THE LABOUR MARKET SITUATION IN THE VISEGRAD COUNTRIES

Zsolt Horbulák

University of Economics in Bratislava, Slovak Republic

The study presents the labour market situation in the Visegrad Group countries, the Czechia, Poland, Hungary and Slovakia. The labour markets of the four countries are very similar. Due to economic cycles, their unemployment rates vary in a similar way. In the late 2010s, all countries experienced labour shortages. This is partly due to the fact that labour-intensive sectors still predominate in all of them, especially the car manufacturing sector. It is also an important fact that the labour force from the region plays an important role at EU level, millions of workers from the region taking up jobs in Western Member States. But there are also differences between the four countries. Poland, due to its size, has the largest number of workers in Western Member States. Thanks to its economic development, the Czech Republic is in the best position in terms of employment. In the late 2010s, employment continued to improve and the trend was only slightly worsened by the Covid 19 pandemic.

Keywords: Czechia; Poland; Slovakia; Hungary; Employment Rate

Introduction

After the fall of iron curtain, there were carried out huge political changes in the whole European continent. From 1989 the establishment of a market economy began took place in every Central and Eastern European country.

There were countries where this process was quick and smooth and also were countries where this transition was slow and scattered. The development of democratic institution as well as the frames of market economy nowadays are formally finished, however still lot of economists consider them as emerging markets. In the early 90s almost every citizen supported the political and economic changes despite of number of problems such were economic decline, rising price levels or job losses.

These new phenomena shocked the whole Eastern European society. Some years later began to raise populist political leaders and parties and the disillusioned voters turned again
toward socialist ideas in many states. The main factor which completely changed the view of the people was rise the unemployment.

Three countries among the 17 Central and Eastern European states – Poland, Czechoslovakia and Hungary – have already started to move out of the mainstream and develop more rapidly in the early 1990s. They were also affected by the difficulties mentioned above, but they were able to manage them relatively quickly and avoid a prolonged crisis. The process of Western integration was temporarily halted by the split of Czechoslovakia, but by the mid-2000s the four countries had caught up with the European Union at a similar pace.

In this paper we will focus on the V4 countries – Czechia, Poland, Slovakia and Hungary. We will first outline the development of this regional grouping and then briefly describe the each country individually. In the remainder of the paper, we will present the overall labour market situation in the four countries using some key economic indicators such as the long and short-term unemployment situation, the activity rate, the number of unfilled vacancies and the share of people working abroad. The analysis shows that the labour market situation in the V4 shows a long-term improving trend.

**Literature Review**

The importance of employment and its relevance for whole society became clear during the great economic crisis of 1929-33. Those time the number of unemployed increased enormously in practically all countries of the world. The highest levels reached in the most developed countries such as the United States and Germany (Cameron, 1994: 423).

“There were families [in Detroit, USA] living on food thrown away and spoiled vegetables. Thousands died of disease, because their weakened bodies could no longer cope” (Kaposi, 2004: 41). Czechoslovakia was one of the more developed industrial countries at the time. This also had negative effects. “Economic and social indicators show that the crisis in Czechoslovakia in the 1930s was deeper and longer than in other countries.” This was due, among other things, to the industrial structure inherited from the monarchy, the technical backwardness, the collapse of exports and delayed economic policy measures (Průcha, 2004: 273).

The employment, the continuous expansion of the number of jobs, is still a fundamental objective of economic policy and an important feature of the modern welfare state. Governments in all countries are striving to get as close as possible to full employment, which under realistic circumstances corresponds to an unemployment rate of around 3 – 8%. Since the end of the 20th century, a sharp structural change has taken place in the most advanced economies. On the one hand, the traditional sectors, particularly heavy industry and were united into trusts and had been employing large numbers of workers, were weakened. The small and medium sized enterprises have become at the forefront of innovation (Edwards et al. 2005), and the structure of work has changed as a result of information technology and changes in social habits. It is also worth mentioning the increasingly rapid movement of capital in the context of deepening globalisation and low-wage employment (Ékes, 2008).

