

AN ANALYSIS OF UNEMPLOYMENT IN THE COUNTRIES OF EASTERN AND CENTRAL EUROPE IN THE CONTEXT OF E.U. ADHERING

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Abstract:

Unemployment is a negative phenomenon that manifests itself in any economy with varying degrees of intensity. In this paper we propose to analyze the evolution of unemployment in the EU. There are countries where economic recession was felt more intense and harder recovered from it, such as Greece or Spain. Within the European Union one notes some differences in unemployment between Member States but also in terms of age groups. In the EU youth unemployment rate is approximately double that the general unemployment rate, but the situation is worse in some countries where youth unemployment rate is even higher. Our analysis also focuses on trends recorded at regional level in Central and Eastern Europe countries in the context of their accession to the EU, highlighting positive developments, which were maintained in the coming years. The unemployment rate decrease is one of the objectives followed by the EU through its policies.

Key words: unemployment, European Union, adhering, regional development

JEL classification: E24

INTRODUCTION

Unemployment is a phenomenon existing in any national economy, and over time its definition and measurement was the subject of some debates of ideas. Over time unemployment has covered specific realities, which is why the opinions referring to it were diverse.

The emergence of modern macroeconomic theory has fostered understanding the causes, the forms of expression and the effects of unemployment, although it has made its presence felt long before.

Unemployment is, essentially, an under-utilization of resources, so that individuals able and willing to work at the current market salaries are not put to productive use [1]. The structuring of labor and goods market and services market determine the existence of a part of unemployment. In any society there is a natural unemployment (3-5%) that occurs as a result of labor market imperfections and lack of information of those who lose their jobs [2].

UNEMPLOYMENT EVOLUTION IN THE EUROPEAN UNION COUNTRIES

As the European Union brings together economies with different characteristics, our analysis reveals that in the case of employment degree of the workforce we have a quite heterogeneous picture. The EU unemployment rate in 2013 is shown graphically in Figure no. 1, where we see that the highest rates of unemployment are registered in Greece and Spain.

With only 7,3%, Romania ranks seventh among countries with the lowest unemployment after Austria (4,9%), Germany (5,2%), Luxembourg (5,5%), Malta (6,4 %), Denmark (7%) and the Czech Republic (7%). However, this low rate of unemployment in Romania could be due to factors such as migration of part of the workforce to west and partial inclusion in the statistics of the existing unemployed persons.

