Romania, where 70% of retail sales went through private businesses, though only 14% of industrial output, a figure which is set to increase markedly as recent privatisation legislation takes effect (see Box).

Foreign investment

As Western European economies have recovered from recession, direct investment in Central and Eastern Europe has risen. In the Czech Republic, a prime destination for foreign capital in the region, direct investment from abroad exceeded \$400 million in the first six months of 1995, one-third higher than in the same period the previous year. Investment continued to be channelled into a wide range of activities, including, in particular, the car industry and the production of transport equipment, textiles, glass, china, furniture and food as well as into banking and construction. Germany remained the main country of origin, accounting for 36% of total direct investment, followed by the US with 19% and France with 14%.

These countries with Austria, are also the most important sources of foreign investment for Slovakia, where the value of direct investment in national currency terms was some 6% higher in June 1995 than at the end of 1994, almost half of it going into manufacturing industry.

In Bulgaria, the growth of foreign investment in the first half of 1995 was particularly marked, flows during this period being 73% higher than in 1994.

In Romania, foreign direct investment was some 58% higher in the first three-quarters of 1995 than in the same period a year earlier to reach a cumulative total of over \$1¹/₂ billion by the end of September.

In Hungary, the amount of foreign capital invested in new companies declined in the first half of the year, though the share of investment in such companies with foreign participation emanating from abroad increased at the same time from 75% in 1994 to 80% in 1995, 69% of these companies being founded with 100% foreign capital.

Growth of direct investment was accompanied in a number of cases by even larger growth in short-term capital inflows of a speculative nature, attracted in part by increased economic and financial stability, freer convertibility and relatively high rates of interest as compared with most Western European economies. Such inflows were both encouraged by and contributed

to maintaining stable exchange rates in most countries.

International trade developments

Although exports increased significantly in US dollar terms in the first half of 1995 in most of Central and Eastern European countries, imports generally rose by even more. All of the countries covered, apart from Bulgaria, had visible trade deficits in the period, in most cases of significant amounts and in all cases — though only marginally in the case of Poland and Slovakia — larger than in the second half of 1994 and even more so than in the first half of 1994.

In Albania, the trade deficit, which was already considerable, continued to increase in the first half of 1995, when it amounted to over three times the value of exports. There were signs of encouragement, however, insofar as exports in US dollar terms went up by over 50% between the first half of 1994 and the first half of 1995, significantly more than imports, though these still rose by 36%.

In the Czech Republic, the trade balance went from surplus in the first six months of 1994 to a deficit in the second six months and a much larger deficit in the first six months of 1995, larger in fact than the sizeable surplus on services, especially on tourism and transport, so that the balance of payments on current account was in deficit for the first time since the split with Slovakia. While exports were almost 20% higher in US dollar terms in the first half of 1995 than a year earlier, imports in the same terms were up 47%. This disparity, in some degree, reflects the significant appreciation in the real exchange rate which has occurred over a number of years as Czech inflation, though lower than elsewhere in the region, outpaced that in developed countries in the West which have become the main destination for Czech exports, while the nominal exchange rate has remained largely unchanged (boosted by confidence in the Czech economy and the surplus on invisibles). Even so, despite the sizeable trade deficit, convertible currency reserves continued to expand. Moreover, much of the growth in imports took the form of increases in capital goods and intermediate products used in the production process, such as chemicals, machinery and semi-manufactured goods, which both stand to strengthen industrial capacity and are a reflection of foreign investment in manufacturing in the economy.

In Hungary, the trade deficit, which was substantial in both 1993 and 1994, increased further in the first two quarters of 1995, to over 40% of the value of exports, adding significantly to the country's foreign debt problems. While exports were almost 13% higher in dollar value terms than in the same two quarters a year

Privatisation in Romania

Up to mid-1995, 1,330 companies had been privatised in Romania since the beginning of the process. This represents 20¹/₂% of the total number of State-owned commercial companies. Altogether, they employ some 570 thousand people, 18% of the total employed in State-owned companies. In the first half of 1995 alone, 303 companies were privatised, 26 of them large and 139 medium-sized, employing around 212 thousand. The privatisation process, therefore, has moved on to progressively larger companies.

Privatisation was, first, concentrated on companies operating in areas which were relatively attractive to investors, such as food, commerce, tourism, light industry, transport, construction and local services, but has recently been extended to mechanical and electrical engineering and chemicals. In order to accelerate the privatisation process, legislation was passed in June 1995 enabling mass privatisation to take place instead of proceeding company by company. As part of the process, coupons were distributed to eligible Romanian citizens in August and September giving them the right to subscribe to over 4,000 State-owned companies from the beginning of October. Under the legislation, up to 60% of the equity of each company included in the programme will be distributed free of charge, while the remainder will be sold to home and foreign investors.

At the end of September 1995, private businesses accounted for 70% of retail sales, 43% of non-collective services, 40% of exports, 45% of imports and 14% of industrial output.

earlier, and industrial exports were almost 26% higher, imports were up by over 16%. It remains to be seen whether the package of restrictive measures introduced in March will be sufficient to limit the growth of imports by enough to correct the trade imbalance.

In Poland, the trade deficit in the first half of 1995 was only slightly larger than in the second half of 1994 (at around 23% of the value of visible exports) but up significantly on its dollar value in the first half. Exports were over 40% higher in dollar terms than a year earlier and exports to the European Union 46% higher. Imports, however, were up by even more, though those from the Union increased by slightly less than those from elsewhere (by 34%), so that the trade balance with the Union at least improved.

In Romania, the trade deficit which had declined between 1993 and 1994, widened in both the first two

quarters of 1995 as it had done in the last quarter of 1994. As elsewhere in the region, exports were substantially higher in the first half of 1995 than the same period a year earlier (26% higher — over 60% of total exports going to developed economies as against 56% in 1994), but, again as elsewhere, the growth of imports was even larger (37% — just under 60% of imports coming from developed countries). Third quarter figures show a continuation of the same kind of trend.

In Slovakia, trade was only in small deficit in the first half of 1995 and both exports and imports were up by over 35% in dollar terms as compared with a year earlier.

Finally, in Bulgaria, the only country in the region to be in trade surplus — as it was in 1994 — both exports and imports were also higher in the first half of 1995 than in the same period of 1994 — the former by over 12%, the latter by 9%.

The overall picture, therefore, is one of significant growth of exports but accompanied by rapidly rising imports, generally at an even higher rate, though much of the growth in the latter seems to be taking the form of producer goods rather than consumer goods and may, therefore, help to strengthen the productive base of the economies.

Employment

The growth of output in the region seems to be gradually giving rise to a growth in employment after a prolonged period of significant decline. In six of the countries, the number employed in the second quarter

of 1995 was higher than a year earlier. In the seventh, Hungary, however, it was lower (Graph 2 — though for Romania, data are available only for the first quarter of 1995). In most of the countries, labour force surveys are either now well established and or in the process of being so, so that the data on employment are becoming increasing more reliable (most countries also have quarterly surveys, the exception — apart from Albania, where there is yet no LFS — being Romania which is planning to introduce these to supplement the annual survey conducted in March).

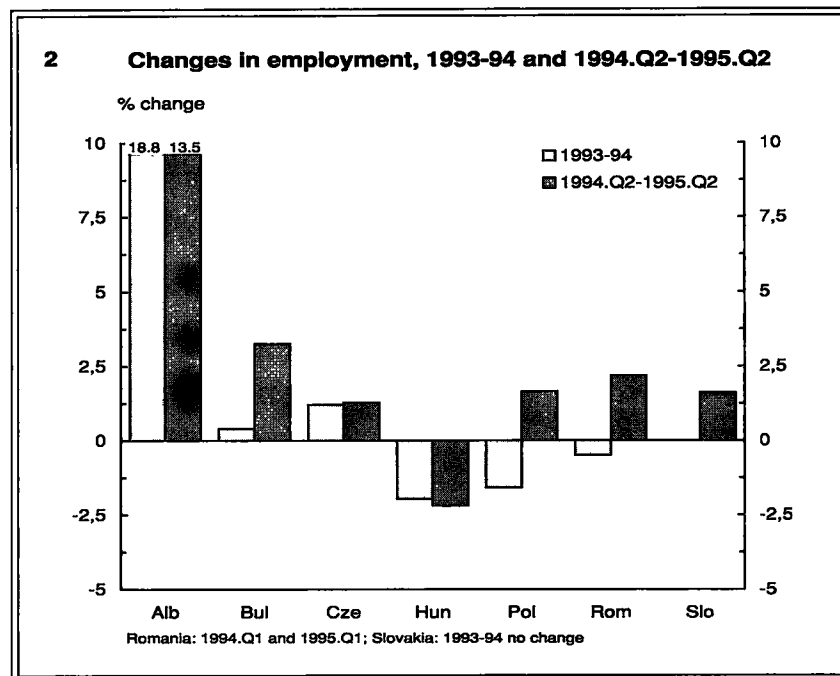
Growth in employment was especially high in Albania in the first half of 1995, continuing the rise experienced during 1994, though this was starting from a particularly low base since employment had fallen by 30% between 1991 and 1993. Nevertheless, according to official statistics, the numbers in work in the second quarter of 1995 were 13¹/₂% higher than a year earlier, most of the growth occurring in agriculture in response to the restitution of land.

In Bulgaria, total employment was almost 4% higher in the second quarter of 1995 than in the same period one year earlier (according to LFS data), following the rise of just under 1¹/₂% between 1993 and 1994 (though it should be noted that the annual figures are on a different basis than the quarterly ones — see Notes to the Statistical Tables at the back of this Bulletin).

In the Czech Republic, the growth in employment of just over 1% in 1994 seems to have continued during 1995. In the first quarter, the number employed was 1-1¹/₂% higher than a year earlier. In both Poland and Slovakia, the increase over this period was slightly greater, in the former, following a decline in employment in 1994 and in the latter little change.

In Hungary, however, employment was down by some 2% in the first half of 1995 as compared with the same period in 1994, much the same rate of decline as occurred in the average level between 1993 and 1994 (though because the figures include an estimate for conscripts, they may overstate the fall in civilian employment). The restrictive measures taken during 1995 are unlikely, at least in the short-term, to help reverse this trend (estimates for the third quarter indicate a continuing fall in the latter part of the year).

Four of the five countries for which quarterly data for employment are available by sector (no data are available for Albania and Bulgaria, except for the state and cooperative sectors)



experienced a decline in the numbers employed in agriculture in the first half of 1995, continuing the downward trend evident since the transition began. In Hungary, the fall between the first halves of 1994 and 1995 was almost 12% and in Poland and Slovakia, 6–7%, though there were signs of some slowdown in the rate of exodus from the sector in the Czech Republic, where the fall was around 5% as compared with over 10% in both 1993 and 1994. In Romania, however, employment in agriculture was 5¹/₂% higher in the first quarter of 1995 than a year earlier, according to LFS figures (the forecast for output in this sector in 1995 is for a similar rate of growth).

In the Czech Republic and Hungary, there was also a fall in employment in manufacturing in the first half of 1995, again continuing the downward trend since the transition began. In Hungary, numbers were down by over 4¹/₂%, following a fall of 5¹/₂% in 1994, in the Czech Republic, by 2¹/₂%, a larger rate of decline than during 1994 (only 1¹/₂%). In Romania, the fall was even greater between the first quarters of 1994 and 1995, by as much as 7%, despite the significant growth in industrial output.

In both Poland and Slovakia, on the other hand, there was some increase in manufacturing employment in the first half of 1995 after more or less continuous reductions over the preceding four years. In Slovakia, the number employed in the sector was over 2% higher than a year earlier, in contrast to a decline of 2% between 1993 and 1994 (after adjusting the figure for 1993 in the Statistical Tables at the back of this Bulletin to exclude women on additional maternity leave), while in Poland, it was almost 1% higher following a fall of 2% in 1994. Since the figures for Poland, in particular, tend to fluctuate somewhat from quarter to quarter, however, some caution is necessary before concluding that this growth presages an expansion during 1995 as a whole.

In the other sectors of industry, three of the five countries for which estimates are available showed a significant decline in employment in mining in the first half of 1995, though both Poland and Romania experienced a small rise (1¹/₂% or less); Poland, Romania and the Czech Republic showed a rise in power and water and only Hungary an increase in employment in construction.

The implication of the changes in employment in industry, combined with the changes in output described above, is that there seems to have been a marked rise in labour productivity in the five countries for which there are data. Output per person employed in the second quarter of 1995 was some 8% higher than a year earlier in the Czech Republic, Poland and Slovakia and around 11% higher in Hungary, while in Romania, labour productivity is estimated to have risen by 14% between the first three quarters of 1994 and 1995.

As throughout the transition period, the growth of employment which occurred in the first half of 1995 was largely concentrated in services. In all countries in the region, the number employed in this sector increased between the first halves of 1994 and 1995 (though as before, there are no data for Albania and Bulgaria). The rise was particularly pronounced in Poland and Slovakia — around 5% in each. It was also significant in the Czech Republic, where it amounted to 3¹/₂%, though this was less than the average growth in 1994 of 4¹/₂%. In Hungary, on the other hand, the rise was very much less, under 1¹/₂%, following only a marginal increase in 1994. In Romania, employment in services was 4% higher in the first quarter of 1995 than a year earlier.

Within services, the highest rates of job growth occurred generally in trade and catering (where in the Czech Republic, Poland and Slovakia, the numbers employed in the first half of 1995 were in each case over 8% higher than a year earlier, and in Romania in the first quarter of 1995, 5¹/₂% higher than a year before, though employment was slightly lower in the first half of 1995 in Hungary) and financial services (where the increase, apart from in Poland, where it was very small, was 10% or more). Apart from in Hungary, employment also expanded in transport and, apart from in the Czech Republic, in public administration. On the other hand, apart from in Poland, employment declined in health and education, which was a major area of employment in all the countries.

Growth in services is reflected in the figures for the numbers of self-employed, which in all countries, with the exception of Poland, where most of the self-employed work in agriculture, increased in the first half of 1995. The rise was especially marked in the Czech Republic where it amounted to 16% as compared with a year earlier and accounted for almost all of the growth in employment which occurred over this period. The increase in the numbers employed, therefore, as elsewhere, was very much concentrated in very small businesses in private services.

In Hungary also, there was a significant rise in self-employment, of 4% between the first halves of 1994 and 1995, accompanied by an increase in the numbers employed in businesses with less than 10 employees which almost fully offset a fall (of 4¹/₂%) in those employed in larger enterprises.

Unemployment

Growth in employment was accompanied by a fall in unemployment in the first half of 1995, continuing the decline which occurred during the course of 1994 in Hungary and Poland and signalling the first significant reduction in unemployment in Slovakia and Bulgaria since the beginning of the transition (Graph 3).

The fall was particularly marked in Bulgaria, where according to the labour force survey figures, the rate of unemployment fell from 20¹/₂% in the last quarter of 1994 to just over 15¹/₂% in the second quarter of 1995. Though part of this reduction almost certainly reflects a rise in the numbers employed, it may also be due to a decline in activity which has fallen significantly since the transition began, especially, but not exclusively, among women.

There was also a marked fall during the first half of 1995 in Poland, where the rate fell from over 14¹/₂% in the first quarter to 12¹/₂% in the second. This, however, may partly reflect seasonal factors, since a similar fall also occurred at the same time in 1994, after which the rate remained virtually unchanged for the remainder of the year. Nevertheless, the rate in the second quarter of 1995 was around 1¹/₂ percentage points less than a year earlier (the third quarter figure — just under 13% — was 1 percentage point less than a year before, but slightly higher than in the second quarter).

The fall in unemployment was less pronounced in the other countries. In the Czech Republic, the rate declined by around ¹/₂ percentage point between the first and second quarters of 1995 to only 3¹/₂% of the labour force. This, however, was only slightly lower than in the second quarter of 1994.

In Hungary, the decline during the first half of 1995 was much the same, though here this represented a fall of just over ¹/₂ percentage point compared with a year earlier. Here much of the fall was due to a decline in the rate of unemployment for women which was over 1 percentage point less in the second quarter of 1995 than a year earlier, whereas the rate for men was only

slightly lower. As in Bulgaria, this could be due in part to a fall in labour force participation, which was substantial between 1991 and 1994 (though quarterly data are not available to verify this).

In Slovakia, the unemployment rate fell by just over 1 percentage point between the first and second quarters of 1995, when it was only marginally lower than a year earlier (and continued to fall in the third quarter).

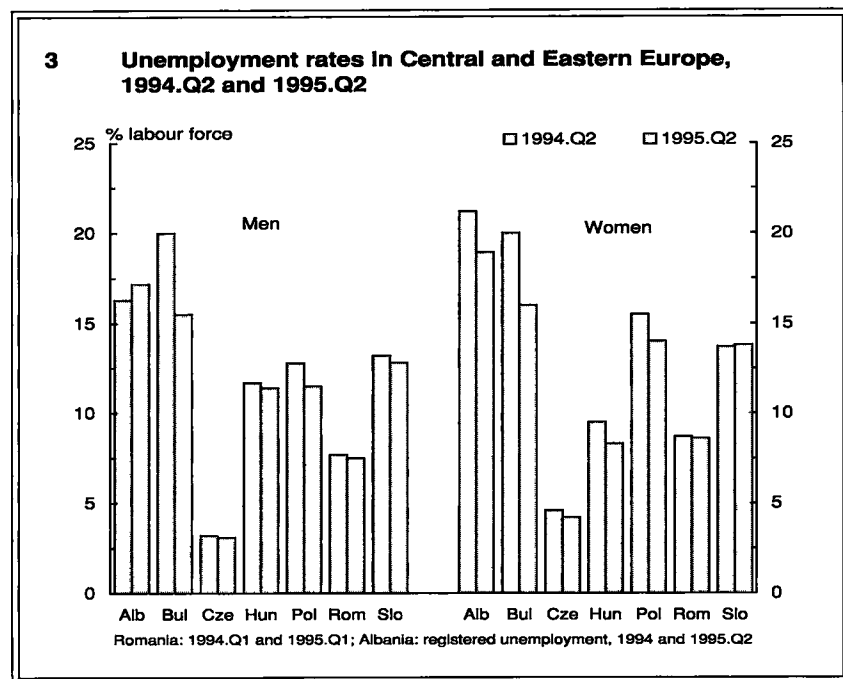
In Romania, where there is as yet no quarterly labour force survey, the annual survey conducted in March shows a small decline between 1994 and 1995, from just over 8% of the labour force to 8%. The registered unemployment figures show little change between the second quarter of 1994 and the first quarter of 1995, unemployment remaining on this count at just under 11%, but then a fall in the second quarter to just under 10% of the labour force and a further fall to just over 9% in October 1995.

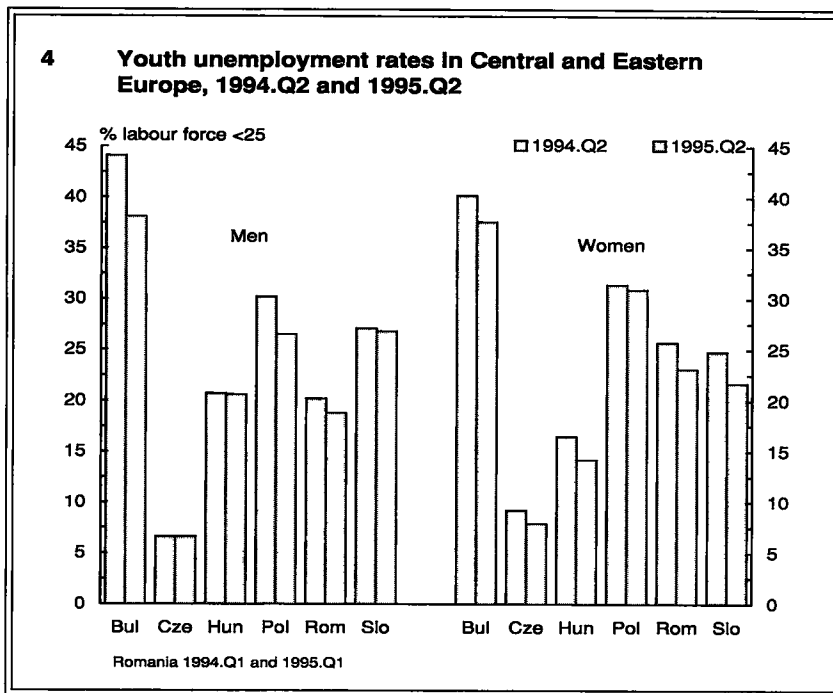
In Albania, where there is as yet no labour force survey at all, the registered unemployment figures show a reduction of ¹/₂ percentage point between the first quarter of 1995, when the rate was the much the same as the average for 1994, and the second quarter when the rate was just under 18%.

In all countries, apart from the Czech Republic and Romania, unemployment in the second quarter of 1995 remained above 10% of the labour force — above 13% in Slovakia and above 15% in Bulgaria. In all countries, apart from Hungary, recent changes in unemployment were, in general, much the same for women as for men and the rate of unemployment for the former remained higher than for the latter, though only in Poland was the difference much more than 1 percentage point.

Much of the unemployment continues to be concentrated among young people under 25, as in the European Union. Although in four of the five countries for which data are available, the rate of youth unemployment fell by more than that for older people between the second quarters of 1994 and 1995 — the exception being Bulgaria, where it declined by the same amount — the rate was still around twice the overall rate throughout the region (Graph 4). In a sixth country, Romania, the youth unemployment rate declined from 22¹/₂% in March 1994 to 20¹/₂% a year later, a significantly larger fall than for unemployment as a whole which was only marginal.

At the same time, despite the general reduction in the total number of unem-





regions of Poland, the Central area of Albania and Montana in Bulgaria to under 4% in Sofia and all regions of the Czech Republic, except Northern Bohemia and Northern Moravia — indeed, in mid-Bohemia, reflecting the low rate in Prague, it was under 1½% (see Map).

Inflation and real wages

In most parts of the region, the rate of price inflation either remained broadly unchanged or fell in the first half of 1995. The main exceptions were, first, Albania, where high inflation continued to be a major problem and the annual rate rose further above 100% and, secondly, Hungary, where inflation was very much lower and far less of a problem — under 30% until the second quarter of 1995 — but where the relatively small rise which

occurred during the course of 1994 continued into 1995 at a higher rate.