At the time of the millennium, further significant changes took place. One important change was the spread of the so called atypical employment. This phenomenon has several
features. It means partly the rise of self-employment (Aronson, 1991), which provides greater freedom for the worker and his or her family.

The atypical employment can also help the disadvantaged people, providing more opportunities to be unemployed (Addison & Surfield, 2009). There were also made a research that atypical forms of employment increase well-being (Bardasi & Francesconi, 2004). These forms of employment are not yet widespread in Central Europe, but after 1989 the number of self-employment and small businesses multiplied.

The labour markets of the V4 countries are similar (Lipták, 2018), among these could be mentioned the similar cyclicity in unemployment, good employment in the capitals and underemployment in some peripheral areas. This is due, among other things, to a shared historical past, economic structure and position in the world economy.

One of the specificities of all Visegrad countries is the important role of the automotive industry in the economy (Bednárová, 2018). This also brings with it the fact that the V4 are typically considered as the workshops of the European Union, with an economy based on a blue-collar technical workforce. This one-sidedness also means, as will be discussed later, that structural labour shortages have emerged in recent years. A further consequence of this situation is that the V4 economies are export-driven and exports are based on a commodity that is sensitive to the economic cycle.

Additional specifics are based on social situation: female employment is low in all of these countries (Cukrowska et al., 2020).

**Introduction of Visegrad Countries**

The Visegrad Group currently has four members – the Czech Republic, Poland, Hungary and Slovakia. The group was originally formed by three countries – Czechoslovakia, Poland and Hungary – on 15 February 1991. After the break-up of Czechoslovakia in 1993, both successor states remained members.

The name of the organisation is Visegrad Castle. The meeting of the three countries was held there because it was the site of the meeting of the Hungarian, Polish, Czech and Hungarian kings in 1335. The rulers agreed to work closely together in the fields of politics and commerce. This event inspired their late successors to renew the successful Central European initiative.

At the 1991 meeting, the leaders of the three countries signed a declaration that the countries would work closely together on the road to European integration. After the collapse of the communist regime, their cooperation facilitated the transition from totalitarian regimes to free, pluralist and democratic societies (www.visegradgroup.eu).

The V4 cooperate extensively through both public and private organisations in areas such as economy, culture, defence, foreign policy and education. This is a summary of the V4 countries' economies and political systems (https://european-union.europa.eu):

**Czechia**

The capital of the country is Prague (Praha). Czechia is member of European Union since 1 May 2004. The currency is Czech koruna (CZK). Czechia is currently preparing to adopt the euro.

Czechia is a parliamentary republic with a head of government – the prime minister – and a head of state – the president. The country was formed in 1993, after Czechoslovakia
was split into Czechia and Slovakia. The country is now divided into 14 regions, including the capital, Prague.

The most important sectors of the Czech Republic’s economy in 2018 were industry (30.2%), wholesale and retail trade, transport, accommodation and food services (19.2%) and public administration, defence, education, human health and social work activities (15.5%).

Intra-EU trade accounts for 84% of the Czech Republic’s exports (Germany 32%, Slovakia 8% and Poland 6%), while outside the EU 2% goes to both the United States and Russia. In terms of imports, 76% come from EU Member States (Germany 29%, Poland 9% and Slovakia 6%), while outside the EU 8% come from China and 2% from the United States.

Total EU spend in Czechia is € 4,123 billion (equivalent to 2.10 % of the Czech economy). Total contribution to EU budget is € 1,720 billion which is equivalent to 0.88 % of the Czech economy.

Poland
The capital of the country is Warsaw (Warszawa). Poland is member of EU since 1 May 2004. It’s currency is Polish Zloty (PLN). Poland is currently preparing to adopt the euro.

Poland is a parliamentary republic with a head of government – the prime minister – and a head of state – the president. The government structure is centred on the council of ministers. The country is divided into 16 provinces, largely based on the country’s historic regions. Administrative authority at provincial level is shared between a government-appointed governor, an elected regional assembly and an executive elected by the regional assembly.

