

## The labour market in Hungary, between 1998 and 2007

### INTRODUCTION

In the period between 1998 and 2007, the employment rate of the age-group 15-64, which is suitable for international comparisons increased from 53.6% to 57.3% in Hungary. Though the growth of employment rate is a positive phenomenon, it is less advantageous that, compared to the rate of 57% in 2003, the increase was rather slight. We lag still well behind the EU-27 average (almost by 8 percentage points).

The employment of both men and women changed to nearly the same extent, but men lag still more behind the EU average in employment than women. The situation changed most significantly on the two ends of the age scale. The employment rate of people aged 20-24 years has decreased from 53.8% to 38.1% since 1998 mostly due to the longer time of learning and the expansion of tertiary education. At the same time, the employment rate of people aged 55-59 years has significantly increased since the end of the 1990s (from 24.8% to 48.4%) first of all because of the changes in regulation of retiring. However, in international comparison, the employment of this age-group is still well behind the EU average.

The distribution of employed people by industries has significantly changed. Between 1998 and 2007, the share of people employed in agriculture fell from 7.4% to 4.7%, decreased from 24.7% to 22.2% in the manufacturing industry, while the share of people working in services rose by 4.4 percentage points. Within services, first of all the increase of employment in real estate activities was significant.

The number of unemployed decreased continuously till 2001, then it increased year-by-year and exceeded the value of 1998 in 2006. The yearly mean number of unemployed was in 2007 slightly below the number one year before. Between 1998 and 2001, the unemployment rate fell from 7.8% to 5.7%, afterwards it showed some increase. The highest rate (7.5% in 2006) was however still lower than the value of 1998. The movement of unemployment rate was similar in each age-group between 1998 and 2007. In the increase of unemployment rate of young people (age-group 20-24) from 9.7% (2001) to 16.4% (2007), the decline of employment has a significant role, as the denominator of the rate is smaller and smaller in this age-group. Differing from the EU average, the

unemployment rate of women was lower till 2004 than that of men. In 2004 the rate was the same for the two genders, afterwards the unemployment rate of women exceeded that of men.

The number of long-term unemployed searching for a job for more than two years was the smallest in 2002, compared to which the increase was more than one-and-a-half-fold by 2007. It is more and more difficult to find a job for those who are not working for a long time.

The share of economically inactive people in the age-group 15-64 has been around 40% since 1998. The number of inactive people and their share in the population decreased significantly only in the age-groups over 40. The change was considerable in case of both men and women. The number of inactive men in the age-group 40-44 decreased by nearly half, while their share diminished by 5 percentage points. The fall was similar (6 percentage points) in the share of inactive 50-54 year-old men and inactivity decreased the most in case of men aged 55-59 years. In the last decade the tendency became stronger that women bear children at older ages. Thus, the number of inactive women finishing studies and belonging to the age-group 25-29 has decreased since the end of the 1990s, while in the next two age-groups an opposite tendency can be observed.

The number of passive unemployed decreased from 110.7 thousand (in 2005) to 84 thousand (in 2007). A large majority of inactive people aged 15-74 (90.5%) do not intend to take on a job.

The unemployment rate decreased in regions characterized with lower unemployment and increased in regions of more disadvantageous situation, which means the strengthening of regional differences. Between Central Hungary being in the most favourable situation and Northern Hungary where the situation is the most disadvantageous, the difference in unemployment rate of the age-group 15-64 was 6.4 percentage points in 1998. By 2007 this difference became 7.5 percentage points. The significant differences among counties more or less still exist. In 2007, the unemployment rate in Győr-Moson-Sopron county decreased to 3.7%, while in Szabolcs-Szatmár-Bereg county, where the situation was always difficult, the 14.8% unemployment rate was higher than ever before. Except for Southern Transdanubia, the employment rate increased in each region, even in the ones of disadvantageous situation, but the differences among regions did not diminish.

Information, availability, links:

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[Methodology](#)

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