

# Monthly Report

**Identity Politics: About Identity or Politics**

**Labour Market Integration and Access to Education for extra EU-28 Immigrants**

**Outmigration of Hungarian Medical Doctors before and after EU Accession**

**Trade-off between Skills Development and Migration: the Croatian Labour Market**





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VLADIMIR GLIGOROV  
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HERMINE VIDOVIC



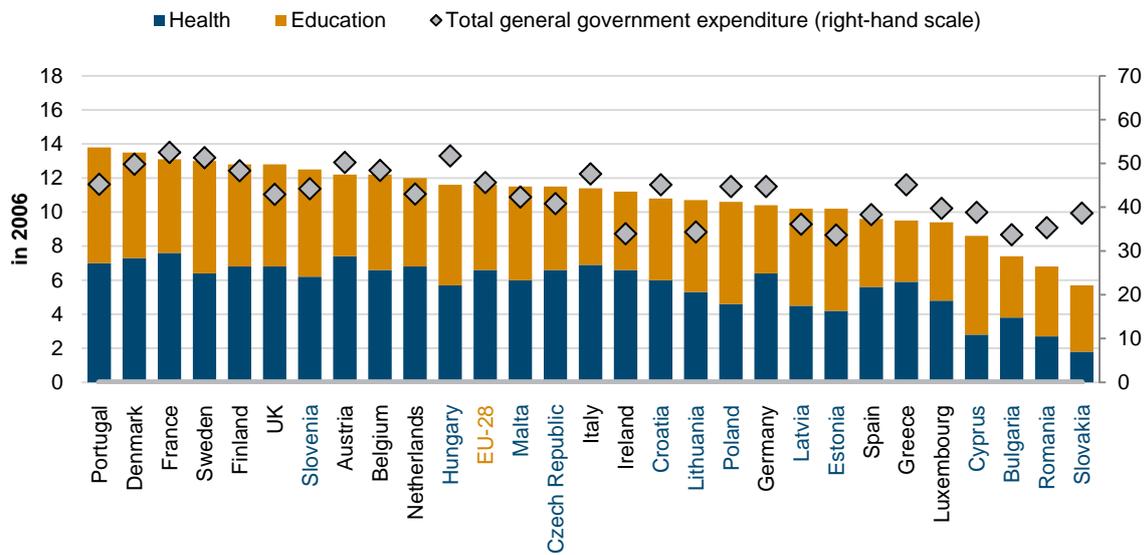
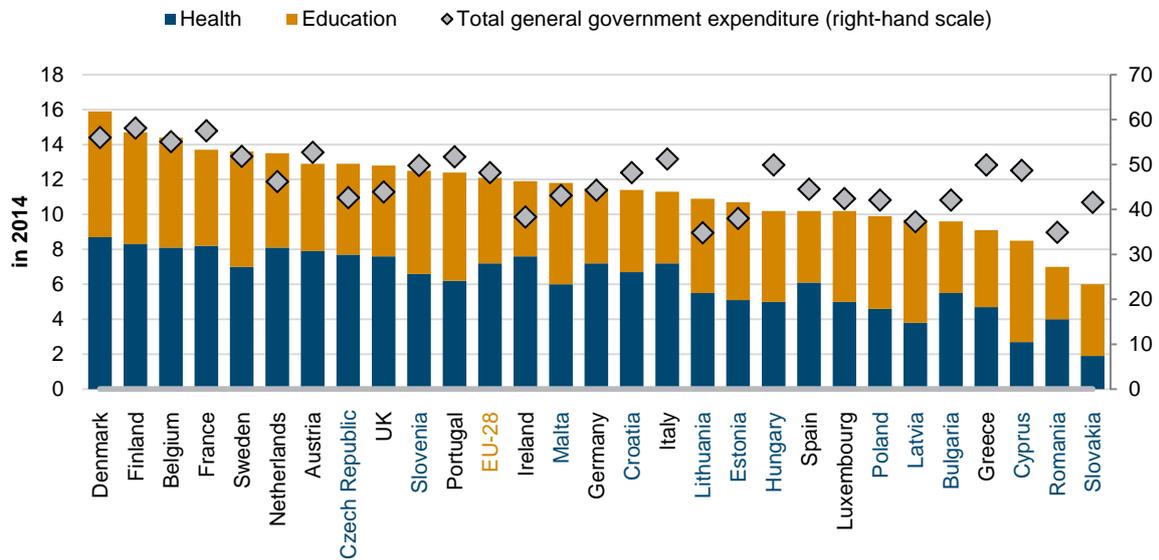
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### General government expenditure by function

in % of GDP



Data source: Eurostat.

