

UNEMPLOYMENT IN THE CZECH REPUBLIC

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SUMMARY

Taking into consideration significant political, economical and social changes, the Czech Republic has appeared in the new situation at the beginning of nineties. As a result of these changes, labour market has indispensably appeared, which had not existed here (in the form corresponding with market economy) for more than forty years. The article describes the development and the structure of unemployment on the Czech labour market during 1990-1996. For the description were used two different sources of data: the data from Ministry of labour and Social Affairs of the Czech Republic concerning registered unemployed and vacancies to recognize regional differences within the territory of the Czech Republic, and the data from Czech Statistical Office obtained through sample surveys to analyze more in detail certain groups of population. The Czech Republic was one of the countries with low unemployment rate at the end of 1996. The authors of the article reveal causes of quite fair situation of the Czech labour market and indicate the possibilities of its other development. As a result of needed restructuralisation, which will lead to reduction of "overemployment" the authors expect the increase in number of unemployed in the near future. This increase will concern especially two regions of the Czech Republic, i.e. Northern Bohemia and Northern Moravia.

KEY WORDS

Czech Republic - Labour Market - Unemployment - Regional Differences - Structural Unemployment

INTRODUCTION

The Czech Republic is often heralded as a success story among the transition economies. Not only has this country managed to maintain a relatively stable macroeconomic condition (till the end of 1996) - with quite low inflation rates and balanced budget - but it also made considerable progress in structural transformation. Most notably it has developed a private sector, which accounts for the largest share of GDP among exports towards western countries. All this happened with little unemployment and no visible signs of widespread poverty or economic hardship.

Like other countries on the road to a market economy, the Czech Republic experienced dramatic falls in output at the beginning of transition. After being stagnant in 1990, GDP fell steeply in 1991 and 1992 as the reform process weak momentum. In spite of promising developments in the second quarter of 1993, the decline in output was stopped in 1993, when Czech firms reduced their inventory stocks rather than increasing production in response to growing export demand. However, a considerable recovery occurred in 1994, fuelled by increased domestic consumption and some rebuilding of inventories.

The dynamic development of economy continued in 1995 but the market balance started to fall down. The export development did not keep up with the increased import, so that there even appeared opinions on the necessity of devaluating the Czech crown (currency). The unfavourable development of the market balance coped with the economic recession of developed European countries, too. Because of it being open to foreign countries, the Czech economy is more sensitive about a European recession than other neighbouring countries. The development of the Czech economy will always be rather fragile, because its output will always depend on the capability to export. The most important items of the export, steel for example, are temporary highly sensitive on the customers, mostly in Germany. On top of this comes the new problem of increasing competition in the form of export from the countries of East Europe and South-East Asia, which are less expensive. The wage rise is also much higher than work productivity and this fact reduces the economical capability to compete.

Unlike countries such as Hungary and Poland, the Czech Republic entered the transition phase with nearly stable prices and virtually no repressed inflation. These relatively favourable initial conditions, together with tight monetary policies in 1990 and 1991, help to explain the moderate price increases experienced by the Czech Republic, especially at early stages of transition, compared to other Central European countries. Accelerations of inflation have only occurred in correspondence with major stocks and policy changes, such as the liberalization of prices at the beginning of 1991 and the introduction of a value added tax in January 1993. The following consumer price increase were also relatively acceptable. Yearly inflation reached the value 8%. The Czech Republic also stands out as the only country in the region that keeps a balanced fiscal budget. Problems in the financing of social policies were still not as acute in the Czech Republic as in other countries in transition.

The Czech Republic differs from Poland, Hungary and Slovakia by the labour market situation. After having initially shared with other countries in the region the painful experience of rapidly increasing unemployment, the Czech Republic has experienced a spectacular decline in the number of job seekers already in 1992 and a stabilization in unemployment thereafter. As a result of these developments, the Czech Republic has one of the lowest unemployment rates in Europe.

About three factors may, more than others, explain the small magnitude of unemployment in the Czech Republic according to the report OECD (1995): the significant decline in labour force participation, the remarkable degree of wage moderation displayed by Czech workers, and, finally, quite favourable structure of employment inherited from the previous system, namely the low share of employment in agriculture.

THE DEVELOPMENT OF THE LABOUR MARKET SITUATION IN THE CZECH REPUBLIC, THROUGH THE END OF 1996

During the first months of economic transition were detected visible changes in the new-forming labour market in the Czech Republic. The slow increase of the unemployment rate was not only caused by the labour market but mostly reflected the past changes (political, organizational and institutional changes, decreasing of overemployment, results of restriction, devaluation, partial inhibition of certain productions, payment disability of some companies, sales problems inside the economy, lack of clarity of production programs and of privatization progress, inability of some companies to react to new conditions, etc.). The new market was beginning to establish itself.

As the number of job seekers was increasing, the number of registered vacancies was decreasing. The demand for labour was still higher than its offer. The structure of vacancies (almost 90% vacancies for qualified workers) did not match the offer of job seekers. The offer was temporarily formed, besides secondary school and university graduates by non-qualified workers and people who were granted amnesty. It caused long-term unemployment and an increase in the number of people collecting unemployment benefit. The percentage of job seekers to the number of able workers in the Czech Republic was almost 0.7% at the end of 1990.

At the end of 1990 and the beginning of 1991 monthly unemployment increased considerably. The number of job seekers increased by the end of January (compared to December 1990) by almost 50%. It was, up to that time, the highest monthly growth of job seekers. In general, the situation on the labour market in 1991 was characterized by a continuing decrease in employment and a rapid increase in unemployment. The number of job seekers exceeded the number of vacancies. Newly passed laws created conditions for considerable enhance in active unemployment policy, stressing the use of support by the creation of new vacancies (of the long-term employment: socially purposeful work including jobs for school dropouts - graduates and of the short-term employment: organizing of

public works) and "requalification" (training programmes) for job seekers according to labour markets requirements.

Nevertheless unemployment had been raising gradually during 1991 and it reached its highest value (4.1%) by the end of the year. The increase in the unemployed continued in January 1992. The number of job seekers (231,000) and unemployment rate (14.4%) reached its highest value. The number of unemployed was gradually brought down during 1992. The largest drop was quoted during the spring months, when the impact of several unfavourable influences become evident - the development of small entrepreneurs, the revival of some economical segments and the activity of labour offices by the realization of an active unemployment policy. The rise in the demand for labour was also influenced by the seasonal character of work in the fields of commerce, construction, recreation, etc. Although these positive influences worked during the following months, their intensity was reduced by the addition of new graduates and of people coming back to labour offices' list after finishing of public works. This resulted in the deceleration of decrease in unemployment and in number of job seekers. The unemployment rate rose again in December. This was caused by problems with placing of unemployed people because of vacancies' decrease during the winter period and because there were (to the list of registered unemployed) added in a higher volume the job seekers, who needed social and health insurances. These insurances are paid by state only when the unemployed are registered at labour offices. The unemployment rate in the Czech Republic was 2.6% on December 31, 1992.

A gradual rise of job seekers (except a brief drop during the Spring months) and a regular decline in vacancies occurred in 1993. The unemployment rate reached 3.6% and there were 2.5 job seekers per 1 unfilled vacancy at the end of 1993 (at the end of 1992 it was only 1.7 job seekers). The first half of 1996 can be described as a gradual reduction in the number of employed (except seasonal swings). The decrease in the number of unemployed was higher during the spring months, on the other hand, new graduates enlarged the file of registered job seekers during the third quarter of the year. Mentioned phenomena are typical for developed economies, too. The supply of unfilled vacancies in June 1996 was twice as high as at the beginning of 1994. At the end of June 1996 it exceeded 100,000, and it amounted to 109,774 vacancies. At the same time only 144,065 unemployed were registered in the Czech Republic (the lowest since June 1991), so that 1.3 job seekers came to 1 unfilled vacancy. Such an "almost harmony" between supply and demand in the labour market was last reached in January 1991. The problems with sale of a number of mostly industrial companies began to influence the labour market during the second half of 1996. Also, much lower labour productivity compared to developed countries, and a highly competitive neighbourhood forced companies to cut excessive employees. These facts resulted in an increase of registered job seekers. Their number reached 186,000 by the end 1996, while opportunities were coming down (see Fig. 1). 2.2 job seekers came to 1 unfilled vacancy.

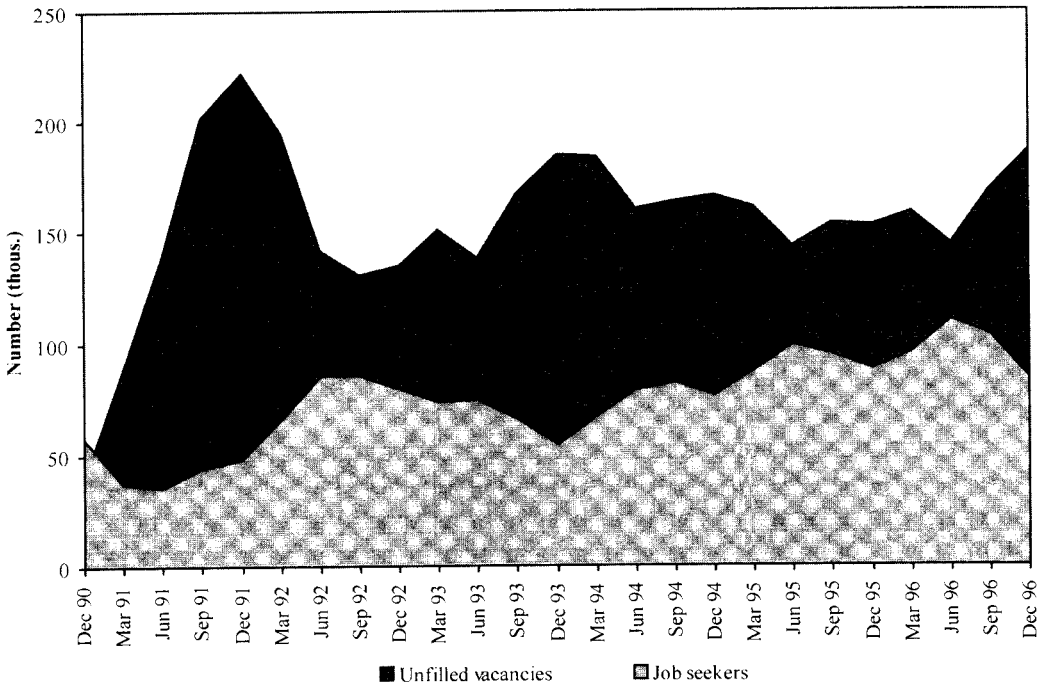


Fig. 1. Registered job seekers and unfilled vacancies in the Czech Republic (1991 to 1996). Source: Monthly report of MPSV ČR (Ministry of Labour and Social Affairs) - 1991 to 1996

The fact that the development of unemployment in the Czech Republic differ from other countries in transition can be demonstrated using the data on unemployment rates in neighbouring economies in transition. Table 1 shows annual average unemployment rates of certain countries as the average monthly values.