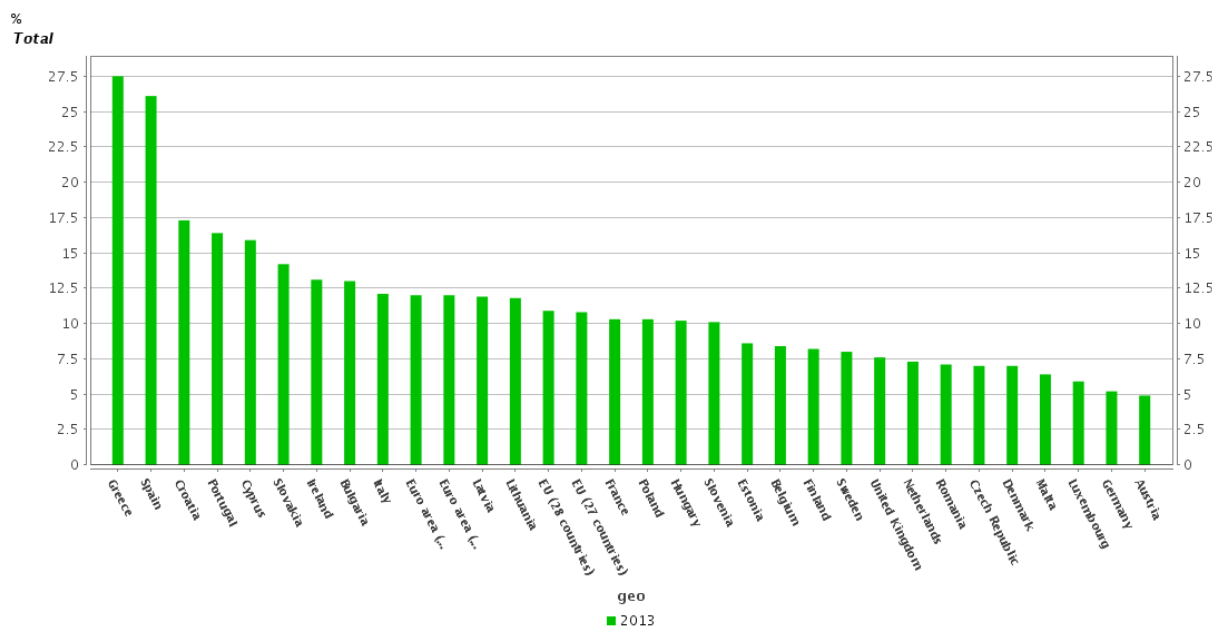


Figure no. 1. Unemployment rate in the EU countries, 2013

Source: Eurostat

(<http://ec.europa.eu/eurostat/tgm/graphDownload.do?tab=graph&language=en&plugin=1&pcode=tsdec450>)

It is interesting to see the evolution of unemployment rate and the level of EU countries. We observe a downward trend until 2008, after which values start to increase in the context of international economic crisis. Unemployment rates are generally below 17,5%, except for Greece and Spain, with values falling, after successive increases recorded (Figure no. 2).

