

# Running out of labour?

## Policy steps necessary to ensure that Central European growth is not constrained by labour shortages

Miroslav Beblavý,  
Executive Director  
Slovak Governance Institute  
[beblavy@governance.sk](mailto:beblavy@governance.sk)

# Central Europe – labour shortages arriving:

Country	Short-term unemployment rate, 2006
EU (15 countries)	4.5
Austria	3.4
TOP EU (Netherlands)	2.2
Baltic average	3.5
Czech Republic	3.2
Hungary	4.1
Poland	6
Slovakia	3.2

# Despite low utilization of labour:

Country	Employment rate, 2006
EU (15 countries)	66.2
Austria	70.2
TOP EU (Denmark)	77.4
Baltic average	66
Czech Republic	65.3
Hungary	57.3
Poland	54.5
Slovakia	59.4

# Reasons:

- high long-term unemployment
- low effective pension age, particularly for women
- low labour mobility
- relatively low tertiary education of adult population

# High long-term unemployment:

country	long-term unemployment rate, 2006
EU-15	3.2
Austria	1.3
TOP EU (Netherlands)	1.7
Baltic average	2.6
Czech Republic	3.9
Hungary	3.4
Poland	7.8
Slovakia	10.2

# Low effective pension age, particularly for women:

Country	Average exit age from the labour force, 2006
EU-15	61.4
Austria	61
TOP EU (Ireland)	64.1
Baltic average	61.7
Czech Republic	60.4
Hungary	59.8
Poland	59.5
Slovakia	59.2

Note: 2005 for Hungary, Poland and Slovakia

# Low labour mobility:

	Dispersion of regional employment rates, 2006
Germany	5.2
Greece	3.7
Italy	16
Netherlands	2.2
Austria	3.4
Czech Republic	5.2
Hungary	9.1
Poland	5.1
Slovakia	8.6

# Low tertiary education of adult population:

	% of adult population with tertiary degree
EU19	24
TOP EU (Denmark)	34
Austria	18
Czech Republic	13
Hungary	17
Poland	17
Slovakia	14



# Unemployment differentials by education:

	difference in unemployment rate between tertiary and primary graduates, 2006
EU (15 countries)	5.2
Austria	5.4
TOP EU (Greece)	0.9
Baltic average	8.3
Czech Republic	20.2
Hungary	12.6
Poland	16.5
Slovakia	41.3

# Why immigration is not the answer:

- Unrealistic size necessary – to move any of the indicators significantly, there would be a need for immigration in hundreds of thousands, even millions
- Difficult to achieve positive skills structure of immigrants
- Continuing social and fiscal burden of the unemployed/inactive indigenous population

# 4 policy challenges for the next 10 years:

- Need to deal with the housing issue
- Need to work with the adults, not only with the young
- Need to deal with the Roma
- Need to continue with increasing the pension age