ECONOMIC ACTIVITY

Zoltán Dövényi

Work is one of the most important human activities; without it the survival of society is unimaginable. Work is the foundation of the economy, and labour is a major factor of production. Therefore, knowledge of the labour market situation of different social groups and their attitudes towards work is essential.
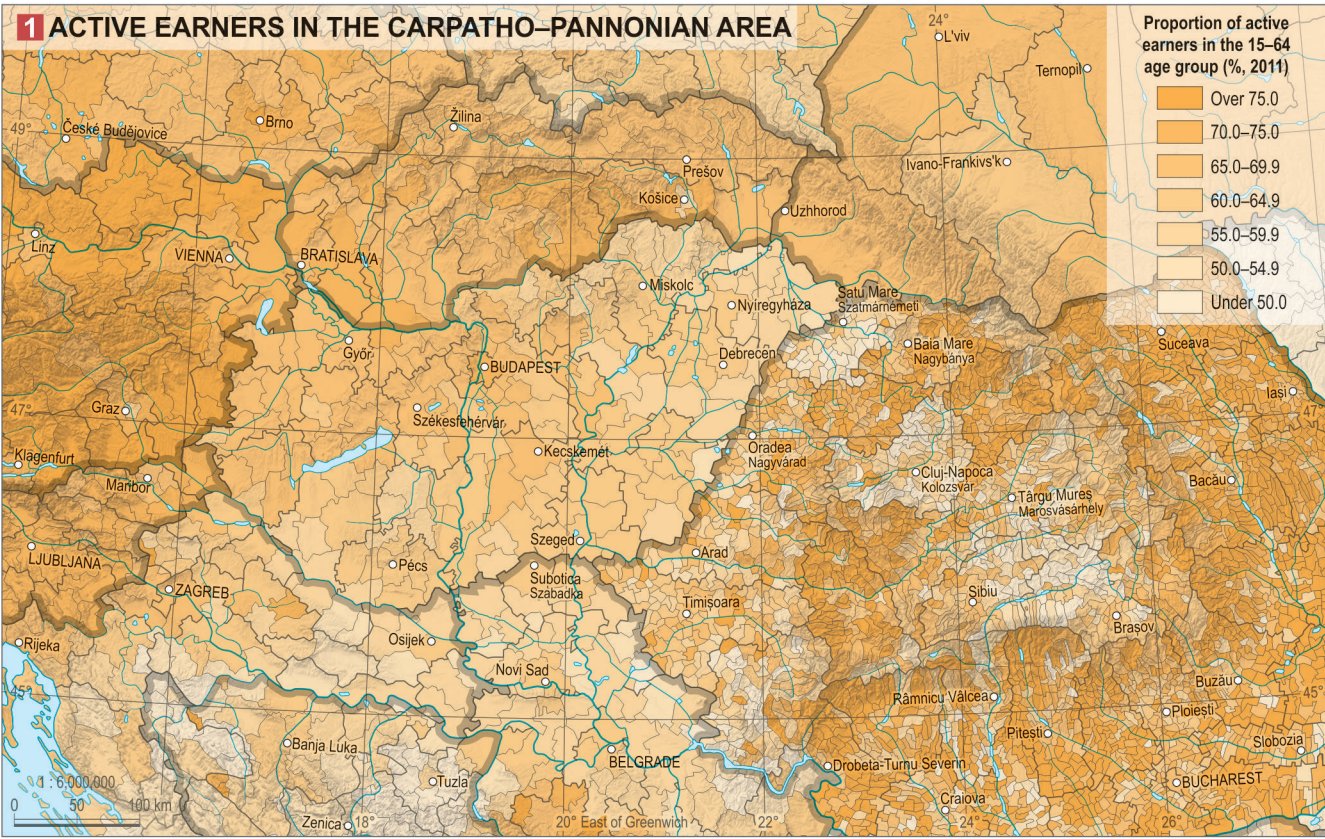
Basic terms and categories

The population can be divided into two main groups from the point of view of the labour market, the *economically active* and the *economically inactive population*. The economically active population is made up of the *employed* and the unemployed. The first category includes people aged 15 and older with a job providing an income. The largest group within the first category is active earners (including e.g. working pensioners and people who are working while receiving childcare allowance). *Unemployed* people comprise those who did not work in the week before the survey but were actively looking for work and were ready to work.

The proportion of the above groups is sometimes compared with the total population, but the working-age population (aged 15–64) is usually the basis for comparison. The proportion of the economically active population is expressed by the activity rate, that of the employed by the employment rate and that of the unemployed by the unemployment rate, usually based on the economically active population.

The economically inactive population is made up of *inactive earners* and *dependants*. The first group includes those who do not carry out activities with earnings but have an income. Pensioners make up the largest proportion of this group, which also includes, however, those receiving childcare support, social care benefits and even those living on their wealth. Dependants are people who cannot be classified in any of the categories listed above. Their largest group is full-time students attending educational institutions, but housewives also belong to this group.

Economically active population

In the EU, the combined share of employed and unemployed people among 15–64-year-olds increased from 71.1% to 73.7% between 2011 and 2018. A similar change in economic activity was observed in most countries of the Carpathian Basin, except for Hungary and Slovakia, where growth reached 9.5 and 4.0 percentage points, respectively. As a result, in 2018 the value of this indicator in these two countries (H: 71.9%, SK: 72.4%) approached the EU-28 average (73.7%).
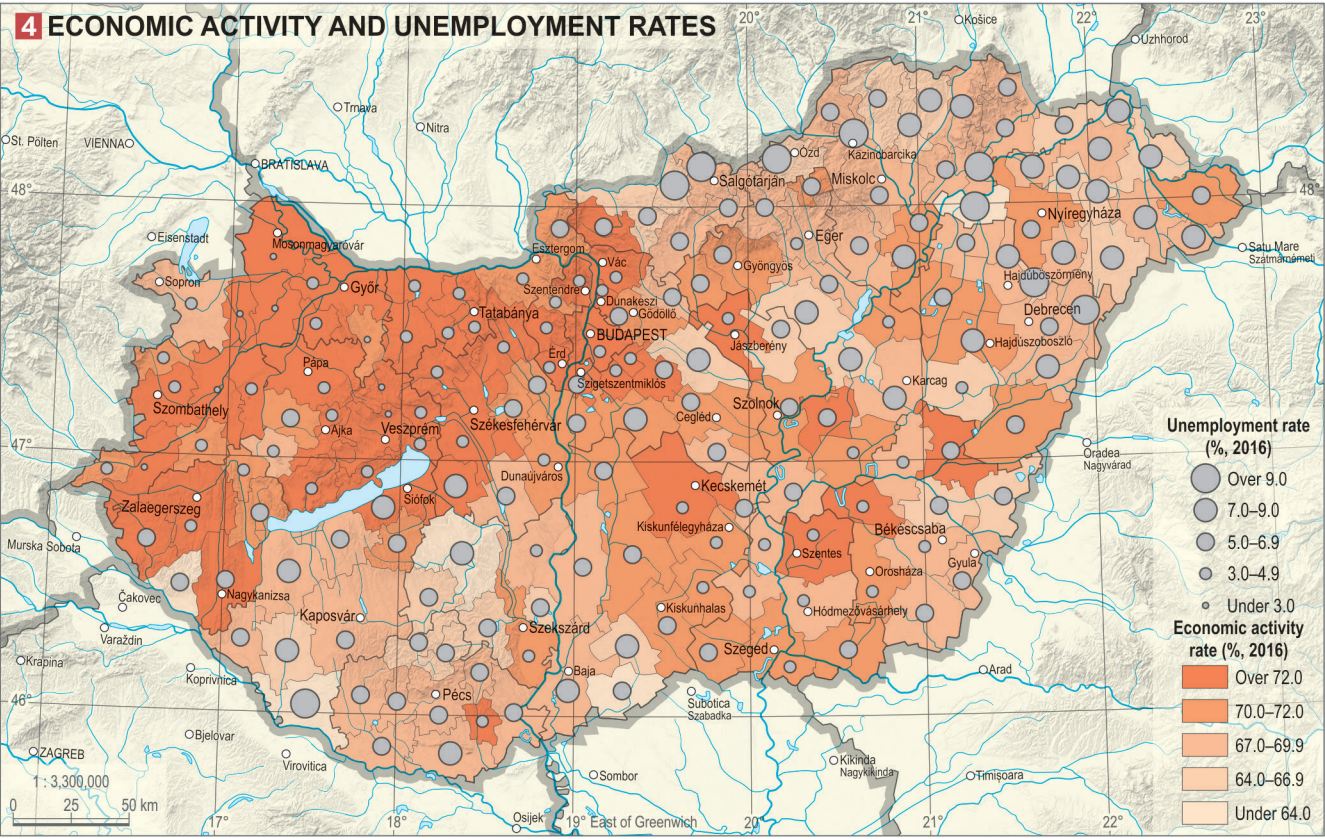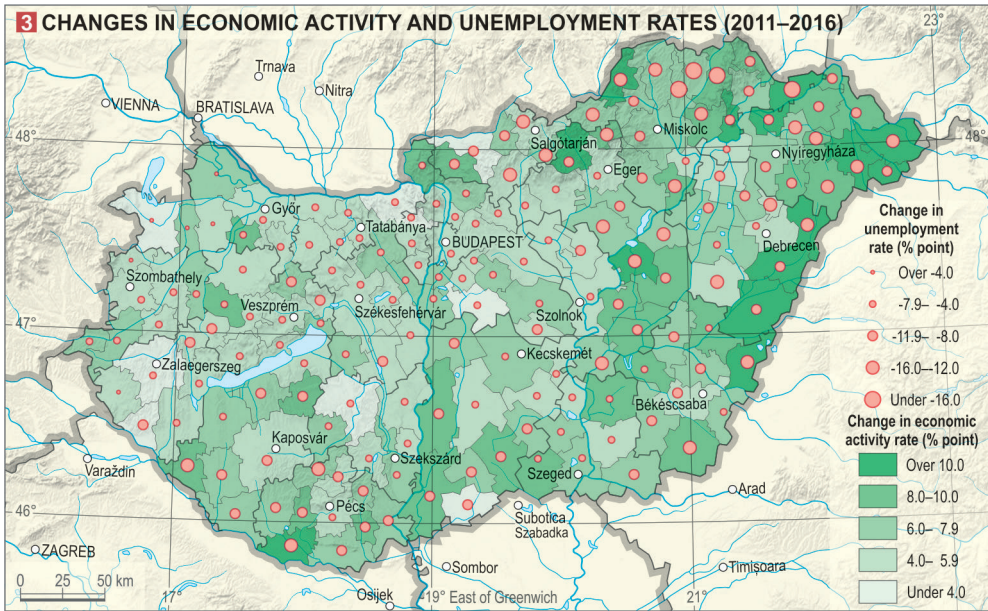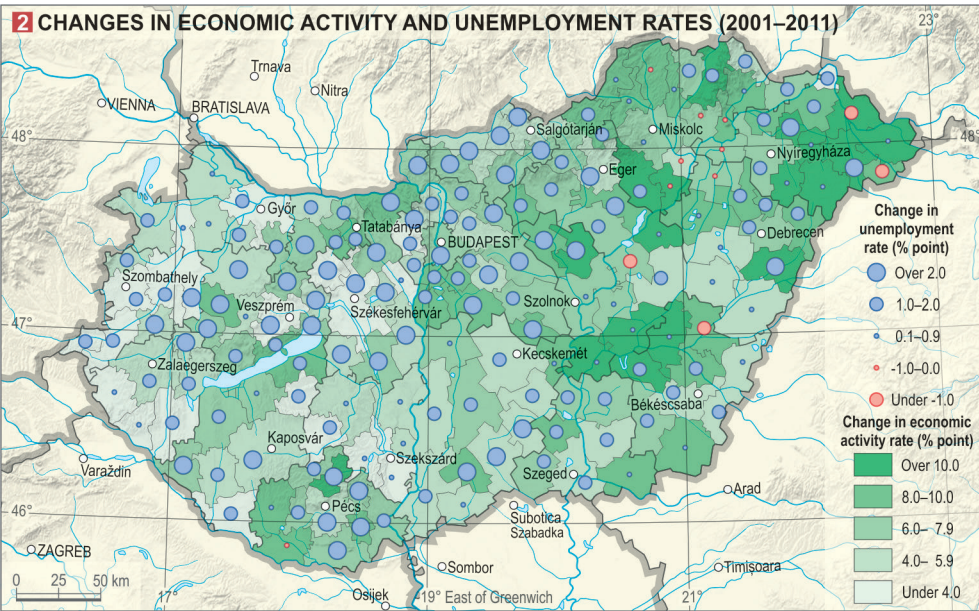
In the Carpathian Basin, spatial differences in *economic activity* can be discerned on the basis of data from around 2011 VI. 6. 1.. At that time, the rate in Hungary (62.4%) was closest to that in Romania (64.1%) or Croatia (64.1%). In the region, a northwest–southeast gradient could be observed for the 2011 activity rate. Accordingly, the highest proportions of economically active people were registered in the northwest (Austria, Slovenia, Slovakia, Hungary), as opposed to the areas in Croatia (mainly Slavonia) and Serbia (Vojvodina), which had been greatly affected by the Yugoslav Wars and by emigration. Like them, low economic activity and the associated high proportion of dependants and inactive earners were observed among the severely disadvantaged populations of the eastern and northeastern peripheral areas of Hungary, the northwestern part of Romania and the Transylvanian Basin. In all these areas, the Roma population share is significant.