The most important sectors of Poland’s economy in 2018 were wholesale and retail trade, transport, accommodation and food services (26.2%), Industry (25.6%) and public administration, defence, education, human health and social work activities (14.0%).

Intra-EU trade accounts for 80% of Poland’s exports (Germany 28%, Czechia and France both 6%), while outside the EU 3% go to both Russia and the United States. In terms of imports, 69% come from EU Member States (Germany 27%, the Netherlands 6% and Italy 5%), while outside the EU 8% come from China and 7% from Russia.

Total EU spend in Poland in 2018 was € 16,350 billion, which equivalent to 3.43% of the Polish economy. Total contribution to EU budget was € 3,983 billion, equivalent to the 0.84% of the Polish economy.

Hungary
The capital of the country is Budapest. Hungary is member of EU since 1 May 2004. The currency is Hungarian Forint HUF. Hungary is currently preparing to adopt the euro.

Hungary is a parliamentary republic with a head of government – the prime minister – who exercises executive power and a head of state – the president – whose primary responsibilities are representative. Hungary is divided into 19 counties, Budapest, and 23 cities with county-level authority.

The most important sectors of Hungary’s economy in 2018 were industry (25.9%), wholesale and retail trade, transport, accommodation and food services (18.5%) and public administration, defence, education, human health and social work activities (16.8%).
Intra-EU trade accounts for 82% of Hungary’s exports (Germany 27%, Romania, Slovakia, Austria and Italy all 5%), outside the EU 2% go to both the United States and Ukraine. In terms of imports, 75% come from EU Member States (Germany 25%, Austria 6% and Poland and the Netherlands 5%), while outside the EU 6% come from China and 5% from Russia.

Hungary’s total EU spend in Hungary is € 6.298 billion which is equivalent to 4.97% of the Hungarian economy. Total contribution to EU budget is € 1.076 billion, equivalent to 0.85% of the Hungarian economy.

**Slovakia**

Capital of the country is Pressburg (Bratislava). Slovakia is member of EU is since 1 May 2004. It’s currency: euro. Slovakia is member of Euro area since 1 January 2009

Slovakia is a parliamentary democratic republic with a head of government – the prime minister – who holds the most executive power and a head of state – the president – who is the formal head of the executive, but with very limited powers. The country is subdivided into 8 regions, each named after its principal city. These have been given a certain degree of autonomy since 2002.

The most important sectors of Slovakia’s economy in 2016 were industry (27,3 %), wholesale and retail trade, transport, accommodation and food services (21,6 %) and public administration, defence, education, human health and social work activities (13,4 %).

Intra-EU trade accounts for 85% of Slovakia’s exports (Germany 22%, Czechia 12% and Poland 8%), while outside the EU 2% each go to the United States, Russia and China. In terms of imports, 80% come from EU countries (Germany 20%, Czechia 17% and Austria 10%), while outside the EU 5% come from South Korea and 4% from Russia.

Total EU spend in Slovakia in 2018 was € 2.457 billion which was equivalent to 2.78% of the Slovakian economy. Total contribution to EU budget in the same year was € 0.764 billion, equivalent to 0.86% of the Slovakian economy.

The structure of the V4 economies is very similar. What can be added to this list is that the car manufacturing sector is a major player in all of them. One important difference is that Slovakia is more deeply integrated in Western European structures, having been a member of the euro area for several decades. Further characteristics of the V4 countries are shown in Tab. 1.

