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ANALYSIS OF THE EMPLOYMENT SITUATION BY THE VISEGRAD FOUR COUNTRIES[1]

Summary

My paper presents the employment situation by the Visegrad Four (V4) countries (Poland, Czech Republic, Slovakia and Hungary) in the recent years. I have chosen the analysis of the employment policy, unemployment and the regional disparities because they have been more and more used in the economy and can be considered an actual question.

The extensive economic literature deals with the role of the state it plays in the area of employment and revitalising demand in order to treat economic crisis; it also includes the probable benefits and drawbacks of the measures.

My hypothesis states that the employment position of the Visegrad Four is different in the European Union relation, and in the V4 relations, its human resource position is weak, the level of employment is low, which is influenced by several factors and the four countries have different employment trends.

The methodology of the paper is the analysis of available statistical data, the study and critical analysis of the situation.

Keywords: employment position, unemployment, regional disparities

1. Introduction

In this study I analyse the situation of a peculiar group within the European Union, the Visegrád Four, with special regard to its employment and labour market trends. The nomination of the historically rooted Group is currently used in professional jargon. I wish to find answer to the question whether there are peculiarities in the area of employment in the case the V4 countries. Are V4 countries moving on similar or different paths or they are rather undergoing the same extent of development?

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2. History of the Visegrád Four

In 1335, Visegrad Castle, royal seat of the Hungarian kings, was the site of the Polish, Czech and Hungarian kings' summit. They agreed to close cooperation in the area of politics and commerce. This inspired their late descendants to a successful Central European initiative. „Visegrád 4" is the unofficial name of the four central European post-communist countries, Czech Republic, Hungary, Poland and Slovakia. The Group was originally called the Visegrád three, but after the split of Czechoslovakian Republic in 1993 we talk of Visegrád four. The name of the Group was chosen at a meeting held in Visegrád, on 15 February 1991, participated by Czech President Václav Havel, Hungarian Prime Minister József Antal and Polish President Lech Wałęsa. The politicians undersigned a declaration that the three (now four) countries will closely cooperate on the way towards the European integration. After the collapse of the communist system, their cooperation facilitated the transition from the totalitarian regime to a free, pluralistic and democratic society.

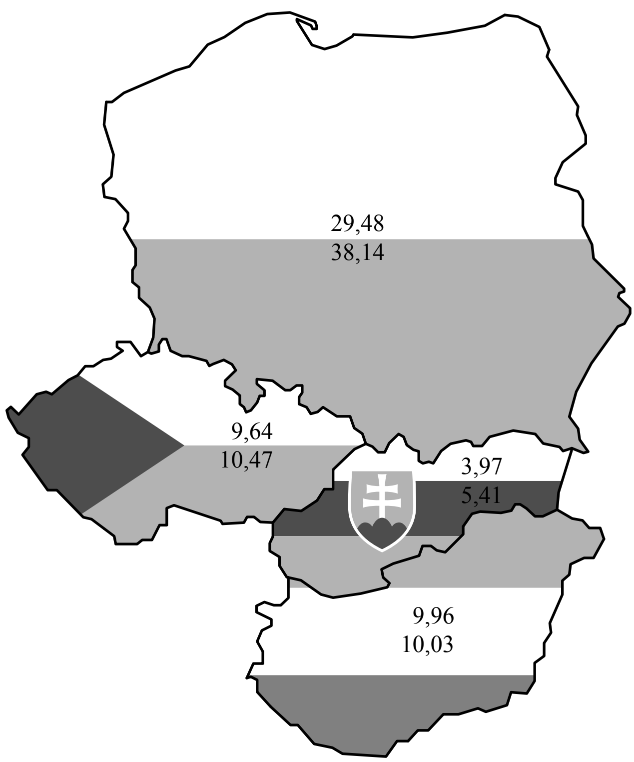

Figure 1. Number of population (million people) of the V4, in years 1960 and 2009
Source: own compilation.