Country	Year					
	1990	1991	1992	1993	1994	1995
The Czech Republic	0.3	2.6	3.1	3.0	3.3	3.0
Hungary	0.8	4.1	10.3	12.9	11.3	10.1
Poland	3.4	9.7	13.6	14.9	16.5	15.2
Slovakia	0.6	6.6	11.4	12.7	14.4	13.7

Table 1. Unemployment rate of selected European countries in 1990-1995 (%).

Source: Employment Observatory Central and Eastern Europe, No. 8, European Commission Brussels, 1995

The unemployment rate in the Czech Republic went up to 3.5% at the end of the year. On the contrary, the situation on the labour markets in Poland and Slovakia showed positive trends in 1996. The unemployment rate in Poland dropped to 13.5% and in Slovakia to 12%, i.e. more favourable values than in 1993-1995. The unemployment rate in Hungary was 10.5% to the same date.

REGIONAL DIFFERENCIES IN UNEMPLOYMENT

There were no expressive differencies in the unemployment rate on both regional and district levels yet in 1990. The difference between the highest and the lowest values among regions was only 0.6 of a percentage point (minimum - West Bohemia: 0.5%, maximum - North Moravia: 1.1%) and among districts 1.6 of a percentage point (minimum - 0.3%: in couple of districts, maximum - 1.8% in Bruntál district).

The development in the labour market, which differed among individual areas of the Czech Republic in 1991, led to the intensifying of regional differencies. The unemployment rate rose mostly in areas with a relatively high percentage of agricultural workers, further within areas dominated by ore mining and also in areas with high employment in electrotechnical industry. Exactly the last mentioned industrial branch suffered first from the deep depression of production after the fall of the "iron curtain". Outdated products were unsellable and the population preferred foreign electrotechnical and electronic products. This fact, together with the fall of the East-European market, caused the decline of electrotechnical production. The diminishing of the electrotechnical industry hit the Vsetín district the hardest. Here 16.3% of labour worked in the electrotechnical industry (data from the last census March 3, 1991). The unemployment rate in the Vsetín district reached 7.9% at the end of 1991. Even higher unemployment was in the Bruntál, Šumperk and Třebíč district. On the other hand, the lowest unemployment rate was in the Karlovy Vary district, where it did not reach 1% (see Fig. 2).

At regional level, the highest unemployment rate was quoted in Moravian regions, mostly within North Moravia. At the beginning of transformation, the unemployment rate of this area was regularly more than 2 percentage points higher than the unemployment rate in the Czech Republic in 1992-1995. The unemployment rate of South Moravia successively reached the republic's levels, so that the unemployment rate values of the Czech Republic and of South Moravia were almost identical by the beginning of 1995. North Bohemia was the region with the largest increase in unemployment since the end of 1991. The area had at the end of 1995 the same unemployment rate as in North Moravia but the unemployment rate of North Bohemia was higher than of North Moravia last year (see Fig. 3).

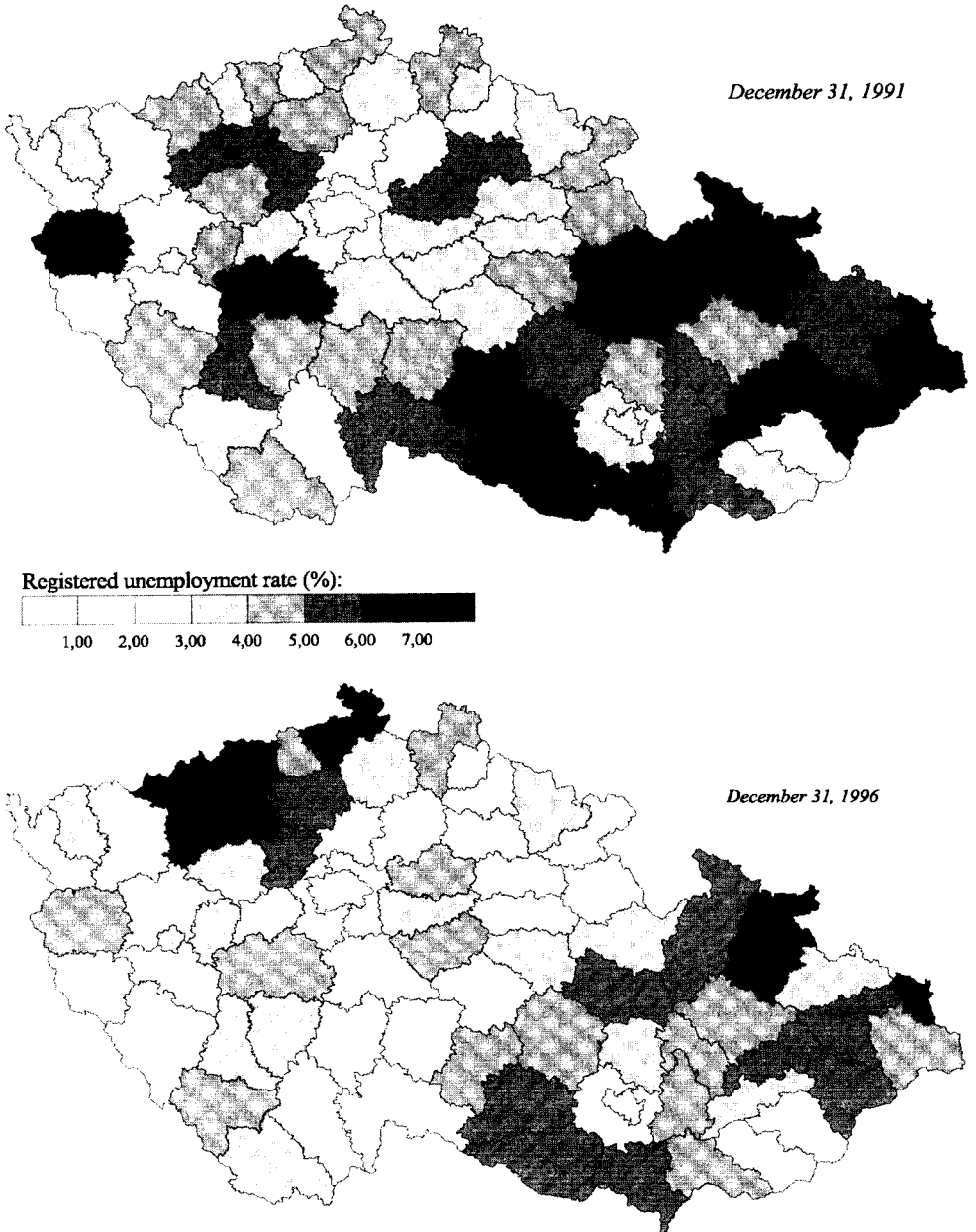


Fig. 2. Registered unemployment rate in the Czech Republic (districts). Source: Monthly report of MPSV ČR "Job seekers and unfilled vacancies", December 1991 and December 1996

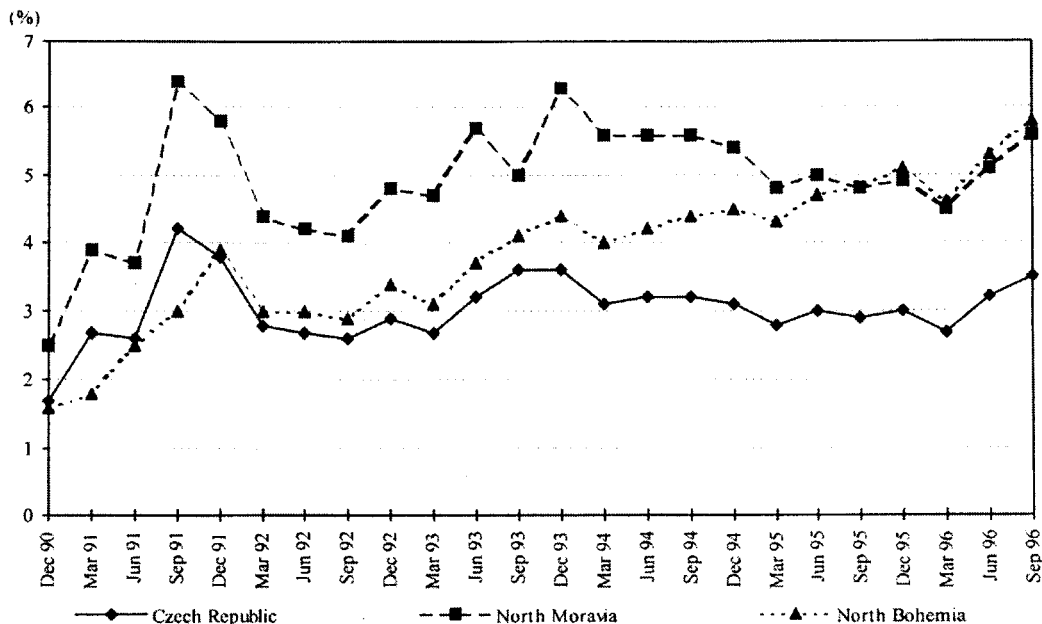


Fig. 3. Development of registered unemployment in the Czech Republic and selected regions (1991 to 1996). Source: Monthly report of MPSV ČR (Ministry of Labour and Social Affairs) - 1991 to 1996

The differences among regions' unemployment rates at the end of 1996 can be seen in the Fig. 2. The districts of North Bohemia dominate with the highest unemployment in the Czech Republic. The Most district experienced the highest unemployment rate: 9.4%. This was caused by the laying off of employees at the Mostecká uhelná company. The number of employees should be reduced from 16 thousand (as of December 31, 1995) to half, by the end of 2000. This should help to increase the productivity of work of the company. Unemployment higher than 7% was also reached in Louny, Chomutov, Děčín, Teplice and Karviná districts.