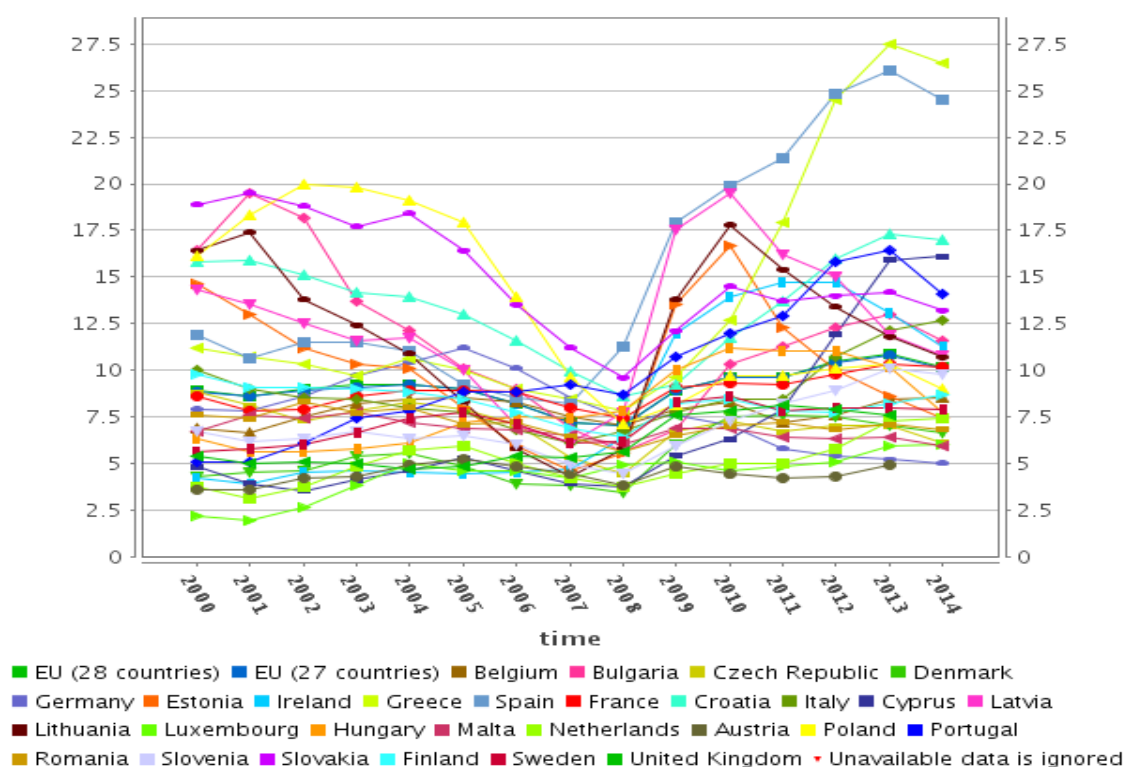


Figure no. 2. The evolution of unemployment rate (%) in the EU countries

Source: Eurostat (<http://ec.europa.eu/eurostat/tgm/graphDownload.do?tab=graph&language=en&plugin=1&pcode=tsdec450>)

The unemployed people may have characteristics which differ from country to country. One of these features is age. Each group of employees is affected in a different way by unemployment. Youth unemployment is a major problem in the EU, so we observe that the Community average rate

of youth unemployment is about twice compared with the overall unemployment rate. Regarding Romania, here the youth unemployment rate is close to the EU overall unemployment rate (Figure no. 3).

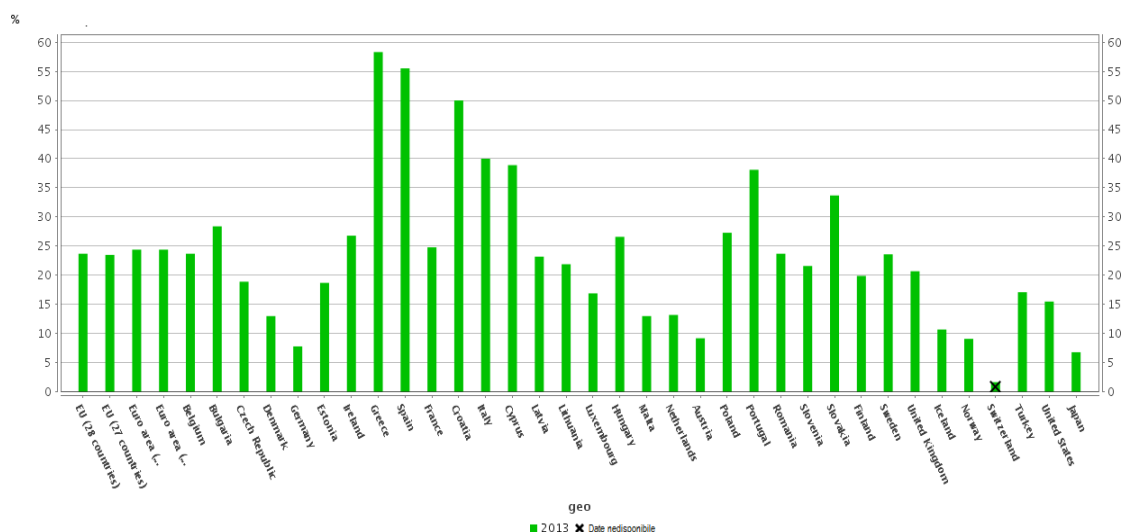


Figure no. 3. Unemployment rate for the population aged below 25 years, in the EU countries, 2013

Source: Eurostat (<http://ec.europa.eu/eurostat/tgm/graphDownload.do?tab=graph&language=en&plugin=1&pcode=tsdec460>)

Croatia, Italy, Cyprus and Portugal are the following among countries with most young people unemployed. Germany, Austria, Denmark, the Netherlands and Malta have the lowest youth unemployment, the first two with values below 10% and the other below 15%. Within the EU, this is a phenomenon to be combated by measures at Community level, but also locally.

THE EVOLUTION OF UNEMPLOYMENT IN THE REGIONS OF E.U. MEMBER COUNTRIES IN CENTRAL AND EASTERN EUROPE

A clearer picture of the differences between EU regions in unemployment rate is shown by Figure no. 4. The level of unemployment rate is represented by different colors on the map.