The Visegrad Four (V4) countries (Czech Republic, Hungary, Poland and Slovakia) form a unique cluster of the European Union, which show many similarities from political, economic and social respects. The countries could converge to the EU average measured at national level in the past years and do not show significant differences; at regional level however significant polarization could be observed [Nagy, Kuttor, 2008].

3. Economic situation of the Visegrád Four in the light of the recent years

The change of regime was a crucial event in the case of the Visegrád Four; my starting point is the thesis of the double transition. The thesis of double transition says more than the shocking fact that the economic and social change of regime had to take place at the same time in the ex-socialist bloc. The theory of double transition suggests that post-communist transition took place at the same time that these countries, as part of a larger process, also faced a post-industrial challenge. This challenge had a globalisation-cultural and technological nature in particular. It is not to state that the post-communist countries, including Hungary, gave optimum answers to these – moreover, the differences maintaining backwardness mainly reproduced in these dimensions. None of the post-communist countries can avoid these challenges because of their paradigmatic nature. In other words: the post-communist countries could not follow the classical welfare models of the 70-es because the models themselves had gone through essential transformation [Stratégiai Audit, 2007].

The general government deficit is an indicator well expressing the economic trends (Figure 2). I plotted the data series between 1995 and 2009; the curves

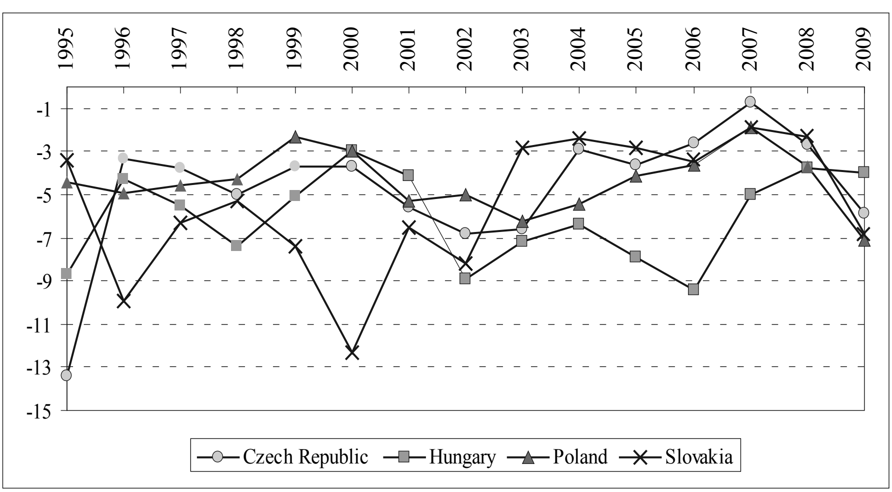

Figure 2. Budget balance in percentage of GDP
Source: own compilation on the basis of Eurostat data.

show a very hectic picture. At the initial time the highest government deficit was in the Czech Republic (–13%) that improved by 10% percentage point by the following year. The curve illustrating the Slovakian data series shows large peaks and lows between 1995 and 2003. Afterwards, the deficit became stable till 2008 when the economic world crisis made the countries' economies worse. Hungary's government deficit also showed an adverse trend with the highest values in the years of the elections, 2002 and 2006 (–9%). Last year it showed a deficit of 4,5% compared to the GDP. The government deficit was relatively favourable Poland's case compared to the rest of the V4. We cannot say that the V4 countries have been in a similar economic situation in the past and are in the present.

Figure 3 illustrates the government deficit compared to the Maastricht criterion in years 2000 and 2009. Slovakia's value of 12,3% dropped to 6,8% by 2009; however the favourable values got worse in the case of the other countries. Hungary's deficit was 4% in 2009 which was the most favourable among the V4.