The unemployment rate of any district in the Czech Republic has never exceeded 10%. The rise of unemployment occurs when the biggest industrial companies in the district have some economical problems. For instance, the laying off of employees from Tatra Kopřivnice resulted in a high unemployment rate in the Nový Jičín district, it reached 8.5% in January 1995, which was the highest value experienced in the Czech Republic to date. The lowest unemployment rate was quoted in Prague and in Prague-east and Prague-west districts. Uherské Hradiště is the district with the lowest unemployment rate in Moravia. Surprisingly, a number of districts which have never belonged to the developed areas of the Czech Republic enjoy very low unemployment. Unemployment is brought down by foreign companies, mostly from Germany and Austria, that use cheap local labour.

Fig. 4, illustrating harmony or disharmony between supply and demand for labour at the end of 1991 and 1996, gives information in the development on the labour market within districts of the Czech Republic, too. The low number of created vacancies in December 1991 meant that there were more than 20 job seekers per vacancy in some districts. But the average value for the Czech Republic was much lower, i.e. 4.2 job seekers per unfilled vacancy. From the point of view of unfilled vacancies, the situation was very serious within South Moravia at the beginning of transition. In Českomoravská vrchovina (Czech-Moravian Highland), the number of vacancies was so low that there were more than 60 job seekers per 1 unfilled vacancy in Třebíč and Žďár n. Sázavou districts. Low employment opportunities was typical in other South Moravian districts, for instance Znojmo, Jihlava and Brno-venkov (Brno-country). More than 20 job seekers per vacancy were quoted in the Kroměříž and Přerov districts. On the other hand, a more favourable situation was in Prague, where the number of vacancies was a bit higher than the number of job seekers. 2 job seekers came to 1 vacancy in the Prague-east, Ústí n. Labem, Plzeň-south and Most districts.

The second part of Fig. 4 shows that the Czech Republic has considerably raised the number of vacancies during the last 5 years. The situation at the end of 1996 was less favourable than at the end of the two previous years and the first half of 1996. The highest shortage of vacancies compared to the number of registered job seekers appeared at the end of last year in North Moravia (4.9 job seekers per vacancy) and in North Bohemia (4.2). The lowest was quoted in the Louny district (33.4 job seekers per 1 unfilled vacancy), followed by Teplice (7.2), Opava (7.1) and Bruntál (7.0). On the other hand, the number of vacancies was higher than the number of registered job seekers in 10 regions. The most favourable situation was in Prague, where there were 4-5 vacancies per 1 job seeker, and in its hinterland, Prague-east and Prague-west (3 vacancies per 1 job seeker). The number of vacancies was more than twice as high as the number of job seekers in Mladá Boleslav, too. The biggest employer of the district, Škoda Automobilová Company, lacks qualified workers and has to therefore employ Polish and Slovak citizens. The only Moravian district, where was the number of unfilled vacancies higher than the number of job seekers was Uherské Hradiště.

LABOUR FORCE SURVEY IN THE CZECH REPUBLIC

During 1990-1992, the only information on the labour market situation giving data on registered job seekers and unfilled vacancies was collected at labour offices of individual districts. The situation at the end of every month was sent in the form of monthly reports, to Ministry of Labour and Social Affairs (MLSA) and the Ministry then informed the public. In March 1993, the Czech Republic started to organize the Labour Force Survey, which is common in developed countries with market economy.

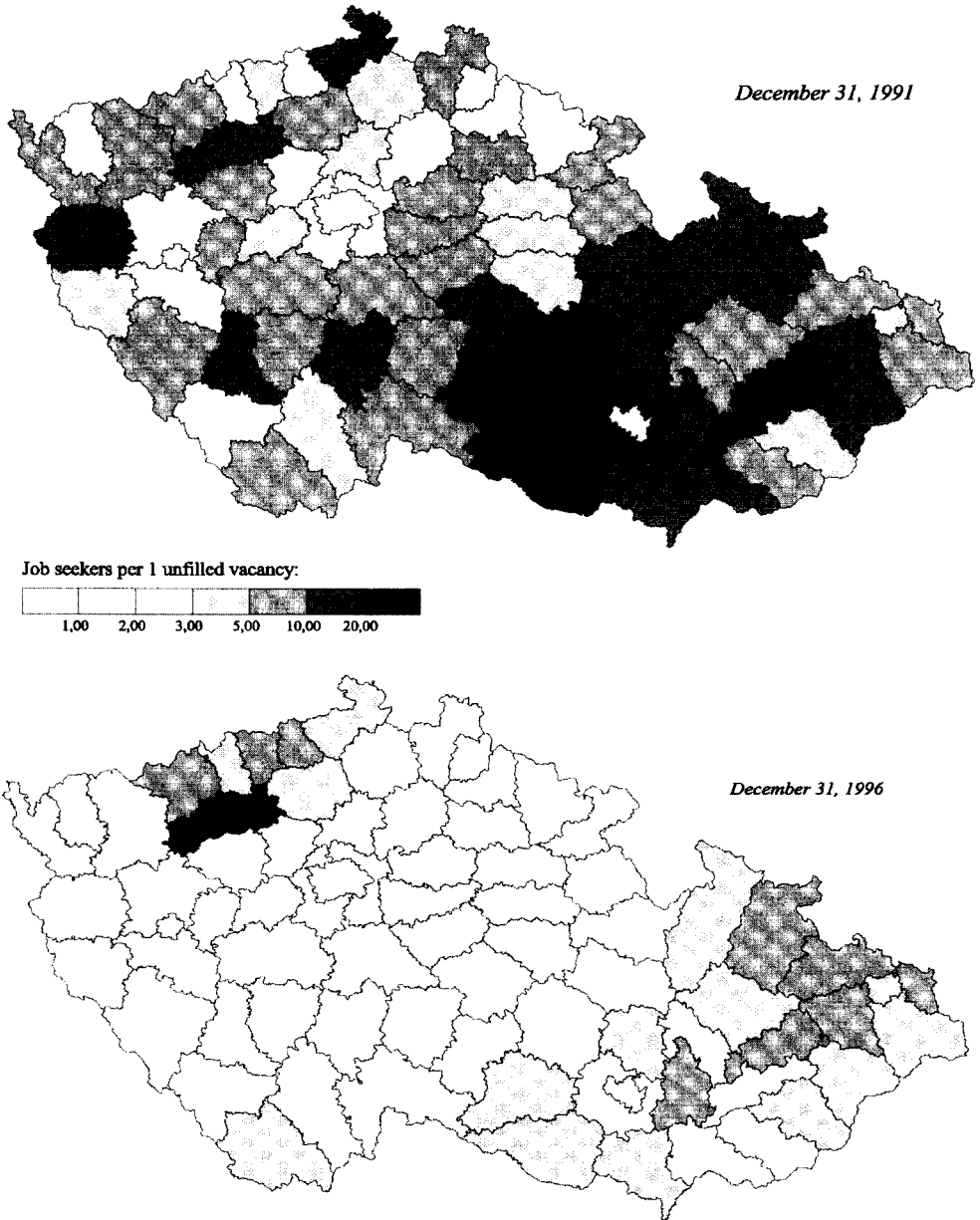


Fig. 4. Number of registered job seekers per 1 unfilled vacancy in the Czech Republic (districts). Source: Monthly report of MPSV CR "Job seekers and unfilled vacancies", December 1991 and December 1996

The results of the Labour Force Survey (LFS) inform about the level and structure of employment, unemployment and underemployment in the Czech Republic as measured in compliance with international definitions and recommendations by the International Labour Organization (ILO). As a rule, statistics provided by the LFS are directly comparable with information on labour markets produced for international organizations by countries running similar surveys. The ILO methodology is affected by specifics of national legislation and economic circumstances to a small extent. For this reason, results obtained according to the methodology and recommendations of the ILO can be taken as an unbiased tool to assess the level of labour markets in all countries which adopted this method.

Compared to common reporting, the Labour Force Survey makes it possible to measure employment in all organizations, including activities of self-employed persons according to the Trade Licensing Act and other legal norms. The LFS identifies the latest pattern of employment by sex, age, skills, branch and respondents' employment status. It also yields data on hours worked, scope of underemployment, multiple jobs and labour force mobility. The Labour Force Survey also gives information on total unemployment, unemployment pattern, structure of unemployed in terms of social and professional characteristics, skills, duration of unemployment.

When combined with the data on the population not economically active, data on general employment and unemployment allow to quantify the level and structure of labour force available now and estimate its development in the future. Combining various issues of the social and demographic characteristics of respondents and their households yields a multitude of data needed by institutions responsible for making social and employment policy. The LFS, organized by the Czech Statistical Office (CSO), provides indicators compiled on the basis of the ILO's international definitions as a supplement to the regular information of the Ministry of Labour and Social Affairs on trends in the labour markets and on the implementation of active employment policy.