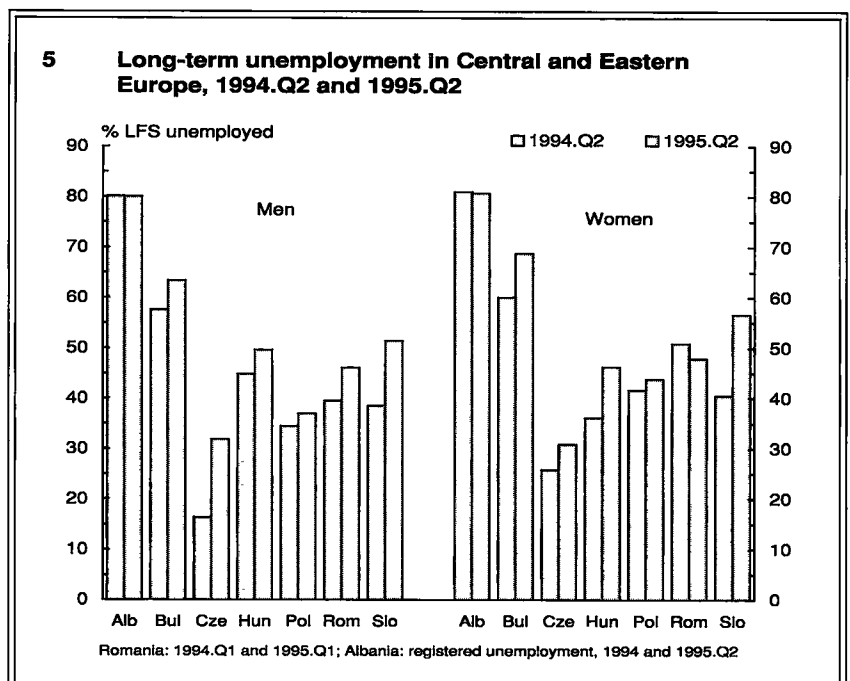
In Bulgaria and Romania, inflation fell dramatically during the first half of 1995. In Bulgaria, after increasing sharply during 1994 to reach just under 120% by the end of the year, it declined to 67% in the second quarter of 1995 (Graph 6). In Romania, where inflation fell during 1994 even more markedly than it rose in Bulgaria, the rate continued to decline in 1995, so that by the second quarter the annual rate was down to 30% having been close to 200% a year earlier.

ployed, there was little decrease in the prevalence of long-term unemployment. Indeed, the proportion of the unemployed who had been out of work for a year or more continued to rise, the only exception being Poland where it declined slightly during the first half of 1995 (Graph 5). In Albania, where there is no labour force survey, the proportion was close to 80% in the second quarter of 1995 according to registration data, while in Bulgaria, where there is an LFS, it was as high as 67% and in Slovakia, 54%. In the other countries, it was over 40% in all but the Czech Republic, where overall unemployment was much less than elsewhere. Even in the Czech Republic, however, it had risen to over 30% by June 1995 (for more detailed analysis of long-term unemployment, see the special article in this Bulletin).

Regional unemployment

There was little sign of any narrowing of the variation in unemployment which exists between regions in Central and Eastern European countries in the first half of 1995. In most regions, unemployment declined broadly in line with the fall at national level.

Over the countries as a whole, the regional rate of unemployment in the second quarter of 1995 (based on registrations at labour offices and, therefore, not directly comparable with the LFS figures described above) varied from over 20% in the North-East of Poland and Albania and 18% or more in the South-Western and Central



In Slovakia, there was also a fall, though much more modest than in either of these two countries. In the second quarter, the annual rate was down to 11% having fallen continuously from over 15% at the beginning of 1994.

In both the Czech Republic and Poland, the inflation rate remained largely unchanged. In the former, it was only slightly over 10% in the second quarter of 1995, much the same as at the beginning of 1994. In Poland, the annual rate was just over 30%, again similar to the level throughout 1994 and, indeed, to that in 1993. Here, therefore, what would be regarded in Western Europe as a very high rate has proved relatively stable for three years.

Leaving aside Albania and assuming that the rate in Bulgaria continues to come down (which it did in the third quarter of 1995), the most serious problem for policy seems to be in Hungary where inflation increased to 30% in the second quarter of 1995, its highest level since 1991, and up significantly from the rate of under 17% in the first quarter of 1994 and of only just over 20% in the last quarter. Nevertheless, the inflation rate, though high by Western standards, has, as in Poland, proved relatively stable over the transition period. Moreover, estimates for the third quarter of 1995 show a reduction in the annual rate to just below 30%, partly in response to the restrictive measures taken in March. At the same time, the rate of wage inflation was reduced to well below the rate of price increase during the first half of 1995 and average real wages in this period were around 7½% lower than a year earlier, having risen by some 5% between 1993 and 1994. (It should be noted that real wages here and below are expressed gross of tax and other deductions and, therefore, give only an

approximate indication of changes in take-home pay.) The cost push pressures, therefore, seem to have been contained, which, with the restrictive measures taken to constrain demand, suggests that inflation could fall in the second half of the year (the third quarter figure noted above confirms this expectation).

In all the other countries in the region, except for Albania, where they declined considerably, real wages increased in the first half of 1995 (no data are available for Bulgaria) (Graph 7). The rise was particularly marked in Romania as inflation came down sharply, and their average level in this period was some 15% higher than a year earlier. This, however, represents almost the first increase in real wages since the transition began. Between 1990 and 1994, real wages are estimated to have fallen by almost 58%, so that even after the rise in 1995, they are still under half their level before the transition.

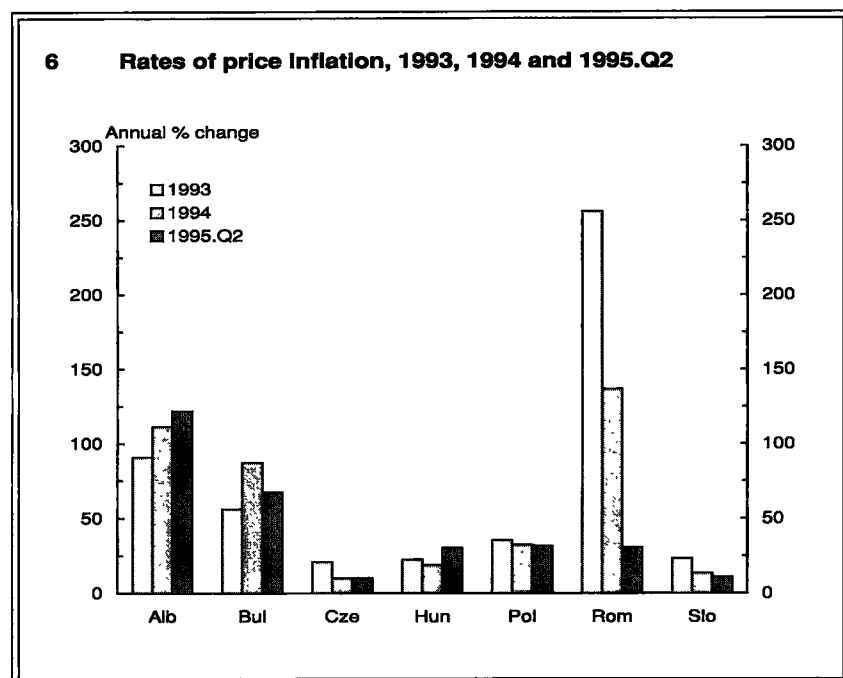
In the Czech Republic, real wages also went up significantly — by some 7½% — in the first half of 1995 (again as compared with the same period in 1994) as wage controls were relaxed, so continuing the growth experienced each year since 1991. Nevertheless, because of the steep fall which occurred between 1989 and 1991 at the beginning of the transition, average real wages in the first half of 1995 were still some 10% lower than in 1989.

In Slovakia, real wages rose more modestly in the first half of 1995 — by under 3% — much the same as the average growth in 1994, while in Poland, the rise was only around 1½%, below the 2% increase experienced in 1994 and leaving the average level well below what it was in 1989. Poland, therefore, seems to have achieved sustained economic growth since 1992 at a relatively high rate without much increase at all in real wages during this period. This has clearly contributed to the stability of inflation, even if at a relatively high rate, as well as to the growth process itself. Nevertheless, there are signs over the past 18 months or so that economic growth, and increased labour productivity, is beginning to be reflected in real wages.

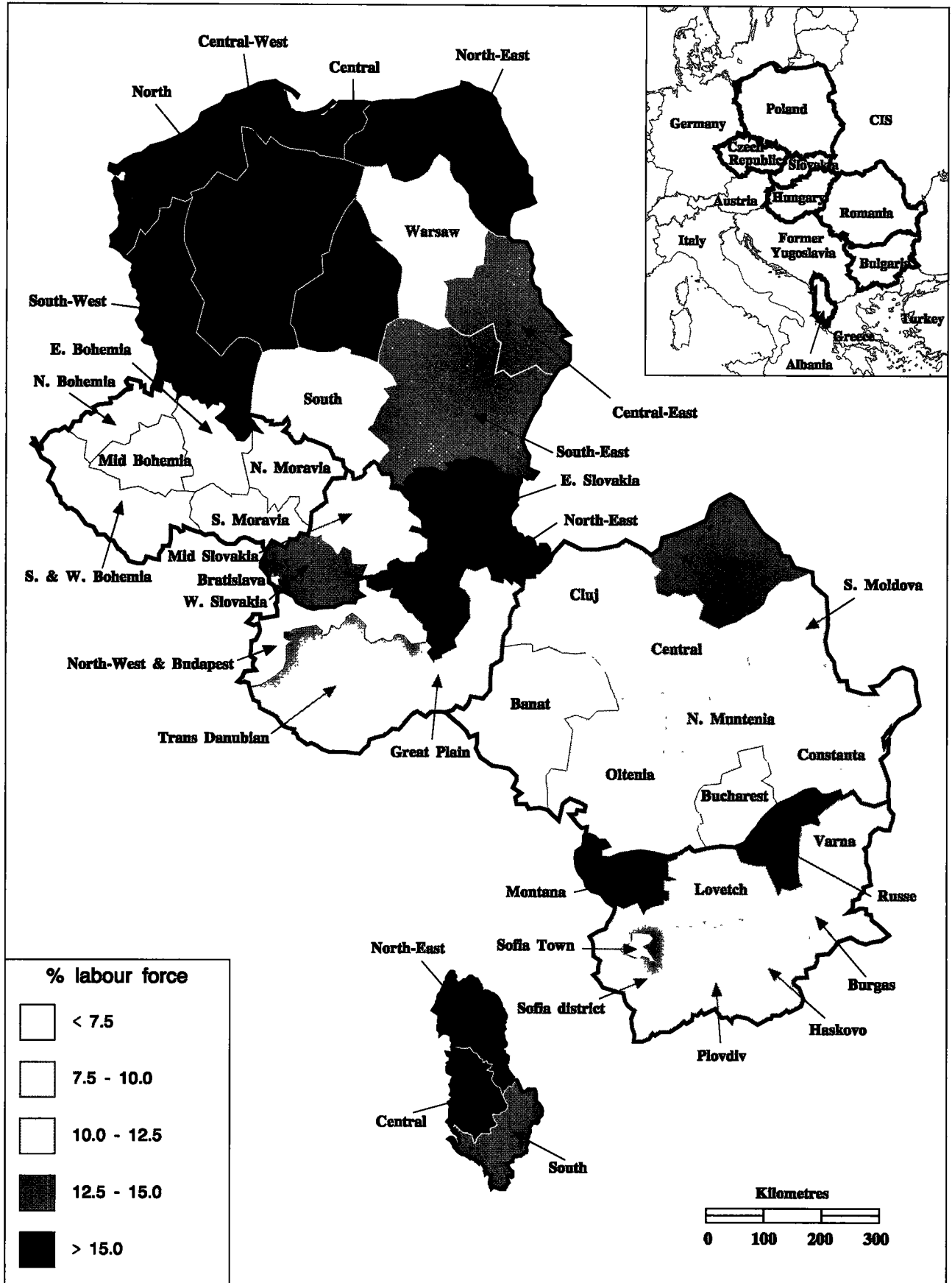
The same kind of pay restraint is also evident in other countries. The pressure for substantial real wage increases after the significant reductions which have occurred in most countries seems largely to have been contained as economic growth has taken place.

Minimum wages and social benefits

In most of the countries, minimum wages were reduced relative to the



Regional unemployment, 1995.2



average wage in the first half of 1995. In Albania, the minimum wage in June 1995 amounted to 45% of the average as against 53% a year earlier, in Romania, it was down to 28¹/₂% of the average from 36¹/₂% a year earlier, in Slovakia, from 40% to 34%, in the Czech Republic, from 32¹/₂% to 27% and in Bulgaria, by somewhat less, from 37¹/₂% to 34¹/₂%. In both the Czech Republic and Slovakia, the fall is a consequence of a deliberate policy of holding the minimum wage constant in nominal terms and allowing its real value to be eroded by inflation, a policy which dates back to 1991, when the minimum wage was 51% of the average. In the Czech Republic, however, discussions between government and the two sides of industry are taking place which could lead to a change in this policy as from the beginning of 1996.

In the other two countries — Hungary and Poland — the minimum wage was at much the same level relative to the average in June 1995 as in June 1994, continuing a policy in both countries of maintaining its level in real terms.

Average unemployment benefit in the first half of 1995 was broadly unchanged relative to the average wage as compared with its level a year earlier in three of the countries — Poland, where it has been held at the same level in relation to the average wage since 1992 (and where in areas of high unemployment, rates of benefit well above the average are payable), Bulgaria (where it is adjusted in line with the minimum wage which, in turn, is adjusted quarterly) and Slovakia. In Hungary, it was slightly lower than a year earlier, while in Albania, it was down markedly (to only just over 60% of its level relative to the average wage in June 1994).

Concluding remarks

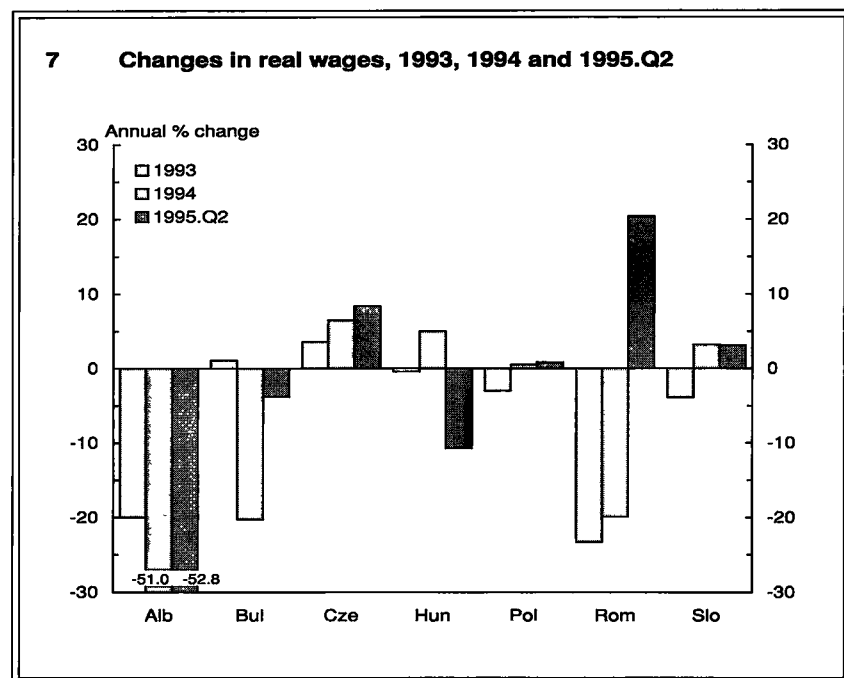
Developments during the first half of 1995 give cause for some optimism about economic and employment prospects in the region in the short and medium-term. Economic growth seems to be established and, perhaps most importantly, unemployment has begun to fall in all of the countries.

Figures for the third quarter of the year (see the Statistical tables at the back of this Bulletin) indicate that employment has continued to increase in all countries apart from Hungary (where the numbers in work were over 2% lower than a year earlier) and that unemployment has either remained broadly unchanged (in Hungary and Poland) or continued to fall (Romania and Slovakia). Moreover, inflation was also generally lower than in the second quarter, even in Hungary where it had risen in the first half of the year. Indeed, in the Czech and Slovak Republics, the annual rate has fallen to below 10%, while in Poland, it fell to 26%, the lowest level since the transition began.

Recovery, however, is still in its early days and has a long way to go to make good the losses in output, income and jobs suffered since the transition began. The key question is whether recovery can be sustained in the face of the balance of payments problems which are leading to a mounting burden of foreign debt in most countries and in the face of the restrictive policies which may be required to alleviate these problems.

There is also a question over whether the fall in unemployment can be maintained in the face of the privatisation and restructuring of large state enterprises which still remain to be accomplished.

This process threatens to lead to a renewed increase in unemployment as surplus jobs are shed and higher priority is given to increasing efficiency and profitability. In short, though the figures for output and unemployment may signal that the worst is now over, the transition process still has some way to go. Problems of balancing social and economic objectives, of minimising social deprivation and exclusion and of maintaining popular support for the continuation of policies of reform and restructuring, are still likely to exercise those in government for some time to come. Increasingly, however, these will be the same kinds of problem which confront governments in Western European countries.



The growing problem of long-term unemployment

The large-scale job losses which have occurred in Central and Eastern Europe since the transition began and the high levels of unemployment which have resulted in most parts of the region have been accompanied by the emergence of an increasingly serious problem of long-term unemployment. As in Western Europe, this is associated with severe social problems not only because of its effect on household income but also because of the sense of disillusion which it generates and the exclusion from society which it often entails.

Although the rate of unemployment has recently begun to fall throughout the region, this has had little effect in alleviating the problem and the numbers who have been out of work for one year or more have not declined significantly. Those who have moved into jobs, in other words, have predominantly been those who have been unemployed for a relatively short time rather than for a long period. In all of the countries apart from the Czech Republic, over 40% of the unemployed in mid-1995 had been jobless for at least a year and in three countries, the proportion was well over half.

The aim of this chapter is to examine the problem of long-term unemployment in Central and Eastern Europe in some detail, to assess its scale, its regional incidence and its effect on different sectors of society and to consider the steps which are being taken to combat it. Comparisons are made with the European Union countries, where the problem is of longer standing — though it has really only become acute over the past 15 years — and where there is more experience of devising policy measures to reduce its scale or to alleviate its impact. In so doing, it is hoped to provide some insight into the nature of the problem, its relationship with the overall rate of unemployment and the kinds of measure which are likely to be most effective in tackling it.

A major point to be emphasised at the outset, however, is that the experience of Union Member States demonstrates that the problem of long-term unemployment is a particularly intractable one. It will not necessarily be resolved as economies grow and more jobs are created. The longer people are out of work, the more difficult it is for them to find employment, not only because of the effect of prolonged periods of unemployment on their confidence, motivation and skill levels, but also because of the inevitably greater reluctance of employers to take

on people who may have lost the habit of working and whose skills may have deteriorated.

Moreover, long-term unemployment is, in part, a reflection of the changing structure of employment in economies as the nature of what is produced alters and as processes of production are modified with technological advance. Certain skills, therefore, tend to become redundant and those who possess them can often find it difficult to adapt or to acquire new ones particularly if they are no longer young. At the same time, jobs involving manual labour tend to be displaced by non-manual ones and the demand for high levels of education and training tends to increase as economies develop.

It should also be made clear at the outset that throughout the following analysis, as is the standard convention, long-term unemployment is defined as being unemployed, in the usual sense of being available for and actively seeking work, for one year or more. In addition, very long-term unemployment is used to denote a situation where unemployment has lasted for two years or more (though in Hungary, figures for very long-term unemployment are only available for those unemployed for more than 1½ years). Two indicators are used to describe the scale of the problem — the rate of long-term unemployment where the numbers affected are expressed as a percentage of the labour force and the incidence of long-term unemployment where the numbers are expressed as a proportion of the total unemployed. These two indicators may differ significantly and both need to be considered in order to gauge the scale of the problem.

Most of the data used in the analysis come from Labour Force Surveys, which are now in operation, mostly on a quarterly basis (the only exception in this respect being Romania), in all of the countries covered in this Bulletin except Albania. In the case of Albania, the data used originate from the registered unemployment statistics and as such are not directly comparable with the figures for other countries.

The scale of the problem

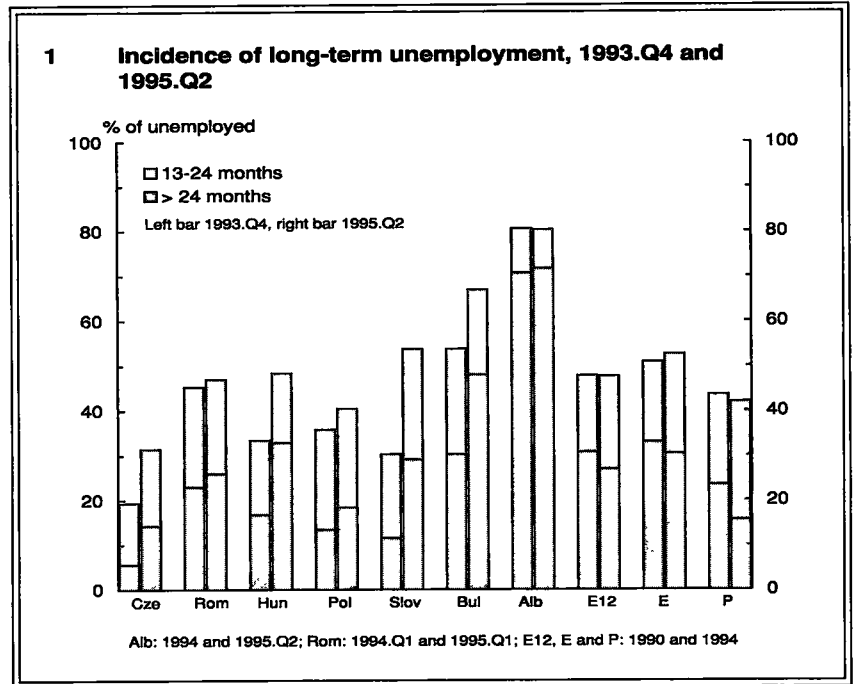
By the second quarter of 1995, an average of just under half of the unemployed in the countries of Central and

The growing problem of long-term unemployment

Eastern Europe taken together had been out of work for a year or more. Moreover, almost 60% of these — 28% of the total number unemployed — had been jobless for at least two years. These figures are very similar to those for the European Union, where, according to the latest information, 48% of the unemployed in 1994 had been without a job for a year or more and 27% for two years or more (Graph 1).