<table>
<thead>
<tr>
<th></th>
<th>Area [1000 km²]</th>
<th>Share within V4 [%]</th>
<th>Population, mln</th>
<th>Share within V4 [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czechia</td>
<td>78.9</td>
<td>14.8</td>
<td>10.58</td>
<td>16.6</td>
</tr>
<tr>
<td>Poland</td>
<td>312.7</td>
<td>59.5</td>
<td>37.97</td>
<td>59.5</td>
</tr>
<tr>
<td>Hungary</td>
<td>93.0</td>
<td>15.4</td>
<td>9.80</td>
<td>15.4</td>
</tr>
<tr>
<td>Slovakia</td>
<td>48.6</td>
<td>8.5</td>
<td>5.33</td>
<td>8.5</td>
</tr>
</tbody>
</table>

The following table shows the weight of these four countries in the European Union. It can be seen that the proportions vary considerably for each indicator.
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The economic weight of the V4 countries is about half of their population or territory. Catching up is made more difficult by the fact that they spend significantly less on R&D.

Table 2 - The V4 countries within the EU in 2017
(Source: https://www.ksh.hu/docs/hun/xftp/idoszaki/pdf/v4_fobbadatok.pdf)

<table>
<thead>
<tr>
<th>Indices</th>
<th>V4 countries</th>
<th>Share of V4’s in EU [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area [1000 km²]</td>
<td>532,8</td>
<td>11,7</td>
</tr>
<tr>
<td>Population, January 1, 2017 [mln]</td>
<td>63,8</td>
<td>12,5</td>
</tr>
<tr>
<td>GDP [bln, euros]</td>
<td>866,1</td>
<td>5,7</td>
</tr>
<tr>
<td>Agricultural area [bln hectares]</td>
<td>25,9</td>
<td>14,0</td>
</tr>
<tr>
<td>Agricultural output in base price [bln, euros]</td>
<td>39,2</td>
<td>9,6</td>
</tr>
<tr>
<td>External trade, import [bln, euros]</td>
<td>460,6</td>
<td>9,7</td>
</tr>
<tr>
<td>External trade, export [bln, euros]</td>
<td>492,1</td>
<td>10,1</td>
</tr>
<tr>
<td>Foreign direct investment [bln, euros]</td>
<td>405,0</td>
<td>6,0</td>
</tr>
<tr>
<td>Stock of foreign direct working capital exports [bln, euros]</td>
<td>70,7</td>
<td>0,9</td>
</tr>
<tr>
<td>R&amp;D expenditure [bln, euros]</td>
<td>9,1</td>
<td>3,0</td>
</tr>
<tr>
<td>Number of students in higher education [mln]</td>
<td>2,6</td>
<td>13,1</td>
</tr>
</tbody>
</table>

Tab. 3 adds three more data about of the V4 countries. It can be added that Germany has the highest number of higher education students in the EU between 2014 and 2020. Their number was 100 367.

The Netherlands had the lowest number of students – there were not studying foreign students. The average secondary school student in Luxembourg studies 2.4 foreign languages. In Ireland, students learn on average no foreign language.

Table 3 - Other indicators for V4 countries
(Source: https://european-union.europa.eu/principles-countries-history/key-facts-and-figures/life-eu_en)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Slovakia</th>
<th>Hungary</th>
<th>Poland</th>
<th>Czechia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students from EU country studying in another EU country, by host country</td>
<td>9 846</td>
<td>17 389</td>
<td>52 169</td>
<td>37 221</td>
</tr>
<tr>
<td>Share of renewable Energy in EU [%]</td>
<td>6,391</td>
<td>4,364</td>
<td>6,882</td>
<td>6,773</td>
</tr>
<tr>
<td>Average number of foreign languages learned per pupil in Upper Secondary Education (International Standard Classification of Education level 3)</td>
<td>1,6</td>
<td>1,3</td>
<td>1,5</td>
<td>1,5</td>
</tr>
</tbody>
</table>

The Visegrad countries belong among the most developed of the former socialist bloc countries. They are all members of the European Union, have joined NATO, are members of the OECD and Slovakia has already joined the eurozone.

Despite temporary setbacks, they are successfully catching up with the EU's western member states. In this paper we analyse the labour market situation in the four countries using related indicators.
The Labor Market Situation in the Visegrad Countries – Literature Review

The Visegrad countries have formed a community since the change of regime, and are therefore often analysed together. The economic strength of the V4 has been studied (Pásztor, 2021). It can be stated that the Visegrad countries have nowadays achieved about half the level of development of the West.