The activity rate increased throughout Hungary between 2001 and 2011. Accordingly, the rather low national activity rate of 59.6% in 2001 increased modestly to 62.4% in 2011. Above-average increases during this period were observed in the less developed and underdeveloped areas (e.g. the eastern border area and the inner periphery of the Alföld). Such increases evidently reflected the very low activity rate in these areas in 2001 VI. 6. 2..

The growth of the economic activity rate accelerated strongly after 2011 (2001: 59.6%, 2011: 62.4%, 2016: 70.1%, 2018: 71.9%). This development can be explained by the significant improvement in the economic situation and the associated positive changes in the labour market. During this period, activity rates increased to varying degrees throughout the country. While above-average improvements continued to occur in less developed areas, fewer districts were affected than in the previous period VI. 6. 3..
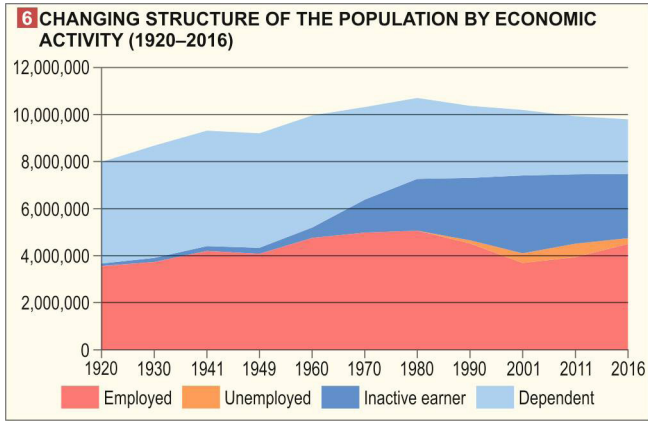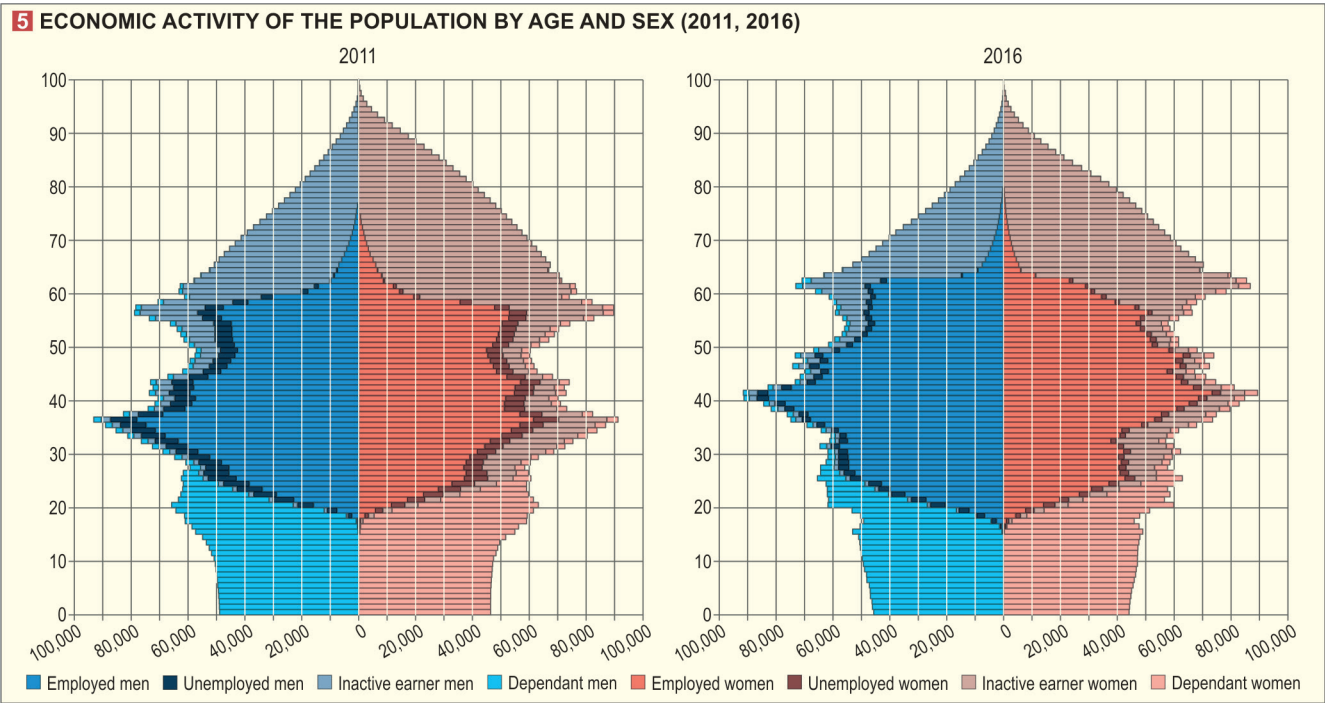
The current spatial differences in the proportion of the *economically active population* can be inferred from the data of the micro-census in 2016. Many of the districts with higher than average activity rates (at least 72%) lie in a contiguous area that includes the capital and its agglomeration as well as the northern part of Transdanubia VI. 6. 4.. There is a close correlation between the activity rate and the unemployment rate: a high activity rate is usually coupled with low unemployment, while a low activity rate correlates with high unemployment. The districts with the lowest activity rates lie in the northeastern and southwestern border regions and in internal peripheries. In 2016, there were only nine districts where the activity rate was less than 65%.

Economic activity exhibits differences not only in space but also in *age and sex* VI. 6. 5.. The activity of men exceeds that of women even today. This has certainly been true historically: for example, in 1910, men accounted for more than three-quarters of the earners in Hungary, while two-thirds of men but less than a fifth of women were economically active at the time. These proportions remained almost unchanged between the two world wars. Under communism, however, a fundamental change took place: in line with the political ideal of a 'two-earner family model', women appeared en masse in the labour market. Consequently, the difference between the activity rate of the two sexes narrowed significantly.

Between 1998 and 2018, the highest proportions of economically active people were recorded in the 40–44 age group or, in some cases, in the group aged 35–39. Over these two decades, the maximum activity rate for a single age group increased significantly. Indeed, whereas in 1998, the employment rate among people aged 40–44 was 81.5%, by 2018 it had increased to more than 90% – not only among this age group, but also among those aged 45–49.

Employment

The first census in Hungary after the Treaty of Trianon in 1920 registered more than 3.5 million employees (i.e. 44.6% of the total population) VI. 6. 6.. Over the next six decades, the number of people employed increased by about one and a half million to slightly more than five million in 1980, a rate of 47.3%. Thereafter a decline occurred, which then accelerated after the collapse of communism, when about one and a half million jobs were lost in the space of a few years. As a result, just 3.7 million people were employed in the labour market in 2001 (36.2%). The subsequent period brought renewed growth, with 4.5 million employees (i.e. an activity rate of 45.9%) being recorded in 2016.

The severe labour market problems of the decade after the collapse of communism are reflected in the statistics. For instance, in 1998 53.6% of the working-age population was employed. The rate then improved to 57.4% in 2006, but the following economic crisis brought another decline (2010: 54.9%). Over the past few years, the labour market has expanded significantly, with the result that the employment rate has approached 70%. The number of people employed within the 15–64 age group exceeded 4 million in early 2014 and reached 4.5 million in 2019. Accordingly, whereas Hungary had once been at the tail end within the EU, by the late 2010s it had advanced to the middle. In 2010, the employment rate was 64.1% in the EU and 54.9% in Hungary. By 2018 the figure in Hungary had increased to 69.2%, while the EU average in that year was 68.6%.