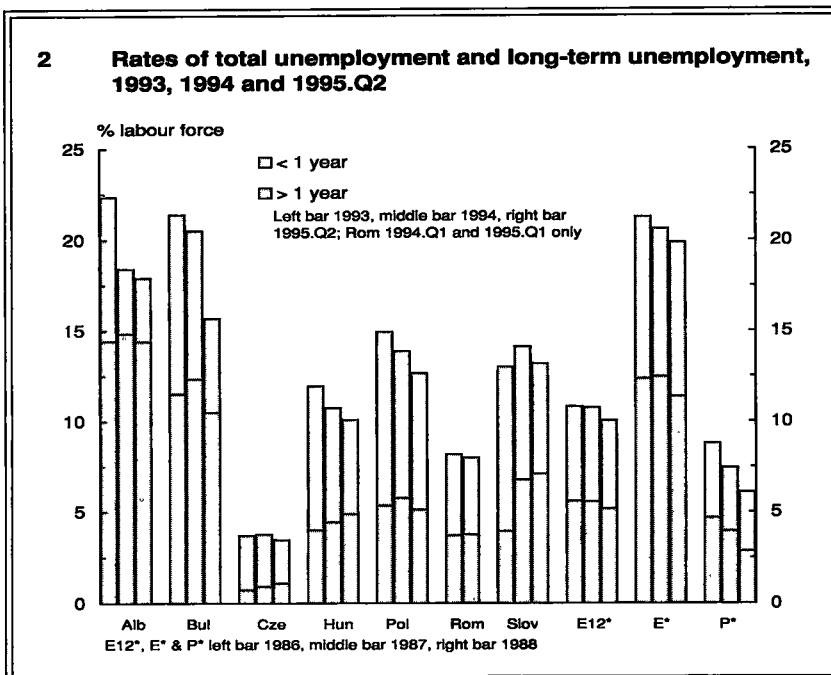
As in the case of Union Member States, however, where the proportion in 1994 varied from over 60% in Italy to only just over 30% in Denmark, these average figures conceal considerable differences between countries. In Albania, as many as 80% of those registered as unemployed had been out of work for a year or more in 1994, in Bulgaria, 67% of the unemployed (defined according to the ILO international standard convention) had been jobless for this period of time in the second quarter of 1995, and in Slovakia, the proportion in the same period was 54%. On the other hand, in the Czech Republic, the figure was only around 31%, while in Poland, it was around 40%, in Romania, 47% and in Hungary, 48%.

The countries with relatively high long-term unemployment also in most cases have relatively high rates of very long-term unemployment. In Albania, almost 90% of the long-term unemployed in the second quarter of 1995 had been out of work for two years or more, while



in Bulgaria, the figure was over 70%. By contrast, in the Czech Republic and Poland, where the incidence of long-term unemployment among the unemployed is lowest, only 45% of the numbers affected had been unemployed for at least two years. In Romania and Slovakia, the figure was around 55% in both cases, while in Hungary, where no data exist for those unemployed for more than two years, two-thirds of the long-term unemployed had been out of work for over 1½ years.

The relative scale of long-term unemployment across the region is broadly in line with the relative level of overall unemployment, in the sense that in those countries with high unemployment rates in 1995 a large proportion of the unemployed tend to have been out of work for a long period of time. Albania and Bulgaria, the two countries with the highest overall rates of unemployment in the region, also have the highest incidence of long-term unemployment, while the Czech Republic, with by far the lowest rate of total unemployment, also had by some way the lowest relative numbers of long-term unemployed (Graph 2). The relationship between the two, however, is by no means invariable. In particular, Poland had much the same rate of unemployment in 1995 as Slovakia and a higher unemployment rate than Hungary, but a much lower proportion of the unemployed out of work for a year or more than either.



Recent changes

Quarterly LFS results indicate that over the period since the end of 1993 (for most countries, labour force surveys did not exist before then) the incidence of long-term unemployment among the unemployed has tended to increase in most parts of Central and Eastern Europe and seems to have been little affected by the fall in overall unemployment which has occurred in many parts. Only in Poland has the proportion of the unemployed out of work for a year or more shown any tendency to fall and then only in the most recent period for which data are available (the second quarter of 1995).

In terms of *rates* of long-term unemployment, however, the picture is somewhat different. While these went on increasing for up to a year after overall unemployment began to decline in the four countries where this occurred in 1993, they have tended to fall as unemployment has continued to come down. In Bulgaria and Poland, the rate of long-term unemployment (ie the number affected as a percentage of the labour force) was slightly lower in the second quarter of 1995 than in 1993, even though in all three cases as a proportion of the unemployed the numbers were higher. In Hungary, on the other hand, where the overall rate of unemployment has fallen continuously since the first half of 1993, the rate of long-term unemployment has gone on increasing and in the second quarter of 1995 was almost 5% of the labour force, only just below the rate in Poland where overall unemployment was 2¹/₂ percentage points lower. Similarly, in Romania, the long-term unemployment rate was slightly higher in the first quarter of 1995 than a year earlier (there are no LFS data before then), even though the overall rate of unemployment was marginally lower. In the Czech Republic and Slovakia, where unemployment began to fall after it did in other parts of the region, the long-term unemployment rate was still tending to rise in the first half of 1995, even if only very slowly in the former.

To generalise, therefore, when unemployment first began to come down in countries in the region, the main effect was on those who had been unemployed for a comparatively short period of time or on new entrants to the labour market who found it easier to find a job. Only after unemployment had fallen for some time did the longer-term unemployed begin to benefit, though to a lesser extent than others (since the proportion has gone on increasing).

This experience seems to have been somewhat different from that in the Union over a roughly analogous period of time, between 1986 and 1988, when unemployment began to fall after a lengthy period when it had increased almost continuously. In the Union as a whole, the rate of long-term unemployment stopped increasing when overall unemployment stabilised and then fell

as it declined. In Spain, however, which is more comparable to Central and Eastern European countries in terms of income per head, the experience seems to have been more similar, with the long-term rate increasing marginally in 1987 as the overall rate came down and then falling in 1988 as the latter continued to decline. In Portugal, on the other hand, the long-term unemployment rate fell as soon as the overall rate began to decline.

What remains unclear is how far the fall in the rate of long-term unemployment evident in Albania, Bulgaria and Poland reflects the success of the people concerned in finding jobs as opposed to their ceasing to search actively for employment and, therefore, withdrawing from the labour force. It is not unlikely that a number of the long-term unemployed, especially those not entitled to unemployment benefit or even social assistance, such as married women dependent on their husbands, have become discouraged from looking for a job and are no longer counted in the unemployment figures. This may particularly be the case in Romania, where the proportion of unemployed women who had been out of work for a year or more declined slightly between the first quarters of 1994 and 1995 while the proportion of men increased and where there has been a deliberate policy of encouraging early retirement.

Changes in very long-term unemployment

While the proportion of the unemployed who had been out of work for a year or more increased throughout Central and Eastern Europe between 1993 and the second quarter of 1995, the incidence of very long-term unemployment increased by even more. Indeed, in four of the countries — Albania, Bulgaria, Poland and Romania — the proportion of the unemployed who had been out of work for between one and two years declined over this period, whereas the proportion who had been unemployed for two years or more rose (Graph 3). In Hungary, moreover, the same was true of the unemployed out of work for between one and 1¹/₂ years and for over 1¹/₂ years. In the other two countries — the Czech and Slovakia Republics — both proportions increased, though the relative numbers unemployed for more than two years by much more than those unemployed for between one and two years. The clear implication is that a high proportion of those who have already been unemployed for a year or more were unsuccessful in their attempts to find work and simply remained jobless for a longer period of time.

Equally, it seems to suggest that the longer someone has been out of work, the more difficult it is to find a job. This is in line with what might be expected given the effects of prolonged unemployment both on the person concerned and on prospective employers. It is also in line with detailed evidence on labour market flows in the Czech Republic which shows that the

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chances of finding a job decline significantly with the length of time a person has been unemployed. Only 6% of those out of work for more than two years at the end of 1993 had become employed within three months, as compared with 36% of those unemployed for less than a month.

Long-term unemployment of men and women

With the exception of Hungary, rates of overall unemployment are higher for women than for men in Central and Eastern Europe. The same is also the case for rates of long-term and very long-term unemployment (Graph 4). Indeed, the differential between the rate for men and that for women is much the same in most countries irrespective of the duration of unemployment, though in Bulgaria and Poland, it tends to widen as the length of time out of work increases.

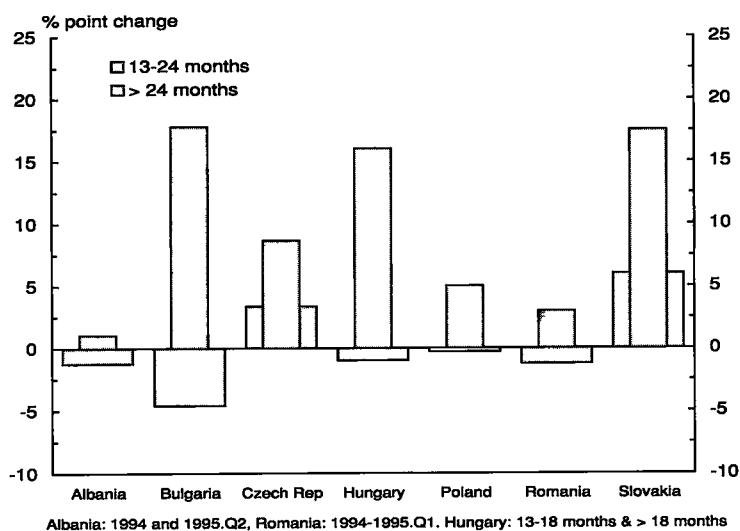
In Poland, 14% of women in the labour force were unemployed in the second quarter of 1995 as opposed to 11½% in the case of men. Similarly, whereas 6% of women in the work force had been unemployed for a year or more, the figure for men was only just over 4%, proportionately less than in the case of women (37% of the unemployed in the case of men, 44% in the case of women). In Bulgaria, where the overall rate of unemployment for men was only marginally higher than for

women in the second quarter of 1995, 70% of the women unemployed had been out of work for at least a year as against 65% of men.

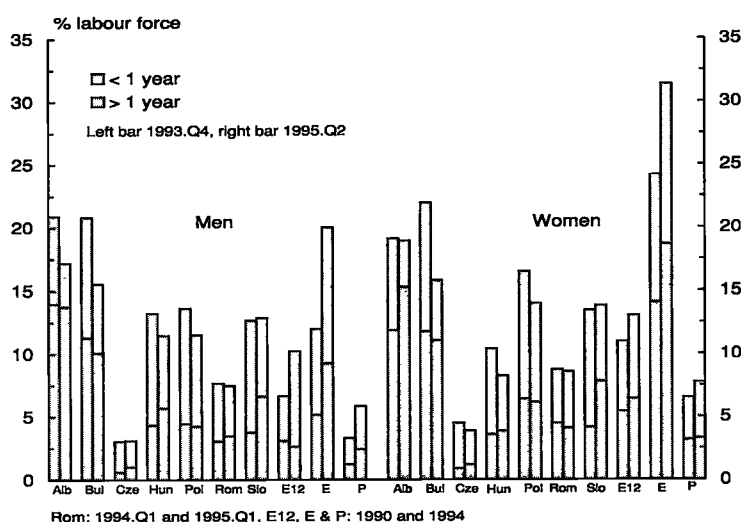
In the other countries, the relative numbers of men and women without work who were long-term unemployed was much the same. In Romania, for example, where, as in Poland, the rate of unemployment for men was less than for women, 7½% as opposed to 8½%, the rates of long-term unemployment were just over 3½% and 4%, respectively, representing 46% of the unemployed for men, 48% for women. Similarly in Hungary, the only country where unemployment is higher among men than women, just over 5½% of men in the labour force were long-term unemployed and just under 4½% of women, representing in each case just under half the total number of men and women who were jobless. This also applied to very long-term unemployment.

This is broadly in line with experience in European Union Member States taken together, where in all cases apart from Finland, Sweden and the UK, women's unemployment rates are higher than men's but where a similar proportion of men and women who are out of work are long-term unemployed (just under 47% of men, 49½% of women in 1994). In Spain, however, which is perhaps more comparable with Central and Eastern European countries, a much higher proportion of unemployed women had been out

3 Increase in incidence of long-term and very long-term unemployment, 1993.Q4 to 1995.Q2



4 Unemployment and long-term unemployment rates by sex, 1993.Q4 and 1995.Q2



of work for a year or more than unemployed men (59% as opposed to 46% in 1994). In Greece, the extent of the difference was even more marked (57% as against 42%), though in Portugal, the difference was small (44% for women, 42% for men) and in Ireland, which also has a much lower level of income per head than the Union average, proportionately more men than women were long-term unemployed (63% as against 52% in 1994). It is, therefore, difficult to generalise about the incidence of long-term unemployment as between men and women in the less developed parts of the Union.

Recent changes

In general, the change in both the rate and the incidence of long-term unemployment between the end of 1993 and the second quarter of 1995 was similar for men and women in most parts of Central and Eastern Europe, the main exception being Romania where long-term unemployment of women fell but rose for men (Graphs 4 and 5). In four of the 7 countries — Albania, Bulgaria, Poland and the Slovak Republic — the rise in the proportion of the unemployed who had been out of work for a year or more was greater for women than for men. This was especially the case in Bulgaria, where in 1993 the proportion of jobless men who were long-term unemployed had been the same as for women but was 5 percentage points less in the second quarter of 1995. At the same time, the proportion of women in Bulgaria who were very long-term unemployed rose even more markedly relative to that for men. A similar difference in experience is evident in Albania, where the incidence of very long-term unemployment among unemployed men declined over this period, but rose for women.

members of the work force. On average, unemployment rates for those under 25 are around twice as high as for those of 25 and over in the transition countries, just as in European Union Member States. However, once someone becomes unemployed, their chance of remaining out of work for a long period of time tends to increase markedly with their age. In other words, the possibilities of finding a job diminish as a person grows older and are at their lowest just before retirement. Again this is just as much the case in Central and Eastern European countries as in those in the Union.

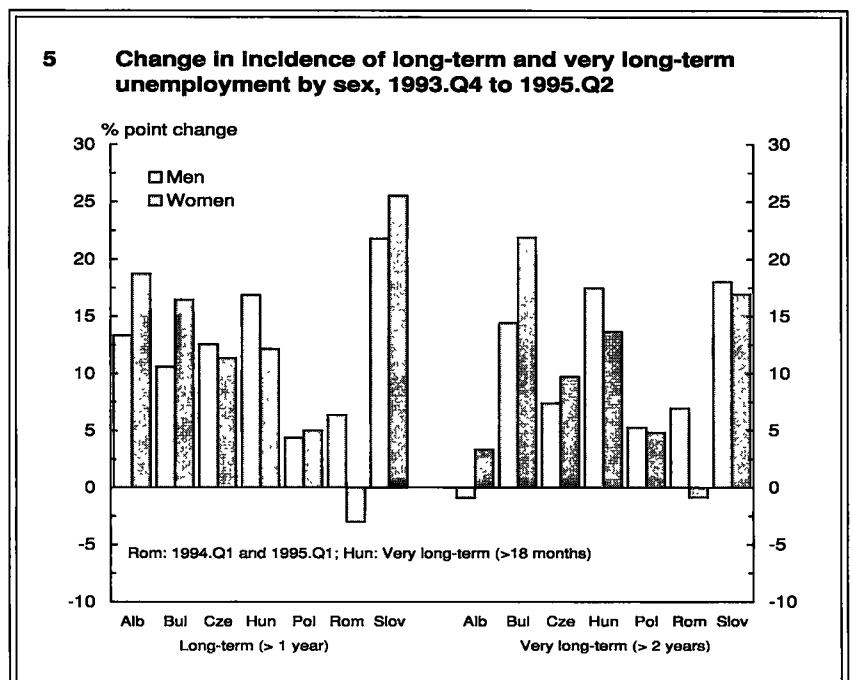
In Bulgaria, in the second quarter of 1995, 74% of unemployed men aged 50 to 59 and 78% of unemployed women in the 50 to 54 age group had been out of work for a year or more, while in Slovakia, the figures were 66% and 72% respectively, in the latter, in particular, markedly higher than for younger age groups (Graph 6, where for Romania, the figure relates to men aged 50 to 64, though the official retirement age is 62). Although in other countries the proportions were lower, in each case except for women in the Czech Republic, Poland and Romania, the incidence of long-term unemployment was highest for those between 50 and 54 (the official age of retirement for women is 55 in all Central and Eastern European countries apart from Poland where it is 60 and Romania where it is 57, though the data relate to those aged 50 to 64).

In the Czech Republic, Poland and Romania, however, a higher proportion of unemployed women aged 25 to 49 had been jobless for a year or more in the second quarter of 1995 than in the case of older and younger age groups (though the figures for Romania are not really comparable since they cover those beyond

In the Czech Republic and Hungary, the proportion of unemployed men out of work for a year or more rose by more than that of women, though only in the latter was the extent of the difference significant (just under 5 percentage points). In Romania, the proportion of unemployed men out of work for more than a year rose between the first quarters of 1994 and 1995 by 6 percentage points while the proportion of women fell by 3 percentage points.

Long-term unemployment by age group

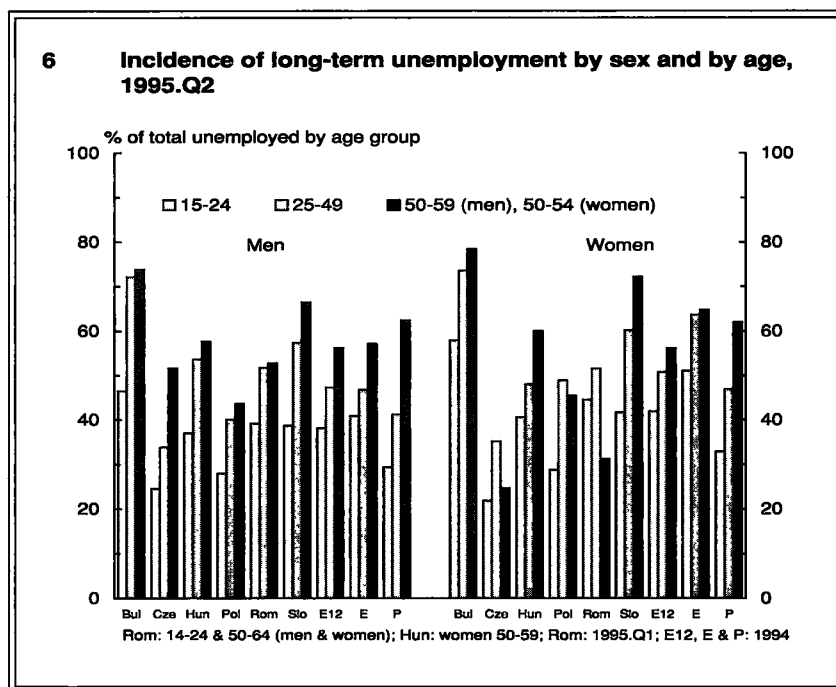
As is well known, rates of unemployment tend to be much higher among the young than among older



retirement age). This was especially true in the Czech Republic, where only some 25% of unemployed women aged 50 to 54 were long-term unemployed according to the Labour Force Survey, while in Romania, the figure was only 31%, but this covers a wider age group. It should be emphasised, however, that the numbers involved in both cases are relatively low and, therefore, may be subject to a wide margin of error. At the same time, it is also possible that comparatively large numbers of older women may have opted to retire early rather than remain unemployed for a long period without much chance of finding work. In Romania, as noted above, early retirement was indeed encouraged by policy measures introduced in 1995. In Poland, where the official retirement age for women is 60, the same explanation may be less likely but may still possibly apply.

By contrast, over 50% of unemployed men in the 50 to 59 age group in the Czech Republic had been out of work for a year or more in the second quarter of 1995, a considerably higher proportion than for younger age groups and a larger differential than for other countries in the region.

In Romania, though a similarly high proportion of unemployed men in the oldest age group (in this case 50 to 64) were long-term unemployed (53%), the figure was only slightly higher than for those in the 25 to 49

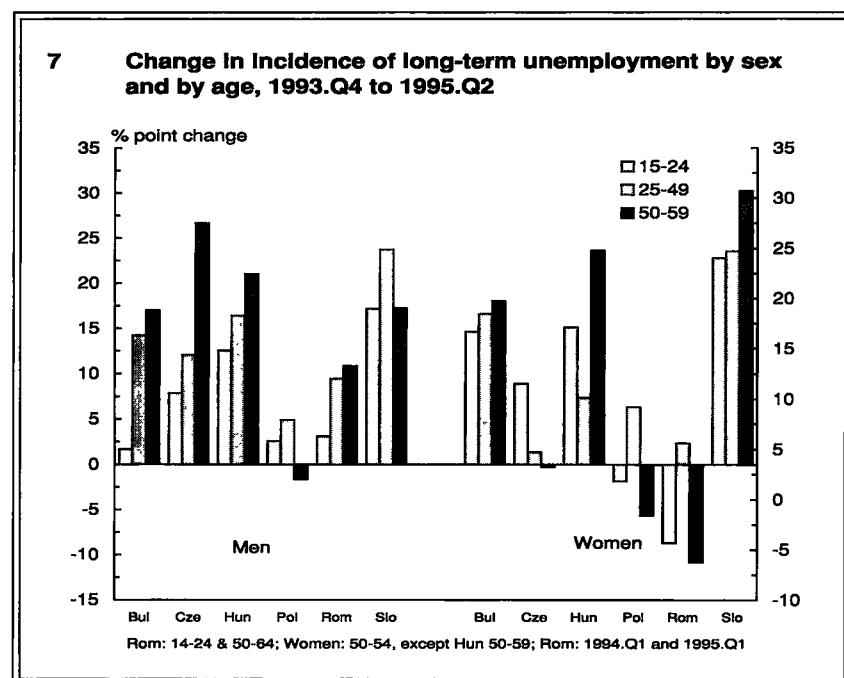


age group. This was also the case in Poland, as well as in Bulgaria and Hungary.