Regularly changed sample comprises contemporary over 28 thousand dwellings on the territory of the Czech Republic (0.8% of all dwellings permanently live in) where approximately 72 thousand respondents of all age groups are surveyed, including about 60 thousand respondents aged 15 or more. This sample size makes it possible to obtain very reliable estimates of national labour market characteristics and sufficiently reliable estimates of regional figures. Data on a district level are not representative any more and therefore are not published. All the data established by the LFS are weighted by frequency of individual age groups of men and women (as of 31 December 1995, for example). The frequency also reflects data on natural changes in the population over a period of time (quarters) and on the age structure of migrants. The LFS is a continuous survey, whose results are evaluated and released on a quarterly basis the following way: spring (March-May), summer (June-August), autumn (September-November) and winter (December-February).

The definition of the term "unemployed" used by the LFS is in full harmony with the definition listed in the "Resolution concerning statistics of the economically active popula-

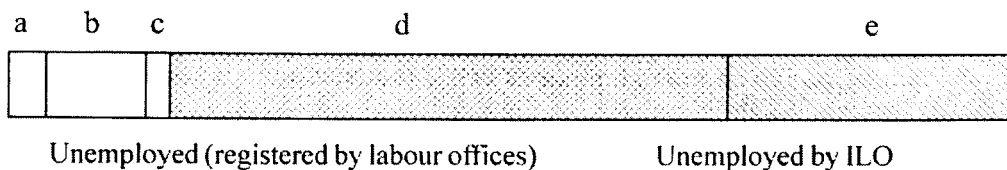
tion, employment, unemployment and underemployment". This Resolution was adapted by the 13th International Conference of Labour Statisticians, October 1982. According to the Resolution (by LSF) the unemployed are all persons aged 15 or older who during the reference period fulfill three following conditions:

1) were without work - i.e. were not in paid employment or self-employment,

2) were actively seeking work (the active form of seeking work includes registration with a labour office or private employment exchange, checking at worksites, farms, market or other assembly places, placing or answering newspaper advertisements, taking steps to establish own enterprise, applying for permits and licenses, or looking for a job in a different manner),

3) were currently available for work - i.e. were available during the reference period for paid employment or self-employment immediately or within 14 days.

Unless persons meet all of the above conditions, they are classified as economically not active, employed or underemployed (i.e. persons, involuntary working less than the normal duration of work determined for a given activity, who seek or are available for additional work during the reference period).



Explanatory notes:

Category	Persons (thous.)
a, Registered job applicants not available for work within 14 days	8
b, Registered job applicants not seeking a job during the last 4 weeks (not cooperating with labour offices)	21
c, Registered job applicants who worked at least 1 hour during the reference week	5
d, Registered job applicants meeting ILO conditions for inclusion among the unemployed	117
All job applicants stating to be registered by labour offices (a+b+c+d)	151
e, The unemployed not registered, seeking a job and available for work within 14 days	66
The unemployed by ILO in total (d+e)	183

Fig. 5. Structure of registered job seekers and unemployed as identified by LFS (Labour Force Survey) in the Czech Republic (summer 1996). Source: Employment and unemployment in the Czech Republic as measured by LSF (summer 1996), ČSÚ 1996

The mentioned facts show that the term “unemployed” defined by the ILO differs from term the “unemployed” (job seeker) registered at a job office. These differences are shown in Fig. 5, using data from the LFS, Summer 1996 and average data on registered unemployment (for the same period). While the number of registered unemployed reached 151,000 (during this period), by using ILO methodology, the number of unemployed reached almost 183 thous. persons in the Czech Republic.

By using the different numbers of unemployed, the different unemployment rates must be counted, i.e. index counted on the LFS results is called “general unemployment rate” and index counted on the data from Ministry of Labour and Social Affairs is called “registered unemployment rate”. The LFS carried out until now show that the number of unemployed, detected this way, has always been higher than of those registered at labour offices to the same date (see Fig. 6). The largest difference was found in Summer 1993. To the date, labour offices registered on average almost 140,000 job seekers, but the LFS gave the value by 60 thous. higher. On the other hand, the difference between the two indexes was not higher than 20,000 in Winter 1993/1995, when it reached 4.0% (registered unemployment rate was 1 percentage point higher to the same date).

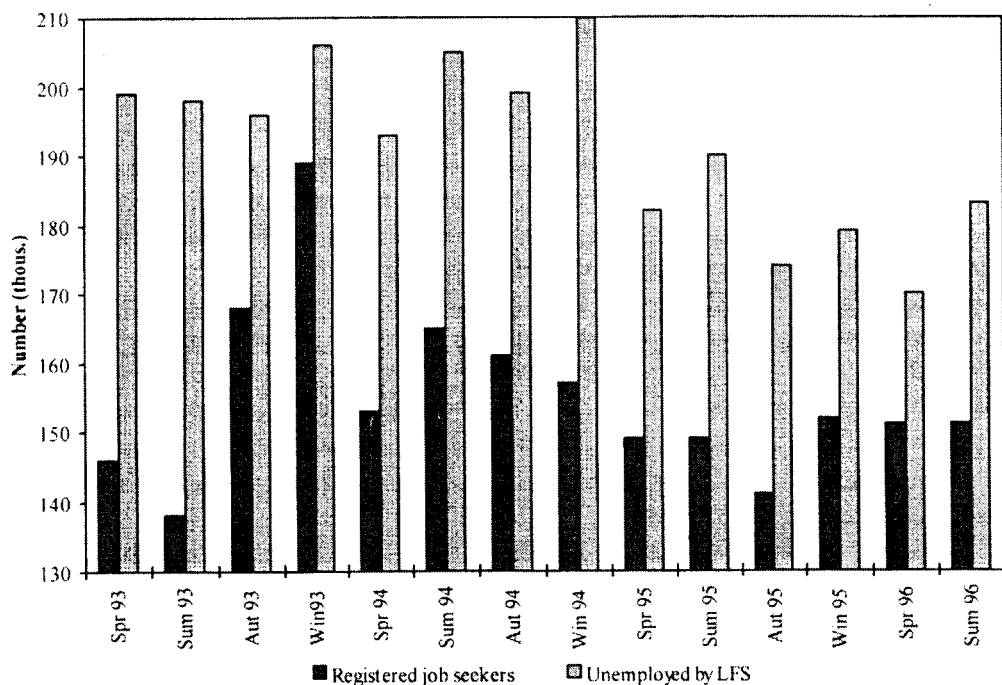


Fig. 6. Number of registered job seekers and the unemployed as identified by LFS (spring 1993 to summer 1996). Source: Employment and unemployment in the Czech Republic as measured by LSF (spring 1993 to summer 1996), ČSÚ 1993 - 1996

STRUCTURAL ANALYSIS OF UNEMPLOYED

As it has been indicated in the preceding part of the article, the information from the LFS is, in an appropriate way, completed with the information obtained from the labour offices. Both data make it possible to obtain complex views on the situation in the labour market in the Czech Republic. While the data from the LFS give the chance to make a detailed analysis of chosen groups from the view of its use in the labour market, then the "power" of the data from the labour offices is in their "spatial dimension". In this article, we analyze the unemployment only at a district level, but the evidence of the job seekers at job offices including the evidence of unfilled vacancies makes it possible to analyze the situation even on the lower hierarchical level (for example in microregions and in municipalities).

UNEMPLOYED BY SEX

The last results from the LFS from summer 1996 confirm, that women have in the file of unemployed higher share in a long term view than men, but this share is not that high as shows the numbers of job seekers registered at labour offices. It means that the majority of unemployed women are registered at job offices, which is not completely true for men. During summer of 183,400 of unemployed people in the Czech Republic 87,200 were men and 96,200 were women, which means that there were 110 unemployed women to 100 unemployed men. The analysis of former results of the LSF confirms that is a difference between male and female unemployment rates. Specific male unemployment rate was 3.1% and female was 3.9% in summer 1996. For comparison the male unemployment rate in the summer of 1993 was the same as in the summer of 1996, but the female unemployment rate was much higher during the summer of 1993 (4.7%).

There exists regional differences between the male and female unemployment rate in the Czech Republic. It comes from the differences in branch structure of vacancies in individual areas and from the economic situation of the biggest employers in the areas. Up-to-date information on the labour market, in view of unemployment by sex, is mostly influenced by the laying off of employees in branches with predominantly female employment (for example textile, clothing and tanning industries) or male employment (for example mining industry).

According to the LFS carried out in summer 1996, the least differences in unemployment by sex are in Prague and the area of West Bohemia. On the other hand, big differences were quoted mostly in North Bohemia, where the specific unemployment rate of men was 5.6% and of women 8.0%.

According to the Ministry of Labour and Social Affairs 145 women registered for unemployment came to 100 registered unemployed men during May 31 - August 31, 1996. The highest differences in registered unemployment experienced districts with low unemployment rate and with absolute very low number of registered men. There came 489 un-

employed women to 100 men in the Mladá Boleslav district. The only district which displayed more registered unemployed men than women during the mentioned period was the Cheb district.

Besides the analysis of unemployment by sex, it is necessary to take into consideration persons working part-time or a having second (other) job or working, but seeking another job.

Present activity of persons with the only or the main employment on the labour market is regularly investigated within the framework of the LFS. 186,900 persons (i.e. 3.7% from the total number of 5.1 mil. employed persons) sought a different job in the summer of 1996. The dissatisfaction leading to the seeking of the another job is stronger with men (106,8 thous., i.e. 3.9% of male labour force) than with women (80.1 thous., i.e. 3.4% of female labour). The main reason for looking for a new job is the same with both sexes - to reach higher income. This reason was given as the primary one by 57.6 thous. men (i.e. 53.9% from the file of working and at the same time job seeking men) and by 33.5 thous. of women (41.8%). 205,000 persons (4.0% of employed persons) had second (other) job besides the main job in the summer of 1996 - 129,700 men (4.7%) and 75,300 women (3.2%). The main reason for a second job is an interest in a higher income. This is the reason for 57.5% of all second jobs.