The employment rate of men exceeded 60% in 1998, while that of women was 47.3%. Subsequently, the value of the indicator slowly began to improve for both sexes, but the process was temporarily halted by the economic crisis of 2008. Later, the male activity rate in the labour market increased more rapidly, with the employment rate rising to 76.3% in 2018. Meanwhile, the employment rate for women increased to only 62.3%. At that time, nearly 55% of employees were men and about 45% were women.
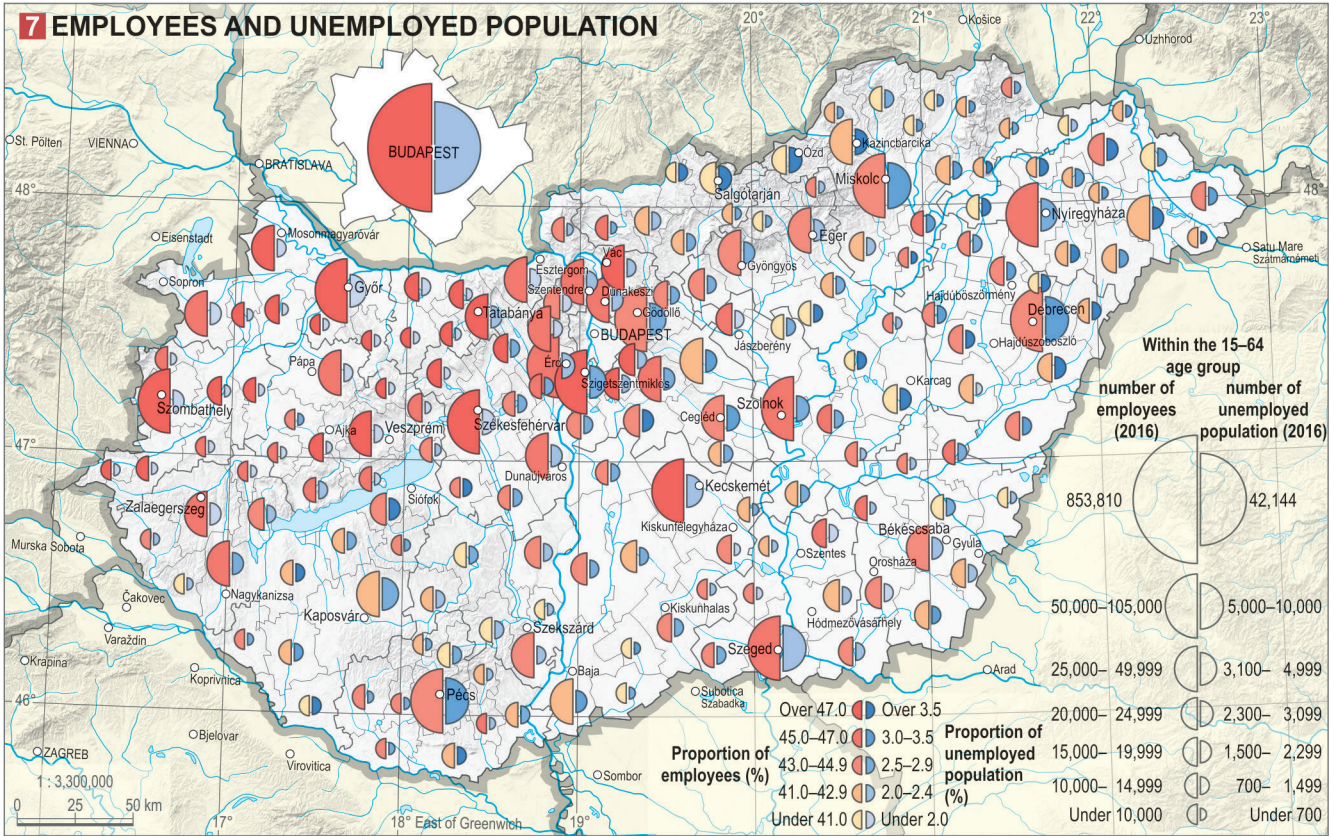
The number of people employed increased in almost every age group between 2011 and 2016, which clearly indicates an improvement in labour market conditions. In 2016, the highest number of employees was in the category of those aged 40–44, with more than 700 thousand people, or a fifth of the total number of employees. These 'Ratkó grandchildren' born between 1972 and 1976 make up the last more populous age group in the labour market of Hungary. Their parents, the so-called 'Ratkó children' born in the first half of the 1950s, are already inactive VI. 6. 5..

Areas with developed urban networks can provide jobs for a greater than average number of employees. Examples include the agglomeration of Budapest and northern Transdanubia. Districts with smaller populations are disadvantaged in the field of employment as well, especially if the district centre is also in decline. Such districts can be found in such traditionally underdeveloped areas as parts of northeastern Hungary, the Alföld and Southern Transdanubia VI. 6. 7.. The employment rate exhibits even more pronounced territorial disparities, with considerable deviations from the national average in some districts. The employment rate was less than 40% in 14 districts in 2016. Most of them have long had structural problems, but two former bastions of communist heavy industry (Ózd and Salgótarján) also belong here, indicating ongoing problems in the labour market VI. 6. 7..

Another important feature of employment is the *educational level of employees*. The number of people employed in Hungary increased significantly between 2011 and 2016, rising from 3.76 million to 4.5 million. Yet the composition of employees by level of education hardly changed: in 2016, more than a tenth of employees had completed no more than eight grades of school, more than a quarter had a skilled worker qualification, more than a third had graduated from secondary school, and more than a quarter were higher education graduates.

A positive change in the labour market is the significant increase in the number and proportion of higher education graduates. Even so, in the same five years the number of workers with the lowest level of education also increased by more than 60 thousand. Between 2011 and 2016, the number of unemployed people with no more than eight completed grades of school fell by more than 100 thousand. In this half-decade, therefore, a significant proportion of the poorly educated unemployed found their way back into the world of work. While this is a positive development,
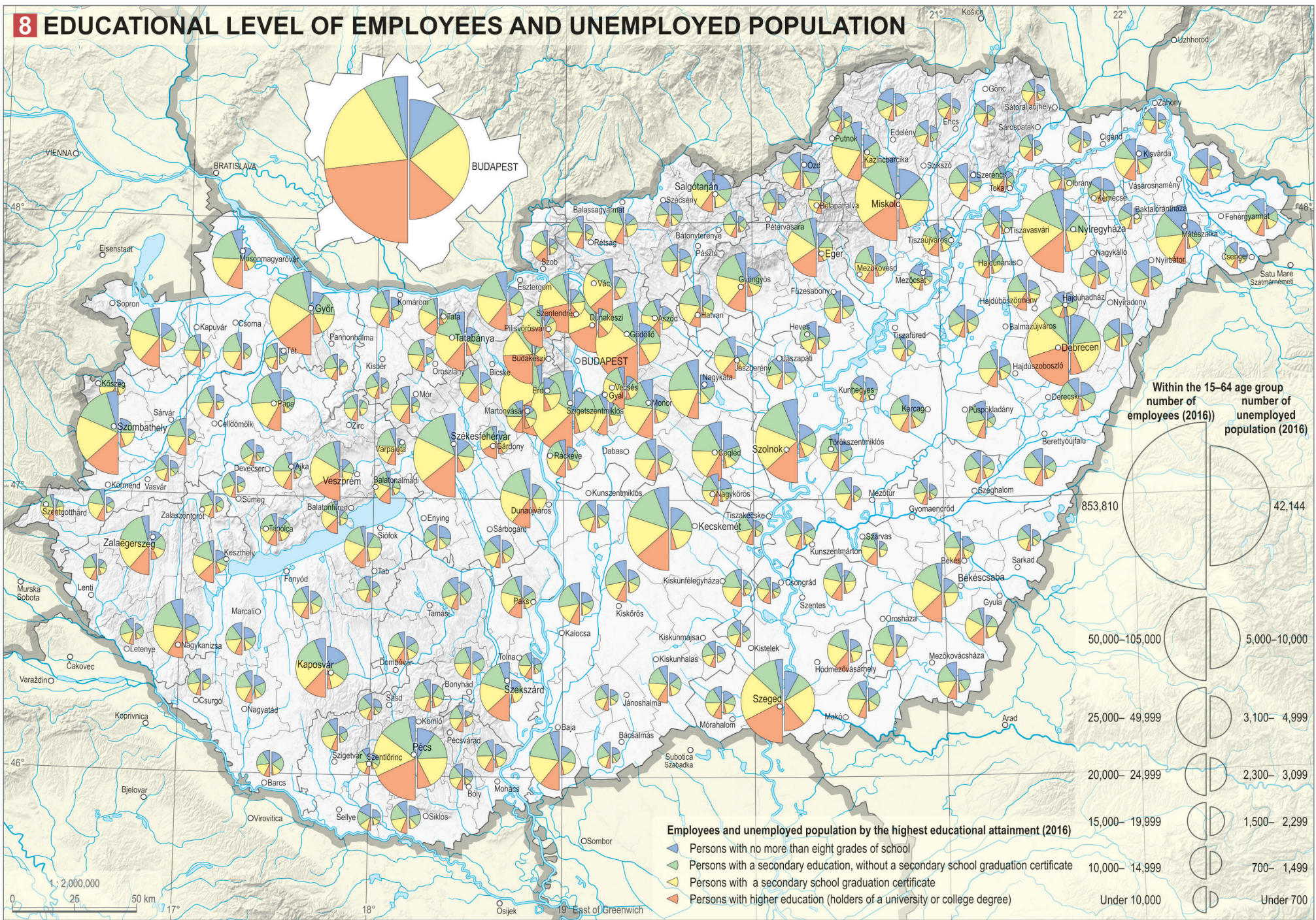

1 ACTIVE EARNERS IN THE CARPATHO–PANNONIAN AREA

Proportion of active earners in the 15–64 age group (%, 2011)
- Over 75.0
- 70.0–75.0
- 65.0–69.9
- 60.0–64.9
- 55.0–59.9
- 50.0–54.9
- Under 50.0

2 CHANGES IN ECONOMIC ACTIVITY AND UNEMPLOYMENT RATES (2001–2011)

Change in unemployment rate (% point)
- Over 4.0
- 1.0–2.0
- 0.1–0.9
- –1.0–0.0

Change in economic activity rate (% point)
- Over 10.0
- 8.0–10.0
- 6.0–7.9
- 4.0–5.9
- Under 4.0

3 CHANGES IN ECONOMIC ACTIVITY AND UNEMPLOYMENT RATES (2011–2016)

Change in unemployment rate (% point)
- Under –4.0
- –7.9 –4.0
- –11.9 –8.0
- –16.0–12.0
- Under –16.0

Change in economic activity rate (% point)
- Over 10.0
- 8.0–10.0
- 6.0–7.9
- 4.0–5.9
- Under 4.0

4 ECONOMIC ACTIVITY AND UNEMPLOYMENT RATES

Unemployment rate (%, 2016)
- Over 9.0
- 7.0–9.0
- 5.0–6.9
- 3.0–4.9
- Under 3.0

Economic activity rate (%, 2016)
- Over 72.0
- 70.0–72.0
- 67.0–69.9
- 64.0–66.9
- Under 64.0

5 ECONOMIC ACTIVITY OF THE POPULATION BY AGE AND SEX (2011, 2016)

- Employed men
- Unemployed men
- Inactive earner men
- Dependant men
- Employed women
- Unemployed women
- Inactive earner women
- Dependant women

6 CHANGING STRUCTURE OF THE POPULATION BY ECONOMIC ACTIVITY (1920–2016)

- Employed
- Unemployed
- Inactive earner
- Dependent

VI. 6.

7 EMPLOYEES AND UNEMPLOYED POPULATION

Within the 15–64 age group

number of employees (2016) / number of unemployed population (2016)

853,810 / 42,144

- 50,000–105,000 / 5,000–10,000
- 25,000–49,999 / 3,100–4,999
- 20,000–24,999 / 2,300–3,099
- 15,000–19,999 / 1,500–2,299
- 10,000–14,999 / 700–1,499
- Under 10,000 / Under 700

Proportion of employees (%)
- Over 47.0 / Over 3.5
- 45.0–47.0 / 3.0–3.5
- 43.0–44.9 / 2.5–2.9
- 41.0–42.9 / 2.0–2.4
- Under 41.0 / Under 2.0

Proportion of unemployed population (%)

1 : 3,300,000
0   25   50 km

Employment structure

As a result of Hungary's belated industrial revolution, the transformation of the employment structure (i.e. the social and occupational re-stratification) in the country was also delayed. This is indicated by the fact that 59.7% of employees were working in agriculture in 1920. At that time, more people worked in the service sector of the economy than in industry, which remained so for four decades to come. This suggests that the occupational restructuring in Hungary did not follow the classic Western European model (i.e. the population leaving agriculture did not primarily go to industry but was divided between services and industry).