Recent changes

Between the end of 1993 and mid-1995, the incidence of long-term unemployment in Bulgaria and Hungary among both unemployed men and women increased by more for the older age groups than for the younger (Graph 7). Elsewhere, however, this was by no means generally the case. In the Czech Republic, though the proportion of unemployed men aged 50 to 59 who had been out of work for a year or more went up by over twice as much as for the 25 to 49 age group, for women aged 50 to 54, the proportion declined slightly. In Romania, the incidence of long-term unemployment of men in the oldest age group also increased by more than for younger groups, for women it declined significantly. In Slovakia, while the incidence of long-term unemployment in the oldest age group increased markedly for both men and women, for men the rise was less than for those aged 25 to 49. In Poland, the proportion of both unemployed men and women who had been jobless for more than a year fell, whereas for the 25 to 49 age group of both sexes it went up.

The only general tendency which seems evident over this period is that the probability of someone over 50 who was unemployed remaining without work for a long period of time



seems to have increased relative to that for a young person under 25, but this was only true of men and not women and then not for Poland. However, it is potentially important in this regard to take account of the fact that people in the older age group are more likely than those younger to withdraw from the labour force completely if they are unsuccessful in finding a job and, therefore, more likely not to be counted in the unemployment figures. This may be particularly true of women, the incidence of long-term unemployment among whom declined in three of the countries over this period.

Long-term unemployment by educational attainment

Unemployment in general, and long-term unemployment in particular, tends to have a disproportionate effect on those with relatively low levels of education and training. This is particularly the case during periods of high unemployment, when the number of people looking for work greatly exceeds the jobs on offer, and where, accordingly, employers are able to choose the most highly qualified applicants even for jobs which could be done by those with relatively low skill levels and academic qualifications. It is also the case when technology is changing rapidly and workers have to be able to adapt to new techniques and new types of job, an ability which is likely to be related to the level of education of the person concerned.

Four levels of educational attainment can be distinguished for purposes of examining the relationship with unemployment and, in particular, long-term unemployment. These levels are broadly comparable between the countries covered here, because they tended in the past to adopt a similar system of classification. Inevitably, however, some differences exist, which means that the figures for the proportion of people completing each level should not be directly compared between countries. The four levels are:

- Level 1: Elementary/primary school both completed and non-completed
- Level 2: Vocational education (for qualified manual workers)
- Level 3: Secondary vocational/secondary general education (including college)
- Level 4: University or equivalent

Analysis of unemployment rates for people completing the different levels of education shows that, in general, these tend to fall significantly as people become more qualified. This applies to a similar extent to both men and women. It is also the case in respect of long-term

unemployment. In all countries in Central and Eastern Europe, therefore, as in the European Union, a man or a woman with a university degree or equivalent qualification is much less likely to be unemployed, and even less likely to be long-term unemployed, than someone with a lower level of educational attainment.

In more detail, in all Central and Eastern European countries, apart from Romania and, in some degree, Albania and Poland, the chances of being either unemployed or long-term unemployed fall as the level of education completed increases (Graph 8).

In Romania, the average rate of both unemployment and long-term unemployment was significantly lower in the first quarter of 1995 for those who had completed only primary education than those with vocational (level 2) education, which in turn was lower than for those with secondary (level 3) education, perhaps in part reflecting the high proportion of the former in rural areas where agriculture represents a major source of employment.

In Albania, the average rate of unemployment and long-term unemployment for those who had completed secondary (level 3) education was higher in the second quarter of 1995 than for those only completing vocational education (level 2). In Poland, those completing level 2 education had a higher average rate of unemployment than those only completing level 1 (elementary), though only slightly higher, but a marginally lower rate of long-term unemployment. In both of these countries, however, these were the only departures from the general rule. Average unemployment for those with university degrees, in particular, was considerably below that for those with lower levels of educational attainment. Indeed, the rate of unemployment for people with university degrees was below 3% in both Albania and Poland, and the rate of long-term unemployment even lower, in contrast to a rate for those with only elementary education of 29% in Albania and 14% in Poland.

Similarly, in Romania, the overall rate of unemployment for graduates was only just over 2% and the long-term rate under 1%, both much lower than for those with only secondary or vocational education, but only slightly lower than for those with only primary education.

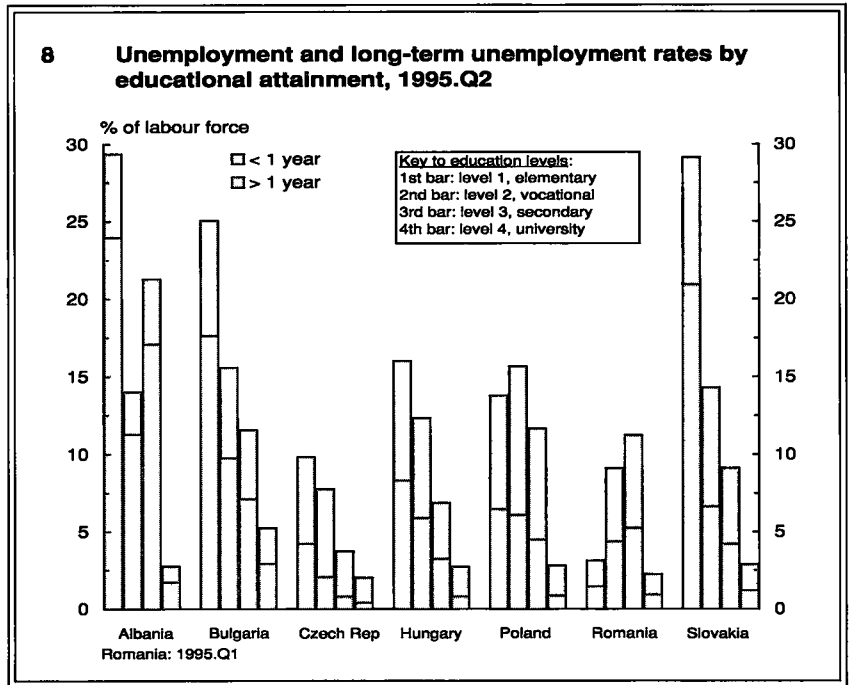
In all other countries in the region, apart from Bulgaria, the overall unemployment rate for university-educated members of the work force in 1995 was also under 3% and the rate of long-term unemployment only around 1%. In Bulgaria, the overall rate was 5%, while the long-term rate was 3%, higher than elsewhere, but still much lower than for those less well educated. By contrast, the overall rate of unemployment for those only completing elementary education was 10% or

more in all the countries and over 15% in all but the Czech Republic and Poland. Apart from in the Czech Republic, where it was 4% and Poland where it was 6%, the rate of long-term unemployment for such people was over 8% in all parts of the region — though only just over in Hungary — and as high as 24% in Albania and 21% in Slovakia.

Incidence of long-term unemployment

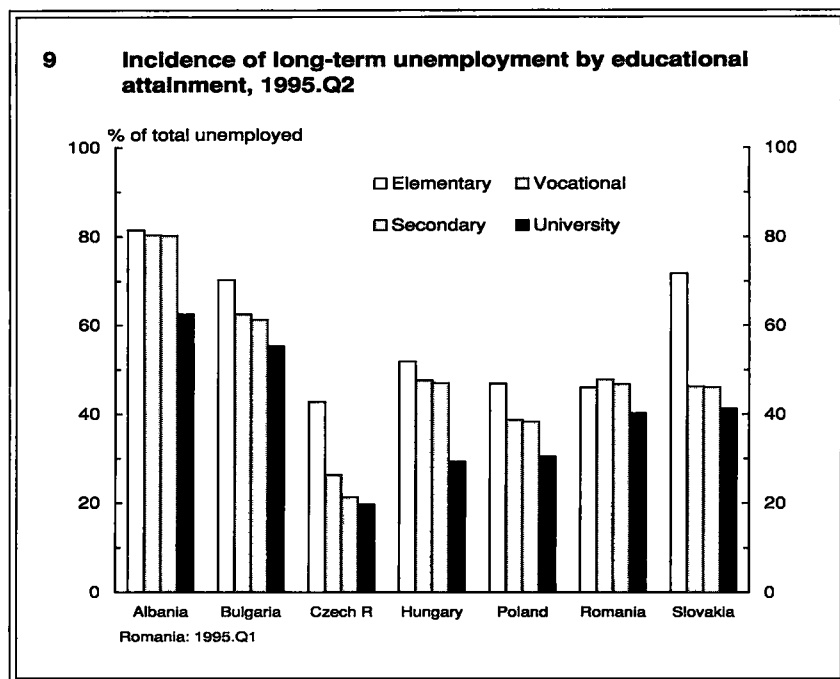
Not only are rates of long-term unemployment lower for people with higher levels of educational attainment but their chances of remaining out of work for a long period of time once they become unemployed are also significantly less. In all countries in the region, except Romania, the proportion of those unemployed who had university degrees or the equivalent who had been jobless for a year or more in the second quarter of 1995 was at least 15 percentage points less than the unemployed with only elementary education (Graph 9). In the Czech Republic and Hungary, the difference was over 20 percentage points (in Hungary, moreover, the level 4 educational category includes those completing college as well as university education), in Slovakia, as much as 30 percentage points.

In Romania, however, the incidence of long-term unemployment among those out of work was only slightly less for university graduates than for those with lower



qualifications. In the first quarter of 1995, 40% of the unemployed with university degrees or the equivalent had been out of work for more than one year, 46% of the unemployed with only elementary education. It, therefore, seems as if university graduates becoming unemployed are only a little less likely to be jobless for a long period than those with only basic education.

Nevertheless, Romania apart, although the incidence of long-term unemployment among the unemployed falls as the level of education completed increases, the extent of the difference between the different levels varies between countries. While in all countries, the chance of being out of work for a long time once becoming unemployed was much the same for those with secondary education (level 3) as for those with vocational education (level 2), the difference between this and the probability of long-term unemployment at higher or lower levels varied markedly in 1995.



In Albania and Hungary, the incidence of long-term unemployment among the unemployed completing vocational or secondary education was only slightly lower than among those completing only elementary education, whereas it was substantially higher than for university graduates. In both the Czech and Slovak Republics, on the other hand, the reverse was the case. While the difference in incidence was relatively small between those with secondary and those with university education,

it was large between those with secondary — or vocational — education and those with only elementary qualifications.

In Albania and Hungary, therefore, the chances of remaining unemployed for a long period of time once becoming unemployed decline significantly only when the person concerned has completed university education (or college education in the case of the latter, though, of course, the probability of being unemployed in the first place generally declines with each successive level of education completed), in the Czech and Slovak Republics, they decline significantly when a person is educated beyond elementary level but not by much when secondary education is supplemented with university qualifications (though, as noted above, the small numbers of people involved in the case of the Czech Republic where unemployment is very low, especially among graduates, mean that this feature should be treated with some caution). In Bulgaria and Poland, there was a more even downward progression with increasing educational attainment in the probability of someone unemployed remaining jobless for a long period.

Comparison with the Union

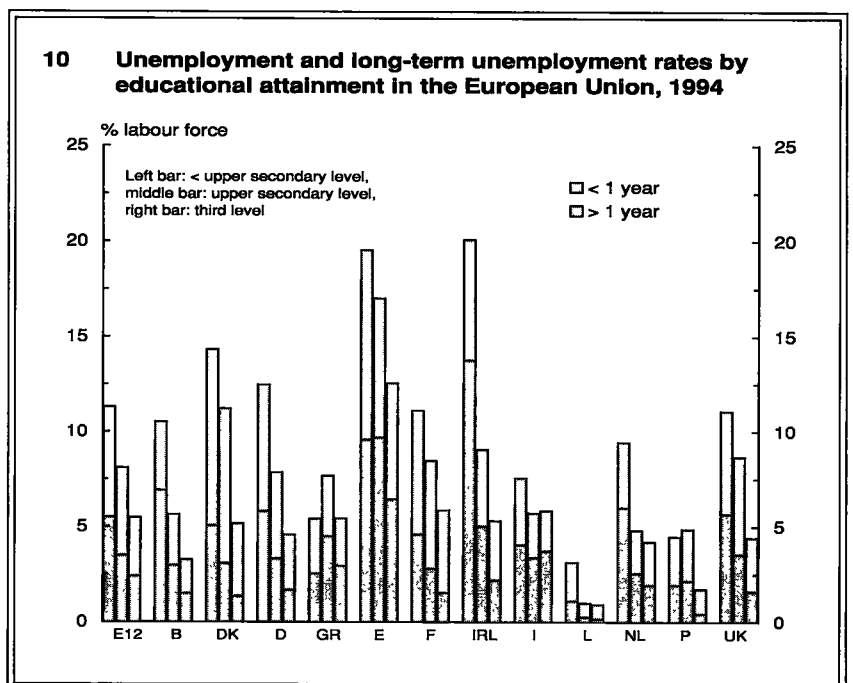
Although the same categories of educational attainment are not distinguished for the European Union, similar differences both in rates of overall and long-term unemployment and in the chances of being long-term unemployed once becoming jobless are evident between the three levels of educational attainment distinguished in the Community Labour Force Survey. (These are lower secondary level, which corresponds broadly to elementary education in the Central and Eastern European classification, upper secondary level, which is approximately equivalent to secondary and vocational education, and third level, which is university or equivalent.)

While these differences are apparent, however, they tend to be somewhat less marked than for Central and Eastern European countries. The overall rate of unemployment for those completing university education, for example, was around 5% or more in 1994 in all Union Member States, apart from Luxembourg and Portugal, and in most countries, the rate of long-term unemployment was around 2% or more (comparable data are not available for the three new Member States) (Graph 10, which is confined to those aged 25 to 64). Both figures are higher than in all parts of

Central and Eastern Europe except Bulgaria. Similarly, the rate of unemployment among those with only basic (lower secondary) education was under 10% in five of the 12 Union countries and the rate of long-term unemployment below 6% in all but Belgium, Spain and Ireland.

In terms of the incidence of long-term unemployment in the Union among the unemployed, though there is a general tendency for this to decline as levels of education increase, in three of the Southern countries — Greece, Spain and Italy — there was a greater chance in 1994 of someone unemployed with university qualifications remaining out of work for a year or more than someone with only basic education (Graph 11). Moreover, in most countries, the difference in the probability of being long-term unemployed between those with basic education and those with university or equivalent qualifications was much narrower than in Central and Eastern Europe (ie much less than 15 percentage points).

It is difficult to draw firm conclusions from this comparison. It suggests that differences in education levels tend to make more difference to the chances of being unemployed — or of finding a job — in the Central and Eastern European countries than in the Union, which might seem to imply that educational attainment has less effect in more developed countries. This is almost certainly a wrong conclusion to draw. In particular, within the Union, the effect of education on the chances of being unemployed seems to be more marked in the North than in the South which, on average, is less developed and where a relatively large number of the unemployed have university degrees. (In Italy, the Northern part of which is one of the most developed



and prosperous parts of the Union, the overall relationship between education levels and unemployment is heavily influenced by the situation in the less developed South of the country where average educational attainment levels — and unemployment — are relatively high.)

Long-term unemployment by region

It was noted above that for the countries of Central and Eastern Europe, the prevalence of long-term unemployment varies with the overall rate of unemployment, so that in countries with a relatively high rate a relatively large proportion of the unemployed tended to have been out of work for a year or more. Though the relationship is not uniform — Poland, in particular, had a lower incidence of long-term unemployment among the unemployed in relation to its overall rate of unemployment than other countries in the region — it is relatively marked (Graph 12). Indeed, it is much more marked than for European Union countries, where there was only a weak tendency in 1994 for the proportion of the unemployed who have been jobless for a year or more to be higher in Member States with high rates of unemployment (Graph 13 — which shows, for example, the incidence of long-term unemployment in Belgium or Italy was considerably greater than in France where overall unemployment was higher and, indeed, greater than in Spain where overall unemployment was very much higher).

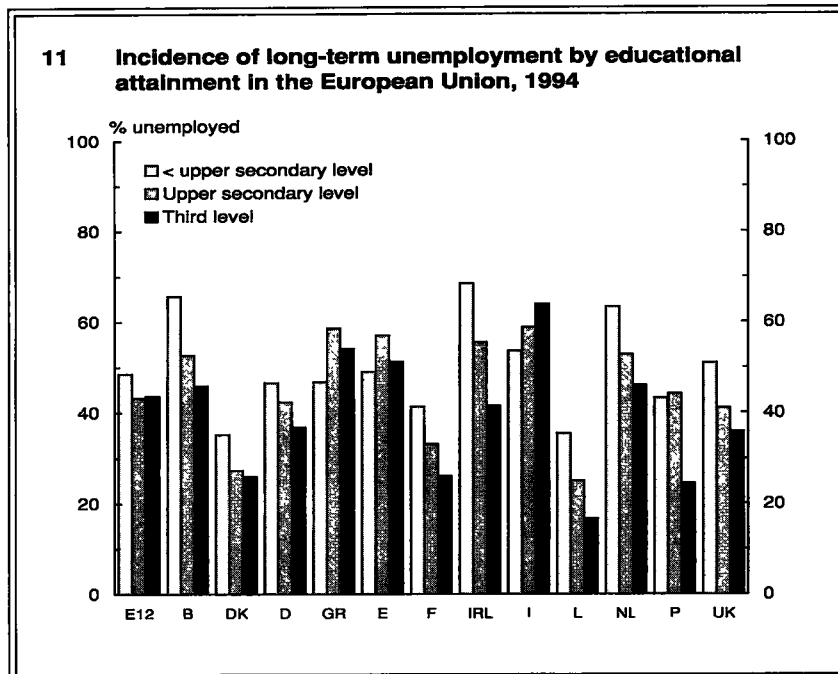
This strongly suggests that, in the European Union countries especially, factors other than overall unemployment are important in giving rise to high levels of long-term unemployment. Moreover, by implication, it

also suggests that a fall in the overall rate of long-term unemployment may not of itself resolve the problem of long-term unemployment and that other factors can play a significant role in helping to reduce its scale.

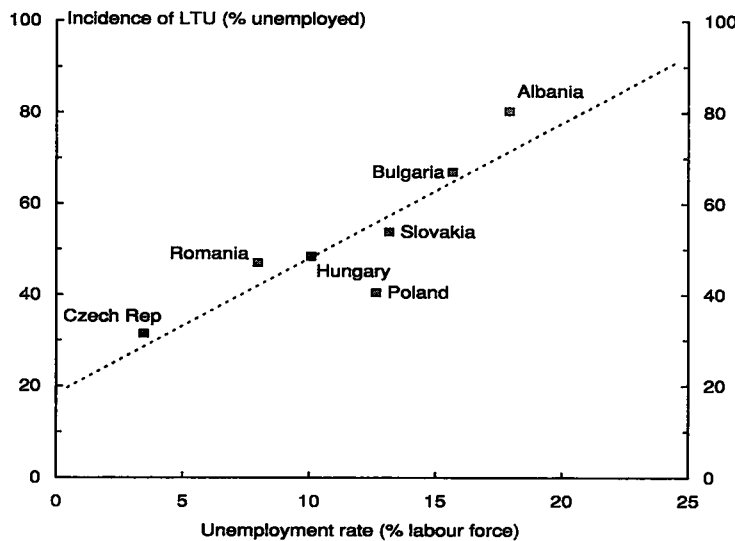
Extending the analysis to the regional level shows, first, that in Central and Eastern Europe long-term unemployment rates tend to vary across countries and, secondly, that the same kind of relationship between overall rates of unemployment and the incidence of long-term unemployment among the unemployed which is evident between countries also holds, though to a lesser extent, between regions within the same country. It also shows, however, that there is only a relatively weak relationship between regional unemployment and the incidence of long-term unemployment taking the Central and Eastern European countries as a whole and that both national factors and regional characteristics have an important effect on the scale of the long-term unemployment problem in any particular region.

Thus the overall rate of unemployment in the second quarter of 1995 varied from close to 20% or more in parts of Albania, Poland and Bulgaria to under 5% in all regions of the Czech Republic and the capital city regions of Slovakia (Bratislava) and Bulgaria (Sofia). While regions with high overall rates of unemployment tend, in general, to have a relatively high incidence of long-term unemployment among the people affected, there are large differences in the scale of the latter between regions with similar rates of overall unemployment in different countries (Map). In Montana in Bulgaria, for example, where the rate of unemployment was similar to that in the Central and South-Western regions of Poland in the second quarter of 1995, the

proportion of the unemployed who had been out of work for at least a year was considerably greater than in the latter (75% as compared with under 45%) (Graph 14, in which regions in each country are denoted by a common code — B1, B2 and so on for Bulgaria, C1, C2 and so on for the Czech Republic — the key to which is indicated in the map). Similarly, in Sofia in Bulgaria, where the unemployment rate was below that in Bratislava or Northern Moravia, over 55% of the unemployed had been jobless for a year or more, whereas in the latter regions, the figure was only around 30%. Indeed, all of the regions of Bulgaria as well as of Albania, irrespective of their overall rate of unemployment, had a higher incidence of long-term unemployment among the unemployed than regions in other countries.



12 Relationship between unemployment and incidence of long term unemployment in Central & Eastern Europe, 1995.Q2



With the exception of Poland and Romania, however, there is some tendency within each country for the incidence of long-term unemployment to vary with the rate of unemployment as between regions, though the extent of the variation itself differs between countries. In particular, it is more pronounced in Slovakia (though only four regions are distinguished) than in the other four countries — Albania, Bulgaria, the Czech Republic and Hungary — which show a similar relationship between the two variables (see the correlation coefficients in the table of regression results, which because of the small number of observations for most countries should not be treated too seriously). Nevertheless, the relationship is not entirely systematic. In Hungary, for example, though the North East region where unemployment is highest has the highest incidence of long-term unemployment (54% as against a national average of 48%), the Trans-Danubia region has much the same incidence as the North-West though a significantly lower overall rate of unemployment.