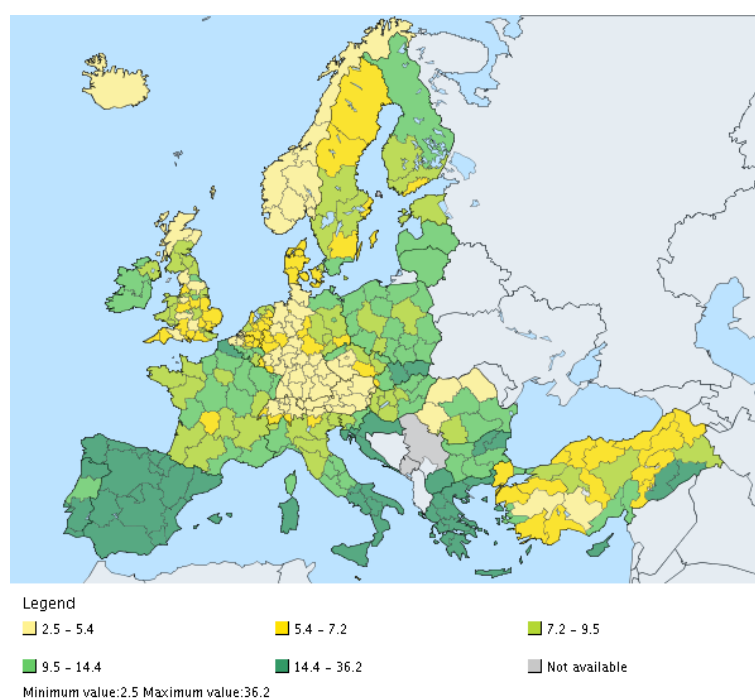


Figure no. 4. Regional unemployment rate (%) in the NUTS 2 regions – 2013

Source: Eurostat (<http://ec.europa.eu/eurostat/tgm/mapToolClosed.do?tab=map&init=1&plugin=1&language=en&pcode=tps00010&toolbox=types>)

Typically, higher values are found in Greece, Spain, Portugal, Croatia, southern Italy, Cyprus. The lowest values are in Germany and Austria. It is remarkable that in the same state interregional notable differences may exist in terms of unemployment rate.

The analysis of unemployment evolution is continued by observing the trends that occurred in the NUTS 2 regions with the EU accession. To better highlight the evolution in the context of EU accession and EU integration process influence on the unemployment rate, we calculated evolution indexes of unemployment rate. They were calculated for ante and post-accession symmetrical periods of four years [3]. From Table 1 we can see that in most regions (35) of countries analyzed unemployment rates intensified their decline in the period after accession (highlighted in yellow in Table 1, column 6). If at the time of accession there were only 25 regions that did not exceed the EU average unemployment rate, at 4 years after accession there were 26 regions that did not exceed the EU average (highlighted in yellow in Table 1, column 2 and 3, respectively). Regarding the unemployment rate, compared with the EU 28 average, here it is also to be noted that in 2013 34 regions recorded values below the EU average values (highlighted in yellow in Table 1, column 4). The highest unemployment rate in 1999 was 20,5% and in 2007 it was 15,3%.

Tabel 1. Indices of evolution for unemployment rate in the NUTS 2 regions of the Eastern and Central Europe countries