290.7 thous. persons (5.7% of employed) worked part-time during the analyzed period of the 290,7000, 52.9 thous. can be taken as underemployed according to the ILO definitions (i.e. 9.6 thous. persons could not find an acceptable full-time job and 43.3 thous. persons worked part-time because of the employer's initiative). Women predominate the whole file of part-time workers. 208.6 thous. (i.e. 8.9%) of employed women and 82.1 thous. (3.0%) of employed men worked this way in the summer of 1996. The care of children was the main reason for part-time work of women (61 thous. women) and 54.5 thous. of women stated that they are satisfied with part-time work. The latter reason stated 23.6 thous. with health being the second reason (19.7 thous.).

UNEMPLOYED BY AGE

Persons applying for jobs after finishing schools, people younger than 24 years without sufficient experience demanded by employers and persons in the age over 50 years are in general taken as problematic in view of their use in the labour market. What is the situation with this so-called problematic group in the Czech Republic?

The development of unemployment is shown in Fig. 7, which demonstrates the specific unemployment rate of chosen five-year age groups. The picture does not show the group of unemployed in age 50-54 years, because the unemployment rate of this group is not high. The average value of the mentioned rate is even lower than 2% during spring 1993 - summer 1996, and as shows the picture, it is the least long-term specific unemployment rate. Also the unemployment rate of the population 55-59 years old is lower than the general

unemployment rate in the Czech Republic. We can therefore assume that the oldest labour force in the Czech Republic has no particular difficulties in applying for a job and that the offer of vacancies including less qualified jobs is sufficient. The same can not be said when talking about the youngest labour force. The specific unemployment rate of the population aged 15-19 years first exceeded 15% in the summer of 1996.

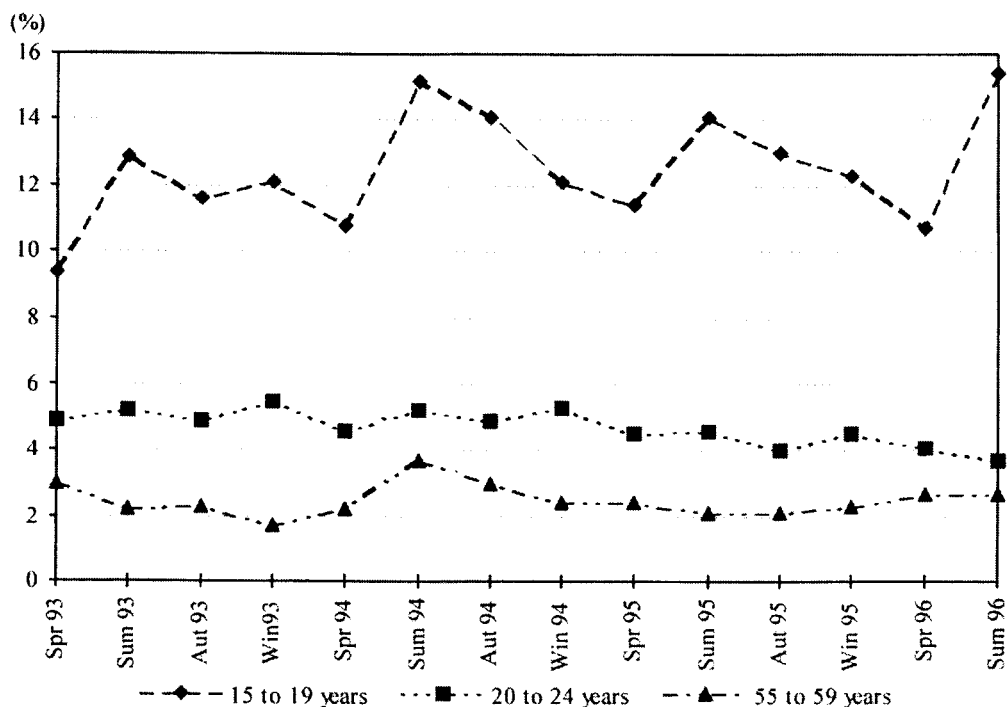


Fig. 7. Specific unemployment rate of selected age groups in the Czech Republic (spring 1993 to summer 1996). Source: Employment and unemployment in the Czech Republic as measured by LSF (spring 1993 to summer 1996), ČSÚ 1993-1996

A particularly unfavourable situation with applying for a job of young people is in the area of North Bohemia. 11,700 people in the age of 15-19 years worked here in the summer of 1996, while the number of unemployed reached 6,200 persons, i.e. more than one third (34.6%) of the people from this age group could not find job. Even when the summer's high was followed by a drop in number of unemployed in age 15-19 years (see Fig. 7), the possibility of young persons use on the labour market will be complicated especially in the districts of Severočeská hnědohelná pánev (North-Bohemian brown coal basin).

The unemployment rate of population aged 20-24 years is not particularly high (only 3.7% in Summer 1996) and is lower than the unemployment rate of the population in the age group 25-29 years (4.3%). This is caused by the high unemployment rate of women, who "want" to go work after finishing maternity leave. They often seek part-time jobs, but it does not suit many employers. Some employers are not willing to employ women with small children, even in cases when women apply for a full time job. Part of these women "do not want" to find a job in fact, and because they do not draw maternity benefit any more they register at the labour office. They can draw unemployment benefit and social assistance later. Just the population in age groups 25-29 years and 30-34 years shows the highest differences in specific unemployment rate by sex. Specific unemployment rates of women aged 25-29 years reached 5.8% (men 3.2%) and aged 30-34 years 4.7% (men only 1.9%).

UNEMPLOYED SCHOOL LEAVERS

It was found out during the LFS in summer 1996, that there were 25.9 thous. persons (i.e. 14.1% of all unemployed) attended schools before they started to seek jobs. It means that the persons actively sought jobs immediately after graduating from basic, secondary schools or universities. The Ministry of Labour and Social Affairs carries out detailed surveys to find out the structure of unemployed schools leavers registered at labour offices. The data on the number of school leavers are processed monthly to the last day of the month. The survey has for its object the "use" of unemployed school leavers on the labour market using the structure of study groups of individual degrees of school system. The aim of the surveys is to contribute to the preparation of experts in such a professional structure and in such on labour market demanded study branches, so that the school leavers should find their place on the labour market. The Ministry carries out the survey on April 30 (i.e. the date when the number of school leavers is minimal) and in September 30 (usually maximum value). The survey was carried out in September 1992 for the first time, but the up-to-date methodology has been used since September 1993. But the definition of the term "school leaver-job seeker" is wider by the survey, than it is usually understood. Ministry of Labour and Social Affairs used the definition from the labour code, i.e. that a school leaver is a job applicant whose total time of employment after the successful completing of study (preparation) did not reach two years, except the period of basic military service and civil service substituting the military service, the period of maternity leave and other maternity leave (in case of men, period of drawing maternity benefit).

The share of registered unemployed school leavers in the total number of registered job seekers has already overcame the limit of 10% and reached 11.2% in April 1996. 30,970 unemployed school leavers (18.3% of all registered job applicants) were registered in the Czech Republic at the end of September 1996. This value is, compared to former Septembers' values, the highest one. Upon the mentioned we can judge that the difficulties

with locating the school leavers on the labour market are deepening. According to the said September and April values we can state that there were about two thirds of university graduates, more than half of secondary school with GCE graduates and almost one third of graduates from apprentice schools set aside from the evidence of labour offices during the 7 months. The most problematic group remain persons leaving the basic schools, who do not continue with other education.

	Month					
	Sept 93	Apr 94	Sept 94	Apr 95	Sept 95	Apr 96
Number of registered job seekers	166963	171851	163877	151019	154048	148722
School leavers-job applicants	29315	16988	24386	14737	25467	16696
From that school leavers from:						
universities	1751	567	1434	447	1404	503
secondary schools with GCE	10223	4547	8163	3602	9659	4709
secondary schools without GCE	11807	6655	10141	5926	9854	6338
basic schools	5534	5229	4648	4762	4550	5146

Table 2. Structure of registered school leavers-job seekers during September 1993 - April 1996.

Source: School leavers registered at labour offices, Ministry of Labour and Social Affairs of the Czech Republic, Prague 1996

Because persons, whose employment period after successful completion of school did not reach two years, are implemented into the file of school leavers - job seekers according to the definition, let's compare the index "share of school leavers-job seekers" in April 1996 on the numbers of school leavers in school years 1993/94, 1994/95 in relevant types of schools and apprentice schools. It is evident that the higher the share, the worse is the possibility to find a job for the school leavers.

The share of unemployed school leavers from apprentice branches without GCE reached in April 4.6% in the Czech Republic and even 9.0% in North Moravia. From the individual branches, the highest share holds the group of branches concerning mining and metallurgy, followed by agricultural and forest farming and construction. The worst situation in applying for a job in the field of industrial apprentice branches was experienced by graduates from textile, garment and tanning industries schools. The share of unemployed school leavers from the branches with GCE is a little lower than of those without GCE, i.e. 4.4%. Quite high values are again found in mining and metallurgical branches (9.6%), followed by branches from the group of economy, organization and commerce (8.4%), and wood proce-

ssing and polygraphy (6.1%). On the other hand, graduates from electrotechnical apprentice schools have a quite fair chance to find a job (only 2.4% of unemployed graduates).

The fact, that with higher education increase chances to get a job, is confirmed by the value of share of unemployed graduates from secondary vocational schools. It reached 2.9% in April 1996. The best chances in applying for a job were secondary medical (1.1%) and secondary electrotechnical schools' graduates (2.3%). On the other hand, rather high share of unemployed experienced group of "other social branches" at secondary schools (5.2%). This group includes family schools with both GCE and without GCE graduates who's chances in applying for a job are rather "not promising". The incorporation of this "new" type of school into the system of secondary schools after November 1989 did not prove to be successful in view of the probability to find jobs for the schools' graduates.