The relationship between the two variables is even less systematic in the Czech Republic. While there was an average tendency for regions with high unemployment to have a higher proportion of long-term unemployed in 1995, the region with the highest proportion, East Bohemia, had a below average rate of unemployment, while in the region with the highest unemployment, North Moravia, only

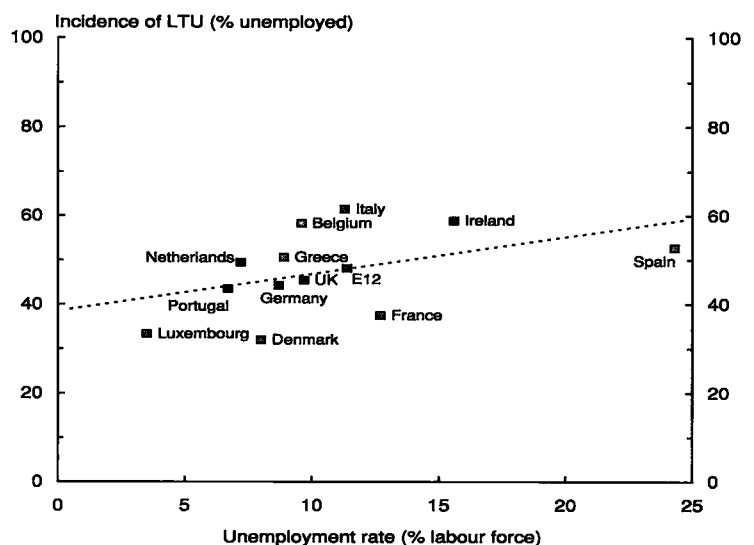
an average proportion of those affected had been out of work for a year or more.

In Poland and Romania, however, there is little relationship at all between the incidence of long-term unemployment and the unemployment rate. In Poland, the extent of variation in the proportion of the unemployed who had been out of work for a year or more in 1995 was smaller than in other countries, ranging from a high of 44¹/₂% in the Central region to a low of 36¹/₂% in the neighbouring Southern region. Though unemployment was much lower in the latter than in the former, in general, regions with high unemployment were as likely to have a low incidence of long-term unemployment as a high one (the two regions with the highest unemployment rates — the North and the North-

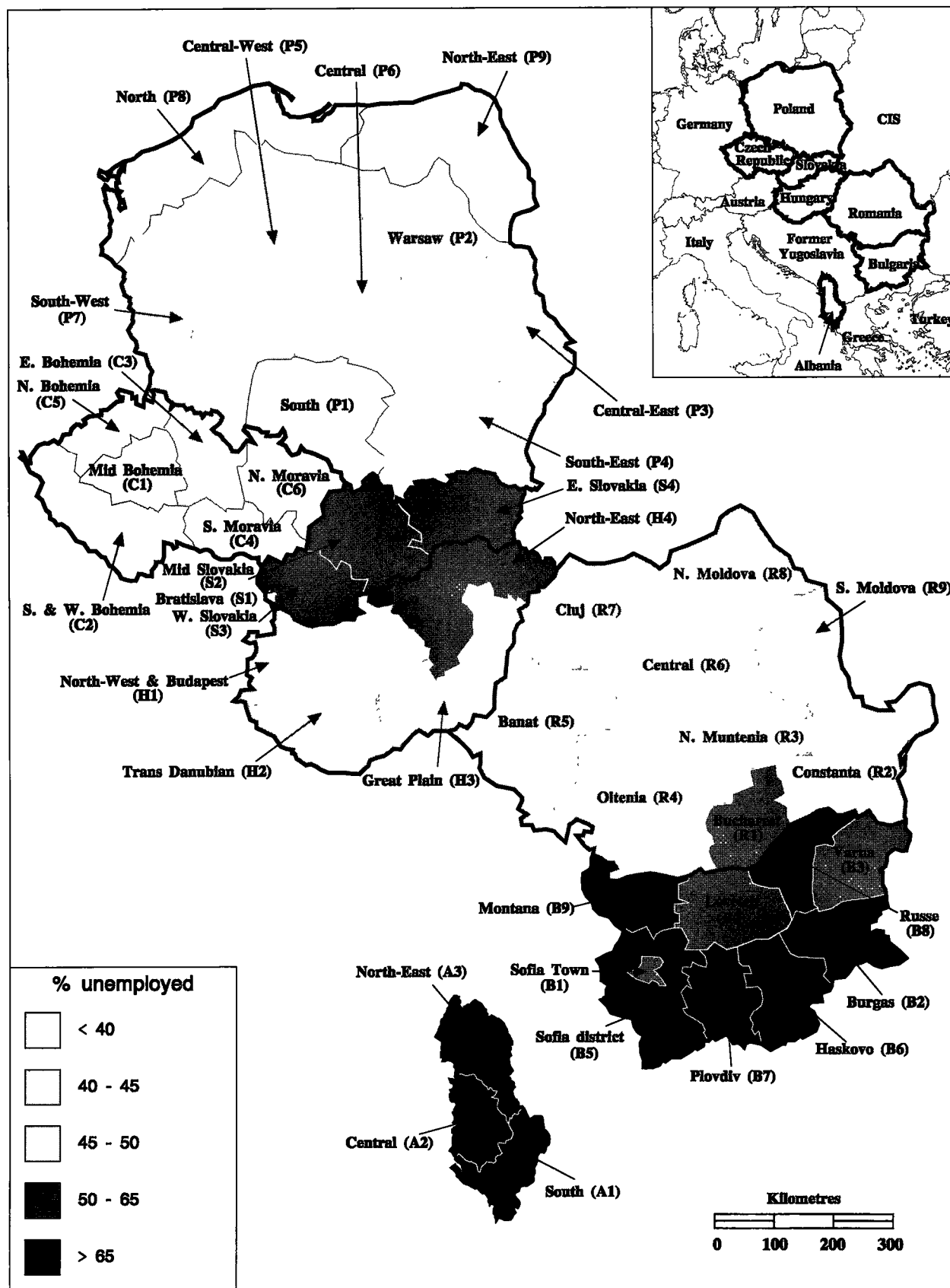
East — had the lowest proportion of the unemployed out of work for a year or more except for the Southern region). Just why Poland should differ from other countries in this respect is not clear.

In Romania, the relationship is negative, in the sense that the incidence of long-term unemployment tends to decline rather than to increase as total unemployment goes up. This result, however, is very much dependent on two regions, Bucharest and Southern Moldova, which display opposite characteristics. In Bucharest, where the unemployment rate was the lowest in the country, the proportion of the unem-

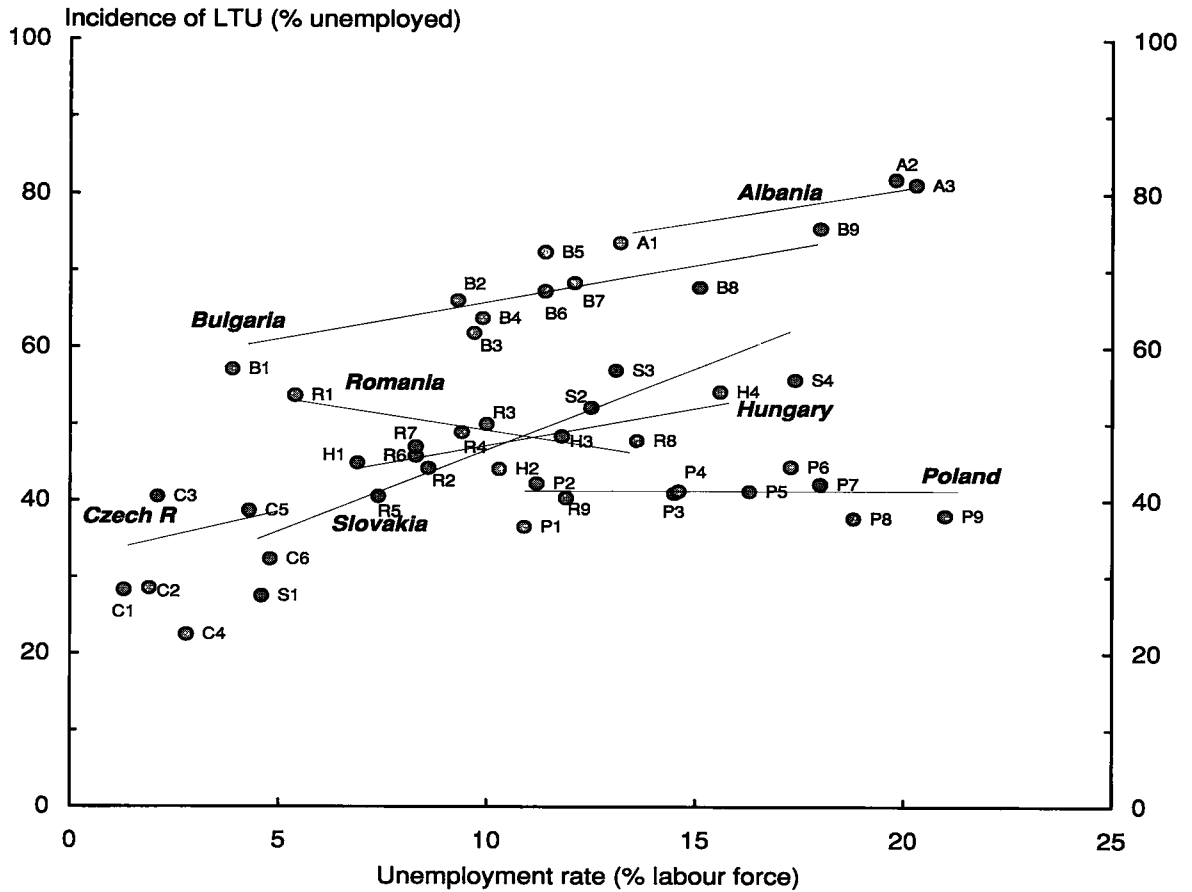
13 Relationship between unemployment and incidence of long-term unemployment in the European Union, 1994



Incidence of long-term unemployment, 1995.Q2



14 Relationship between unemployment and incidence of long-term unemployment by region, 1995.Q2



Regression results of the effect of the rate of unemployment on the incidence of long-term unemployment by region, 1995.Q2

Country	Equation	R ²	Country	Equation	R ²
Albania (3)	LTU = 58.49 + 1.15UR 20.53 7.27	98.1	Romania (9)	LTU = 50.92 - 0.48UR 8.20 -0.74	7.2
Bulgaria (9)	LTU = 53.15 + 1.21UR 17.42 4.67	75.7	Slovakia (4)	LTU = 19.45 + 2.41UR 2.18 3.45	85.6
Czech Rep. (6)	LTU = 27.84 + 1.38UR 3.79 0.59	8.0	CE Europe: all regions (44)	LTU = 35.45 + 1.30UR 7.60 3.42	21.8
Hungary (4)	LTU = 35.23 + 1.14UR 7.46 2.79	79.5	CE Europe: all countries (7)	LTU = 18.23 + 2.97UR 2.05 4.14	77.5
Poland (9)	LTU = 40.79 - 0.02UR 8.89 -0.07	0.0	EUR12 (12)	LTU = 38.50 + 0.83UR 6.35 1.61	20.5

Figures in brackets denote number of regions or countries; figures in italics denote t-ratios; LTU = long-term unemployed; UR = unemployment rate. Data for Romania are for 1995.Q1.

ployed who had been out of work for a year or more in 1995 (in this case in March) was higher than in any other region at 54%. In Southern Moldova, where unemployment (12%) was higher than anywhere else apart from Northern Moldova, the proportion was only 40%, the lowest of all regions. If these two regions are excluded, the relationship between unemployment and the incidence of long-term unemployment is positive, as elsewhere.

In Poland, Romania and the Czech Republic, especially, therefore, other regional characteristics clearly have an important effect on the scale of the long-term unemployment problem. Moreover, it should also be emphasised that the nature of this problem could well change as the transition proceeds.

Policies for tackling long-term unemployment

The growth of long-term unemployment has raised two policy problems for governments both in Central and Eastern Europe and the European Union. One is to provide income support for the people affected and their families, which is made more difficult by the fact that those concerned have usually exhausted their entitlement to unemployment benefit (the duration of benefit is in most cases 12 months or less in the countries covered and only six months in the Czech Republic, for example — see *Employment Observatory, Central and Eastern Europe, No.7* for details). The other is to try to reduce the scale of the problem by introducing measures aimed at either expanding the jobs available to the long-term unemployed or increasing their employability through training or counselling. In most Union Member States, the emphasis in recent years has shifted from the former, so-called passive type of action, to the latter, so-called active kind of policy. At the same time, in a number of countries, there has been some questioning of the scale of income support available to the long-term unemployed and its potential effect on their incentive to find a job.

Passive measures of income support

In all Central and Eastern European countries, with the partial exception of Poland and Romania, the long-term unemployed are dependent on social assistance which is subject to means-testing (ie the amount received depends on household income and the assessed needs of the family concerned) and under which the maximum amount available is generally related to the minimum wage or the basic old-age pension (see Bulletin No.7, op cit, for a description of the unemployment compensation system in each of the countries and of the extent of social assistance; the only change which has occurred in the latter since then is the introduction in Bulgaria of additional income support, which is also

subject to means-testing, equal to 60% of the minimum wage payable for a period of six months). As such, the support received often tends to be less than when on unemployment benefit, though since assistance is related to the number of household members, while unemployment benefit is not, it can be a larger amount in the case of larger families. Nevertheless, the amount received, except in the case of large families, is considerably less than the average wage and, in most cases, much less than potential earnings from employment if a job could be found.

The latter is also the case in Romania, where the long-term unemployed are entitled to a support allowance of 60% of the minimum net wage for 18 months after drawing unemployment benefit for the first nine months of unemployment (of 50–60% of the average wage up to a maximum of twice the minimum wage).

In general, throughout the region, while low-skilled or unskilled manual workers capable of commanding only a very low wage may find themselves only slightly worse off when drawing social assistance than when in work, the disincentive effect on job search is generally likely to be relatively small.

Active measures

With the increase in unemployment in most parts of Central and Eastern Europe since the transition began, expenditure on income support has grown considerably. The high levels of unemployment which now prevail in all countries, apart from the Czech Republic, limit the possibilities of funding extensive active policy measures but at the same time represent an incentive to develop such measures in order to reduce the scale of the unemployment problem and, over the longer-term, potentially the financial burden on the State.

A number of active labour market measures have been introduced in transition countries aimed at the long-term unemployed in particular, which can be grouped into four categories:

- **counselling**, which involves interviews with the people affected at local labour offices to highlight personal and professional barriers to finding employment and giving specialist advice on how to search for, and find, work or on further vocational training that might be needed to improve employability;
- **education and training**, aimed at rectifying skill deficiencies or helping the people concerned to acquire new skills;
- **temporary employment**, intended not only to provide work for a period of time but more importantly to help people acquire workplace experience

increase their confidence in themselves and their motivation; the jobs involved tend to be in the public sector;

- **self-employment initiatives**, aimed at encouraging the long-term unemployed to start up their own businesses by providing financial incentives.

These measures are not, of course, mutually exclusive and many can overlap. Temporary employment programmes, for example, may also include some form of training to enhance their value to those who participate. Nor are they, in many cases, confined solely to the unemployed who have been out of work for at least a year.

The specific action taken in individual countries is described below.

Albania

Here emphasis has been placed on the training and the retraining of both the short and long-term unemployed, particularly school-leavers, with the aim of increasing, or modifying, skill levels to match those required by employers. The benefits are considered to be threefold: it is a means of improving the competitiveness of the labour force; it helps workers learn new techniques used in the workplace and it eases the transition from education into work.

Professional public schools, which have a relatively high degree of administrative and financial independence, play a major role in the provision of training. There are two levels of training courses. The first, which lasts for three years after completing basic education, is practically-oriented and aims to improve skill levels; the second, which lasts for an additional two years, is geared more towards management training for technicians.

So far training has been directed at those sectors which are most established in Albania — certain relatively basic services and agriculture. Work experience abroad is an important element in the training, especially so far as hotel work and health care are concerned.

The Training Enterprise and Employment Fund (TEEF) is aimed more specifically at the unemployed in older age groups. Since its inception in December 1993, this has provided financial support to small and medium-sized enterprises who take on unemployed people for training. To date, the TEEF has financed 84 job insertion projects, involving 4,500 registered unemployed people. Early results indicate that six months after the three-month training programme, three-quarters of the participants are still in employment. Another six job insertion projects, involving 700 unemployed people, are in the pipeline.

Bulgaria

Four main active measures have been introduced to help the long-term unemployed. The *Temporary Employment Programme* is the largest of these and the only one to operate at the national level. This ensures a five-month temporary employment placement in the public sector, participants receiving a monthly wage equal to the national minimum wage paid from the Training and Unemployment Fund. Aimed initially only at the long-term unemployed, it has been expanded to include both those no longer entitled to benefit and those who are frequently unemployed. Since 1993, over 100,000 have benefited from the programme.

The Literacy Employment Programme has been operating since mid-1993 and is intended to improve the qualifications of the labour force in regions that are ethnically-mixed and where unemployment is often due to a lack of basic education and training. As well as providing these essential skills, the programme also provides work placement especially to those who have completed training courses. Piloted initially in Plovdiv, the programme involved over 600 unemployed people during 1993 and 1994 and most of these were given temporary jobs. The programme has since been extended to Pazardjik, where 115 unemployed people have so far been involved.

From Social Welfare to Employment is a programme aimed at those who are at risk of becoming dependent on social assistance, especially the young and the long-term unemployed. It is run jointly by the National Employment Service, which provides specialised employment services, and the National Centre for Social Welfare, which provides social services to the target groups. Advice and guidance is given by the US Ministry of Labour. This is another regional programme, which began in May 1994 in Haskovo, but which, since April 1995, has been extended to three other cities.

In addition to these, a Youth Unemployment Programme was agreed at the beginning of 1995 with the object of increasing the skill level of young people so that it is more in line with employer requirements. It is also intended to promote self-employment among young people. Finance for the programme will come from the Youth Self-Employment Promotion Fund, which was established specially.

Czech Republic

Here, where the problem of long-term unemployment is much less serious than elsewhere in Central and Eastern Europe, there have been until recently no direct measures aimed at helping those affected.

A study, commissioned by the Employment Services Administration of the Czech Ministry of Labour and

Social Affairs, concluded, like the present analysis, that those most vulnerable to long-term unemployment were the old, the ethnic minorities, the poorly educated and those living in regions of relatively high unemployment. It also concluded that the long-term unemployed are also prone to frequent spell of unemployment — in other words, if they succeed in finding a job, it is more likely to be short-lived than for other people.

With the recent emergence of long-term unemployment as a policy issue in the Czech Republic, initiatives have been introduced to give more responsibility to local Employment Offices in the preparation of labour market programmes, as part of an overall strategy to alleviate unemployment among the most vulnerable groups in society. Each local Employment Office has drawn up its own plan on active labour market policy measures with estimates of the resources needed to carry it out.

Around half of the 76 Employment Offices in the country identified long-term unemployment as a major problem and of the 240 different programmes submitted from around the country, a fifth involved measures to help, in whole or in part, the long-term unemployed. The vast majority of these were aimed at subsidising employment either in private firms or more often in non-profit-making enterprises (such as socially beneficial public works). A problem with this approach, however, is that such programmes tend to be for a maximum of 12 months and are often followed by a return to unemployment when the temporary job ends.

Hungary

Here, as in the Czech Republic, the main measures introduced have either taken the form of wage subsidies or the creation of temporary jobs in public works programmes. Although wage subsidies are aimed specifically at encouraging employers to take on those who are long-term unemployed, this is defined as people who have been out of work for six months or more, rather one year or more, and, in the case of young people under 25, for three months or more. The subsidy paid can cover the whole wage bill or 50% of it as well as non-wage labour costs. The maximum duration is 12 months. At the end of 1994, 22,494 unemployed were in subsidised jobs, 4,261 of them school-leavers. At the end of June 1995, 13,623 were in subsidised jobs with 7,533 different employers.

Public works programmes are not specially designed for the long-term unemployed, but, in practice, they give many of those who have been out without a job for over a year the opportunity to work for a temporary period.

Poland

Under the government's *Programme of Counteracting Unemployment and Weakening its Negative Effects*, five main measures have been put forward:

- all those who have been unemployed for 9 months are directed towards occupational counsellors, who assess the individual's personal and qualification barriers to finding employment. Advice and assistance is then provided by labour offices on the basis of this counselling;
- the long-term unemployed are given priority in community and subsidised work, regaining their right to benefit after six months. Part-time working is also promoted as a means of giving them the chance to get back into the job market, as are training courses to improve their professional qualifications;
- special intervention groups, which are run through job clubs, are also used to provide the long-term unemployed with practical knowledge of how to go about finding work;
- social welfare centres exist for those whose entitlement to unemployment benefit has expired which also provide help in getting back into the labour market;
- in addition to general policy measures, labour offices in cooperation with local government and industry develop special programmes aimed at the long-term unemployed.

As yet no information is available about the relative effectiveness of each of these measures. However, data supplied by labour offices show that since the beginning of 1994 over 300,000 unemployed people have undertaken subsidised work, around 200,000 have been employed in the public sector and 130,000 have undergone vocational training.

Romania

The main measure used to tackle long-term unemployment, aside from counselling by the employment services, have been low interest loans (bearing a rate of 18% in the context of an inflation rate of around 30% in mid-1995 but very much higher before then) to small businesses taking on people who were previously unemployed. These loans have been of particular importance to a number of counties in Northern and Southern Moldova, Muntenia and Oltenia, in all of which unemployment is above the national average, as well as in Cluj, where the rate is just below average, and seem to have some effect in reducing both total and long-term unemployment.

Slovakia

Finance for active labour market policies was reduced in 1993 and 1994, in part because responsibility for funding was transferred in 1993 from the state budget to the Employment Fund, a public service institution that could only spend on active measures what remained after paying unemployment benefit. In 1994, expenditure on active measures accounted for 52% of all spending on employment policy and is expected to be much the same in 1995.

The active measures taken are directed at getting the long-term unemployed back into a working environment either by means of publicly useful projects or through the creation of socially valuable jobs. Some 90,000 unemployed people have benefited from these programmes since the beginning of 1994. In addition, a new programme of publicly useful work has recently been approved and will provide work experience in areas such as communications, health care, cultural activities and construction.

Programmes are also carried out at the local level, with finance from the Employment Fund, which allocates resources according to the severity of the regional unemployment problem. With this support, local labour offices are able to promote the creation of socially valuable jobs in local enterprises through loans to cover capital costs and grants to subsidise wages.

Experience in the European Union

In general, the countries of Central and Eastern Europe have adopted a range of measures for tackling long-term unemployment. In this regard, they seem to have learned from the experience of European Union countries (in part, through programmes of technical assistance), that it is important to address a number of aspects of the problem at the same time. To this end, much the same kinds of policy measure are in operation in Union Member States as in Central and Eastern Europe, with a similar emphasis on the central importance of counselling as an essential basis for policy in this area (see Box; see also *Employment in Europe, 1995*, Part II for a review of the policy measures introduced in Union countries to tackle long-term unemployment in recent years).