Moreover, in recent years, we have increasingly seen that the engine of economic growth in the European Union is increasingly in the V4 countries. While in 1990 the four countries accounted for 2% of the EU’s GDP, by 2019 this figure had risen to over 7%. In terms of regional differences, it can be noted (Gál, 2018) that “the significant economic growth in the V4 countries has been partly driven by the development of intensive productive sectors – mining, agriculture – and partly by the expansion of tertiary education, the growing production of regionally value-added and higher-manufactured goods, a significant reduction in agricultural employment and unemployment, as well as increasing R&D funding and the associated increase in the number of full-time researchers with tertiary education and/or in the number of full-time researchers in science and technology.”

The automotive industry plays a crucial role in the economies (Szőke & Mack, 2017). As regards the crisis management in the Visegrad countries (Buzás-Németh & Tóth, 2015), the convergence of the V4 countries stalled for a while as a consequence of the 2008 economic crisis. Half a decade later, however, significant progress has been made. Countries were able to meet the convergence criteria in 2014. The weight of each country in terms of economic output has varied, with Poland substantially improving its position. However, the competitiveness of the V4 countries, with the exception of Poland, deteriorated.

The Visegrad countries were still transition economies when they joined the European Union in 2004. Their labour market situation has also changed in the context of convergence towards the EU. All four countries were worse off than the EU average at the time of accession, but this has changed significantly in the decade and a half since then. In 2014, the V4 were among the countries that spent the least on employment policy.

After the global crisis, the situation changed and employment started to improve in all four countries. In fact, the improvement took place in several phases and macroeconomic indicators played an important role (Bieszk-Stolorz & Dmytrów, 2020).

The labor market change was particularly affected by the 2009 economic crisis (Kwiatkowski, 2011), with improvements mainly in real wages, working time and productivity.

In terms of activity rates and unemployment, there have been significant advances in the labour market and occupational status of the NUTS2 levels in the four countries, but these have typically taken place in the capital regions (Košová et al. 2018).

There are also a large number of academic work on the employment situation in the V4 group and other countries in the region, including an analysis of a new phenomenon, labour shortages (Poór et al., 2020).

The labor shortage impact on the situation of workers, improving their position significantly and employers paying more attention to retaining staff.
THE LABOUR MARKET SITUATION IN THE VISEGRAD

Unemployment Rate

The unemployment rate is considered among the most important macroeconomic indicators. However, unemployment is not only an economic indicator but also a key social marker. Its level has a significant impact on society as a whole and has a fundamental influence on the development of all social groups and regions. In the following, the situation in the four countries is assessed on the basis of statistical data. First, longer-term trends are analysed.

The Unemployment rate in Slovakia has been a problem since the change of regime. Since the 1990s the situation has been consistently bad. There were some improvement only from the second half of the 2010s, but the EU average was only reached at the turn of the 2010-2020 period.

At the other end of the scale are Hungary and the Czech Republic. All four countries show a clear improvement in their unemployment rates over two decades. This situation is illustrated in Fig. 2.

![Figure 2 - Long term unemployment rate of Visegrad countries and EU](source: Eurostat)

The graph shows that Slovakia was and has remained, except for one year, among the worst performers not only in the region but also in the European Union, and was clearly the worst performer in Central Europe.

Only once has it managed to overtake a country. That was in 2003, when the unemployment rate was 0.2% better than Poland. An analysis of the problem (Nagy, 2016) concludes that “unemployment has always been Slovakia's most pressing social problem”.

There are many reasons for this. Without being exhaustive, Nagy mentions the over-exposure of the Slovak economy to the military industry during the regime change, the split of Czechoslovakia, the political period between 1992 and 1998, and that “the cardinal problems of the Slovak economy were the evaporation of factors based on the price competitiveness of products, while at the same time the necessary institutional, systemic and material conditions for a shift to production based on non-price competitiveness were not sufficiently developed”.

