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Employment trends by the Hungarian regions since the transition period

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The flowchart of my Ph. D. research

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  graph TD
    A([Defining of targets, territorial units and terms]) --> B[Analysis of the labour market situation]
    C([Overviewing the main labour market economic theories]) --> B
    B --> D([Analysis inside of Hungary (regions, counties, macro-regions, regional disparities)])
    B --> E([Analysis outside of Hungary (position within EU-27, V4)])
    D --> F[Conclusion Writing thesis]
    E --> F
  
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My results

- Summarized of the economic theory
- Analyzed the labour market situation, the public employment
- Determination of human development at subregional level (NUTS IV.) with the estimation of HDI
- I have used the Markov-chain model on the labour market

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Contents

- Countries of transitional economies
- Hungary's economic position after the change of regime
- Analysis of the labour market situation in Hungary
- Types of unemployment
- Conclusion

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Hypotesis

- H1: The labour market position of the Hungarian regions is different in the European Union relation, its human resource position is weak, the level of employment is low, which is influenced by several factors.
- H2: The economic revitalizing effects of the employment policy cannot be experienced so strong in the underdeveloped regions and only temporary results can be achieved in the social area, because of the short-term focus.

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Definition of transition economies

- A transition economy is an economy in the 21. century which is changing from a centrally planned economy to a free market.
- Transition economies undergo economic liberalization, where market forces set prices rather than a central planning organization and trade barriers are removed, privatization of government-owned enterprises and resources, and the creation of a financial sector to facilitate the movement of private capital.

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Countries of transitional economies

Source: Own compilation on the basis of Economies in transition, World Bank, 2004

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Hungary's economic position after the change of regime

- According to Kornai post-socialist countries have to achieve significant changes in the following areas:
 - political era, democracy,
 - establishment of a legal state,
 - strengthening private sector,
 - privatisation,
 - Transparency (Kornai, 2004).
- A rapid transformation of the political institutional system and the legal system took place in the transitional countries according to the Williamsonian hypothesis (Murrell, 2005).

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- Hungary got into an unfavourable economic/social situation after the change of regime (1989).
- The total economic policy changed similarly to other post-socialist countries; prices and the demand-supply relation changed.
- The market competition became more intense and complex with the changing economic institutional system and changing laws.

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Value map in 2007 –

Hungary is situated between the former communist countries and Catholic Europe

Source: World Value Survey

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Economic theory in Hungary after 1989

- The researches represent two main directions.
 - One of the two mainstream economic views is the approach that builds upon the neoclassical micro-economic models.
 - The other one is the comparative or political economy perspective.

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Analysis of the labour market situation in Hungary

- Change of regional human development index
- Change of unemployment over longer period of time
- Positioning the regions within Hungary
- Unemployment of the counties within the regions