One major aspect of the long-term unemployment problem is the variation in its scale and nature between different regions and different social groups. An important lesson learned in the Union is that the measures introduced need to take explicit account of this variation and to be capable of adapting to specific local and individual needs. Experience in Member States demonstrates that while a broad policy approach can be designed by central government, to be most effective this needs to be combined with the

development of more concrete and detailed measures at the local level. Problems, however, can often arise because of the separation of funding — which tends to come from central government — from programme design and implementation — which need to be a local responsibility. Efficient coordination between the officials concerned and constructive cooperation are of key importance if policy is to be successful.

A second kind of problem has arisen in recent years over the interaction between passive and active policy measures. The renewed increase in unemployment in the early 1990s was accompanied by a significant rise in expenditure on income support, which in turn led governments to intensify the search for ways of reducing costs. As a result, when the unemployed were interviewed at local labour offices, this was too often in order to verify their entitlement to benefit rather than to provide practical advice on how to find a job. This experience has led to greater emphasis being placed on the role of the employment services in most Member States as well as to a separation of activities, with those responsible for checking benefit entitlement no longer being involved in counselling or giving advice on job search.

Concluding remarks

Long-term unemployment in Central and Eastern Europe is likely to remain a major problem for some time to come. Indeed, it could become more serious as the transition proceeds and changes continue to occur in the nature of new jobs created in relation to those which are lost in declining industries. Many of those who lose their jobs in traditional sectors may well find it difficult to find new ones which involve the same kind of work. Older people especially may have problems in adapting to new demands and acquiring new skills. This is not so different from the problem experienced in Western European countries over the past 10–15 years when the decline of traditional industries and technological change has left many people over 50, particularly men, with little prospect of finding employment. Other than premature retirement, which can be costly both in financial and human terms, few effective solutions have been found.

What does seem clear, however, is that, while economic growth in itself may not resolve the problem, it is almost certainly an essential condition for alleviating it significantly. Without sustained growth, it is likely to prove impossible to finance the programmes — of counselling and retraining, in particular — which stand any chance of providing effective assistance and support to the long-term unemployed.

The ERGO Initiative in the European Union

Because of the persistence of long-term unemployment in the Union, a Research-Action and Evaluation programme (ERGO) was set up in 1988 by the European Commission. During its initial phase its aims were to draw attention to the problems associated with long-term unemployment and to assess the measures taken — both by national governments and by the Union itself — to alleviate it.

As part of this, 116 case studies were carried out involving the evaluation of various projects and programmes in Member States to help the long-term unemployed back into work. In all, around 80,000 long-term unemployed across the Union were interviewed in order to try to assess not only the extent to which different policy measures achieved their objectives, but also their relative costs.

The case studies highlighted three main areas that had a particular bearing on the success in getting the long-term unemployed into work:

- the barriers they face when seeking employment;
- the way in which policy is designed and implemented;
- the range of active employment measures used to help them.

Three main *barriers to seeking work* were identified:

- social barriers, such as living in an area of agricultural or industrial decline, lacking the necessary qualifications and skills even when job vacancies exist, suffering from employer discrimination — either against the unemployed themselves or against minority groups in society — or suffering from social problems such as disability or alcoholism;
- ignorance of the availability of social support in the form of both welfare benefits and training programmes or ineligibility for them;
- the lack of financial incentive to find a job because of prospective wages being no higher or only marginally higher than the income receivable from social benefit — the so-called poverty trap.

The ERGO study concluded, in addition, that measures to help the long-term unemployed could be enhanced by the better *design and implementation of policy*. In particular, it found that there was often poor coordination between national policy aims and the initiatives taken at regional or local level and a lack of coordination between social assistance and active labour market measures. The evidence was that measures were more effective when they took explicit account of local economic circumstances and when they were targeted on tackling specific problems.

According to the study, effective targeting can best be achieved through counselling to identify individual personal and professional circumstances before offering specific measures of assistance. Counselling proved to be a particularly cost-effective *active employment measure*, costing on average only 5%–10% of the cost of providing vocational training.

Further recommendations resulting from the study were for the provision of:

- basic education and vocational training to match local labour market needs;
- temporary employment experience — either in the public sector or through subsidising jobs in the private sector;
- support for self-employment initiatives.

Statistical Series

Definitions

All the population and employment series are averages for the period. For unemployment, the annual figures are averages for the year, except where stated, the quarterly figures are for the end of the period.

Resident population	A	(T) - including immigrants and nationals temporarily abroad, excluding visitors and armed forces of other countries
Working age population	A	(T) - population between official school-leaving age and official retirement age, which is approximately 15-54 for women and 15-59 for men, but which varies for each of the countries as shown in the notes to the tables
Population 15-64	A	(T) - population between the age of 15 and 64
Population below working age	A	(T) - population below official school-leaving age
Population above working age	A	(T) - population above official retirement age
Active population	A	(T) - economically active men and women, including numbers employed in the private and informal sectors; where possible women on long-term maternity leave are excluded
Active population of working age	A	(T) - economically active men and women of working age defined according to national definitions. Employed and unemployed are defined, so far as possible, according to official ILO definitions, though women on long-term maternity leave are not included as employed
Employed	Q+A	(T) - persons working full or part-time in civilian occupations; in some cases data include armed forces to the extent that these are included in the Labour Force Survey (ie professionals living in private households)
Employed in agriculture	Q+A	(T) - persons employed in agriculture, forestry and fishing (NACE Rev. 1, sectors A+B)
Employed in mining	Q+A	(T) - NACE Rev. 1, sector C
Employed in manufacturing	Q+A	(T) - NACE Rev. 1, sector D
Employed in power and water	Q+A	(T) - NACE Rev. 1, sector E
Employed in construction	Q+A	(T) - NACE Rev. 1, sector F
Employed in trade+catering	Q+A	(T) - persons employed in retail and wholesale distribution, catering and hotels and repair services (NACE Rev. 1, sectors G+H)
Employed in transport+communication	Q+A	(T) - NACE Rev. 1, sector I
Employed in financial services	Q+A	(T) - persons employed in banking, insurance, and other financial services (NACE Rev. 1, sector J)
Employed in health and education	Q+A	(T) - NACE Rev. 1, sectors M+N
Employed in public administration	Q+A	(T) - persons employed in central and local government (NACE Rev. 1, sector L)

Statistical Series

Employed in other services	Q+A (T) - persons employed in services not elsewhere specified (NACE Rev. 1, sectors K+O+P)
Self-employed	Q+A (T) - persons working as proprietors or on own account in their main occupation, including family workers and excluding members of producers' cooperatives
Employees	Q+A (T) - persons working as employees in their main occupation
Unemployed (LFS)	Q+A (T) - persons of working-age without work who are actively seeking work and are immediately available for work
Registered unemployed	Q+A (T) - unemployed registered at labour offices
Youth unemployed	Q+A (T) - unemployed aged less than 25
Long-term unemployed	Q+A (T) - persons unemployed for 52 weeks or more
Activity rates	A (%) - active population of working age as a % of working age
Unemployment rate	Q+A (%) - numbers of unemployed as a % of the labour force
Youth unemployment rate	Q+A (%) - numbers of youth unemployed as a % of the labour force aged less than 25
Price and wage inflation	Q+A (g) - % change in average price/wage index for period compared with value in the same period 1 year earlier
Consumer price inflation	Q+A (g) - % change in representative index of prices for average household
Wage Inflation	Q+A (g) - % change in index of average gross monthly wages of full-time employees
Social protection	Q+A (w) - monthly values as a % of average gross monthly wages of full-time employees (ie before tax)
Minimum wage	Q+A (w) - minimum official monthly wage as prescribed by legislation expressed as a % of average gross monthly wages of full-time employees
Average unemployment benefit	Q+A (w) - average unemployment benefit received by persons receiving benefit as a % of average gross monthly wages of full-time employees
Economic activity	Q+A (g) - national accounts details; % change in indices for period compared with the same period 1 year earlier
GDP constant prices	Q+A (g) - % change in gross domestic product at constant market prices on SNA definitions
Industrial output	Q+A (g) - % change in gross output of manufacturing, mining, power and water industries
External trade	Q+A (\$) - trade in goods, valued in US dollars at current exchange rates
Trade balance	Q+A (\$) - dollar value of exports less imports
Exports of goods	Q+A (\$) - US dollar value of exports of goods, valued fob
Imports of goods	Q+A (\$) - US dollar value of imports of goods, valued fob

Key:

Q -	Quarterly	A -	Annual
(T) -	Thousands	(%) -	Per cent
(g) -	Per cent change per annum	(w) -	% average gross wage
(\$)	US dollar (millions)		

Statistical tables: 1989-1995

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
Population (000) ^{B1 R1}							
<i>Resident population</i>							
1989	3182	8768	10302	10398	37963	23152	5276
1990	3287	8670	10303	10365	38119	23207	5298
1991	3260	8596	10309	10345	38245	23185	5283
1992	3190	8485	10318	10324	38365	22810	5307
1993	3168	8459	10315	10294	38459	22755	5325
1994	3202	8428	10336	10261	38544	22731	5347
<i>Working-age population ^{A1 B2 C1 H1 P1 R2 S1}</i>							
1989	1882	4891	5913	5963	21854	12988	3011
1990	1959	4836	5980	5977	21929	13011	3042
1991	1925	4781	6049	6015	22006	13058	3057
1992	1849	4733	6115	6044	22118	12775	3083
1993	1763	4739	6099	6064	22257	12866	3119
1994	1787	4741	6243	6076	22417	12933	3173
<i>Female population working age</i>							
1989	904	2303	2798	2845	10563	6125	1442
1990	944	2280	2834	2861	10587	6136	1459
1991	945	2253	2879	2881	10618	6158	1471
1992	937	2237	2915	2897	10668	6034	1482
1993	878	2246	2906	2908	10737	6081	1501
1994	887	2253	2979	2915	10821	6114	1530
<i>Male population working age</i>							
1989	979	2588	3115	3118	11291	6863	1569
1990	1015	2556	3146	3116	11342	6875	1583
1991	980	2528	3170	3134	11388	6900	1586
1992	912	2496	3200	3147	11450	6741	1601
1993	885	2493	3193	3156	11520	6785	1618
1994	900	2488	3264	3161	11596	6819	1643
<i>Population 15-64</i>							
1989	1962	5830	6738	6932	24572	15275	3385
1990	2043	5765	6789	6884	24711	15324	3413
1991	2012	5723	6851	6909	24855	15377	3427
1992	1940	5661	6903	6928	25025	15118	3459
1993	1912	5653	6891	6938	25188	15213	3492
1994	1940	5648	7006	6940	25353	15271	3532
<i>Female population 15-64</i>							
1989	945	2931	3386	3527	12407	7651	1709
1990	985	2900	3408	3509	12466	7674	1724
1991	968	2880	3440	3520	12532	7700	1734
1992	933	2851	3464	3528	12613	7590	1749
1993	980	2848	3458	3533	12692	7642	1765
1994	991	2848	3510	3534	12771	7674	1785
<i>Male population 15-64</i>							
1989	1017	2899	3352	3406	12165	7624	1676
1990	1058	2865	3381	3375	12245	7650	1689
1991	1044	2843	3411	3389	12323	7677	1692
1992	1007	2810	3439	3400	12412	7528	1710
1993	932	2805	3433	3405	12496	7571	1727
1994	949	2800	3496	3406	12582	7597	1747
<i>Population below working age</i>							
1989	1051	1799	2285	2150	11357	5905	1354
1990	1069	1779	2223	2098	11342	5863	1338

Statistical Series

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Population below working age</i>							
1991	1063	1816	2148	2036	11303	5717	1310
1992	1067	1742	2092	1984	11229	5584	1256
1993	1067	1697	2106	1934	11105	5340	1232
1994	1069	1651	1979	1891	10949	5188	1241
<i>Population above working age</i>							
1989	249	2078	2104	2285	4752	4259	911
1990	259	2055	2100	2290	4848	4333	918
1991	267	1999	2112	2294	4936	4410	916
1992	273	2010	2111	2296	5018	4451	968
1993	281	2024	2110	2296	5097	4548	974
1994	346	2036	2114	2294	5178	4610	933
Labour force and employment (000) A2 C2 H2 P2							
<i>Active population</i>							
1989	1552	-	5471	5264	17375	10948	2597
1990	1580	-	5396	5199	17218	10838	2535
1991	1535	3805	5310	5146	17345	11123	2523
1992	1521	3767	5215	4539	17374	11388	2476
1993	1373	3821	5015	4346	17321	11009	2404
1994	1423	3696	5070	4198	17132	11236	2437
1995.1	1423	3567	5073	4071	16930	12120	2473
1995.2	1417	3603	5089	4075	17046	-	2466
<i>Female active population</i>							
1989	734	-	2515	2432	7906	4943	1160
1990	722	-	2454	2439	7871	5001	1144
1991	715	1979	2373	2422	8094	5265	1107
1992	707	1944	2266	2042	7989	5449	1045
1993	616	2025	2243	1953	7971	5187	1061
1994	609	1964	2264	1873	7921	5363	1086
1995.1	606	1677	2267	1767	7758	5606	1107
1995.2	602	1703	2272	1769	7851	-	1102
<i>Male active population</i>							
1989	819	-	2956	2832	9469	6005	1437
1990	857	-	2942	2809	9347	5837	1391
1991	829	1826	2937	2724	9251	5858	1416
1992	814	1823	2949	2497	9385	5939	1431
1993	757	1796	2772	2393	9350	5822	1343
1994	814	1732	2806	2325	9211	5873	1351
1995.1	817	1889	2806	2304	9172	6514	1367
1995.2	815	1899	2817	2306	9195	-	1364
<i>Active population of working age</i>							
1989	1442	-	4943	4768	15790	-	-
1990	1381	-	4877	4740	15799	-	-
1991	1375	-	4904	4662	16171	-	-
1992	1195	-	4929	4320	16382	-	-
1993	1045	-	4768	4181	16398	-	-
1994	1161	-	4826	4062	16329	-	2390
1995.1	1159	3456	4830	3937	16215	-	2428
1995.2	1163	3491	4841	3944	16246	-	2419
<i>Female active population working age</i>							
1989	663	-	2216	2160	7005	-	-
1990	644	-	2171	2138	7054	-	-
1991	619	-	2162	2107	7407	-	-
1992	514	-	2120	1917	7410	-	-

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Female active population working age</i>							
1993	444	-	2106	1851	7422	-	-
1994	488	-	2130	1788	7435	-	1060
1995.1	487	1619	2130	1685	7336	-	1080
1995.2	488	1651	2132	1691	7375	-	1077
<i>Male active population working age</i>							
1989	779	-	2727	2608	8785	-	-
1990	737	-	2706	2602	8745	-	-
1991	756	-	2742	2555	8764	-	-
1992	681	-	2809	2403	8972	-	-
1993	601	-	2662	2330	8976	-	-
1994	673	-	2696	2274	8894	-	1330
1995.1	672	1837	2700	2252	8879	-	1348
1995.2	675	1840	2709	2253	8871	-	1342
<i>Employed</i> ^{A3 C3 R3 S2}							
1989	1439	4365	5403	5245	17002	10946	2498
1990	1429	4097	5351	5137	16280	10840	2478
1991	1404	3564	5059	4893	15326	10786	2281
1992	1127	3274	4927	4096	14677	10458	2163
1993	977	3222	4811	3827	14894	10062	2103
1994	1161	3235	4869	3752	14658	10012	2103
1994.1	1033	-	4864	3710	14347	10914	2086
1994.2	1025	2942	4845	3746	14648	-	2104
1994.3	-	-	4878	3785	14890	-	2114
1994.4	-	2869	4890	3765	14747	-	2108
1995.1	1159	2883	4863	3639	14438	11152	2118
1995.2	1163	3038	4907	3664	14890	-	2138
<i>Employed in agriculture</i>							
1989	705	814	631	820 e	4557	-	345
1990	671	758	634	770 e	4328	3144	335
1991	668	696	510	660 e	4116	3205	280
1992	500	694	427	458	3839	3443	265
1993	590	713	379	349	3820	3614	234
1994	751	751	340	328	3514	3647	214
1994.1	-	-	343	315	3533	4186	212
1994.2	-	-	339	338	3540	-	217
1994.3	-	-	348	340	3593	-	216
1994.4	-	-	332	318	3391	-	211
1995.1	1159	-	324	284	3201	4426	200
1995.2	1163	-	324	292	3403	-	198
<i>Employed in mining</i>							
1989	35	114	197	100 e	578	-	25
1990	34	114	186	85 e	565	259	17
1991	31	103	169	73 e	459	277	22
1992	26	-	124	53	459	272	24
1993	23	-	127	42	412	259	36
1994	22	-	99	39	440	256	34
1994.1	-	-	107	42	424	261	37
1994.2	-	-	100	38	441	-	36
1994.3	-	-	96	38	440	-	35
1994.4	-	-	95	38	454	-	30
1995.1	-	-	98	32	443	282	29
1995.2	-	-	100	35	426	-	29

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Employed in manufacturing</i> ^{B3}							
1989	292	1496	1839	1408 e	4173	-	801
1990	301	1347	1760	1400 e	3947	3613	769
1991	293	1090	1705	1305 e	3657	3372	652
1992	213	1067	1582	1054	3282	2865	623
1993	187	979	1453	940	3170	2606	604
1994	111	952	1444	889	3106	2456	564
1994.1	-	-	1482	893	3136	2687	566
1994.2	-	-	1440	886	3025	-	555
1994.3	-	-	1430	898	3146	-	567
1994.4	-	-	1424	877	3116	-	569
1995.1	-	-	1414	845	3060	2498	573
1995.2	-	-	1436	850	3139	-	573
<i>Employed in power and water</i>							
1989	5	36	78	130 e	182	-	41
1990	4	38	79	127 e	137	133	39
1991	4	37	75	116 e	138	154	38
1992	4	-	92	108	142	164	39
1993	3	-	98	105	173	165	44
1994	3	-	96	108	232	170	48
1994.1	-	-	95	103	160	186	47
1994.2	-	-	97	107	239	-	47
1994.3	-	-	95	112	267	-	49
1994.4	-	-	98	110	261	-	49
1995.1	-	-	102	99	265	204	47
1995.2	-	-	102	98	279	-	45
<i>Employed in construction</i>							
1989	100	333	392	345 e	1321	-	289
1990	95	312	403	350 e	1243	706	280
1991	97	231	404	310 e	1065	501	254
1992	88	195	408	217	1066	579	219
1993	25	200	421	207	933	574	192
1994	25	192	452	201	904	563	187
1994.1	-	-	439	193	843	452	184
1994.2	-	-	450	203	963	-	192
1994.3	-	-	459	206	933	-	186
1994.4	-	-	458	202	878	-	187
1995.1	-	-	444	200	820	468	183
1995.2	-	-	445	215	923	-	180
<i>Employed in trade and catering</i>							
1989	68	395	620	-	1515	-	278
1990	66	372	613	-	1626	724	277
1991	66	343	571	518	1530	912	256
1992	89	329	644	597	1682	929	240
1993	89	332	658	580	1769	716	261
1994	26	353	729	578	1866	672	258
1994.1	-	-	694	577	1771	809	250
1994.2	-	-	716	571	1852	-	253
1994.3	-	-	743	582	1903	-	265
1994.4	-	-	766	582	1940	-	264
1995.1	-	-	765	569	1954	855	277
1995.2	-	-	762	568	2000	-	279
<i>Employed transport & communications</i>							
1989	40	290	351	-	1222	-	161
1990	44	286	371	-	1056	764	163

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Employed transport & communications</i>							
1991	41	267	368	382	999	690	160
1992	35	237	366	346	968	649	159
1993	21	241	386	336	738	592	166
1994	53	233	370	315	794	556	163
1994.1	-	-	372	323	750	552	162
1994.2	-	-	367	313	804	-	162
1994.3	-	-	366	311	814	-	162
1994.4	-	-	374	312	809	-	165
1995.1	-	-	380	316	843	567	164
1995.2	-	-	376	315	863	-	163
<i>Employed in financial services</i>							
1989	3	26	25	-	172	-	9
1990	3	25	28	-	181	39	10
1991	3	27	37	-	179	44	14
1992	3	35	51	69	199	57	17
1993	3	37	64	73	350	66	23
1994	3	44	78	73	308	59	25
1994.1	-	-	72	71	312	77	23
1994.2	-	-	78	72	287	-	27
1994.3	-	-	80	71	293	-	25
1994.4	-	-	81	78	340	-	25
1995.1	-	-	82	79	318	87	25
1995.2	-	-	89	83	246	-	30
<i>Employed in health and education</i>							
1989	104	491	585	-	1950	-	306
1990	107	494	596	-	2002	731	309
1991	105	475	592	-	2039	737	288
1992	107	467	595	548	1906	738	310
1993	97	463	595	586	1922	740	341
1994	86	450	586	578	1929	770	319
1994.1	-	-	599	584	1928	809	326
1994.2	-	-	590	575	1920	-	327
1994.3	-	-	574	572	1887	-	314
1994.4	-	-	580	581	1982	-	309
1995.1	-	-	587	570	1991	782	314
1995.2	-	-	593	568	1938	-	315
<i>Employed in public administration</i> ^{B4 P3}							
1989	10	61	92	-	195	-	36
1990	10	55	95	-	193	88	51
1991	13	51	99	-	202	99	53
1992	11	52	123	311	229	113	72
1993	7	67	251	298	646	117	122
1994	8	75	273	321	679	126	126
1994.1	-	-	265	306	610	452	122
1994.2	-	-	274	314	672	-	128
1994.3	-	-	275	327	732	-	126
1994.4	-	-	275	338	704	-	130
1995.1	-	-	267	314	631	563	128
1995.2	-	-	269	316	684	-	136
<i>Employed in other services</i> ^{C4}							
1989	77	309	593	-	1137	-	207
1990	94	296	586	-	1002	639	228
1991	83	244	529	-	942	795	264
1992	51	198	515	335	905	649	195