After 1920, the number and proportion of agricultural employees decreased only slowly. Therefore, the agricultural sector's share exceeded 50% (53.8%) even in 1949 VI. 6. 10. . In this field, the economic policy of the first half of the 1950s (i.e. the forced development of heavy industry and mining, and the compulsory collectivisation of agriculture) made a significant difference. While agriculture still had the greatest number of workers even in 1960, by that time it was barely ahead of industry. The latter became the leading sector at the time of the censuses in 1970 and 1980. Based on the above, occupational restructuring was a protracted and relatively slow process in Hungary.

The number of people employed decreased by about half a million in the decade before the collapse of communism. Even so, this decrease only affected agriculture and industry, while in the service sector the number continued to increase. Thus, in 1990, this latter sector had the highest number of people employed (46.5%). And this sector was the winner of the eco-

the fact that a significant number of them initially found a new job in public works programme – although to a gradually decreasing extent – rather than in the competitive sector, is not so favourable.

There are significant regional differences in the level of education of the population, and this is necessarily reflected in the composition of the employed. In 2011, there were only two districts where the proportion of employees with no more than 8 completed grades of school exceeded 25%, but in 2016 there were 17 such districts. Meanwhile, the proportion of people with no more than 8 completed grades of school is extremely low in Budapest and in almost all the sur-

rounding suburban areas, as well as in university towns and their districts. The same areas have the highest proportions of higher education graduate employees. The capital stands out among them, with nearly half of employees (46.3%) being higher education graduates in 2016 VI. 6. 8. .

The number of people employed increased in all types of settlements between 2011 and 2016, which is also a positive development. In these five years, the share of urban areas in employment decreased somewhat, but the share of villages increased, which may be due – at least in part – to the public works programme VI. 6. 9. .

8 EDUCATIONAL LEVEL OF EMPLOYEES AND UNEMPLOYED POPULATION

Within the 15–64 age group
number of employees (2016) / number of unemployed population (2016)

853,810 / 42,144

- 50,000–105,000 / 5,000–10,000
- 25,000–49,999 / 3,100–4,999
- 20,000–24,999 / 2,300–3,099
- 15,000–19,999 / 1,500–2,299
- 10,000–14,999 / 700–1,499
- Under 10,000 / Under 700

Employees and unemployed population by the highest educational attainment (2016)
- Persons with no more than eight grades of school
- Persons with a secondary education, without a secondary school graduation certificate
- Persons with a secondary school graduation certificate
- Persons with higher education (holders of a university or college degree)

1 : 2,000,000
0   25   50 km

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1 The largest employment sector in Hungary is trade

nomic transition, with its share of employment rising above 60% (2001: 61.5%). Restructuring continued in the first decade of the 21st century. Indeed, by 2011, the proportion of agricultural employees had declined to less than 5% and proportion of those working in industry had fallen below 30%, while the proportion of people employed in services rose to 67.2%. This structure appears to be rather resilient because in 2016 there were roughly the same proportions.

When assessing the share of services, it should be noted that this sector is extremely complex; it is no surprise that statisticians break it down into more than a dozen sub-fields. The largest employer is trade; one in seven employees worked in this sector in 2011 1 . However, the service sector also includes public administration, education and health, each with around 300 thousand employees.

Significant regional differences lie behind the national rates of employment, as reflected in the figures at the settlement level VI. 6. 12. . To illustrate the regional and settlement differences, settlement types were identified on the basis of the employment structure; the classification was based on the percentage of the three sectors of the economy. In total, four main types were distinguished as follows:
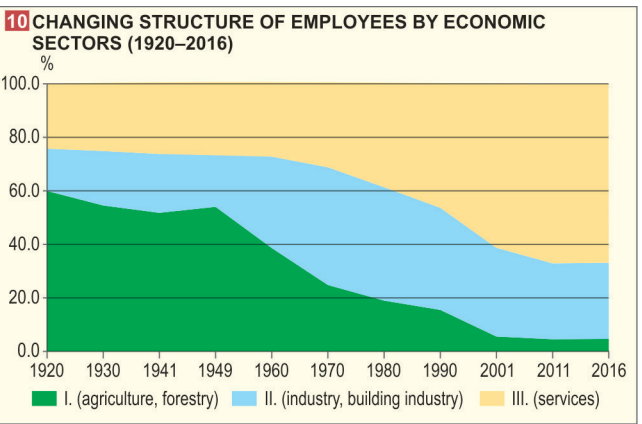- Settlements with a predominant employment structure: municipalities where the proportion of one sector exceeded 75% were classified here. This was true of just one agricultural settlement and two industrial settlements. The situation was completely different for more than 200 settlements dominated by the service sector: this is a mixed category, including, for example, a significant part of the agglomeration of the capital as well as several settlements around Lake Balaton. Yet, according to their occupation structure, numerous declining villages, most of them inhabited by Roma people, also belong in this group.
- Settlements with a dominant employment structure: this group comprises municipalities where the proportion of one of the economic sectors is between

50.1% and 75%. Only five agricultural settlements could be classified here. The industrial type is of a greater importance, as this subgroup included nearly 250 settlements. Some of them are industrial centres and the rest are villages in their catchment areas. Municipalities in the service sector are again of paramount importance; there were almost 1,900 such towns and villages.
- Settlements with a shared employment structure: this group includes settlements where the proportion of none of the sectors reaches 50%, but those in first and second place account for the majority of employees. A total of six combinations can arise here, all of which include settlements, but in quite different numbers. The smallest is the number of combinations involving agriculture, while tertiary (service) and industrial combinations account for 750 settlements.
- Settlements with a mixed employment structure: in this group the proportion of none of the sectors reaches 50% and all three sectors have similar shares. In such municipalities, the employment structure is balanced. There were as many as 20 such settlements.
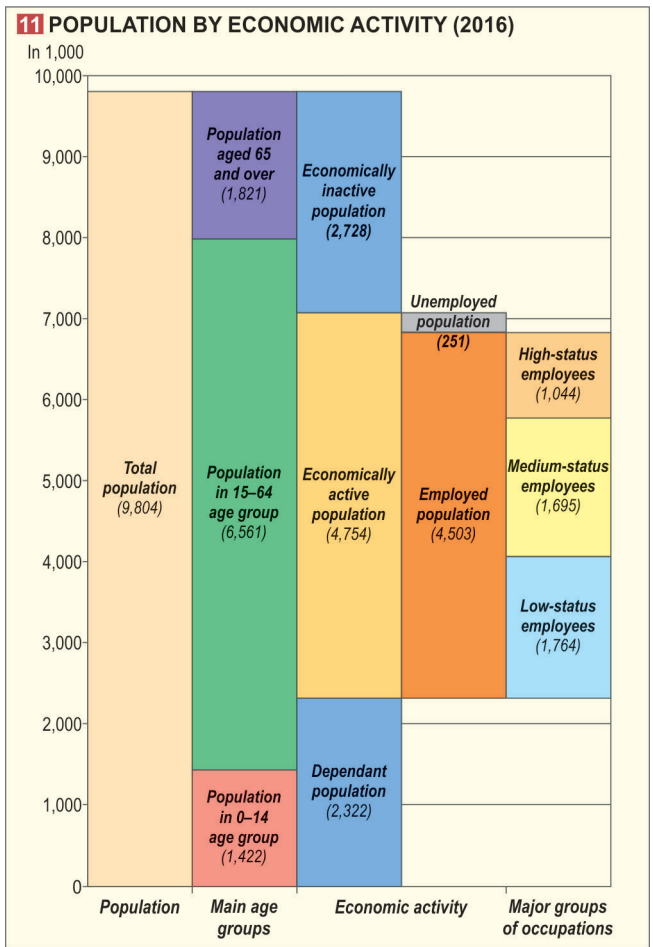
The database of map VI. 6. 12. showing the results is constituted by employees in the 15–64 age group who were registered during the census of 2011 (3.88 million people in total). The data refer to employees living locally rather than those working locally. The map does not show the functional type of settlements, since everyone was registered where they lived rather than where they worked.

In addition to classifying by economic sectors, it is also possible to undertake analysis by major groups of occupations. The groups are based on the ISCO used in statistics that places occupations in ten major groups. Contrary to the employment structure based on economic sectors, the emphasis here is on the status of occupations. As it was not possible technically to show all ten major occupation groups at the level of the districts, they were grouped into three categories of high, medium and low-status occupations. In 2016, 22.9% of those aged 15–64 were placed in the high-status, 37.7% in the medium-status and 39.4% in the low-sta-

11 POPULATION BY ECONOMIC ACTIVITY (2016)

In 1,000

- Total population (9,804)
- Population aged 65 and over (1,821)
- Population in 15–64 age group (6,561)
- Population in 0–14 age group (2,322)
- Economically inactive population (2,728)
- Economically active population (4,754)
- Dependant population (2,322)
- Employed population (4,503)
- Unemployed population (251)
- High-status employees (1,044)
- Medium-status employees (1,695)
- Low-status employees (1,764)