The share of unemployed grammar school graduates on the group of graduates, who successfully completed study in 1994 and 1995, reached 2.8% in April 1996. It is a bit lower share than with secondary vocational schools' graduates. But it must be taken into consideration that grammar school is considered to be a secondary school which should not educate students for applying for a job but prepares them for study at university. From this point of view the share of unemployed grammar school graduates is not any more favourable as it is in case of secondary vocational school graduates.

From the standpoint of finding a job on the labour market, the best situation is for university graduates, from them only 1.5% were registered at job offices. The highest share of unemployed graduates were graduates of mining and metallurgical branches in April 1996 (3.2%). However, there were only 13 unemployed graduates and the chances to find a job for these schools graduates are getting better now. Graduates from agricultural, wood and veterinary universities (71 unemployed graduates, i.e. 3%) also have difficulties in finding jobs and medical and pharmaceutical universities graduates (85 unemployed graduates, i.e. 2.4%) as well. On the contrary, lawyers have no difficulties in finding jobs (there was registered only 1 graduate in April 1996), architecture and civil engineering school graduates (0.8% of unemployed graduates), electrotechnical (0.9%) and economy school graduates (1.0%) also have quite fair chances. The situation with applying for a job of economy school graduates is getting worse, and the labour market is not so hungry for them any more, as it was the past couple of years. When comparing the numbers of economy schools graduates in April, 30 the last couple of years, we can see the following increase since 1993: 29 (1993), 47 (1994), 51 (1995) and 66 (1996).

Structural analysis of school leavers was completed with data on differences in graduates' unemployment within districts. This is documented by Fig. 8, which shows the index "Number of registered school leavers per 1000 inhabitants in age 15-24 years". Because the latest data at disposal on the age structure of population is for December 31, 1995, the picture shows the number of school leavers to the date. 20,085 unemployed school leavers were registered by the end of December 1995 in the Czech Republic. The highest number of

unemployed school leavers per 1000 inhabitants in age 15-24 years experienced the following districts: Znojmo (16.7), Nový Jičín (16.5) and Most (15.0). In regard to the individual regions, the most important problems with applying for a job were school leavers living within North Moravia (10.9). There were only 0.7 unemployed school leavers per 1000 inhabitants in age 15-24 years in Prague.

UNEMPLOYED BY EDUCATION

We can find the same dependence by applying for a job of persons according to the highest education as we found by school leavers. The biggest difficulties with finding a job are people with only a basic education (if need be without its completing) on the contrary, the least difficulties are still persons with university education. It is described by Fig. 9. Even the apprentice schools' graduates (including persons who graduated from secondary schools without GCE) created the biggest group of unemployed in the Summer of 1996, much higher specific unemployment rate was noted by persons with the lowest education.

The intensifying of differences among unemployment levels of persons by education occurred in the last years. The unemployment rate of persons with only basic education already overcame 10% in summer 1995 and reached its maximum in summer 1996. Vice-versa, the regular drop of unemployment rate occurred among persons with a higher education - apprentice schools and universities, the less regular was the fall among the secondary schools with GCE graduates. The unemployment rate of university graduates is lower than 1%. While the unemployment rate of the population with a university degree is the same both with men and women. There are differences among men and women among persons with secondary education (both with GCE and without GCE). The unemployment rate of men is essentially lower. Among the persons with secondary education with GCE the specific unemployment rate of men was only 1.8% and of women 2.8%, among the persons without GCE the unemployment rate reached 2.6% among men and 3.8% among women in summer 1996. The other proportion can be noted in a long-term view with specific unemployment rates of men and women in the group of the less educated population. Here the unemployment was higher among men. It reached 13% in summer 1996, while it was only 9.3% among women.

The difficulties of applying for a job with persons with only a basic education give evidence not only the data on specific unemployment rate, but also the data from labour offices, making it possible to follow the index - number of job seekers per 1 unfilled vacancy. There came 3.2 registered job seekers per 1 vacancy with the demand for basic education in 1995. In the case of people from apprentice schools, the harmony between the demand and offer of the labour force was almost perfect. There came 1.1 job seekers per 1 unfilled vacancy. But the harmony was only quantitative, not structural, professional and regional. Other types of graduates were demanded (for instance construction professions),

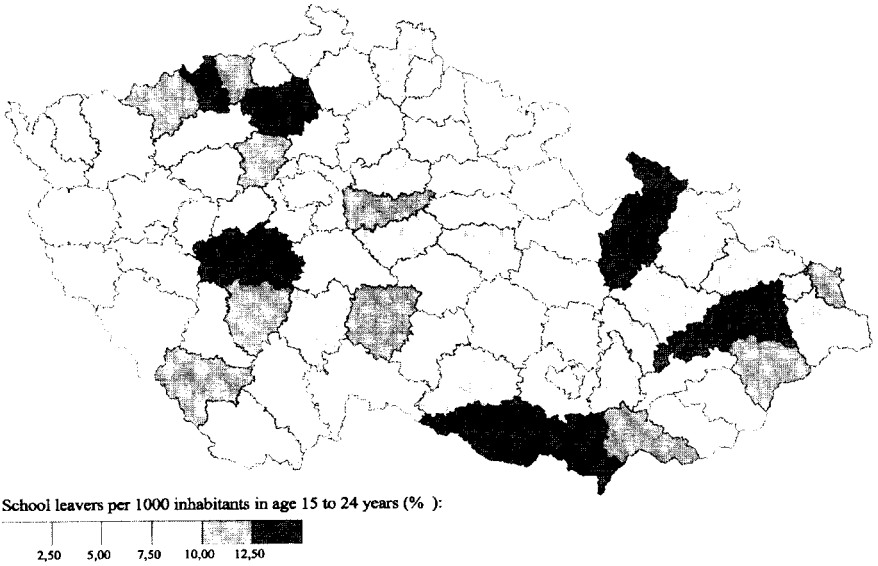


Fig. 8. Registered school leavers per 1000 inhabitants in age 15 to 24 years in the Czech Republic (districts, December 31, 1995). Source: Statistical yearbook of labour market in the Czech Republic 1995, MPSV ČR 1996, Age structure of population in the Czech Republic 1995, ČSU 1996

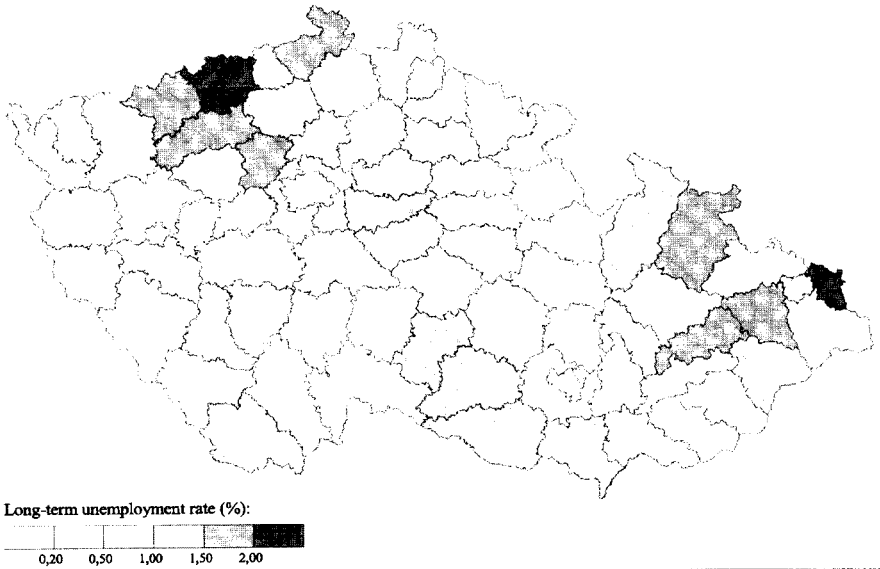


Fig. 10. Registered long-term unemployment in the Czech Republic (districts, December 31, 1995). Source: Statistical Yearbook of labour market in the Czech Republic 1995, MPSV ČR 1996

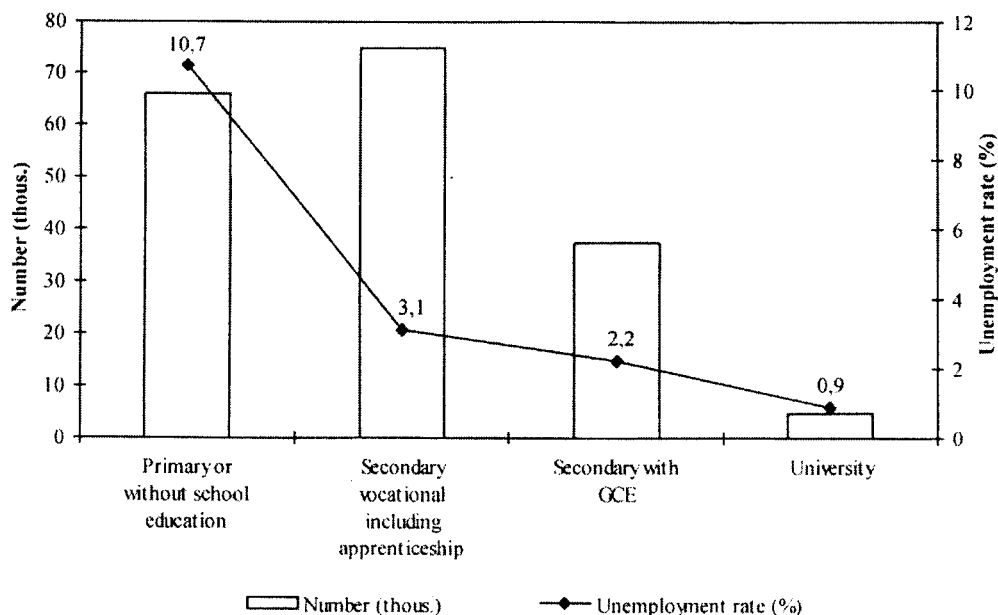


Fig. 9. Number of unemployed and specific unemployment rate by the highest level of attained education in the Czech Republic (summer 1996). Source: Employment and unemployment in the Czech Republic as measured by LSF (summer 1996), ČSÚ 1996

	Period			
	summer 1993	summer 1994	summer 1995	summer 1996
Total	3.8	3.9	3.6	3.5
From that with education:				
basic	8.3	9.1	10.4	10.7
secondary without GCE	3.7	3.6	3.4	3.1
secondary with GCE	2.8	3.0	2.0	2.2
university	1.5	1.3	1.1	0.9

Table 3. The development of unemployment according to the highest education (%).