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Employed in other services</i> ^{C4}							
1993	-	190	379	310	955	613	165
1994	73	185	402	322	885	637	165
1994.1	-	-	396	303	881	443	157
1994.2	-	-	394	329	905	-	160
1994.3	-	-	412	328	882	-	169
1994.4	-	-	407	329	874	-	169
1995.1	-	-	400	331	913	430	178
1995.2	-	-	411	324	950	-	190
<i>Self-employed</i> ^{B5 S3}							
1989	-	-	20	-	4270	597	8
1990	-	-	48	-	4424	942	22
1991	-	-	250	300 e	4600	3302	100
1992	-	-	450	340	4850	3831	140
1993	60	293	439	350	4641	3677	137
1994	55	-	474	370	4534	3811	133
1994.1	-	-	478	360	4482	3834	135
1994.2	-	337	484	380	4557	-	135
1994.3	-	-	499	380	4637	-	132
1994.4	-	271	530	360	4461	-	130
1995.1	-	300	552	384	4261	4280	138
1995.2	-	350	571	387	4461	-	140
<i>Employees</i> ^{B6 S3}							
1989	-	-	5214	-	12732	8076	2470
1990	-	4097	5099	-	11856	7957	2392
1991	-	3564	4705	-	10726	7484	2160
1992	-	3274	4397	3755	9827	6627	1989
1993	-	2294	4372	3477	10253	6385	2050
1994	-	-	4395	3382	10124	5900	1970
1994.1	-	-	4386	3350	9865	7080	1951
1994.2	-	2601	4357	3366	10091	-	1969
1994.3	-	-	4379	3405	10252	-	1982
1994.4	-	2592	4360	3405	10286	-	1978
1995.1	-	2576	4311	3255	10177	6873	1980
1995.2	-	2680	4336	3277	10429	-	1998
<i>Unemployed (LFS)</i> ^{H3}							
1991	-	-	-	195	-	-	-
1992	-	-	-	444	2333	-	-
1993	-	815	204	519	2427	-	301
1994	-	-	201	450	2473	-	334
1994.1	-	-	206	482	2719	971	333
1994.2	-	734	193	449	2391	-	327
1994.3	-	-	205	436	2409	-	329
1994.4	-	740	199	431	2375	-	346
1995.1	-	684	210	432	2491	968	356
1995.2	-	565	182	411	2156	-	327
<i>Female unemployed (LFS)</i>							
1991	-	-	-	76	-	-	-
1992	-	-	-	178	1193	-	-
1993	-	393	113	203	1244	-	132
1994	-	-	105	176	1266	-	154
1994.1	-	-	116	184	1340	483	150
1994.2	-	343	89	177	1219	-	148
1994.3	-	-	110	175	1266	-	153
1994.4	-	348	105	167	1240	-	164

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Female unemployed (LFS)</i>							
1995.1	-	332	107	152	1245	480	160
1995.2	-	269	94	147	1098	-	152
<i>Male unemployed (LFS)</i>							
1991	-	-	-	119	-	-	-
1992	-	-	-	266	1140	-	-
1993	-	421	91	316	1183	-	169
1994	-	-	96	274	1207	-	180
1994.1	-	-	90	298	1379	488	183
1994.2	-	391	104	272	1172	-	179
1994.3	-	-	95	261	1143	-	176
1994.4	-	392	94	264	1135	-	183
1995.1	-	352	103	280	1246	488	195
1995.2	-	295	88	264	1058	-	175
<i>Youth unemployed</i> ^{B7 C5 H3 P4 R4 S4}							
1990	-	30	-	-	-	-	-
1991	-	204	72	60	603	-	94
1992	-	258	52	120	811	247	88
1993	192	249	63	141	649	533	112
1994	162	-	69	125	683	561	113
1994.1	-	-	70	129	687	445	115
1994.2	-	197	58	117	604	-	105
1994.3	-	-	76	128	724	-	115
1994.4	-	215	72	125	718	-	117
1995.1	163	190	65	115	641	424	116
1995.2	158	164	55	106	564	-	101
<i>Female youth unemployed</i>							
1990	-	21	-	-	-	-	-
1991	-	111	38	22	318	-	47
1992	-	134	28	43	433	154	40
1993	94	121	31	51	320	237	44
1994	83	-	32	45	335	249	48
1994.1	-	-	34	44	339	214	48
1994.2	-	89	27	43	279	-	43
1994.3	-	-	36	48	362	-	49
1994.4	-	95	31	44	360	-	50
1995.1	75	92	26	36	312	202	45
1995.2	71	76	24	33	278	-	38
<i>Male youth unemployed</i>							
1990	-	9	-	-	-	-	-
1991	-	93	34	38	285	-	47
1992	-	124	24	77	378	94	48
1993	98	128	32	90	329	296	68
1994	79	-	37	80	348	312	66
1994.1	-	-	36	85	348	230	67
1994.2	-	108	31	74	325	-	62
1994.3	-	-	40	80	362	-	66
1994.4	-	120	41	81	358	-	67
1995.1	88	99	39	79	329	222	71
1995.2	87	88	35	73	286	-	63
<i>Long-term unemployed</i> ^{A4 B8 C5 H3 P4 R4 S5}							
1991	-	-	9	12	-	-	18
1992	-	-	20	92	723	190	95
1993	195	428	38	174	916	588	100
1994	211	-	43	186	995	554	139
1994.1	-	-	39	195	1136	440	113

Statistical Series

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Long-term unemployed</i> ^{A4 B8 C5 H3 P4 R4 S5}							
1994.2	-	431	40	186	912	-	129
1994.3	-	-	45	180	944	-	148
1994.4	-	439	48	181	989	-	166
1995.1	212	425	56	192	1038	455	183
1995.2	204	371	57	199	871	-	176
<i>Long-term female unemployed</i>							
1991	-	-	5	-	-	-	9
1992	-	-	11	36	376	-	49
1993	88	206	20	70	501	316	50
1994	98	-	24	65	553	298	66
1994.1	-	-	23	70	600	246	51
1994.2	-	206	23	64	508	-	60
1994.3	-	-	24	62	530	-	72
1994.4	-	212	26	62	574	-	81
1995.1	99	208	30	66	562	230	86
1995.2	92	185	29	68	481	-	86
<i>Long-term male unemployed</i>							
1991	-	-	4	-	-	-	9
1992	-	-	9	56	347	-	46
1993	107	222	18	104	415	272	50
1994	113	-	19	121	442	256	73
1994.1	-	-	16	125	536	193	62
1994.2	-	225	17	122	404	-	69
1994.3	-	-	21	118	414	-	77
1994.4	-	227	22	119	415	-	85
1995.1	113	217	26	126	476	225	97
1995.2	112	187	28	131	391	-	90
<i>Registered unemployed</i> ^{H4 R5}							
1989	113	-	-	24	-	-	-
1990	151	65	17	46	591	-	14
1991	140	255	141	227	1684	337	169
1992	394	500	163	556	2355	929	286
1993	396	601	155	671	2737	1165	323
1994	262	537	172	568	2910	1224	366
1994.1	267	615	184	611	2950	1291	371
1994.2	261	509	160	550	2933	1213	360
1994.3	-	484	164	546	2916	1192	364
1994.4	-	488	166	520	2838	1224	371
1995.1	264	476	162	541	2754	1229	372
1995.2	254	408	144	482	2694	1115	339
<i>Female registered unemployed</i>							
1989	62	-	-	10	-	-	-
1990	78	42	-	18	301	-	15
1991	75	140	78	93	967	208	86
1992	200	264	94	229	1252	563	144
1993	199	313	89	276	1447	686	156
1994	121	286	99	235	1528	693	177
1994.1	-	317	101	243	1515	726	174
1994.2	-	268	93	229	1549	690	174
1994.3	-	262	99	236	1558	685	179
1994.4	-	265	96	218	1495	693	181
1995.1	121	255	94	223	1448	677	179
1995.2	114	220	89	199	1476	620	171

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Male registered unemployed</i>							
1989	52	-	-	14	-	-	-
1990	72	23	-	28	290	-	16
1991	65	115	63	134	717	129	83
1992	194	235	69	327	1103	366	141
1993	197	288	66	395	1290	479	167
1994	141	251	73	333	1382	531	190
1994.1	-	298	83	368	1435	566	197
1994.2	-	241	67	321	1384	522	186
1994.3	-	222	65	310	1358	507	184
1994.4	-	223	70	302	1343	531	190
1995.1	143	221	68	318	1306	552	192
1995.2	140	188	55	283	1218	495	168
<i>Activity rates (% w-a popn) and unemployment rates (% lab force) P5</i>							
<i>Female activity rate B9 R6 S6</i>							
1989	81.1	-	79.2	75.9	66.3	80.7	80.4
1990	76.5	-	76.6	74.7	66.6	81.5	78.4
1991	75.6	76.5	75.1	73.1	69.8	85.5	75.3
1992	75.4	82.1	72.7	66.2	69.5	90.3	70.5
1993	70.2	75.2	72.5	63.7	70.5	85.3	70.7
1994	68.0	-	71.5	61.3	70.0	87.5	71.0
<i>Male activity rate</i>							
1989	83.6	-	87.5	83.6	77.8	87.5	91.6
1990	84.4	-	86.0	83.5	77.1	84.9	87.9
1991	84.6	82.6	86.5	81.5	77.0	84.9	89.3
1992	89.9	77.6	87.8	76.4	78.4	88.1	89.4
1993	85.5	77.6	83.4	73.8	80.8	85.8	83.0
1994	90.0	-	82.6	71.9	79.7	85.9	82.2
<i>Unemployment rate (LFS)</i>							
1992	-	-	-	9.9	-	-	-
1993	-	21.4	4.1	11.9	14.0	-	12.5
1994	-	-	4.0	10.7	14.4	-	13.7
1994.1	-	-	4.1	11.5	15.9	8.2	13.7
1994.2	-	20.0	3.8	10.7	14.0	-	13.4
1994.3	-	-	4.0	10.3	13.9	-	13.5
1994.4	-	20.5	3.9	10.3	13.9	-	14.1
1995.1	-	19.2	4.1	10.6	14.7	8.0	14.4
1995.2	-	15.7	3.6	10.1	12.6	-	13.3
1995.3	-	-	3.7	10.1	12.9	-	12.5
<i>Female unemployment rate (LFS)</i>							
1992	-	-	-	8.7	-	-	-
1993	-	22.0	5.0	10.4	15.6	-	12.4
1994	-	-	4.8	9.3	16.0	-	14.2
1994.1	-	-	5.1	9.8	17.0	8.7	13.9
1994.2	-	20.0	4.6	9.5	15.5	-	13.7
1994.3	-	-	4.8	8.9	15.8	-	14.0
1994.4	-	20.0	4.6	8.9	15.7	-	14.9
1995.1	-	19.0	4.7	8.6	16.0	8.6	14.5
1995.2	-	16.0	4.2	8.3	14.0	-	13.8
1995.3	-	-	4.6	9.0	14.6	-	13.3
<i>Male unemployment rate (LFS)</i>							
1992	-	-	-	11.0	-	-	-
1993	-	20.9	3.3	13.2	12.7	-	12.6
1994	-	-	3.3	11.8	13.1	-	13.3
1994.1	-	-	3.2	12.8	15.0	7.7	13.6

Statistical Series

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Male unemployment rate (LFS)</i>							
1994.2	-	20.0	3.2	11.7	12.8	-	13.2
1994.3	-	-	3.4	11.3	12.3	-	13.0
1994.4	-	20.4	3.3	11.3	12.3	-	13.5
1995.1	-	18.6	3.7	12.2	13.6	7.5	14.3
1995.2	-	15.5	3.1	11.4	11.5	-	12.8
1995.3	-	-	3.1	11.0	11.4	-	11.8
<i>Youth unemployment rate</i>							
1991	-	-	8.0	-	27.0	-	-
1992	-	-	5.7	18.8	33.2	-	-
1993	-	47.0	8.4	21.2	30.0	-	25.7
1994	-	-	8.8	19.4	32.6	-	27.5
1994.1	-	-	8.9	21.0	36.0	22.5	28.5
1994.2	-	42.2	7.6	18.9	30.8	-	26.1
1994.3	-	-	9.5	19.2	31.9	-	27.8
1994.4	-	44.9	9.0	18.5	31.7	-	27.8
1995.1	-	42.2	8.3	19.7	33.7	20.6	27.3
1995.2	-	37.9	7.1	18.0	28.5	-	24.6
<i>Female youth unemployment rate</i>							
1991	-	-	8.8	-	30.5	-	-
1992	-	-	6.3	15.1	35.8	-	-
1993	-	46.0	10.6	18.1	32.5	-	22.2
1994	-	-	10.3	16.6	34.6	-	26.7
1994.1	-	-	10.8	17.2	38.1	25.7	27.7
1994.2	-	40.2	9.2	16.5	31.4	-	24.8
1994.3	-	-	11.2	17.0	34.2	-	27.3
1994.4	-	42.6	9.9	15.4	34.8	-	27.1
1995.1	-	41.8	8.3	15.5	36.0	23.1	24.8
1995.2	-	37.6	7.9	14.2	30.9	-	21.7
<i>Male youth unemployment rate</i>							
1991	-	-	7.3	-	23.9	-	-
1992	-	-	5.2	22.3	30.7	-	-
1993	-	48.0	7.0	23.5	28.0	-	28.5
1994	-	-	7.8	21.3	30.8	-	28.2
1994.1	-	-	7.7	23.7	34.2	20.2	29.0
1994.2	-	44.1	6.6	20.7	30.2	-	27.1
1994.3	-	-	8.4	20.8	29.9	-	28.3
1994.4	-	46.9	8.4	20.8	29.3	-	28.3
1995.1	-	42.6	8.3	22.4	31.7	18.8	29.2
1995.2	-	38.1	6.6	20.6	26.5	-	26.8
<i>Registered unemployment rate</i>							
1989	7.5	-	-	0.4	-	-	-
1990	9.8	1.5	0.3	0.8	3.4	-	0.6
1991	9.4	6.7	2.6	4.1	9.7	3.0	6.6
1992	26.7	13.2	3.1	10.3	13.6	8.4	11.4
1993	23.3	15.7	3.0	12.9	14.9	10.4	12.7
1994	18.4	14.1	3.3	11.3	16.5	10.9	14.4
1994.1	-	16.5	3.5	12.2	16.7	11.5	14.6
1994.2	-	13.3	3.1	11.0	16.6	10.8	14.1
1994.3	-	12.7	3.2	10.9	16.5	10.6	14.3
1994.4	-	12.8	3.2	10.4	16.0	10.9	14.6
1995.1	18.6	12.5	3.1	11.3	15.5	10.9	14.6
1995.2	17.9	10.7	2.8	10.1	15.2	9.9	13.3
<i>Female registered unemployment rate</i>							
1989	8.4	-	-	0.4	-	-	-
1990	10.9	2.2	-	0.8	3.8	-	1.2

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Female registered unemployment rate</i>							
1991	10.5	8.1	3.0	3.5	11.9	4.0	6.9
1992	28.4	14.3	3.6	8.8	15.7	10.7	11.7
1993	24.1	17.4	3.5	10.9	16.6	12.9	12.9
1994	21.2	-	4.1	9.7	18.3	13.0	15.0
1994.1	-	-	4.0	10.0	17.8	13.6	14.8
1994.2	-	-	3.9	9.4	18.4	13.0	14.8
1994.3	-	-	4.1	9.7	18.8	12.9	15.3
1994.4	-	-	4.0	8.9	18.1	13.0	15.4
1995.1	20.0	-	3.8	9.7	16.9	12.6	15.2
1995.2	18.9	-	3.7	8.6	16.9	11.6	14.4
<i>Male registered unemployment rate</i>							
1989	6.6	-	-	0.5	-	-	-
1990	8.8	0.9	-	1.0	3.1	-	0.8
1991	8.3	5.5	2.3	4.8	7.8	2.2	6.3
1992	25.1	12.3	2.6	11.7	11.8	6.2	11.1
1993	22.6	14.2	2.4	14.9	13.5	8.1	12.5
1994	16.3	-	2.6	12.9	15.0	9.0	13.8
1994.1	-	-	3.0	14.2	15.8	9.6	14.4
1994.2	-	-	2.4	12.4	15.2	8.9	13.6
1994.3	-	-	2.4	12.0	14.6	8.6	13.4
1994.4	-	-	2.5	11.7	14.2	9.0	13.9
1995.1	17.5	-	2.5	12.9	14.3	9.4	14.1
1995.2	17.2	-	2.0	11.4	13.9	8.4	12.4
Price and wage inflation (annual % change)							
<i>Consumer price inflation</i>							
1989	-	5.6	1.4	17.0	251.1	1.1	1.3
1990	-	23.8	9.7	28.9	585.8	5.1	10.4
1991	-	338.5	56.6	35.0	70.3	170.2	61.2
1992	49.1	79.4	11.1	23.0	43.0	210.4	10.0
1993	90.8	56.1	20.8	22.5	35.3	256.1	23.2
1994	111.3	87.1	10.0	18.8	32.2	136.7	13.4
1994.1	-	48.6	10.0	16.8	30.8	265.5	15.5
1994.2	-	84.1	9.4	18.3	31.7	195.8	13.9
1994.3	-	96.5	10.1	19.5	33.2	125.3	12.7
1994.4	-	117.8	10.6	20.6	32.9	72.6	11.8
1995.1	119.8	118.0	9.3	24.5	33.0	49.1	11.5
1995.2	121.8	67.3	10.1	30.3	31.6	30.6	11.0
1995.3	-	53.7	9.1	29.5	25.8	-	9.8
<i>Wage inflation ^{H5 R7}</i>							
1989	-	8.8	2.2	17.9	291.8	4.0	2.5
1990	-	31.5	3.7	28.6	398.0	10.5	4.4
1991	-	152.8	15.4	30.0	70.6	121.3	14.9
1992	45.2	112.7	22.5	25.1	38.8	196.5	20.5
1993	72.9	57.8	25.2	22.0	31.1	203.0	18.4
1994	54.9	49.2	17.1	24.7	32.9	134.6	17.0
1994.1	-	55.0	14.9	24.8	34.6	241.0	18.3
1994.2	-	49.4	15.6	25.9	33.9	158.8	18.3
1994.3	-	48.2	18.3	22.6	35.9	107.6	15.8
1994.4	-	55.3	19.3	25.1	37.5	92.2	15.2
1995.1	16.1	61.6	16.4	19.2	33.3	64.4	14.2
1995.2	4.8	61.0	19.4	16.4	32.7	57.3	14.4
<i>Real wage growth ^{R8}</i>							
1989	-	3.0	0.8	0.8	11.6	2.4	1.2
1990	-	6.2	-5.5	-0.2	-27.4	4.5	-5.4
1991	-	-42.3	-26.3	-3.7	0.2	-20.6	-28.7

Statistical Series

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Real wage growth</i> ^{R8}							
1992	-8.0	18.6	10.3	1.7	-2.9	-13.0	9.4
1993	-20.0	1.1	3.6	-0.4	-3.0	-23.3	-3.9
1994	-51.0	-20.3	6.5	5.0	0.5	-19.9	3.2
1994.1	-	-0.1	4.5	6.8	2.9	-6.7	2.4
1994.2	-	-18.8	5.7	6.4	1.7	-12.5	3.9
1994.3	-	-24.5	7.4	2.6	2.0	-7.9	2.8
1994.4	-	-28.7	7.9	3.7	3.4	11.1	3.0
1995.1	-47.2	-25.9	6.5	-4.3	0.2	10.3	2.4
1995.2	-52.8	-3.8	8.4	-10.7	0.8	20.4	3.1
<i>Social protection (% average gross wage)</i>							
<i>Minimum wage</i> ^{R9}							
1989	68.0	51.1	-	35.0	11.6	63.7	-
1990	66.0	44.6	-	42.0	21.4	73.0	-
1991	65.0	52.7	51.1	39.0	34.9	62.6	52.0
1992	40.0	35.9	45.9	36.0	37.5	59.0	47.5
1993	27.2	38.3	36.5	33.0	41.0	37.2	42.1
1994	50.0	35.7	31.9	32.0	41.0	32.5	39.0
1994.1	50.0	40.9	36.7	35.0	39.2	36.4	44.4
1994.2	53.3	35.3	32.5	33.0	39.7	36.3	40.0
1994.3	-	37.0	31.9	32.0	40.1	33.2	38.9
1994.4	-	35.3	27.9	27.0	38.5	28.5	33.9
1995.1	47.2	34.7	31.1	36.0	39.2	28.5	38.0
1995.2	45.0	34.3	27.0	32.9	40.9	28.5	34.4
<i>Average unemployment benefit</i> ^{P6}							
1989	-	-	-	-	-	-	-
1990	-	-	-	-	-	-	-
1991	-	60.6	46.3	41.0	-	-	43.8
1992	56.0	38.1	24.8	39.3	36.0	-	31.6
1993	38.4	35.5	28.3	36.6	36.0	-	29.2
1994	40.0	34.3	26.6	33.0	36.0	-	25.3
1994.1	63.9	34.5	-	36.0	36.0	-	30.2
1994.2	60.1	33.7	-	34.0	36.0	-	27.3
1994.3	-	37.3	-	34.0	36.0	-	23.4
1994.4	-	29.8	-	29.0	36.0	-	21.2
1995.1	39.6	38.2	-	33.9	36.0	-	28.4
1995.2	37.8	32.5	-	32.2	36.0	-	26.6
<i>Economic activity (annual % change)</i>							
<i>GDP constant prices</i>							
1989	-	-	4.5	-	0.2	-5.8	1.1
1990	-10.0	-9.1	-1.2	-4.0	-11.6	-5.6	-2.5
1991	-21.0	-21.0	-14.2	-10.7	-7.0	-12.9	-11.2
1992	-9.7	-7.3	-6.4	-4.5	2.6	-8.8	-7.0
1993	11.0	-2.4	-0.9	-0.9	3.8	1.5	-4.1 p
1994	7.4	1.4	2.6	2.9	5.0	3.9	4.8 p
1994.1	-	-0.3	2.6	-	-	-	3.6 p
1994.2	-	-1.2	1.2	-	-	-	5.4 p
1994.3	-	1.9	2.0	-	-	-	5.1 p
1994.4	-	-	4.8	-	-	-	5.1 p
1995.1	-	2.0	3.9 e	-	-	-	5.8 p
1995.2	-	2.8	4.1 e	-	-	-	6.4 p
<i>Industrial output</i> ^{B10 P7}							
1989	-	-0.2	1.5	-	-	-2.1	1.1
1990	-8.2	-17.5	-3.5	-8.5	-24.2	-18.8	-2.7
1991	-42.5	-22.2	-22.3	-19.1	-11.9	-19.6	-21.6