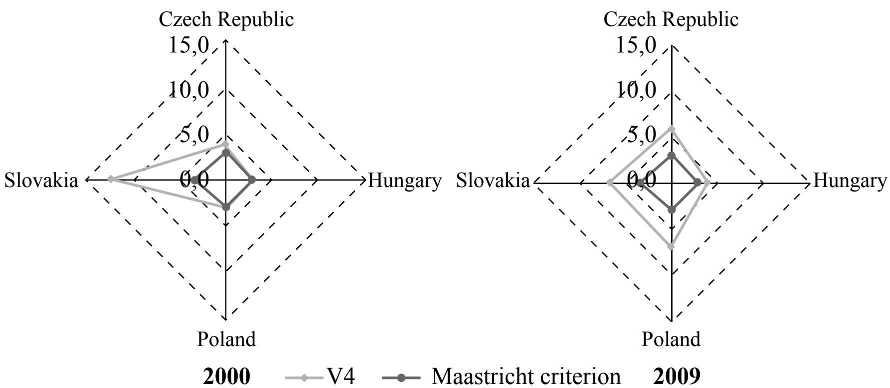

Figure 3. Government deficit as a percentage of GDP in 2000 and 2009
Source: own compilation on the basis of Eurostat data.

The economic situation of the V4 has improved slowly and in different extent since 1995. The GDP per capita in the percentage of the EU 27 shows (Figure 4) that the Czech Republic developed the more dynamically, which was followed by Slovakia, Hungary and finally Poland. The GDP per capita of Poland, similarly to that of Hungary, grew unevenly. The development was not as dynamic as in the case of the other two countries. At the same time, the V4 significantly lagged behind the EU 27 average.

Analysing further the economic situation I demonstrated the growth of GDP in 2007 relative to 1995, in percentages (Figure 5). The differences are explicit enough in the case of the NUTS2 regions. The regions belonging to the capital show considerable growth compared to the value of 1995, they almost grew to double, while the peripheral regions hardly reached the 150% of the value of 1995. The economic growth could mainly be experienced in the regions belonging to the capital and large cities.

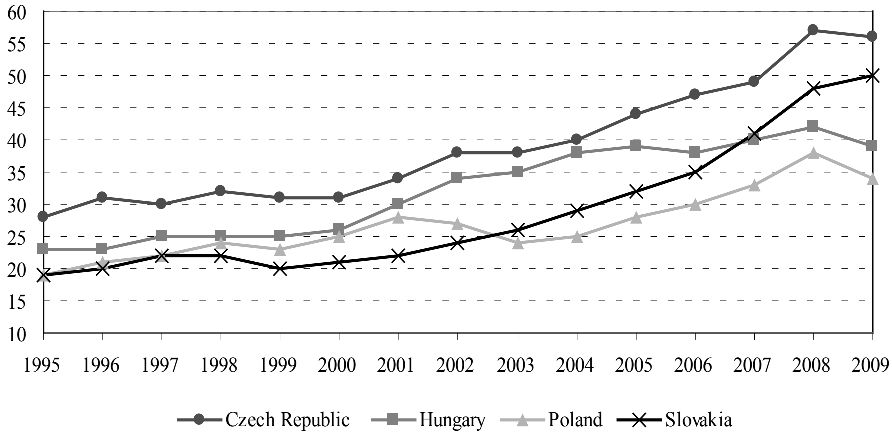

Figure 4. GDP per capita in the percentage of the EU 25
Source: own compilation on the basis of Eurostat data.