Regions \ Years	1999	2003	2007	2013	Modification (%) 1999-2003	Modification (%) 2003-2007
0	1	2	3	4	5	6
EU28		9,1	7,2	10,8		
CZ01 - Praha	3,6	4,2	2,4	3,1	16,67	-42,86
CZ02 - Střední Čechy	8,0	5,1	3,4	5,2	-36,25	-33,33
CZ03 - Jihozápad	6,2	5,0	3,5	5,2	-19,35	-30
CZ04 - Severozápad	13,1	11,0	9,5	9,6	-16,03	-13,64
CZ05 - Severovýchod	7,6	6,2	4,8	8,3	-18,42	-22,58
CZ06 - Jihovýchod	8,0	7,0	5,2	6,8	-12,5	-25,71
CZ07 - Střední Morava	9,6	8,4	5,9	8,0	-12,5	-29,76
CZ08 - Moravskoslezsko	12,5	14,0	8,5	9,9	12	-39,29
EE00 - Eesti	11,6	11,3	4,6	8,6	-2,59	-59,29
CY00 - Kypros		4,1	3,9	15,9	18*	-4,88
LV00 - Latvija	13,8	12,1	6,1	11,9	-12,32	-49,59
LT00 - Lietuva	13,4	12,9	4,2	11,8	-3,73	-67,44
HU10 - Közép-Magyarország	4,9	4,1	4,7	8,7	-16,33	14,63
HU21 - Közép-Dunántúl	6,2	4,3	5,0	8,8	-30,65	16,28
HU22 - Nyugat-Dunántúl	4,5	4,6	5,0	7,8	2,22	8,7
HU23 - Dél-Dunántúl	8,4	7,8	10,0	9,1	-7,14	28,21
HU31 - Észak-Magyarország	11,7	9,8	12,3	12,9	-16,24	25,51
HU32 - Észak-Alföld	10,0	6,4	10,8	14,4	-36	68,75
HU33 - Dél-Alföld	5,9	6,4	7,9	11,3	8,47	23,44
MT00 - Malta		7,5	6,5	6,4	19,05*	-13,33
PL11 - Łódzkie	12,2	18,9	9,3	11,1	54,92	-50,79
PL12 - Mazowieckie	10,2	16,7	9,1	8,0	63,73	-45,51
PL21 - Małopolskie	9,3	17,7	8,5	10,9	90,32	-51,98
PL22 - Śląskie	11,1	19,3	8,1	9,7	73,87	-58,03
PL31 - Lubelskie	11,0	15,4	9,5	10,3	40	-38,31

PL32 - Podkarpackie	12,6	18,0	9,6	14,4	42,86	-46,67
PL33 - Swietokrzyskie	13,2	18,0	12,1	13,0	36,36	-32,78
PL34 - Podlaskie	12,3	17,4	8,9	9,9	41,46	-48,85
PL41 - Wielkopolskie	9,8	16,1	8,3	8,8	64,29	-48,45
PL42 - Zachodniopomorskie	19,8	26,7	11,5	10,1	34,85	-56,93
PL43 - Lubuskie	16,3	23,9	9,8	9,7	46,63	-59
PL51 - Dolnoslaskie	14,8	25,6	12,7	11,3	72,97	-50,39
PL52 - Opolskie	14,1	20,1	9,4	9,4	42,55	-53,23
PL61 - Kujawsko-Pomorskie	13,2	21,3	11,3	12,4	61,36	-46,95
PL62 - Warminsko-Mazurskie	19,5	25,0	10,5	11,4	28,21	-58
PL63 - Pomorskie	11,1	20,8	9,5	10,0	87,39	-54,33
SI01 - Vzhodna Slovenija (NUTS 2010)		7,9	5,6	11,4	21,54**	-29,11
SI02 - Zahodna Slovenija (NUTS 2010)		4,9	3,9	8,7	4,26**	-20,41
SK01 - Bratislavský kraj	7,0	6,9	4,3	6,4	-1,43	-37,68
SK02 - Západné Slovensko	14,1	15,6	7,8	11,7	10,64	-50
SK03 - Stredné Slovensko	18,2	20,4	15,3	16,8	12,09	-25
SK04 - Východné Slovensko	20,5	20,8	14,9	18,5	1,46	-28,37
EU28		9,1	7,2	10,8		
	2002	2006	2010	2013	Modification (%) 2002-2006	Modification (%) 2006-2010
EU28	9	8,2	9,6	10,8		
RO11 - Nord-Vest	7,6	5,9	6,8	4,1	-22,37	15,3
RO12 - Centru	8,2	9,0	10,5	9,7	9,76	16,7
RO21 - Nord-Est	6,8	5,9	5,8	4,6	-13,24	-1,7
RO22 - Sud-Est	10,4	9,0	8,8	10,0	-13,46	-2,2
RO31 - Sud - Muntenia	10,2	9,4	8,3	9,9	-7,84	-11,7
RO32 - Bucuresti - Ilfov	8,6	4,8	4,6	7,8	-44,19	-4,2
RO41 - Sud-Vest Oltenia	6,1	7,1	7,5	8,0	16,39	5,6
RO42 - Vest	6,3	6,4	6,0	5,3	1,59	-6,3
BG31 - Severozapaden		11,0	11,0	14,0	-9,09*	0
BG32 - Severen tsentralen		13,5	11,5	15,3	-8,16*	-14,8
BG33 - Severoiztochen		11,0	14,5	16,8	-45,81*	31,8
BG34 - Yugoiztochen		8,1	10,6	13,0	-47,4*	30,9
BG41 - Yugoizapaden	13,6	6,5	6,8	9,8	-52,21	4,6
BG42 - Yuzhen tsentralen		8,2	11,4	13,5	-31,09*	39
HR03 - Jadranska Hrvatska			***	15,0		
HR04 - Kontinentalna Hrvatska			***	18,3		
EU28	9,0	8,2	9,6	10,8		