One analyst (Kureková, 2010) points out, among other things, that there are significant regional disparities, that high unemployment persists during the economic cycle, that the
share of public sector workers rises significantly during crises, and that bureaucratic obstacles to hiring new employees are a major obstacle.

Within the V4, the Czechia is in the best position. In the Czech Republic the unemployment rate rose only in the 1990s, but the economic recovery in 2000-2001 has already contributed to employment growth. This has been around the EU average since the turn of the millennium. A decade later, unemployment was also the lowest in the EU. This trend has continued until recently, until the outbreak of the pandemic Covid 19.

In the 2010s, the Czech Republic itself became a destination for immigration, with an influx of Eastern European workers speaking Slavic languages.

The Polish labour market underwent significant changes in the 2000s and 2010s (Lewandowski et al., 2017). During this period, employment doubled. The changes can be summarized as follows:

Table 4 - Main changes in labour laws in Poland between 2002 and 2016
(Source: Lewandowski et al., 2017)

<table>
<thead>
<tr>
<th>Adoption year</th>
<th>Implementation year</th>
<th>Policy field</th>
<th>Effect on the strength of regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2003</td>
<td>Collective dismissals</td>
<td>Decreasing</td>
</tr>
<tr>
<td>2002</td>
<td>2002</td>
<td>Maximum duration of fixed-term contracts</td>
<td>Decreasing</td>
</tr>
<tr>
<td>2002</td>
<td>2003</td>
<td>Procedural requirements</td>
<td>Decreasing</td>
</tr>
<tr>
<td>2003</td>
<td>2004</td>
<td>Collective dismissals</td>
<td>Increasing</td>
</tr>
<tr>
<td>2003</td>
<td>2004</td>
<td>Maximum number of renewals of fixed-term contracts</td>
<td>Increasing</td>
</tr>
<tr>
<td>2003</td>
<td>2003</td>
<td>Notice and severance payments</td>
<td>Increasing</td>
</tr>
<tr>
<td>2003</td>
<td>2004</td>
<td>Temporary agency work</td>
<td>Increasing</td>
</tr>
<tr>
<td>2004</td>
<td>2004</td>
<td>Maximum number of renewals of fixed-term contracts</td>
<td>Increasing</td>
</tr>
<tr>
<td>2014</td>
<td>2016</td>
<td>Social contributions for all contracts of mandate</td>
<td>Increasing</td>
</tr>
<tr>
<td>2015</td>
<td>2016</td>
<td>Maximum total duration and renewals of fixed-term contracts</td>
<td>Increasing</td>
</tr>
<tr>
<td>2016</td>
<td>2016</td>
<td>Minimum wage on contracts of mandate (civil law contracts)</td>
<td>Increasing</td>
</tr>
</tbody>
</table>

Thanks to the changes described above, all sectors of employment in Poland have improved steadily.

The situation in Hungary also changed significantly after the turn of the millennium. “The end of the crisis in 2008 and especially after 2010 saw a marked improvement in employment rates, which put Hungary in the middle of the EU rankings, after it had been one of the top performers”.

Artner (2020) later continues: “From 2011 and especially from 2013 onwards, employment started to rise, first rather only thanks to public employment, and later also thanks to the boom in production and foreign employment.
By 2018, Hungary had the 15th highest employment rate in the EU28, above the EU average, putting it in the middle position. Since then, Hungary's situation has continued to improve, and employment has now even improved compared to the situation before the outbreak of the Covid 19 in 2020.

V4 Citizens on the Labor Market in Other EU Countries

Residents of the Central European countries entered the labour markets of the European Union as early as the early 1990s. The change of regime and the restructuring of the economy also brought with it a serious crisis. Within a few years, masses of people lost their jobs due to the restructuring of large companies. The most common way to survive this situation was to start their own business and find a job in abroad.

A major change came with the accession to the European Union in 2005. Even then, the labour market was not fully open. Many EU countries, including Austria and Germany, applied the so-called seven-year clause, which allowed workers from the new member states to be prevented from working in the old member states for seven years (Gazdag, 2010).