	Albania	Bulgaria	Czech Rep	Hungary	Poland	Romania	Slovakia
<i>Industrial output</i> ^{B10 P7}							
1992	-20.4	-15.9	-10.6	-9.8	3.9	-22.0	-9.1
1993	-	-10.9	-5.3	4.0	7.3	0.8	-3.8
1994	-9.0	8.5	2.3	9.2	11.9	3.3	4.9
1994.1	-25.1	-1.9	-0.7	8.8	10.4	-1.6	-1.2
1994.2	-12.6	2.3	2.4	6.2	9.1	-0.4	5.7
1994.3	-30.5	11.0	4.7	11.0	19.9	7.9	7.7
1994.4	-14.8	9.3	3.2	10.3	13.1	6.5	7.0
1995.1	-31.3	0.5	8.3 e	9.9	13.7	10.5	5.7
1995.2	-19.6	4.7	7.3 e	6.1	12.0	8.1	9.4
<i>External trade (\$mn)</i> ^{C6 P8 S7}							
<i>Trade balance</i>							
1989	-100	-	-4	784	3192	2048	-
1990	-152	-796 e	-764	940	4796	-3428	-
1991	-152	-44	840	-1196	-616	-1104	-484
1992	-100	-213	-1376	-356	-2724	-1420	-113
1993	-463	-885	345	-3623	-4691	-1129	-311
1994	-461	151	-718	-3855	-4339	-412	-25
1994.1	-84	-101	223	-760	-687	-63	-94
1994.2	-123	133	-82	-1070	-1106	-41	97
1994.3	-131	83	-394	-938	-941	107	-16
1994.4	-127	36	-465	-1087	-1606	-415	-13
1995.1	-121	127	-705 p	-1023	-971 p	-292	-13 p
1995.2	-141	168	-995 p	-1269	-1634 p	-463	-38 p
<i>Exports of goods</i>							
1989	376	-	10772	9604	13468	10488	-
1990	228	2488 e	9052	9588	14324	5776	-
1991	104	3736	7984	10188	14904	4268	3303
1992	80	3956	8896	10712	13188	4364	3741
1993	112	3727	13203	8907	14143	4892	5950
1994	141	4159	14253	10587	17043	6151	6688
1994.1	28	719	3247	2240	3650	1231	1434
1994.2	31	846	3571	2409	4136	1475	1660
1994.3	31	1091	3440	2780	4545	1677	1656
1994.4	52	1503	3995	3158	4712	1768	1937
1995.1	41	889	3827 p	2413	5274 p	1508	1968 p
1995.2	50	903	4316 p	2884	5699 p	1907	2237 p
<i>Imports of goods</i>							
1989	476	-	10776	8820	10276	8440	-
1990	380	3284 e	9816	8648	9528	9204	-
1991	256	3780	7144	11384	15520	5372	3787
1992	180	4169	10272	11068	15912	5784	3854
1993	574	4612	12858	12530	18834	6021	6261
1994	602	4008	14971	14442	21382	6563	6713
1994.1	112	820	3024	3000	4336	1294	1528
1994.2	154	713	3653	3479	5242	1516	1563
1994.3	162	1008	3834	3718	5486	1570	1672
1994.4	179	1467	4460	4245	6318	2183	1950
1995.1	162	762	4532 p	3436	6245 p	1800	1981 p
1995.2	191	735	5311 p	4153	7333 p	2050	2275 p

Regional registered unemployment rate (% labour force)

		1991	10.0	1994.1	17.2	1994.3	2.2
Albania		1992	12.7	1994.2	15.7	1994.4	2.3
		1993	11.6	1994.3	13.9	1995.1	2.2
<i>North-East</i>		1994	11.7	1994.4	15.8	1995.2	1.9
1989	-	1994.1	13.7	1995.1	17.0		
1990	-	1994.2	11.1	1995.2	15.1	<i>N. Bohemia</i>	
1991	-	1994.3	10.1			1989	-
1992	-	1994.4	12.0	<i>Sofia district</i>		1990	0.2
1993	29.2	1995.1	12.2	1989	-	1991	2.6
1994	20.3	1995.2	9.7	1990	2.2	1992	3.4
				1991	12.6	1993	3.4
<i>Central region</i>		<i>Lovetch</i>		1992	16.0	1994	4.3
1989	-	1989	-	1993	16.0	1994.1	4.5
1990	-	1990	1.0	1994	14.9	1994.2	4.0
1991	-	1991	9.5	1994.1	17.3	1994.3	4.2
1992	-	1992	13.3	1994.2	13.6	1994.4	4.4
1993	23.2	1993	14.9	1994.3	13.5	1995.1	4.5
1994	19.8	1994	12.6	1994.4	13.5	1995.2	4.3
		1994.1	14.8	1995.1	13.0		
<i>South</i>		1994.2	11.3	1995.2	11.4	<i>E. Bohemia</i>	
1989	-	1994.3	11.1			1989	-
1990	-	1994.4	11.8	<i>Haskovo</i>		1990	0.3
1991	-	1995.1	11.9	1989	-	1991	2.4
1992	-	1995.2	9.9	1990	1.3	1992	2.9
1993	17.8			1991	11.2	1993	2.4
1994	13.2	<i>Montana</i>		1992	17.5	1994	2.7
		1989	-	1993	19.7	1994.1	2.8
Bulgaria		1990	1.6	1994	17.0	1994.2	2.4
		1991	12.5	1994.1	20.9	1994.3	2.6
<i>Sofia Town</i>		1992	19.3	1994.2	16.8	1994.4	2.5
1989	-	1993	21.8	1994.3	14.6	1995.1	2.3
1990	1.3	1994	21.7	1994.4	13.3	1995.2	2.1
1991	8.3	1994.1	23.5	1995.1	12.6		
1992	8.9	1994.2	21.2	1995.2	11.4	<i>S. Moravia</i>	
1993	9.0	1994.3	21.0			1989	-
1994	7.4	1994.4	19.8	Czech Republic		1990	0.3
1994.1	8.3	1995.1	20.1	<i>Mid Bohemia</i>		1991	3.0
1994.2	7.0	1995.2	18.0	1989	-	1992	3.6
1994.3	7.3			1990	0.3	1993	3.3
1994.4	6.2	<i>Ploudiv</i>		1991	1.8	1994	3.4
1995.1	4.5	1989	-	1992	1.7	1994.1	3.6
1995.2	3.9	1990	2.4	1993	1.5	1994.2	3.2
		1991	14.0	1994	1.5	1994.3	3.2
<i>Burgas</i>		1992	19.2	1994.1	1.6	1994.4	3.3
1989	-	1993	18.9	1994.2	1.4	1995.1	3.1
1990	1.7	1994	16.6	1994.3	1.5	1995.2	2.8
1991	10.3	1994.1	18.7	1994.4	1.5		
1992	16.0	1994.2	15.8	1995.1	1.5	<i>N. Moravia</i>	
1993	15.4	1994.3	15.1	1995.2	1.3	1989	-
1994	12.7	1994.4	14.9			1990	0.5
1994.1	14.5	1995.1	14.3	<i>S. & W. Bohemia</i>		1991	3.8
1994.2	11.4	1995.2	12.1	1989	-	1992	4.8
1994.3	11.0			1990	0.3	1993	5.0
1994.4	11.8	<i>Russe</i>		1991	2.3	1994	5.9
1995.1	11.5	1989	-	1992	2.5	1994.1	6.3
1995.2	9.3	1990	1.3	1993	2.3	1994.2	5.6
		1991	10.5	1994	2.4	1994.3	5.6
<i>Varna</i>		1992	17.7	1994.1	2.7	1994.4	5.6
1989	-	1993	19.2	1994.2	2.1	1995.1	5.4
1990	1.1	1994	15.6			1995.2	4.8

Hungary		Poland		1991	13.9	1994.3	14.9
<i>Trans Danubian</i>		<i>Warsaw Region</i>		1992	15.7	1994.4	14.7
1989	0.4	1989	-	1993	19.3	1995.1	14.5
1990	1.1	1990	4.3	1994	19.3	1995.2	14.5
1991	3.9	1991	8.9	1994.1	19.8	Romania	
1992	10.0	1992	10.5	1994.2	19.8	<i>Bucharest</i>	
1993	12.5	1993	13.9	1994.3	19.8	1989	-
1994	11.4	1994	12.1	1994.4	19.3	1990	-
1994.1	12.1	1994.1	14.2	1995.1	18.6	1991	1.9
1994.2	11.0	1994.2	14.2	1995.2	18.0	1992	5.4
1994.3	11.0	1994.3	14.2	<i>Southern Region</i>		1993	7.3
1994.4	10.6	1994.4	12.1	1989	-	1994	6.7
1995.1	11.8	1995.1	11.5	1990	4.0	1994.1	7.6
1995.2	10.3	1995.2	11.2	1991	8.3	1994.2	7.0
<i>Great Plain</i>		<i>North-Eastern Region</i>		1992	9.7	1994.3	6.7
1989	0.5	1989	-	1993	11.5	1994.4	6.7
1990	1.0	1990	9.5	1994	11.7	1995.1	6.6
1991	5.0	1991	16.4	1994.1	11.8	1995.2	6.4
1992	12.1	1992	18.6	1994.2	11.7	<i>Constanta</i>	
1993	15.4	1993	23.4	1994.3	11.8	1989	-
1994	13.6	1994	21.9	1994.4	11.7	1990	-
1994.1	14.7	1994.1	23.7	1995.1	11.2	1991	3.8
1994.2	13.2	1994.2	23.5	1995.2	10.9	1992	9.2
1994.3	12.9	1994.3	22.7	<i>Central Region</i>		1993	10.6
1994.4	12.3	1994.4	21.9	1989	-	1994	9.9
1995.1	13.6	1995.1	21.6	1990	7.9	1994.1	11.8
1995.2	11.8	1995.2	21.0	1991	14.9	1994.2	10.0
<i>North-East</i>		<i>Northern</i>		1992	15.9	1994.3	10.0
1989	0.8	1989	-	1993	18.9	1994.4	9.9
1990	1.7	1990	6.4	1994	18.2	1995.1	10.6
1991	7.2	1991	14.0	1994.1	19.1	1995.2	9.3
1992	16.2	1992	17.1	1994.2	18.9	<i>N. Muntenia</i>	
1993	19.5	1993	20.4	1994.3	18.5	1989	-
1994	17.1	1994	19.9	1994.4	18.2	1990	-
1994.1	18.5	1994.1	21.0	1995.1	17.6	1991	2.6
1994.2	16.5	1994.2	20.6	1995.2	17.3	1992	7.4
1994.3	16.3	1994.3	20.4	<i>South-Eastern Region</i>		1993	9.8
1994.4	15.6	1994.4	19.9	1989	-	1994	10.8
1995.1	17.2	1995.1	19.6	1990	5.9	1994.1	11.0
1995.2	15.6	1995.2	18.8	1991	11.1	1994.2	10.4
<i>North-West & Budapest</i>		<i>Central-Western</i>		1992	13.0	1994.3	10.7
1989	0.2	1989	-	1993	14.6	1994.4	10.8
1990	0.3	1990	6.7	1994	15.0	1995.1	11.2
1991	2.2	1991	12.8	1994.1	14.9	1995.2	10.3
1992	6.7	1992	14.9	1994.2	15.0	<i>Oltenia</i>	
1993	8.8	1993	17.8	1994.3	14.9	1989	-
1994	7.6	1994	17.4	1994.4	15.0	1990	-
1994.1	8.1	1994.1	17.9	1995.1	14.6	1991	3.4
1994.2	7.3	1994.2	18.0	1995.2	14.6	1992	8.0
1994.3	7.3	1994.3	17.8	<i>Central-Eastern Region</i>		1993	11.2
1994.4	6.9	1994.4	17.4	1989	-	1994	11.2
1995.1	7.5	1995.1	16.7	1990	6.1	1994.1	12.0
1995.2	6.9	1995.2	16.3	1991	10.9	1994.2	11.3
		<i>South-Western Region</i>		1992	11.2	1994.3	10.8
		1989	-	1993	14.3	1994.4	11.2
		1990	7.3	1994	14.7		
				1994.1	14.7		
				1994.2	14.7		

Statistical Series

<i>Oltenia</i>		<i>S. Moldova</i>		1991	7.5
1995.1	11.0	1989	-	1992	12.8
1995.2	9.9	1990	-	1993	15.1
<i>Banat</i>		1991	4.0	1994	17.6
1989	-	1992	10.9	1994.1	17.6
1990	-	1993	14.2	1994.2	17.4
1991	2.5	1994	14.7	1994.3	17.5
1992	6.8	1994.1	16.6	1994.4	18.2
1993	8.8	1994.2	13.9	1995.1	18.6
1994	9.4	1994.3	13.5	1995.2	17.4
1994.1	9.5	1994.4	14.7		
1994.2	9.1	1995.1	14.6		
1994.3	9.7	1995.2	13.0		
1994.4	9.4				
1995.1	8.8				
1995.2	7.6				
<i>Central</i>		Slovakia			
1989	-	<i>Bratislava</i>			
1990	-	1989	-		
1991	1.8	1990	0.3		
1992	6.8	1991	3.7		
1993	9.1	1992	5.7		
1994	10.2	1993	4.4		
1994.1	9.9	1994	5.4		
1994.2	10.0	1994.1	5.5		
1994.3	9.9	1994.2	5.2		
1994.4	10.2	1994.3	5.5		
1995.1	9.9	1994.4	5.0		
1995.2	9.2	1995.1	5.0		
		1995.2	4.6		
<i>Cluj</i>		<i>West Slovakia</i>			
1989	-	1989	-		
1990	-	1990	0.5		
1991	3.2	1991	7.2		
1992	8.9	1992	12.7		
1993	9.8	1993	13.8		
1994	10.0	1994	14.2		
1994.1	10.8	1994.1	14.4		
1994.2	10.3	1994.2	13.8		
1994.3	9.9	1994.3	14.2		
1994.4	10.0	1994.4	14.4		
1995.1	10.4	1995.1	14.3		
1995.2	9.1	1995.2	13.1		
<i>N. Moldova</i>		<i>Mid Slovakia</i>			
1989	-	1989	-		
1990	-	1990	0.5		
1991	4.7	1991	6.4		
1992	11.2	1992	11.0		
1993	14.0	1993	12.6		
1994	16.6	1994	14.3		
1994.1	15.9	1994.1	14.6		
1994.2	16.2	1994.2	14.1		
1994.3	15.7	1994.3	14.1		
1994.4	16.6	1994.4	14.4		
1995.1	16.4	1995.1	14.1		
1995.2	15.2	1995.2	12.5		
		<i>East Slovakia</i>			
		1989	-		
		1990	0.9		

Notes to tables

- e estimated
- p preliminary
- break in series — figures before and after the line not directly comparable

Albania

Sources: The data come from the National Statistical Institute and the Ministry of Labour, Emigration and Social Protection. As yet no Labour Force Survey has been introduced so that the labour force and employment figures are administrative data plus estimates for the private sector and the only unemployment figures are for Labour Office registrations.

- 1 Working age is 15-54 for women and 15-59 for men.
- 2 Figures are for the end of the period and exclude armed forces.
- 3 From 1994, division according to NACE Rev. 1.

Bulgaria

Sources: The data come from the National Statistical Institute and the Ministry of Labour and Social Welfare. The first Labour Force Survey was carried out in September 1993. The figures from the LFS for 1993 therefore refer to September. The annual labour force and employment figures are administrative data plus estimates for the private sector, the quarterly figures come from the LFS. Figures for employment by sector are not available from the LFS.

- 1 Figures are for the end of the year and are not corrected for immigrants and emigrants.
- 2 Includes all persons of working age, men aged 16-59, women aged 16-54 and those outside the working-age limits who take part in economic activities, as well as foreigners working in the country under special inter-governmental agreements.
- 3 From 1992, including mining, electricity and water supply.
- 4 Figures include people employed in central and local government, legal agencies and state archives.
- 5 Figures come from the LFS and exclude those who did not reply on their employment status.
- 6 From 1993, figures come from the LFS.
- 7 Up to 1992, unemployed up to 30 years old based on the registered figures; from 1993 figures come from the LFS and are for those under 25.
- 8 Figures come from the LFS.
- 9 Activity rates are calculated on the basis of population figures derived from current statistics up to 1992 and from the LFS for 1993.
- 10 Quarterly figures include the state and cooperative sectors only.

Czech Republic

Sources: Population data are from *Annual Demographic Statistics*, adjusted to be consistent with the Population Census, 1991. Labour force and employment annual data before 1993 are based on establishment surveys and, in the case of the self-employed, on administrative records, adjusted in the latter case by the results of a small sample survey of the self-employed. From 1993, figures come from the LFS and include apprentices, women on paid maternity leave and professionals in military service (excluding those in collective households), who are classified to public administration. Price inflation data are based on a sample survey of selected shops and other outlets (and on a standard basket of selected goods and services). Wage inflation data come from establishment surveys of firms with 25 or more employees. Social protection figures are calculated from legislative regulations and, in the case of the average wage, from establishment surveys. Industrial output estimates come from establishment surveys, adjusted for the self-employed. External trade data before 1991 are from establishment surveys and since 1991 from customs statistics.

- 1 Working age is 15-54 for women, 15-59 for men
- 2 Up to and including 1992, excluding apprentices and women on unpaid maternity leave.
- 3 Up to and including 1992, annual figures are total number of jobs — ie multiple job holders are counted more than once.
- 4 Data on employment in 'other services' include those not allocated to any sector.
- 5 From 1993, figures come from the LFS.
- 6 Before 1993, excluding trade with the Slovak Republic.

Hungary

Sources: Population data are averages of updated Census of Population figures for 1st January of consecutive years. Labour force and employment figures since 1992 are from quarterly Labour Force Surveys and include apprentices, women on paid maternity leave and professionals in military service. They also include estimates of conscripts in the armed forces who, like professionals, are classified to public administration. Before 1992 they come from various sources. The classification of employment by sector since 1992 is based on the Hungarian equivalent of ISIC Rev. 3 and before 1992 is specially estimated by the Central Statistical Office. The sources of other data are similar to those for the Czech Republic described above.

- 1 Working age is 15-54 for women, 15-59 for men.
- 2 Figures up to 1991 come from the labour accounts and from 1992 from the LFS.

- 3 The figure for 1991 comes from the pilot labour force survey.
- 4 The registered unemployment rate is the official figure based on the national concept of the labour force (ie including all women on maternity leave) as at 1st January estimated from the LFS.
- 5 Figures cover all employees in the government sector and employees in economic units with more than 20 employees.

Poland

Sources: Population data are averages based on the Census of Population. Labour force and employment data from 1993 are from the Labour Force Survey and include apprentices, women on paid maternity leave and professionals in military service (excluding those in collective households), who are classified to public administration. Annual data before 1993 come from administrative records plus sample surveys of small enterprises and, in the case of agriculture, from Census figures and the LFS. The classification of employment by sector up to 1992 is specially estimated for the Bulletin; from 1993 they come from the LFS, which uses a Polish version of the European Community NACE classification. Price inflation data are from the retail price survey. Industrial output data are based on monthly statistical reports from all enterprises employing 20 or more or 50 or more people, according to the sector concerned, and a 10% sample of those employing over 5 but less than 20 or 50 as the case may be. Monthly data are checked annually by means of a census survey. External trade data are derived, since 1st January 1992, from customs documents and are consistent with UN methodology.

- 1 Official working age is 18-59 for women, 18-64 for men. Population figures include all permanent residents irrespective of whether they are in the country or abroad for variable periods of time (perhaps indefinitely). The LFS figures used in the calculation of activity rates differ slightly from the demographic figures shown. In 1995.Q2, for example, the LFS figure was 10754 for women and 11310 for men.
- 2 All figures for active population and employment have been revised according to new estimates of employment in agriculture from the LFS.
- 3 Up to and including 1992, figures include only central government, other public employees being classified to 'other services'.
- 4 From 1993, figures come from the LFS.
- 5 All figures for activity rates and registered unemployment rates are based on the new estimates of employment in agriculture; from 1993 the calculation of activity rates is based on labour force and population figures from the LFS.
- 6 Percentage of average wage in preceding quarter.
- 7 Data for 1991 and 1992 are calculated according to National Accounts concepts (SNA 1993). From January 1994, the European Classification of Activities (Polish version of NACE) has been introduced covering all units with more than 5 employees. The 1993 figure has been revised according to the new system of classification.
- 8 Figure for 1992 is CIF.

Romania

Sources: The data come from the National Commission for Statistics. Annual labour force and employment figures are administrative data plus estimates for the private sector. From 1994, quarterly figures come from the LFS.

- 1 The 1992 figures come from the Census of Population.
- 2 Working age is 15-57 for women, 15-62 for men.
- 3 Annual figures are based on a system for distinguishing sectors of activity conforming with the standard international classification (ISIC). Figures are for the end of the period in each case. From 1994, quarterly figures come from the LFS.
- 4 The figure for 1992 includes unemployment benefit recipients only. Figures for 1993 and 1994 are estimated on the basis of the LFS. Quarterly figures come from the LFS.
- 5 Figures are for the end of the period.
- 6 Activity rates are based on total active population rather than active population of working age, for which no data are available.
- 7 Calculated on the basis of average *net* rather than gross monthly wages.
- 8 Annual figures only are calculated on the basis of a consumer price index for families of employees, which differs from the consumer price index in the tables.
- 9 Figures for 1989 and 1990 are calculated on the basis of *net* rather than gross wages.

Slovak Republic

Sources: The data are derived from similar sources as described above for the Czech Republic.

- 1 Working age is 15-54 for women, 15-59 for men.
- 2 The figures for employment by sector for 1993 only include all women on maternity leave.
- 3 The 1993 figure only includes all women on maternity leave.
- 4 Figures from 1993 come from the LFS.
- 5 Figures from 1993 come from the LFS, but the 1993 figure only excludes the long-term unemployed without previous employment experience.
- 6 Activity rates are based on total active population rather than active population of working age. The figure on the latter basis for 1994 is 69.3 for women and 80.9 for men.
- 7 Before 1993, excluding trade with the Czech Republic.

Acknowledgements

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There is a broad degree of consensus between the contributors about the nature and scale of the developments described and analysed. However, the views expressed in this Bulletin do not necessarily reflect, in every case, the views of all the experts.

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We are sorry to have to report that Marta Moravcova, whose name appears above, died while this Bulletin was being prepared. She made an invaluable contribution to this and past Bulletins and she will be greatly missed.

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EMPLOYMENT OBSERVATORY

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