Population / Main age groups / Economic activity / Major groups of occupations

tus groups VI. 6. 11. . Regional differences were also significant in this respect: districts with a much higher than average rate of low-status occupations tend to be found in the multiply disadvantaged areas VI. 6. 13. . The proportion of employees in low-status occupations exceeded 60% in 22 districts in 2016. In these areas, therefore, a high proportion of residents work in less prestigious occupations requiring a low level of education and skills. One million employees belonged to the high-status group, a third of whom lived in Budapest. Evidently, therefore, the national average was significantly influenced by the situation prevailing in the capital (with 38.9% in high-status occupations). The proportion of people working in high-status occupations exceeded 30% in only a few districts near Budapest and in the Debrecen and Pécs districts.
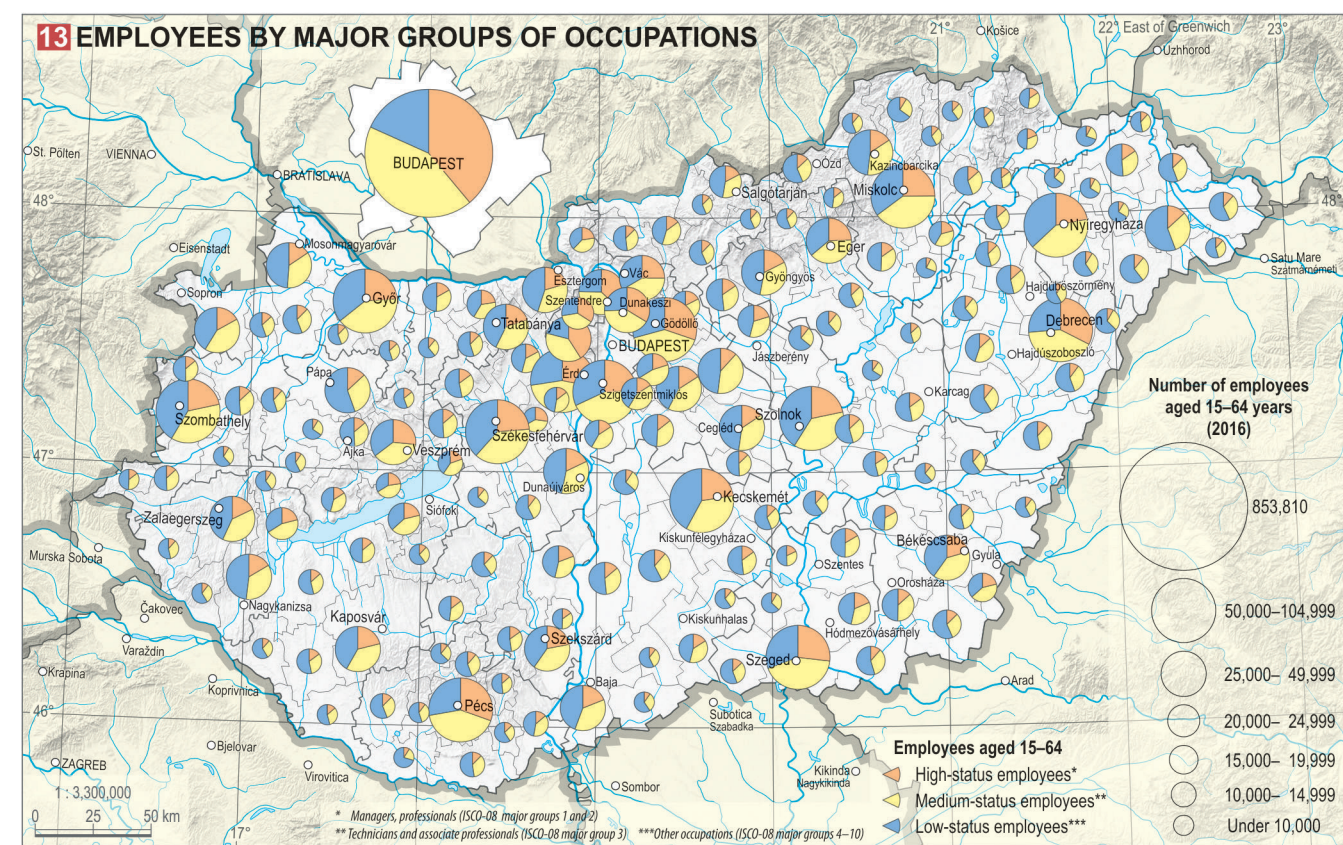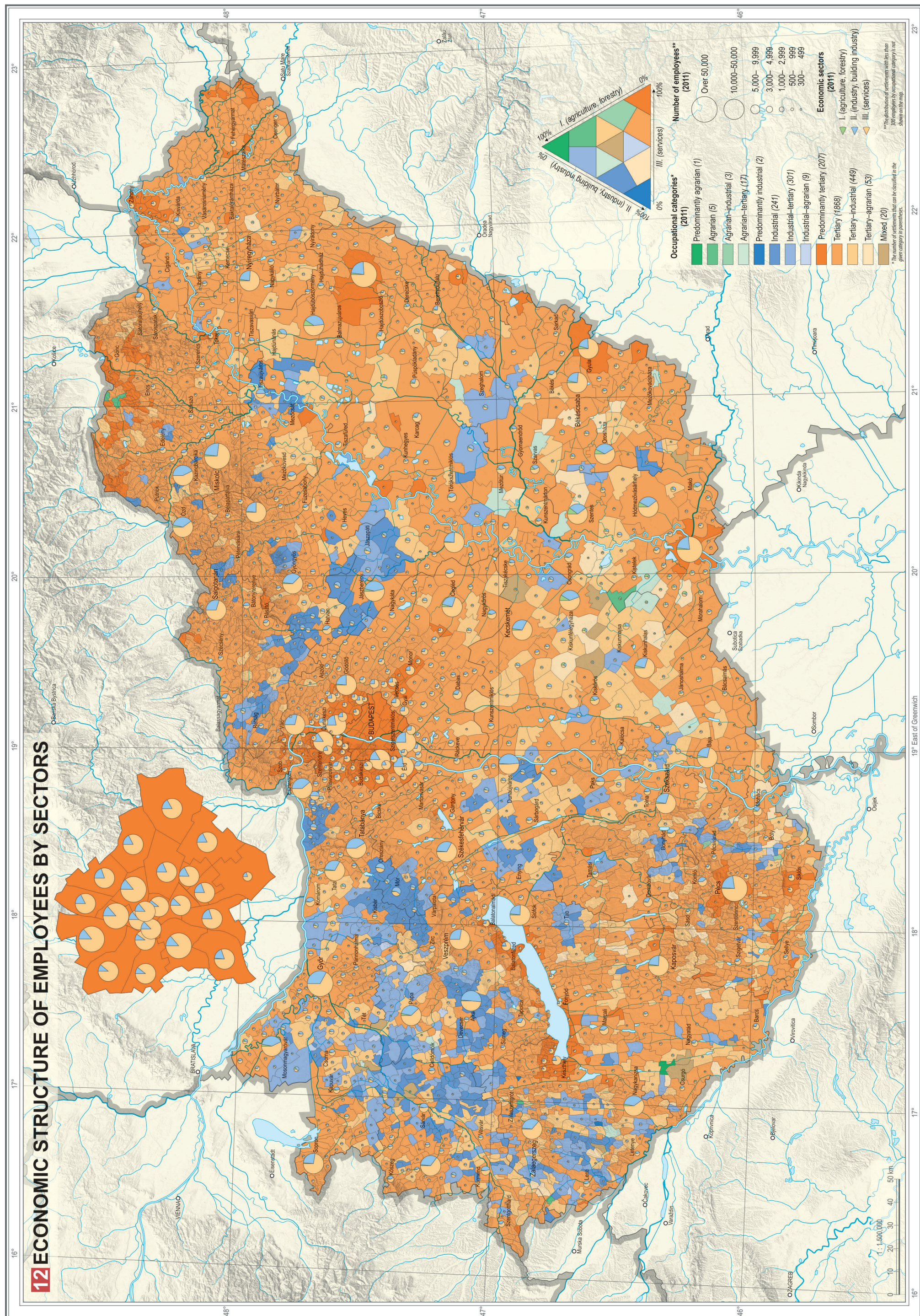
Unemployment

Unemployment constitutes a serious disturbance in the labour market: people who are ready and fit for work cannot find jobs. Unemployment is rooted in various economic and social factors. Consequently, there are several basic types. Cyclical unemployment develops when jobs are scarce due to an economic recession or crisis. Structural unemployment arises where the skills and qualifications of workers do not match the requirements of vacant jobs. Meanwhile frictional unemployment refers to the joblessness that occurs when a significant number of people are between jobs.

Unemployment as a social problem first appeared in Hungary at the time of the Austro-Hungarian Monarchy. Mass unemployment emerged in the interwar period, affecting both industry and agriculture.

Between the late 1940s and the end of the 1980s, there was no official unemployment in Hungary, as according to the prevailing ideology, only full employment was possible under communism. Although there was indeed no overt unemployment, excess labour was hidden in the form of 'indoor unemployment'. In other words, some people with jobs barely did any actual work. Concerning the late 1960s, for instance, it has been calculated that if there had been overt unemployment, there would have been around half a million unemployed people in Hungary.
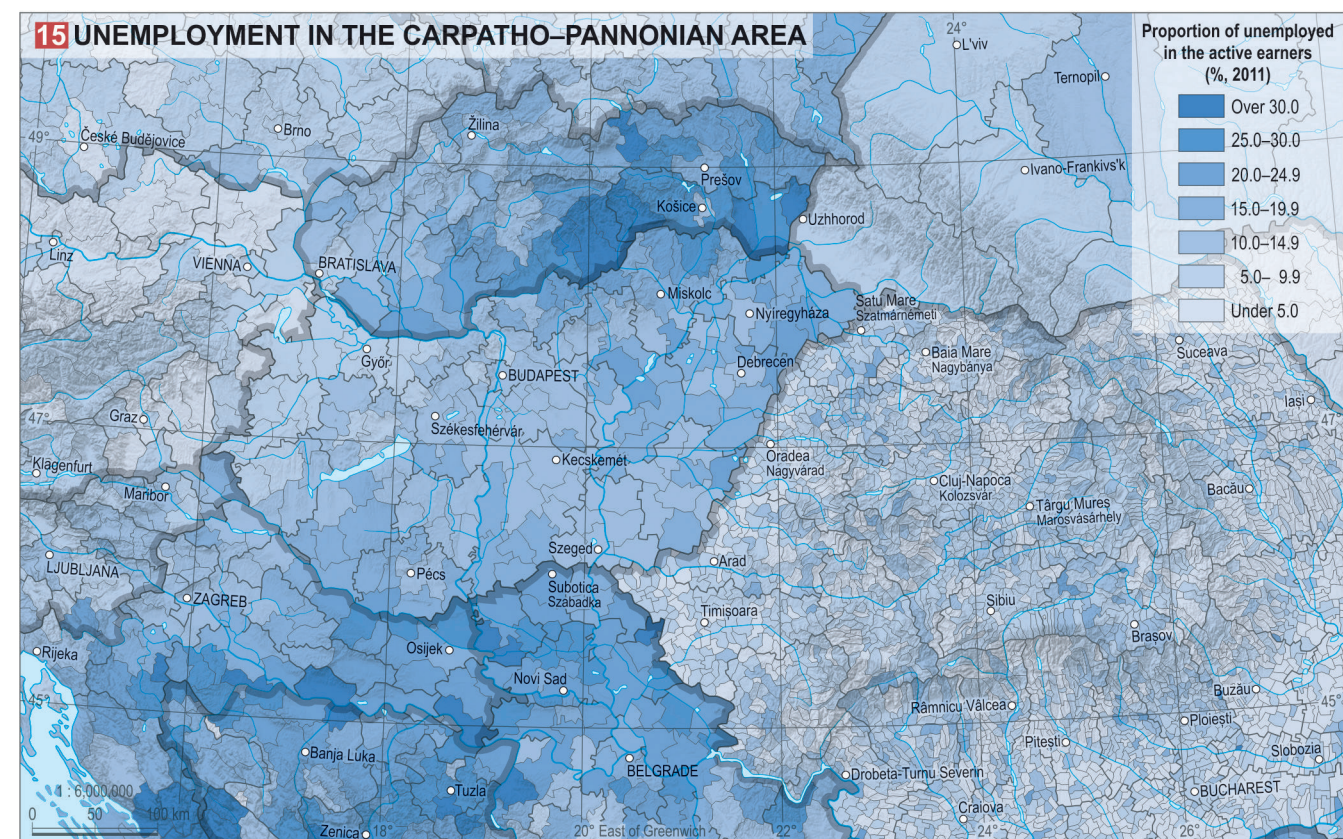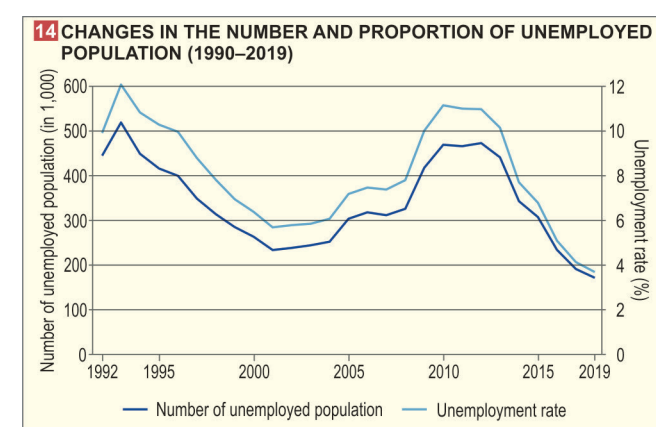
10 CHANGING STRUCTURE OF EMPLOYEES BY ECONOMIC SECTORS (1920–2016)