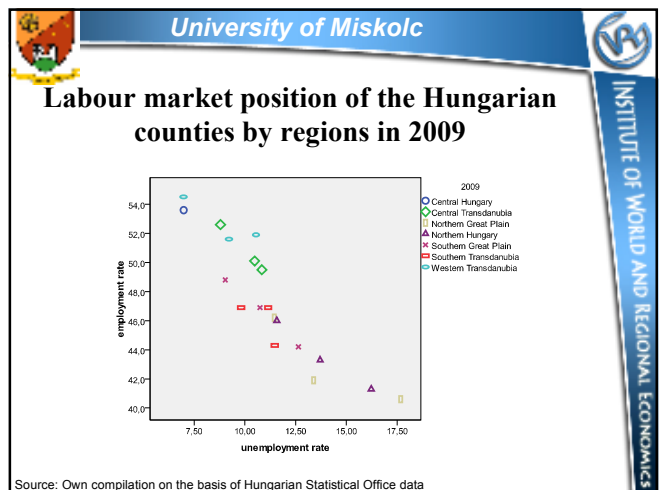
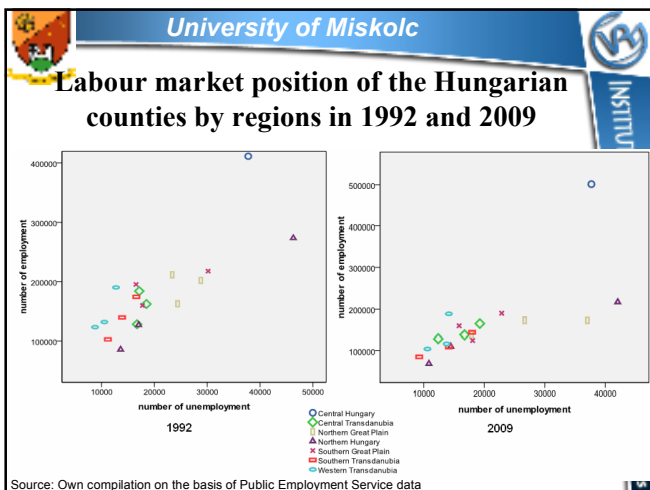
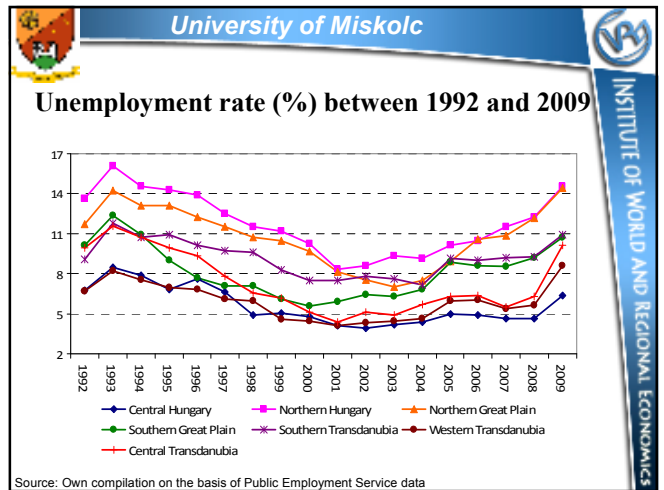
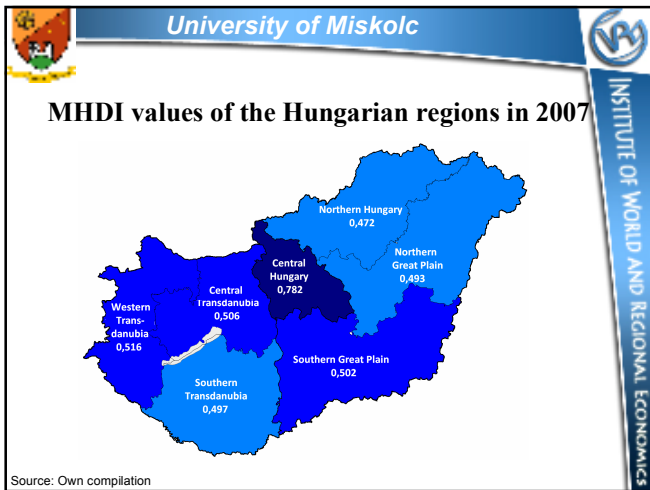
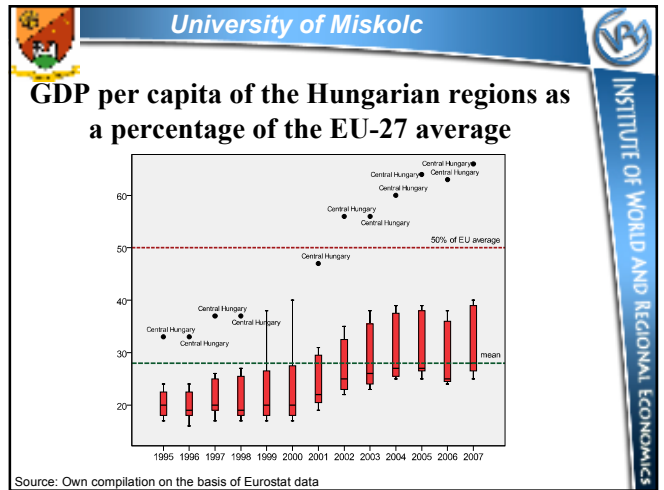
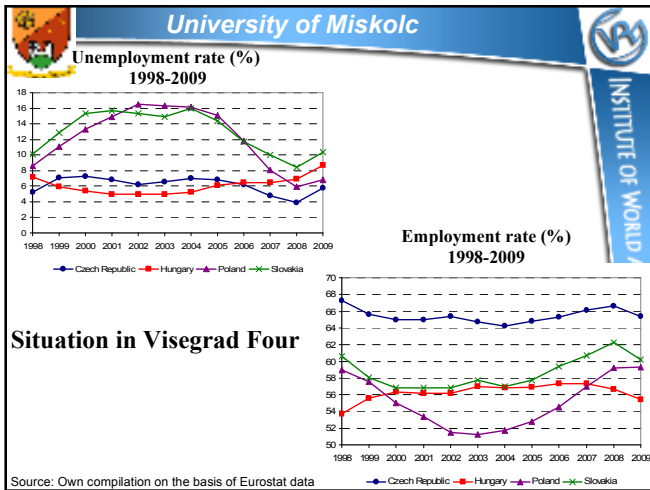
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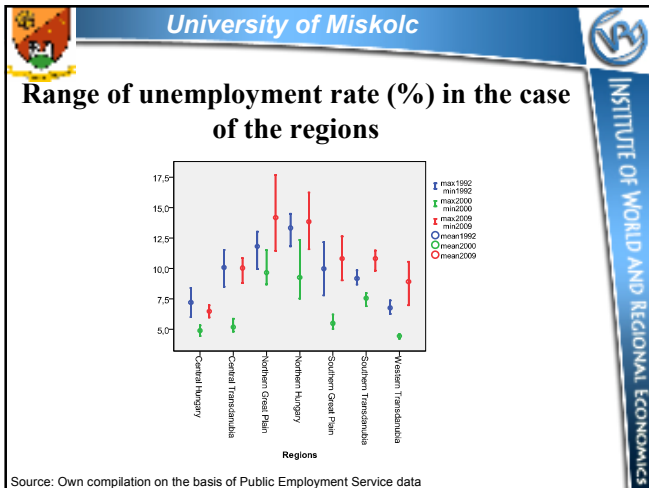
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Position of EU-27 and Hungary (2008)