*2000

** 2001

*** Croatia joined EU in 2013 and at the paper elaboration moment there was no data available for 2014, necessary for the calculation of post-accession indicators

Source: elaborated on the basis of Eurostat data (<http://appsso.eurostat.ec.europa.eu/nui/setupDownloads.do>)

The unemployment rate decreased from one year to another, so that the overall trend is positive. In terms of reporting to the EU average, we note that at the four years before accession

moment to the one with four years after accession, values are decreasing. Compared to the EU average in the analyzed period, most regions recorded declining values.

CONCLUSIONS

In EU countries unemployment is manifested in different ways, proved by the values of the unemployment rate. If by 2008 unemployment rates have decreased, after this year there has been an upward trend, due mainly to the global economic crisis, which has affected all EU countries, in a greater or smaller degree. Within the EU there are differences between Member States' unemployment rate and in terms of age groups. The states that have the highest unemployment rates are Greece and Spain, about one quarter of the working population, while the EU average was 10,8% in 2013. Youth unemployment is a problem, its rate is about double compared general unemployment rate. Greece, Spain and Croatia are countries where more than half of young people don't have a job.

With the EU accession countries in Central and Eastern Europe, we noticed positive effects in terms of employment. The pace of decline in the unemployment rate has increased in the post-accession period, compared with pre-accession period. Later this trend was maintained.

The recent period has witnessed a decline of the working population. Labor employment is necessary both for economic progress and for the sustainability of social protection systems. The EU, through the European Social Fund, the Europe 2020 Strategy and other instruments, envisages growth of employment. We think of great importance are organization of requalification courses and professional retraining, as well as exploitation of new fields able to provide jobs.

ENDNOTES

- [1] Joseph E. Stiglitz, Carl E. Walsh, *Economie*, Editura Economică, București, 2005, p.437
- [2] Carmen Năstase, Mihai Popescu, Carmen Boghean, Adrian Liviu Scutariu, *Macroeconomie: concepte fundamentale*, Editura Didactică și Pedagogică, București, 2008, p.195
- [3] The data for 2003 are calculated until 31 December 2003 and the accession of the Czech Republic, Slovenia, Latvia, Lithuania, Estonia, Malta, Cyprus, Hungary, Poland and Slovakia took place on 1 January 2004. So, 1999-2003 includes exactly the four years preceding accession (31 December 1999 - 31 December 2003) and 2003-2007 include the first four years after accession (31 December 2003 - 31 December 2007). Romania and Bulgaria case is similar, they joined the EU on 1 January 2007 and ante and post-accession periods considered are 2002 to 2006 and, respectively, from 2006 to 2010.

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