%
100.0
80.0
60.0
40.0
20.0
0.0
1920 1930 1941 1949 1960 1970 1980 1990 2001 2011 2016

- I. (agriculture, forestry)
- II. (industry, building industry)
- III. (services)

9 ECONOMIC ACTIVITY OF THE POPULATION BY SETTLEMENT TYPES (2011, 2016)

Economic activity	Capital		Towns with county rights		Other towns		Villages		Total	
	2011	2016	2011	2016	2011	2016	2011	2016	2011	2016
Number (thousand people)										
Employed	777.5	877.0	838.8	923.1	1,270.3	1,442.3	1,056.0	1,261.1	3,942.7	4,503.4
Unemployed	90.4	42.3	106.7	46.8	185.4	82.3	186.0	79.1	568.5	250.5
Inactive	474.5	449.1	569.7	540.2	967.6	903.4	937.9	835.7	2,949.7	2,728.3
Dependant	386.6	395.9	514.1	474.1	818.4	754.7	757.6	696.9	2,476.7	2,321.6
Total	1,729.0	1,764.3	2,029.4	1,984.2	3,241.7	3,182.7	2,937.5	2,872.8	9,937.6	9,803.8
Proportion (%)										
Employed	19.7	19.5	21.3	20.5	32.2	32.0	26.8	28.0	100	100
Unemployed	15.9	16.9	18.8	18.7	32.6	32.9	32.7	31.6	100	100
Inactive	16.1	16.5	19.3	19.8	32.8	33.1	31.8	30.6	100	100
Dependant	15.6	17.1	20.8	20.4	33.0	32.5	30.6	30.0	100	100
Total	17.4	18.0	20.4	20.2	32.6	32.5	29.6	29.3	100	100

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12 ECONOMIC STRUCTURE OF EMPLOYEES BY SECTORS

13 EMPLOYEES BY MAJOR GROUPS OF OCCUPATIONS

Number of employees aged 15–64 years (2016)

853,810

50,000–104,999
25,000– 49,999
20,000– 24,999
15,000– 19,999
10,000– 14,999
Under 10,000

Employees aged 15–64
High-status employees*
Medium-status employees**
Low-status employees***

*Managers, professionals (ISCO-08 major groups 1 and 2)
**Technicians and associate professionals (ISCO-08 major group 3)   ***Other occupations (ISCO-08 major groups, 4–10)

The *collapse of communism* triggered profound transformations in the Hungarian labour market. For instance, the hidden unemployment of the past became overt unemployment. The number of unemployed people was first recorded in the census of 1990 (126,227 people). The two following censuses reported rising unemployment, but there was a significant improvement between 2011 and 2016 VI. 6. 9. . In terms of unemployment the *most difficult period in Hungary* was between the autumn of *1990* and early *1993*, when the number of registered unemployed increased from 50 thousand to 519 thousand and the unemployment rate jumped from 1% to 12%. Thereafter the number of unemployed declined until 2002. The unemployment rate then gradually increased, with the problem amplified by the 2008 economic crisis. Hungary reached a new peak in 2012 (472 thousand unemployed), which was followed by a slight increase and then, *from 2014 onwards, by a sharp decline*. Consequently, by the summer of 2019 there were only 163 thousand registered unemployed people. The unemployment rate thus decreased from 11.1% to 3.5% between 2012 and 2019 VI. 6. 14. . This latter value represents almost full employment.

In recent years, the *unemployment rate* in the European Union has decreased significantly (to 6.3% in 2019). In the countries of the *Carpathian Basin,* the rate – apart from Serbia, Ukraine and Croatia– is below the EU's average unemployment rate everywhere. Between 2011 and 2019, both Hungary and Slovakia achieved significant progress in reducing the unemployment rate (by 7.5 and 7.8 percentage points respectively) 1 . Even in Serbia, where the unemployment rate had been 23%, there was a decline to 10.5% (this was still the highest rate in the region). During the same period, the unemployment rate increased in Ukraine from 7.9% to 8.9% due to the war that erupted in 2014. The ratio of the unemployed to the active popula-

tion in the Carpathian Basin shows significant regional differences, which can only be presented in more detail based on data from 2011. In Hungary's southern neighbours, the areas with the highest unemployment include the Krajina, Slavonia and Vojvodina regions, all of which were affected by the devastation and economic problems associated with the Yugoslav Wars. Moreover these areas also saw forced migrations, with the resettlement of a significant proportion of people of working age and the mass immigration of unemployed refugees. In Slovakia, the unemployment rate exceeded the national average in certain southern and eastern regions largely inhabited by Hungarians and Roma people. These areas have received little support in the course of national regional development. In Hungary, unemployment was an acute problem in the particularly disadvantaged northeastern border regions and in the internal periphery regions of the Alföld VI. 6. 15. .

In the case of Hungary, the above general outline can be further refined using data from the micro-census of 2016. As early as the 1990s, a spatial structural line was identified (the Balassagyarmat–Mezőhegyes line), separating areas of high unemployment from regions with lower unemployment rates. Since then, this line has shifted somewhat to the east, and can now be drawn between the towns of Szécsény, Heves, Kunhegyes and Karcag. In 2016, most districts where
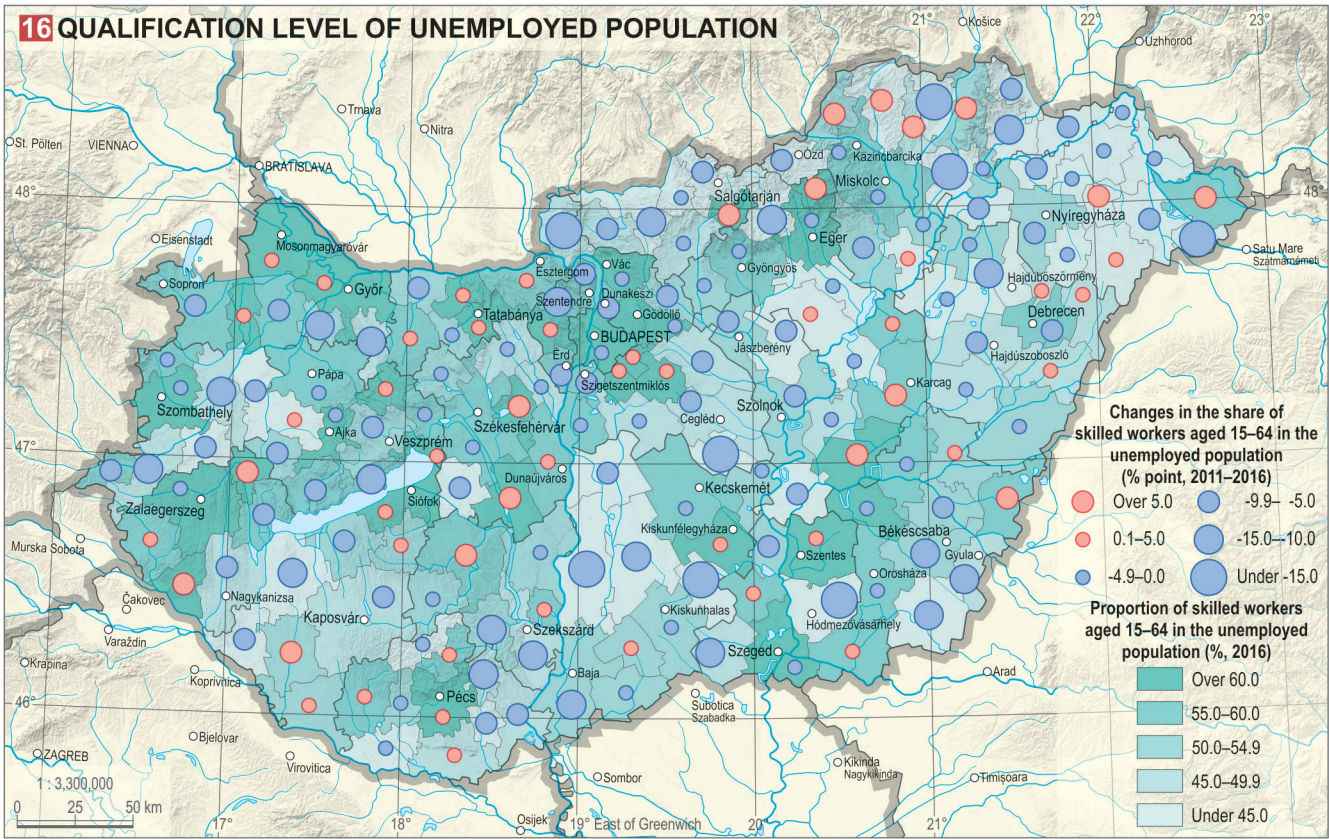
more than 3.5% of the working-age population was unemployed could be found to the east of this line (i.e. in the northeastern part of Hungary). The other pole is the contiguous area of northern Transdanubia and the agglomeration of Budapest, in which there was no single district with high unemployment VI. 6. 7. .

A similar picture unfolds when the number of unemployed is compared with active earners rather than the working-age population. This can be done while determining and spatially analysing the rate. This unemployment rate was 5.3% nationally in 2016, with much higher rates (of at least 8%) being recorded in 17 districts. Their spatial distribution greatly resembles the pattern of the previous indicator VI. 6. 4. . The unemployment rate remained substantially unchanged in the period between 2001 and 2011 (2001: 8.8%, 2011: 8.6%), but the half decade from 2011 to 2016 brought a significant decline in unemployment. Stagnant unemployment in the first period can also be seen on the map showing the changes, as there were hardly any shifts at district level VI. 6. 2. . The *significant decline in unemployment between 2011 and 2016* manifests regional differences. In one third of the districts (57 districts), the rate of decline is more than three times the national average. Most of these districts lie in Eastern Hungary and in Southern Transdanubia. There are several factors behind the spectacular change, one being that many unemployed people were transferred to the public worker schemes VI. 6. 3. .

The risk posed by unemployment to the working-age population varies. Among the most important risk factors is a *lack of qualifications and education*. In 2011, 57.6% of the unemployed had some kind of qualification, but in 2016, this decreased to 54.3% (i.e. the proportion of people without qualifications increased). Areas where a high proportion of unemployed people have some kind of qualification are most likely to occur in the more developed regions of Hungary and they are least likely in northeastern Hungary, where districts with a high proportion of unemployed people without any qualifications form contiguous areas VI. 6. 16. . It is worth approaching the problem in terms of education. It is no surprise that the unemployed are much less qualified and educated than those who are employed. According to data from 2016, the proportion of those with no more than eight completed grades of school was 11.4% among the employed and 29.9% among the unemployed. There was no meaningful difference between the two rates in the case of skilled workers (26.3% and 27.8%) and sec-

14 CHANGES IN THE NUMBER AND PROPORTION OF UNEMPLOYED POPULATION (1990–2019)

Number of unemployed population
Unemployment rate

15 UNEMPLOYMENT IN THE CARPATHO–PANNONIAN AREA

Proportion of unemployed in the active earners (%, 2011)

Over 30.0
25.0–30.0
20.0–24.9
15.0–19.9
10.0–14.9
5.0– 9.9
Under 5.0

16 QUALIFICATION LEVEL OF UNEMPLOYED POPULATION

Changes in the share of skilled workers aged 15–64 in the unemployed population (% point, 2011–2016)
- Over 5.0
- 0.1–5.0
- -4.9–0.0
- -9.9–-5.0
- -15.0–-10.0
- Under -15.0

Proportion of skilled workers aged 15–64 in the unemployed population (%, 2016)
- Over 60.0
- 55.0–60.0
- 50.0–54.9
- 45.0–49.9
- Under 45.0

1 : 3,300,000

0   25   50 km

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but somehow make a living). There are also regional differences according to the duration of unemployment. Yet such differences confirm, for the most part, what has already been observed on the basis of other indicators, namely that it is easier to return to the world of work in economically more developed areas and that the process requires more time in underdeveloped regions VI. 6. 17. .