Source: Employment and unemployment in the Czech Republic as measured by LSF (summer 1993 - summer 1996), ČSÚ 1993-1996

than offered registered job seekers. Because of the shortage of demanded professions, employers therefore often employed foreign workers.

The index 2.4 job seekers with GCE per 1 unfilled vacancy confirms the rather low number of vacancies with the demand for GCE in the structure of registered vacancies. But the specific unemployment rate of persons with GCE is lower than of persons from apprentice schools. It is caused by two reasons, first, that a lot of persons with GCE work at positions with the demand for lower education, second, part of vacancies with the demand for GCE is not listed as vacancies at labour offices. Some employers (mostly small companies) do not follow the legal duty to announce the number of vacancies at labour offices and they seek employees only through advertisements in many cases.

There came 0.7 job seekers with university education to 1 unfilled vacancy with demanded university education in 1995. There exists regional disharmony and the disharmony in branch structure between the demand and offer on labour market among university educated population too. This disharmony is not so evident as it may show the low number of unemployed university graduates and the low specific unemployment rate.

From the view of the probability to find a job for persons with basic education, the most problematic region is North Bohemia, where there come 12.3 job seekers with basic education to 1 such a vacancy. A critical situation is in the Louny (33.4 job seekers per 1 vacancy) and Chomutov districts (32.8 job seekers). Graduates from apprentice schools have the biggest problems in applying for a job within North Moravia. The same may be stated about the persons with secondary education with GCE, but besides North Moravia, South Moravia can be considered as problematic. More than 10 job seekers per 1 vacancy were detected in three districts of South Moravia, i.e. Hodonín, Třebíč and Vyškov. The best situation for job seekers of all categories was created in Prague, where the number of vacancies for job seekers with basic education was higher than the number of such job seekers.

LONG-TERM UNEMPLOYMENT

The number of long-term unemployed, i.e. according to the definition of the ILO the number of persons actively seeking a job for a period of one year and more, reached 56.1 thous. in the summer of 1996. It is not yet the highest number detected by the LFS but we can conclude that the group of long-term unemployed grows in the Czech Republic. Persons with only basic education or with uncompleted education create a considerable part of long-term unemployed. This group represents about 50% of all long-term unemployed.

	period			
	summer 1993	summer 1994	summer 1995	summer 1996
unemployed total	198.4	205.1	190.4	183.4
the time of seeking a job:				
1-2 years	25.5	29.8	28.5	26.8
more than 2 years	10.7	15.7	30.5	29.3
long-term unemployed total	35.7	45.5	59.0	56.1
their share on unemployed total	18.0%	22.2%	31.0%	30.6%

Table 4. Long-term unemployed according to the time of job seeking (in thous.). Source: Employment and unemployment in the Czech Republic as measured by LSF (summer 1993 - summer 1996), ČSÚ 1993-1996

The specific long-term unemployment rate according to the latest published results from the LFS reached 1.1% in the Czech Republic. It was higher with women (1.3%) than with men (0.9%). More than one half of long-term unemployed lived within North Bohemian and North Moravia. Almost 3% long-term unemployment rate was detected in North Bohemia in summer 1996.

Relatively more favourable view on the long-term unemployment are given from job offices. For example, 36,218 job seekers were registered at job offices for more than a year at the end of 1995 in the Czech Republic, i.e. 23.7% of all job seekers. When comparing the information from MLSA and from the CSO, the information from the LFS indicates that a quite big part of the long-term unemployed are not registered at job offices. The unemployed were often sort out from the evidence because they did not comply with the demanded cooperation with job offices when seeking the job. The registered unemployment rate was 0.7% at the end 1995.

As we may see the Fig. 10, the highest long-term unemployment rate was in the Most, Teplice and Karviná districts. The unemployment rate in every mentioned district overcame 2%. On the other hand, there exist districts where the problem of long-term unemployment is only marginal. The long-term unemployment rate lower than 0.2% is in nine districts of the Czech Republic besides Prague. It is even lower than 0.1% in Prague-west and Plzeň-south districts.

HANDICAPPED UNEMPLOYED

The Ministry of Labour and Social Affairs has recently paid exceptional attention to a certain group of the population, i.e. to handicapped persons. The reason is that there occurred essential grow in the number of handicapped unemployed. According to MLSA, the number of registered handicapped job seekers increased last year by 8.6 thous. persons and it reached 31.5 thous. on December 12, 1996. The share of handicapped persons on the general number of registered job seekers goes up too.

	Year					
	1991	1992	1993	1994	1995	1996
Job seekers total	221749	134788	185216	166480	153041	186339
handicapped persons seeking job	17032	15502	20016	22015	22887	31455
% of handicapped job seekers	7.7	11.5	10.8	13.2	15.0	16.8

Table 5. Handicapped job seekers during 1991-1996 (as December 12). Source: Employment and unemployment in the Czech Republic as measured by LSF (summer 1993 - summer 1996), ČSÚ 1993-1996

The increased number of handicapped job seekers seeking a job is proclaimed in the Employment law from 1991. The government of the Czech Republic passed also Order No. 384/1991 Sb. in 1991 about the compulsory share of disabled persons on the total number of employees, which is obligatory for all employers with more than 20 employees in the following way:

- a) 4.5% employees, who are handicapped, and
- b) 0.5% employees, who are severely handicapped.

In case that the employer is not for any reason able to fulfil the appointed share of handicapped employees, he has according to the Order the possibility to use the institution of "substitute fulfilment", i.e. that he on the basis of preceding contract takes products or accepts other fulfilments from the association of handicapped persons, from companies and other cooperatives joining together handicapped persons and from other employers, employing more than 60% of handicapped persons. The majority of big employers accepted the compulsory share of handicapped persons better in 1991. During 1991-1996 many big companies "got slimmer" and changed into companies with less than 20 employees. It caused, that the number of vacancies for handicapped persons to go down. It is confirmed through the data from the LFS. While 212.4 thous. handicapped persons worked during the first survey in spring 1993, the information from summer 1996 indicates that the number of working handicapped persons dropped to less than 160 thous. The decrease in number of vacancies for handicapped persons was the first cause of increase in unemployment of this persons. The tightening of conditions for collecting invalid pensions in 1996 contributed to the increase in number of handicapped unemployed. Some persons who collected invalid pension were shifted into the category of persons with a partially invalid pension, and these came to the evidence of job offices in the end. Because of the serious shortage of vacancies for handicapped persons, job offices can arrange jobs for disabled only exceptionally.

The highest number of unemployed handicapped people is, in a long term view, in North Moravia. According to the LFS to summer 1996, there were 8.9 thous. of such persons, i.e. 35% of all unemployed handicapped person in the Czech Republic. This is

confirmed also by some data on registered unemployment. There were only 3 districts at the end 1996 in the Czech Republic, where there were registered more than 1,000 unemployed handicapped job seekers: Ostrava-city, Karviná and Frýdek-Místek districts.

THE EMPLOYMENT OF THE CZECH CITIZENS ABROAD AND THE EMPLOYMENT OF FOREIGNERS IN THE CZECH REPUBLIC

The situation of the labour market in the Czech Republic, including the level of unemployment is seriously influenced by both migration of our citizens to find a job abroad and the employment of foreigners in companies located on the territory of the Czech Republic.

Contemporary, it is almost impossible to estimate the total number of Czech citizens working abroad, because Ministry of Labour and Social Affairs registers only the persons, who work abroad on the basis of intergovernmental contracts. Published estimates indicate, that about 56 thous. Czech citizens work abroad. The vast majority of migration flows for jobs is directed into neighbouring economically developed countries, above all to Germany. This country is the destination even for the migrants commuting for shorter period of time, so called "pendlers", i.e. persons who commute regularly, usually daily to Germany. The daily commuting is currently the most common form of work migration from the Czech Republic and concerns in particular the population living in northern bordering districts. According to the official estimates of MLSA, pendlers participate by two thirds in the total number of the Czech citizens working in Germany. But the realistic estimates give the number 20-25 thous. person daily. Quite less persons commute daily to Austria (4-5 thousand), mostly from southern bordering districts. The majority of commuters work in Germany in less qualified and low paying jobs, mostly in construction and agriculture, but also, for example in restaurants.

There is no doubt that from the view of economical development of formerly backward Czech and Moravian border areas, the mentioned form of employment of the Czech citizens in foreign countries brings a couple of positives whether it is the inflow of foreign currency or the improving of the situation of the labour market with higher unemployment rate (for instance Znojmo and Břeclav districts). On the other hand, these one-side orientated labour flows of our citizens, directed to find jobs abroad, cause less wanted phenomena for example local shortage of workers of certain professions, especially in border districts of West Bohemia. It occurred many times in the past, that "pendlers" were registered as job seekers in the Czech Republic and besides the earnings abroad, they were drawing unemployment benefits, too. Today we can frequently see that the Czech citizen is employed abroad as a seasonal worker (usually for 3 months) and after finishing the seasonal work he registers as an unemployed. But his 3 months' salary abroad is many times higher than the average salary of the Czech worker in the same position.