The UK did not apply the clause, and therefore remained a popular destination for V4 workers until its exit from the EU. After the seven-year period, an increasing number of Central Europeans took jobs in Western Europe.

Figure 3 - V4 citizens of working age who usually reside in another EU/EFTA country

[1000 person]
(Source: Eurostat)

Fig. 3, showing the absolute number of V4 citizens aged 15-64 working in another EU or EFTA country. This is a particular problem for Poland. However, it is also true that around 60% of all V4 citizens are Polish. The Czech Republic is in the best position in terms of this indicator for a number of reasons, including relative economic development.

In the 2010s, the Visegrad countries also saw strong economic growth. The employment situation has improved and the wages have risen, but this has not yet been
enough to attract own citizens working in abroad. As a result, by the end of the 2010s, there was a shortage of manpower in the V4 (Poór, 2021), and in some sectors, these countries now also have to employ foreigners.

The Current Situation of Unemployment

A more accurate indicator of occupational status is the activity rate. The index expresses the percentage of people aged between 15 and 64 who are employed. It can be seen that the V4 countries are also in a good position in this respect, with an improving trend. Not only are the figures for the Czech Republic above the EU average, but also those for Hungary and Slovakia.

It should be noted that the current employment situation is significantly affected by the Covid 19 epidemic. In the first year of the pandemic in 2020, there was a significant decline. In the first place, business output fell, but as a result the number of unemployed also increased (Kovács & Zsigmond, 2020).

As the deterioration in the economic situation was not structural, the shutdowns due to the defence were primarily services-related, with many employers considering the economic problems to be temporary. Unemployment rate was therefore not really high, and the difficulties were more in the area of business revenues. In the subsequent waves of the Corona virus, the protection became more targeted and productive enterprises were less and less affected. The hospitality sector suffered the greatest losses.

Figure 4 - Activity rate of V4 countries and EU
(Source: Eurostat)

European Union - 27 countries Czechia Hungary Poland Slovakia

Fig. 3 also shows that while the unemployment rate rose, albeit temporarily, the activity rate has still improved.

This indicator can be compared with the number of vacancies. Based on the available data, the Czechia is again the best performer, with the same number of vacancies as the other V4 countries combined.
Summary

The Visegrád Four, Czechoslovakia, Hungary, Poland and Slovakia, were a separate group within the former socialist bloc. These countries have continued to formally cooperate after EU membership and their economies have converged significantly.

This also applies to their labour markets. Long-term unemployment rates in all four countries are moving in a similar direction. This is not only because of the pervasive crises, but also because the economic cycles of the four countries are converging to a significant extent. Short-term trends are similar in the four countries.

Taking into account that in the V4 countries the labour-intensive sectors, such as machinery, have strong position, in certain sectors during the economic expansion preceding Covid 19 labor shortages have occurred. This dynamic growth was only temporarily halted by the epidemic. The workforce in the V4 countries is well-educated, which is why many people in the western EU Member States are also taking jobs.

There are also differences within the Visegrad countries. The largest member of the group is Poland, which consequently has the largest labour market also. Another difference is the relative development. In this respect, the Czechia Republic is in the best position. Unemployment here has been even better than the EU unemployment rate for a long time, and it is the country where the fewest people have gone to work in other EU countries.

The Visegrad group, together and separately, is successfully catching up with the EU and its employment rate is steadily rising. Hungary's situation is also gradually improving. It has the advantage of having a lower unemployment rate than the other Visegrad countries and has managed to further increase employment thanks to successful economic policies.

The best relative improvement can be seen in Slovakia. The long-term high unemployment rate started to improve from the second half of 2010 and is now around the EU average. Positive trends have led to labour shortages in all countries.

However, structural problems remain. In the past, many workers have sought a living in Western countries and are now absent from the domestic labour market, and, with the exception of the Czech Republic, there is a high share of low-skilled residents living in underdeveloped regions.

References:


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