It is worth noting that the distribution of unemployed people among the various types of settlements is the same as that of the employed VI. 6. 9. .

The rapid rise in mass unemployment after the collapse of communism affected men more severely than women. One of the reasons for this is that women tended to be working in the service sector, where there was less risk of unemployment. In the 1990s, more than 60% of the unemployed were men. Since then, this gap has essentially disappeared, as only 51.2% of job-seekers were men in 2018. In the unemployment rate, a turnaround has taken place: in 2018, the male unemployment rate was 3.5% while the female rate was 4.0%.

A feature of unemployment in Hungary is that there are no outliers in the unemployment rates for each age group (i.e. unemployment affects each generation to a roughly equal extent). The 15–19 age group alone exhibits a much higher rate than the average. However, this is not a particularly acute problem because the absolute number of unemployed people in this group is low.

Economically inactive population

In Hungary, the number of people in this group has always exceeded the number of active earners. How-

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ondary school graduates (32.5% and 32.8%). Among higher education graduates, however, the gap opened again (27.1% and 11.9%). These data also exhibit regional differences, which are particularly significant in the lower category (those with no more than eight completed grades of school). In 19 of the districts, the proportion of the least educated exceeded 45% (and in 10 of them it exceeded 50%). These districts lie in parts of Hungary that are disadvantaged in other aspects VI. 6. 8. .

The possibility of returning to the world of work is influenced by the *length of time a worker is unemployed* – and by his or her qualifications. About a third of unemployed people are forced to stay out of the labour market for no more than six months. On the other hand, one in seven unemployed people have been looking for a job for at least four years. Many of these people have given up hope of becoming active earners. The statistics also record those who never worked before they became unemployed. Their share was only 9.2% in 2011, but by 2016 it had increased to 17.5% (i.e. one in six unemployed people had never worked in their lives). More than 43 thousand unemployed people were in this category in 2016. Some of them were among the so-called voluntary unemployed (i.e. people who do not officially take jobs

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17 DISTRIBUTION OF THE UNEMPLOYED ACCORDING TO THE TIME ELAPSED SINCE THE LAST OCCUPATION WAS TERMINATED

Number of unemployed population (2016)
- 42,144
- 5,000–10,000
- 3,100– 4,999
- 2,300– 3,099
- 1,500– 2,299
- 700– 1,499
- Under 700

Time elapsed since the last occupation was terminated
- Persons last worked 6 months or less
- Persons last worked 7–12 months ago
- Persons last worked 13–24 months ago
- Persons last worked 25–47 months ago
- Persons last worked more than four years ago
- Persons never worked

1 : 2,000,000

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ever, there is no sharp boundary between the two categories, which exhibit overlapping.

Pensioners make up a large proportion of *inactive earners*. Accordingly, the number of people in the group is significantly affected by the pension insurance system. Until the introduction of general coverage, inactive earners made up only a few percent of the population. This period lasted from 1920 to 1960 in Hungary. However, when social security and childcare were significantly expanded in the 1960s, the number of inactive earners rose rapidly, a development that was recorded in the census of 1970. Thereafter the number of inactive earners continued to increase, reaching its maximum in the early 2000s. The decline seen over the last decade is due to a gradual increase in the retirement age and a reduction in the scope or extent of certain social benefits, as well as the activation effect of the public works programme and an expanding labour market VI. 6. 6. .

The age-group distribution of some 2.7 million inactive earners shows specific features. Among younger age groups, people caring for their children (mainly women) dominate, and there are hardly any 'real' pensioners. The number of inactive earners is smallest among those aged 40-55, as those with childcare support are mostly younger while retirement occurs at a later age. A big jump occurs from the age of 60, with a gradual increase in the number of people dropping out of the group of active earners VI. 6. 5. .

Regional differences can be found in the age structure of inactive earners in Hungary as well. Two of the reasons for such differences are particularly noteworthy. In many districts in northeastern Hungary, the proportion of people in the younger age groups is noticeably higher than average. This is related to the reproductive characteristics of the population living there and to the higher number of people who receive childcare support. In particular, the proportion of people aged over 70 is also lower than average in this region VI. 6. 18. .

More than one million inactive earners of working age were recorded in Hungary in 2016. Since labour shortages became increasingly severe in the late 2010s, the question arises as to how the missing labour force should be replaced. One option would be to reactivate some of the inactive earners. However, for this it is worth considering the level of education of this group. If this is compared with similar indicators for the unemployed, a more polarised picture unfolds: indeed, among inactive earners people with no more than 8 completed grades of school and higher education graduates are overrepresented, while skilled workers and secondary school graduates are underrepresented. The regional differences are very similar to those described in respect of the level of education of the unemployed VI. 6. 19. .
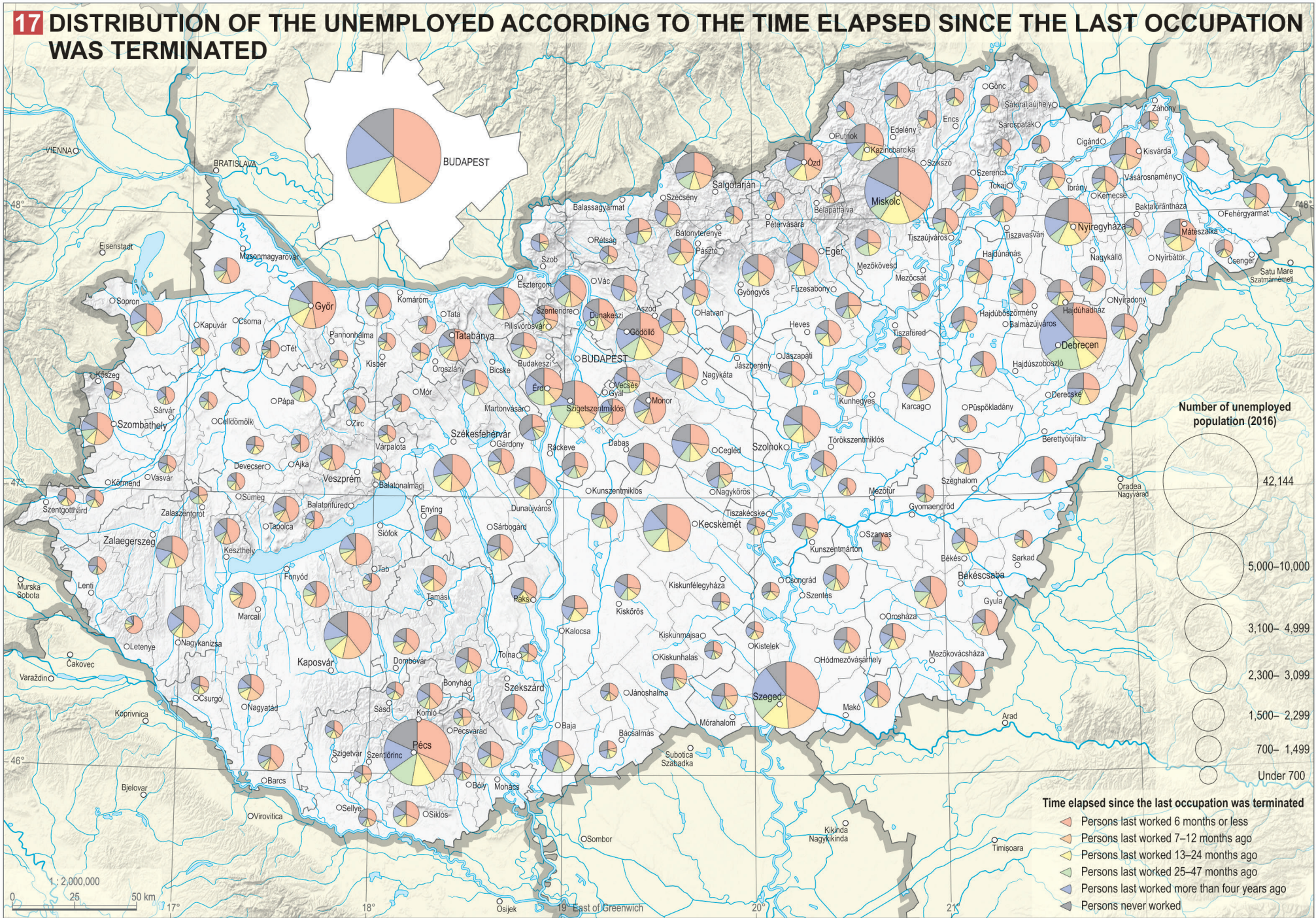
The number of *dependants* shows an opposite pattern to that of active earners, as there has been a mostly steady decline since 1920: in 1920, dependants formed a mass of 4.3 million people, which decreased to 2.3 million people hundred years later (i.e. dependants accounted for less than a quarter of the total population) VI. 6. 6. .