Source: Own compilation

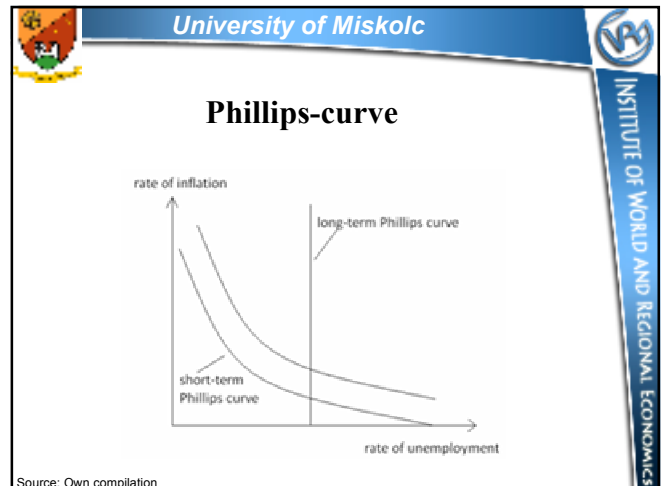
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- ### Types of unemployment
- There can be unemployment even in spite of favourable conditions when the labour demand of the corporate sector is equal to the labour supply of the household sector.
 - Natural unemployment
 - Frictional unemployment
 - Cyclical unemployment
 - Structural unemployment
 - Women's unemployment

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- ### NAIRU and Phillips-curve
- The theory of rational expectations and the theories assuming natural unemployment rate not influencing inflation (the so called NAIRU, non-accelerating inflation rate of unemployment) are capable of providing explanation to the phenomenon of stagflation.
 - According to the NAIRU theory the long-term Phillips curve is vertical because there will be no longer inverse relationship between inflation and unemployment.



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- ### Conclusion
- Hungary, like other transition countries, had to adapt to the new social, economic and labour market conditions, following the collapse of the socialist regime.
 - The suddenly occurring large number unemployment had to be treated, which was partially successful.
 - Unemployment is an important and sensitive indicator of the economic growth and labour market situation in consolidated market economies.

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Thank you for your attention!

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