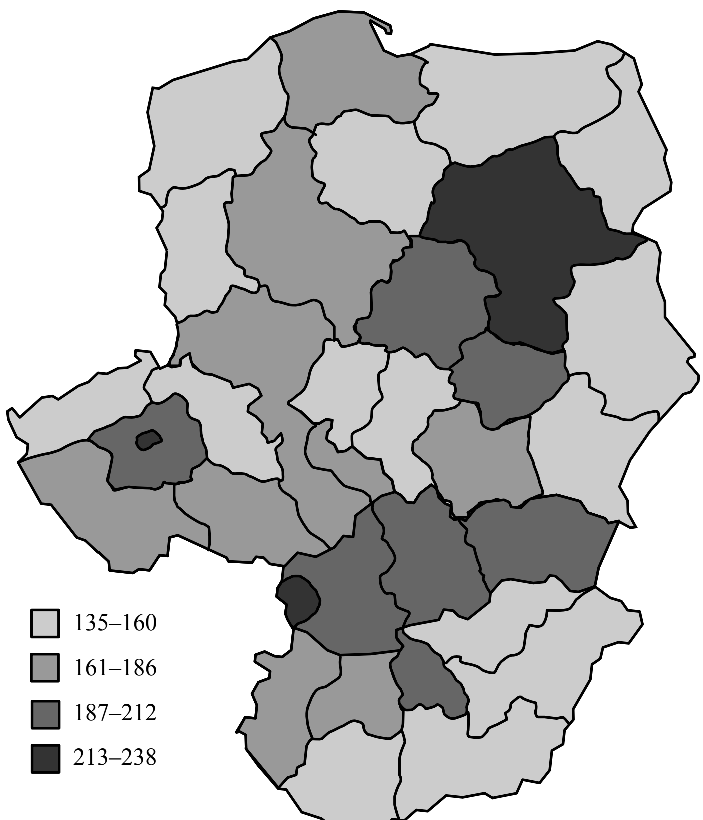

Figure 5. GDP growth per capita (%) (2007/1995)
Source: own compilation on the basis of Eurostat data.

Slovakia is in the best position among the countries, it has a strengthening economy. The picture is rather differentiated in the case of Hungary and Poland. The relatively stronger position of the Transdanubian region is clear in Hungary; the same can be said about the Czech regions as well.

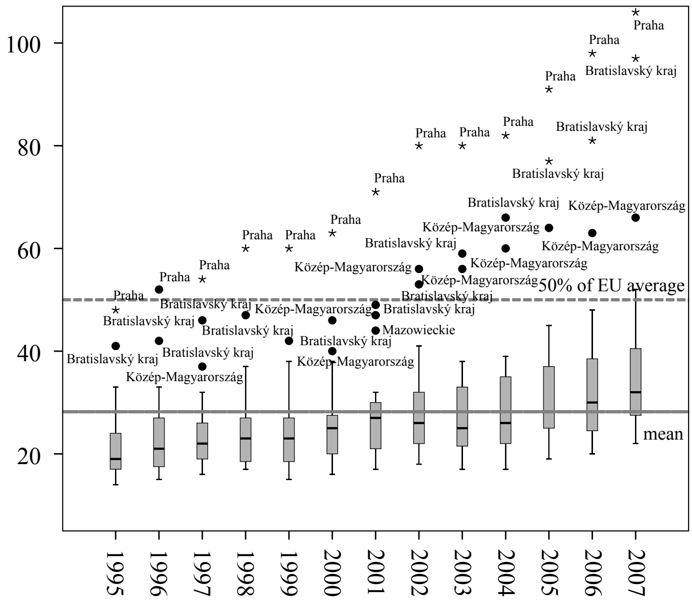

Figure 6. Regional GDP per capita in the percentage of the EU 27
Source: own compilation on the basis of Eurostat data.

Significant discrepancies can be observed also among the countries' NUTS2 regions in terms of the GDP per capita as a percentage of the EU 27 (Figure 6). The values of the regions belonging to the capital are outstanding. However, there is an obvious development as more and more regions can be found above the average value since 2003.

4. Additional information about the labour market of the Visegrád Four

I begin the analysis of the labour market with the unemployment and employment rates because these two indicators express the countries' situation. The unemployment rate (Figure 7) has shown different picture country by country since 1998. Poland and Slovakia possessed the highest values till 2005; the unemployment has improved since then. The countries follow appropriate employment policies as a result of which the situation has improved in the labour market. The Czech Republic and Hungary had an evenly low unemployment; it has shown a modest increase in both countries.