As it has been stated, almost 50 thousand Czech citizens work abroad, but the unofficial estimates on the number of foreigners working currently in the Czech Republic gives

the number at almost 250 thousand people. It is much more than it was during the pre-transition period, when there worked about 90 thous. foreigners in 1989 in all of Czechoslovakia, mostly from Poland (43.7 thous.) and in the frame of international help from Vietnam (33.2 thous) and from Cuba (6.4 thous.). About 70 thous. of the foreigners working in Czechoslovakia, worked on the territory of the Czech republic. Because of the possibility to compare data it should be mentioned that 30 thous. persons lived in Slovakia but worked within the territory of the Czech Republic.

Their place on the labour market in the Czech Republic found also those foreigners who do not need a working permit. It concerns either foreigners, running their business in the Czech Republic on the basis of trade license or Slovak citizens, who work in the Czech Republic on the basis of certain inter-governmental treaty. This treaty since the split of Czechoslovakia as of January 1, 1993 has made easier the employment of the Czech or Slovak citizens in other republics. The much higher unemployment rate of Slovakia is the most important cause of the increase in the number of Slovak citizens working in the Czech Republic and the drop of Czechs working in Slovakia. For example, since the last census March 3, 1991 the number of Slovak citizens working in the Czech Republic has increased from 30 thousand to 70 thousand (June 30, 1996) and vice-versa the number of Czech citizens working in Slovakia has dropped in half during the period from 5.2 thous. to 2.6 thous.

The next table lists foreigners legally working on the Czech labour market by individual countries. There are only the countries in the table, from which there are at least 2,000 persons working in the Czech Republic.

Country	period			
	working permit	treaty CR-Slovakia	trade licence	total
total	67,326	66,965	36,966	171,257
from that:				
Slovakia	-	66,965	2,919	69,884
Ukraine	40,029	-	809	40,838
Poland	12,680	-	329	13,009
Vietnam	129	-	7,693	7,822
Germany	1,485	-	605	2,090

Table 6. The number of foreigners legally working in the labour market in the Czech Republic (June 30, 1996). Source: Report of MPSV ČR, 1996

The disharmony among the data from Ministry of Labour and Social Affairs concerning working permits and issued trade licences and the data from the Interior Ministry concerning long-term or residency permits suggests that in a black and grey economy in the Czech Republic the Vietnamese and Chinese are the most active foreigners. Vietnamese received more than 17 thous. of residency permits as of June 30, 1996 and Chinese almost 5 thous. permits to the date. Labour offices registered only 122 of issued working permits and 58 of trade licences for Chinese people to the date.

The highest concentration of foreigners legally working in the Czech Republic is in capital Prague (34.3 thous. persons), followed by city-districts of Brno and Ostrava (both more than 7.5 thous.). Among the other districts, a considerable number of foreigners work in Karviná (5.7 thous.) and Frýdek-Místek (3.2 thous.) districts within North Moravia. The foreigners are mostly Polish and Slovak miners employed in Ostravsko-karvinské coal-mines. The district of Mladá Boleslav shows a quite high employment of foreigners too (4.4 thous.). Their highest number is employed in Škoda Mladá Boleslav motor-works.

The district with the highest share of foreign workers compared to the total number of workers is Prague-west district, followed by Mladá Boleslav, Břeclav, Tachov and Karviná districts. All the mentioned districts' shares of foreigners in total employment is higher than five percent. On the other hand, there exist districts in the Czech Republic where the share of foreign workers does not reach one percent (Havlíčkův Brod and Chrudim in East Bohemia and Nový Jičín, Bruntál and Opava in North Moravia).

CONCLUSION

To answer the question, why particularly in the Czech Republic the unemployment rate is so low, is only possible in connection with and on the basis of the comparison with the development of unemployment (and of the whole economic transition) in neighboring post-communist countries. As mentions Tomeš (1996), we can not agree to the by the government proclaimed explication putting emphasis on the governmental outstanding transition's strategy and optimal economic but also socially considerable policy, resulting in the best economic results among all countries in transition, including low unemployment. The economic results are, when compared on the basis of the most important index - gross domestic product, only comparable with the results of other countries of CEFTA. From the macroeconomic indexes of the industrial development of all compared countries the low unemployment rate in the Czech Republic stands out most distinctively.

It is obvious that governmental policy contributed to the very low unemployment, but not the way it is often presented. The majority of measures were realized during the existence of the federation and the unemployment rate at the end of 1992, before the split of Czechoslovakia, reached in the Czech Republic only 2.6%, while it was almost 10.4% in Slovakia. This shows that the low unemployment rate in the Czech Republic is influenced more likely by other factors, than "the right" governmental policy.

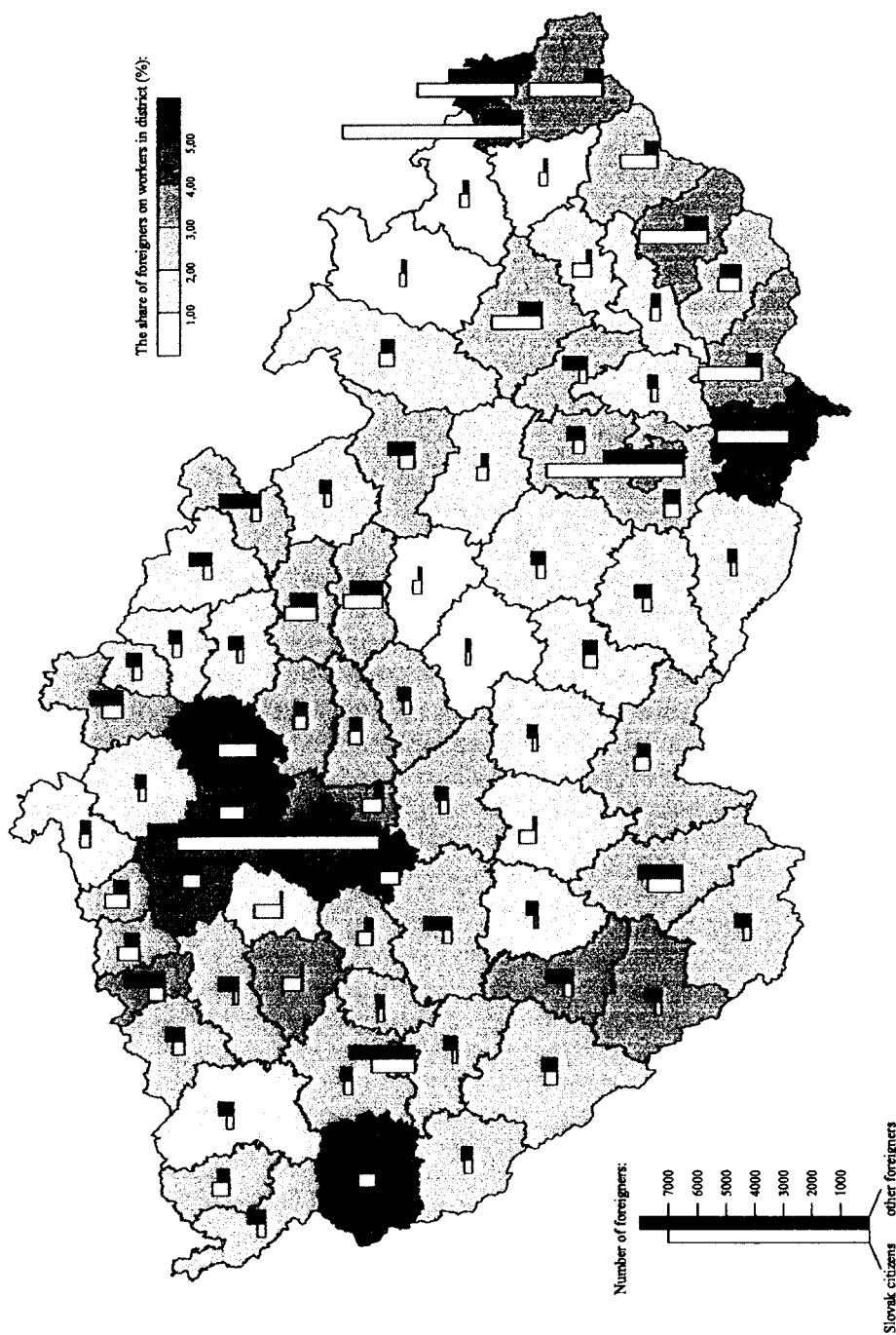


Fig. 11. Foreigners, legally working on labour market in the Czech Republic (districts, September 30, 1996). Source: Statistical lists of MPSV ČR, 1996.

The most important factors can be considered those which:

- 1) have their origin in distant even pre-war history (especially the heritage of an industrial and economically developed country)
- 2) are connected with the geographical location (the best exposition to countries of European Community, mostly to Germany)
- 3) have their origin in governmental policy, but should be valued more likely negatively (the putting off the process of bankruptcy of non-effective companies in debts, the frequent investments, restructuralisation and technological modernisation, the increase of employment in state administration, serious extension of shadow economy, etc. (see Tomeš, 1996)

The restructuralization of production has not yet been carried out in many already privatized companies. The noneffective overemployment survives in many branches, many times waiting for the production increase, for governmental orders or for some other form of governmental help. The relatively very low salaries (even when compared with Poland and Hungary) aid to retain overemployment too, while the prices of some products are almost at world's level and they enable many companies to profit, to survive without problems and to carry out pleasing employment policies.

But there already appear signals, that extensive dismissal will be carried out in 1997, mostly in large companies, because the directors want to increase work productivity and bring down the costs of production. The expected dismissal in companies is supported among others by the last survey of Czech statistical office. 30-40% of companies stated in the survey that they plan to bring down the number of employees. The pressure for reducing the number of employees could be seen in companies' effort to be more competitive and can be, in many cases, the attempt to survive during the period of deficient orders. The Czech economy was influenced by the crisis at the turn 1996-97, and it can result in the increase of unemployment over 5% already in 1997. This will probably not be stopped even by the expected protection of labour market against the growing number of foreign workers. From the regional point of view, areas affected by unemployment remain two regions - North Bohemia and North Moravia.

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