Students and pupils account for a majority of dependants, and this is reflected in the composition by age groups: more than 60% of dependants are aged under 15 and 90% of them are aged under 25. There are also dependants among older age groups, but for other reasons. The regional distribution of the age structure of dependants is mostly in correlation with the age composition of the population: in the case of a youthful population, the higher number of children

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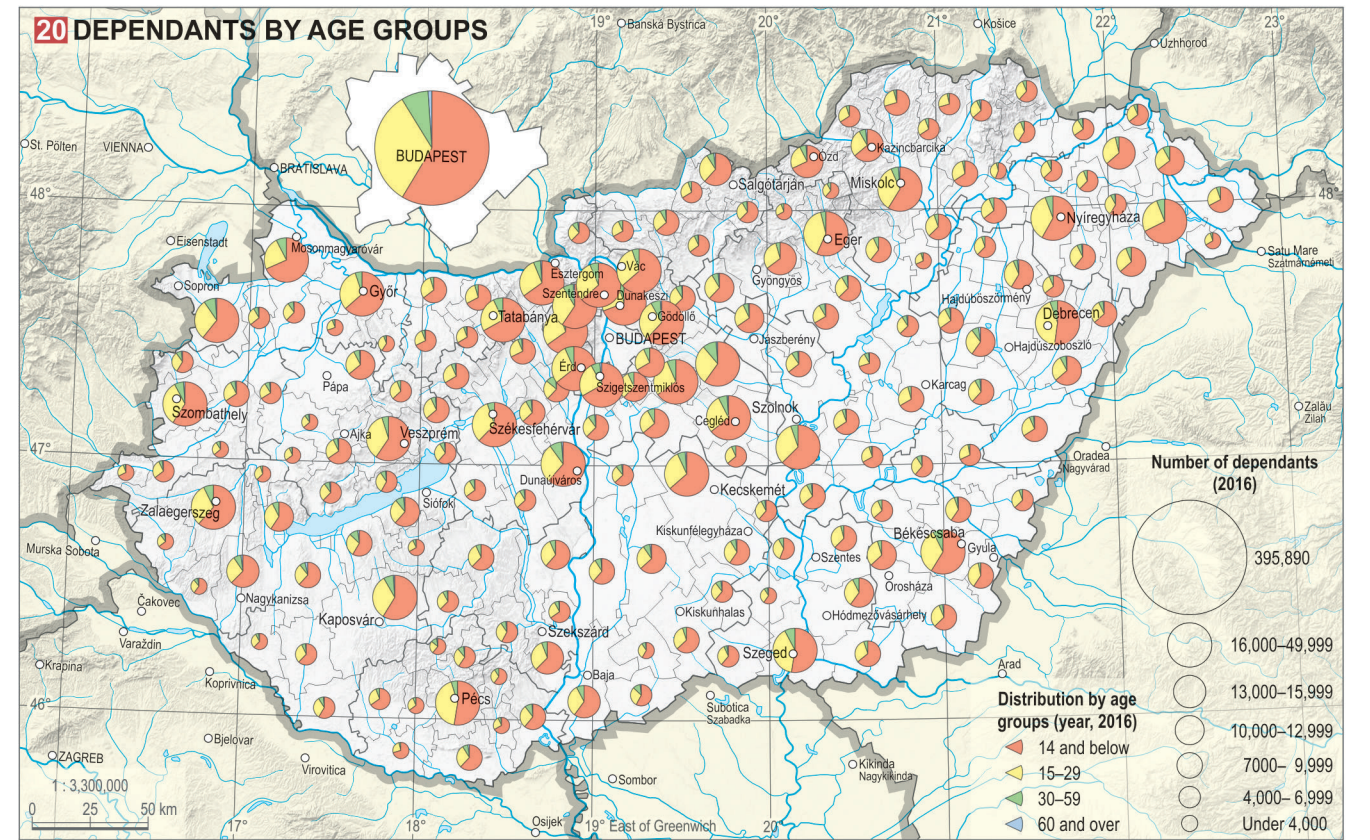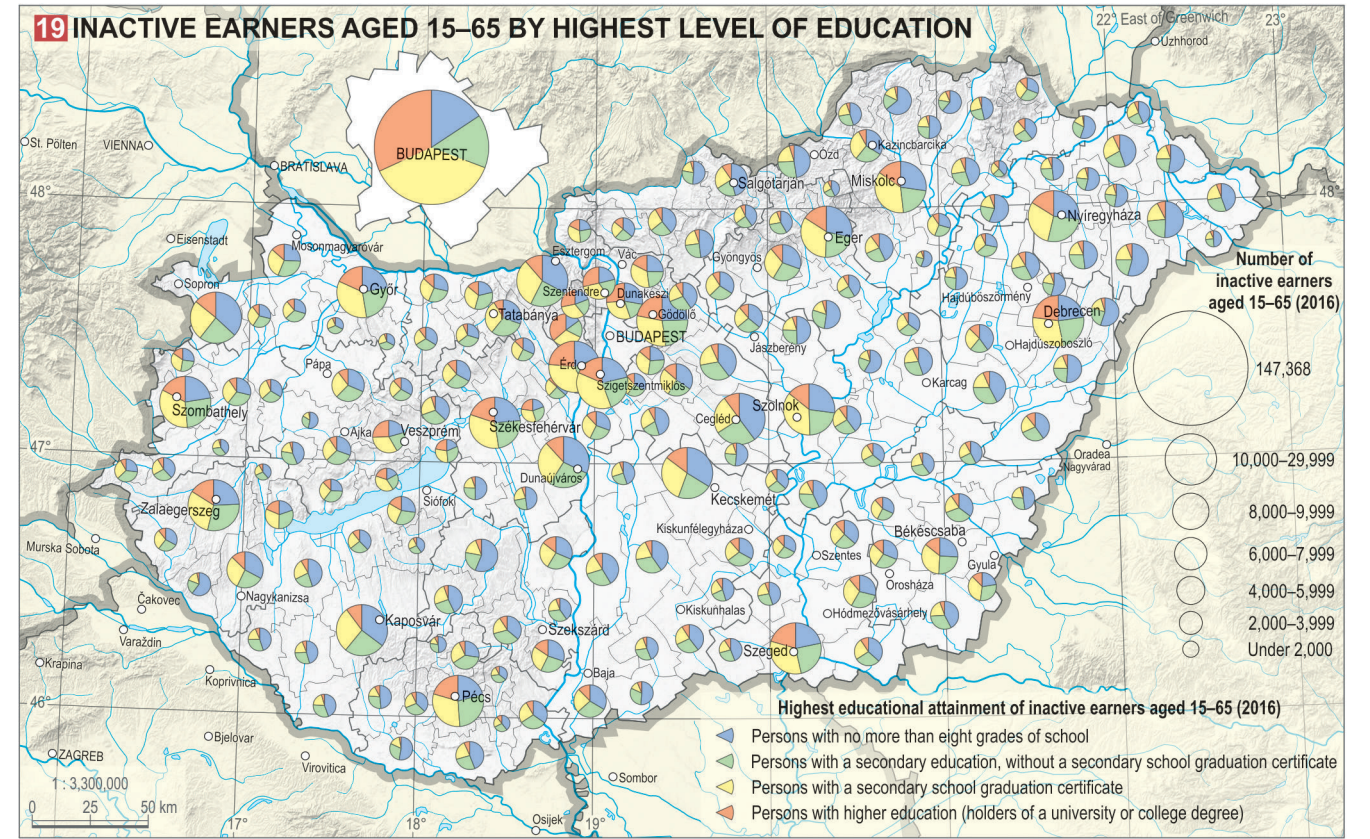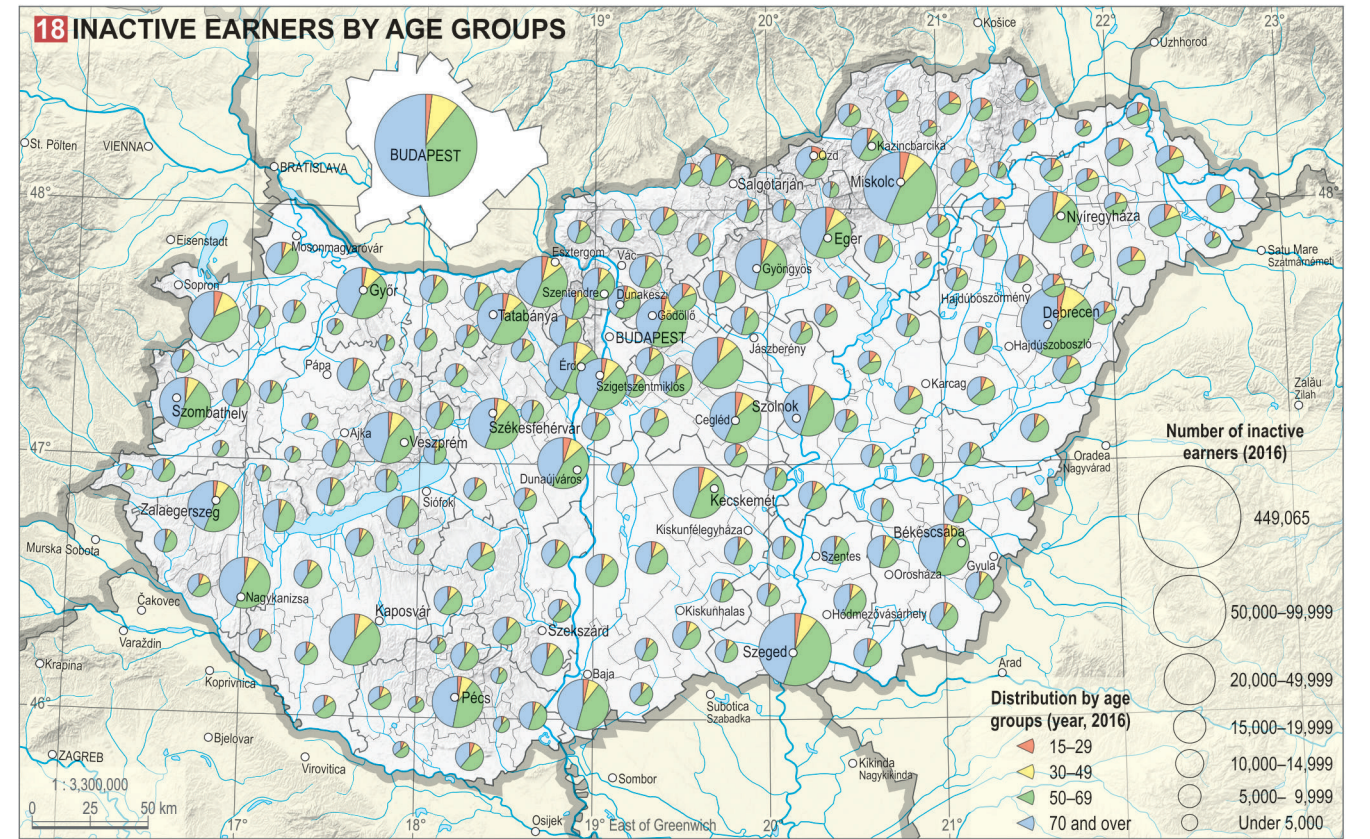
signifies a higher than average proportion of age groups younger than 15. In 2016, the proportion of dependants under the age of 15 was close to or occasionally exceeded 70% – substantially higher than the national average (61.2%) – in several districts in northeastern Hungary VI. 6. 20. .

A specific group of dependants (225 thousand people) who are no longer students as they are in the 25–64 age group. Although these people are of working age, they do not appear in the labour market and thus constitute a potential labour reserve.

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18 INACTIVE EARNERS BY AGE GROUPS

Number of inactive earners (2016)
- 449,065
- 50,000–99,999
- 20,000–49,999
- 15,000–19,999
- 10,000–14,999
- 5,000– 9,999
- Under 5,000

Distribution by age groups (year, 2016)
- 15–29
- 30–49
- 50–69
- 70 and over

1 : 3,300,000   0   25   50 km

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19 INACTIVE EARNERS AGED 15–65 BY HIGHEST LEVEL OF EDUCATION

Number of inactive earners aged 15–65 (2016)
- 147,368
- 10,000–29,999
- 8,000–9,999
- 6,000–7,999
- 4,000–5,999
- 2,000–3,999
- Under 2,000

Highest educational attainment of inactive earners aged 15–65 (2016)
- Persons with no more than eight grades of school
- Persons with a secondary education, without a secondary school graduation certificate
- Persons with a secondary school graduation certificate
- Persons with higher education (holders of a university or college degree)

1 : 3,300,000

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20 DEPENDANTS BY AGE GROUPS

Number of dependants (2016)
- 395,890
- 16,000–49,999
- 13,000–15,999
- 10,000–12,999
- 7000– 9,999
- 4,000–6,999
- Under 4,000

Distribution by age groups (year, 2016)
- 14 and below
- 15–29
- 30–59
- 60 and over

1 : 3,300,000   0   25   50 km

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