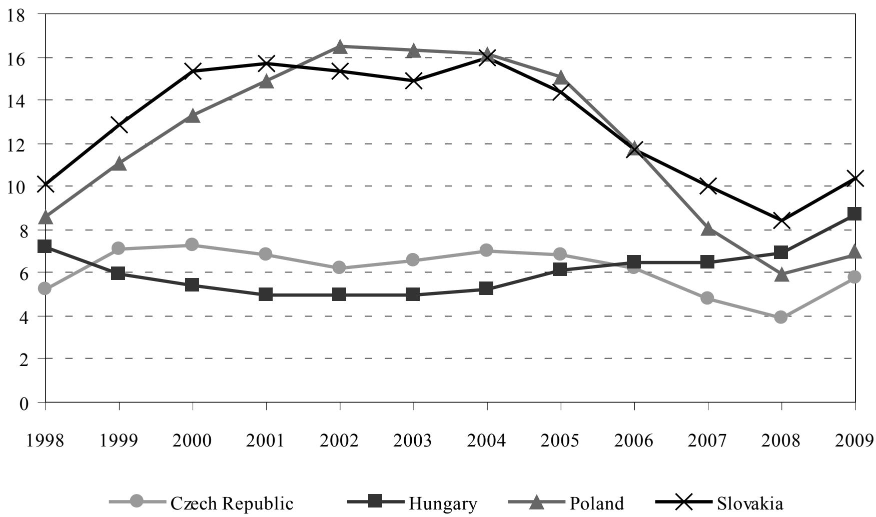

Figure 7. Unemployment rate (%) between 1998 and 2009
Source: own compilation on the basis of Eurostat data.

Employment rate (Figure 8) is the main indicator describing the labour market, it shows the complementary of the employment in the case of Poland and Hungary. Employment improved parallel with unemployment in Poland. The level of the employment rate was even in Hungary between 2000 and 2007; afterwards it decreased by 3%. The employment rate was the most favourable in

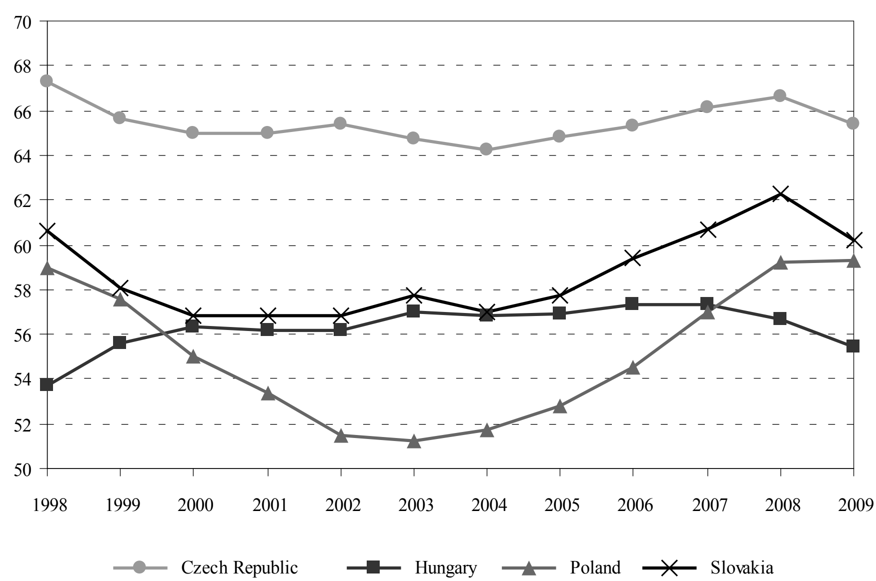

Figure 8. Employment rate (%) between 1998 and 2009
Source: own compilation on the basis of Eurostat data.

the Czech Republic; it was above 64% in each period. However the employment rate dropped even in this country because of the economic crisis. The employment rate significantly improved in Slovakia after 2005, the growth of which was broken by the economic crisis.

In order to explore the regional differences I plotted the unemployment and employment rates of 1999 and 2008 in the same system of coordinates (Figure 9). The regions of the particular countries well separated in 1999. The Czech Republic was in the best position, Hungary and Poland were in the worst. The NUTS2 regions clustered in one group, which indicates in improving tendency at regional level. The unemployment rate slightly decreased, however, the values of the employment did not change significantly.

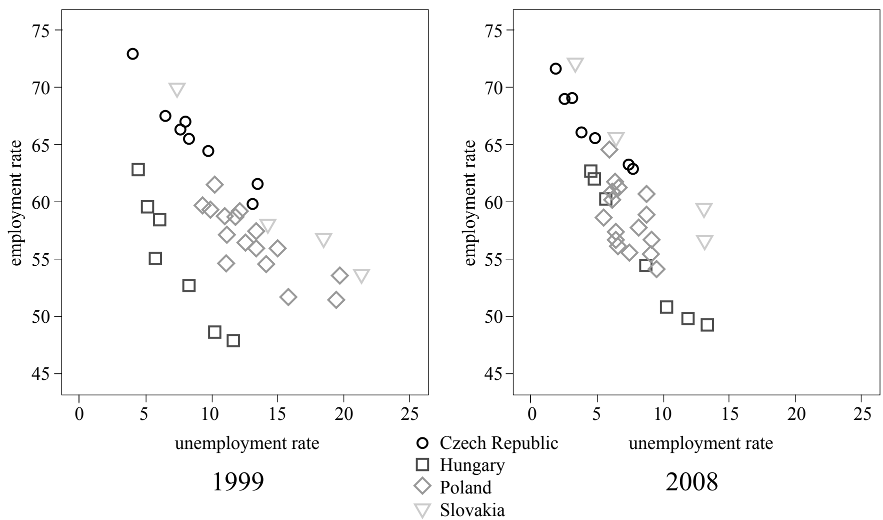

Figure 9. Unemployment-employment rate (%) in 1999 and 2008
Source: own compilation on the basis of Eurostat data.

I ranked the main indicators of the labour market at regional level (Table 1). The position of the two Slovakian regions (Bratislavský kraj és Západné Slovensko) is strong. Each of the Czech regions are in good position. The Hungarian regions are in the worst position according the rank.

5. Conclusion

Recent decades of V4 countries have been famous for its exponential growth of globalization. Every state, every community and every person got hit by a jet speed of spreading the influence and interdependency of worldwide build trade networks. State boundaries are no more applicable. Kofi Annan said: „It has been said that arguing against globalization is like arguing against the laws of grav-

Table 1

Rank of the NUTS2 regions according to the main labour market indicators (year 2008)

2008	Employment rate (%)	Unemployment rate (%)	Activity rate (%)
Bratislavský kraj	1	4	1
Dél-Alföld	31	25	32
Dél-Dunántúl	33	31	34
Dolnosląskie	26	28	24
Észak-Alföld	34	32	35
Észak-Magyarország	35	35	33
Jihovýchod	6	6	8
Jihozápad	4	3	3
Közép-Dunántúl	18	11	21
Közép-Magyarország	12	7	15
Kujawsko-Pomorskie	30	29	27
Lódzkie	15	20	16
Lubelskie	21	26	20
Lubuskie	25	17	28
Malopolskie	16	14	19
Mazowieckie	9	12	9
Moravskoslezsko	10	21	11
Nyugat-Dunántúl	13	9	17
Opolskie	24	18	26
Podkarpackie	23	24	23
Podlaskie	14	15	14
Pomorskie	22	10	25
Praha	2	1	2
Severovýchod	5	5	7
Severozápad	11	23	12
Sląskie	28	19	29
Stredné Slovensko	20	33	10
Strední Cechy	3	2	4
Strední Morava	7	8	6
Świetokrzyskie	17	27	13
Východné Slovensko	27	34	18
Warminsko-Mazurskie	29	22	30
Wielkopolskie	19	13	22
Zachodniopomorskie	32	30	31
Západné Slovensko	8	16	5

Source: own compilation on the basis of Eurostat data.

ity". Countries, historically brought to a consensus, enter new trade unions and become every day stronger economic players" [Oslanec, 2009].

In conclusion we can establish that the four countries, in the light of the recent years, move on four different paths of development. Their economic and labour market situation is totally different. The historical ties and the even currently well working relationships do not result in common development. I think that, although their employment situation could improve via more efficient cooperation or even common employment principles, the countries try to fight the unfavourable employment situation alone. It is expectable they could achieve more if they pooled their forces together.

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