## Opinion Corner: Identity politics: about identity or politics

ANSWERED BY VLADIMIR GLIGOROV

**The refugee crisis has radicalised the public in a number of countries. Nationalism has been on the rise in many Member States of the European Union, and in the Central European countries in particular, with the overall declared aim of the nationalists to regain the sovereignty over their states in all its aspects. How is this radicalisation to be understood?**

*One explanation is to go with the obvious: Nationalism is about identity. So it is about identity politics,<sup>1</sup> which is characterised by political action founded in the shared experience of injustice of members of a group within a society. The alternative explanation is that it is about political use of collective identity.*

*Most of the proponents of politics as a means to safeguard national interests are arguing for the transparency of the concept of national identity. The dissenters, however, tend to argue that this is not a democratic version of the collective identity and point to the use of undemocratic methods by the nationalists. Finally, nationalists tend to argue that their reach for identity politics is no different from the political behaviour of the foreigners – i.e. refugees or migrants – or of the minorities within a country, who tend to promote their ethnic institutions and parties. So, if the minorities radicalise in goals and political means, why should not the majority do so, especially in their own country? For nationalists, identity politics is fundamentally about identity and not about politics.*

### **How would the political explanation for radicalisation look like?**

*What comes to mind immediately is that promoting identity as the aim of and the basis for policies is a way to mobilise support. Nationalism speaks to all the people with that particular identity rather than to a fraction of them who share one or the other specific interest or set of interests. This is one reason why minorities often unify behind an ethnic party or faction. This is the way to maximise their support and consequently their chances to be a minority coalition partner in a government, while the chances would significantly diminish if they split up. So, that is how identity politics is really about politics and not about identity in the case of the minorities. This is especially true in cases in which these are not large minorities, e.g. if they account for less than 10 per cent of the population. In some cases, they stay in the government perpetually if the majority of the population is more evenly split.*

*A party aiming to mobilise the majority could make the same argument. What nationalists often tend to argue is that either the minorities, or the foreigners, or the foreign countries are making use of their national disunity. The problem that these nationalistic parties face is the construction of the national identity. Minorities or foreigners are more often than not defined by the very fact that they are a minority or they are foreigners. So, they do not have to work all that much on building their collective identity. Nations, however, have to engage in the process of designing their identities. That process tends to be almost inherently undemocratic, as the social, economic, and cultural diversity needs to be collapsed into one identifying characteristic.*

<sup>1</sup> See Stanford Encyclopaedia of Philosophy: <http://plato.stanford.edu/entries/identity-politics/>

### **How are national identities built?**

*The characteristic that emerges as the dominant one is context-sensitive. In some cases it will be religion, in other cases it will be language, and in yet other cases it will be culture. However, in all cases it will be identified as an ethnic characteristic, reaching back to historical memory and to common expectations of the future. The promise of nationalism is that people with a particular identity have historical rights to have priority claims on current and future public support. Poles have prior rights to others in Poland. And so have Hungarians and Croats and Slovaks and Czechs and Serbs – everybody has prior claims to his/her interest being heard and heeded in ‘their own country’. Thus, in many constitutions, there is explicitly or implicitly an Orwellian formulation to be found: ‘This is our country in which you enjoy equal rights’.*

*However, nationalists tend to face two problems. First, constructing an identity may require some sort of radicalisation in order to get people to fall in line. This makes for a paradox that is often noticed when it comes to the virulence of nationalism, both among the minorities and the majorities. The probability that a party with extreme views will have a large following among the majority is higher than that probability among the minorities. By contrast, the probability that dissatisfied minorities will resort to more extreme means can be higher than among the majorities. For instance, in the case of the mass influx of refugees, but also migrants, the probability that there will be a radicalised person among them tends to be much smaller than the probability that these refugees or migrants will radicalise the domestic population. Similarly, minorities tend to be less prone to set up extremist parties than the majorities. The reason is that extreme parties minimise the coalitional potential of the minority while they may promise large political gains to the majority of the population if they can be persuaded that they should vote for their identity and not their political interests.*

*Second, the persuasion can require some extreme ideological argumentation. A public bad, a threat of some sort, is needed in order to sell nationalism as the way to provide for the collective goods, goods that everybody has an interest in. The public good that is the easiest to appeal to is security, which is threatened by the public bad that those with different identities spread. Thus, the ideological argument needs to point to the danger that either the minorities or foreigners present to the nation, or to the danger that the foreign countries or international organisations present. The former may put the identity of the nation at risk, the latter its sovereignty.*

### **How do these insights translate to the current developments in the CEE region?**

*Currently, both dangers are being magnified by the nationalistic parties in Europe and in Central Europe in particular. In some cases, the majority of the population has already voted for nationalist parties, e.g. in Poland and Hungary. In other cases, ideological persuasion is yet to prove successful, e.g. in the case of Croatia. In Poland and Hungary, both dangers – attributed to foreigners in the country and the supposed loss of sovereignty to the institutions of the European Union – have unified to produce nationalist parties mobilising the majority. In the case of Croatia, the process of mobilising the majority is still ongoing.*

*The case of Croatia is instructive. It may be more difficult to see why nationalists in power are a threat to democracy when they have won majority votes in democratic elections than when they are a minority in a coalition government as is currently the case in Croatia. Democracy is inherently antinationalistic (I think that is the argument that Amartya Sen has been making) because it tends to support diversification of interests. So, the majority that is an outcome of an election or of the post-electoral coalition making process is inherently diverse in the sense that it could produce quite a different political result in*

*changing circumstances. A political strategy based on identity may be such a temporary outcome, but ideological homogenisation is needed if it is to be made permanent – which is where the aggressive promotion of national identity is an instrument to mobilise the majority and then, as in the case of Poland and Hungary for example, changes to the constitution are used to make identity the basis of national politics. That is the second problem that nationalists face: legalising, in one way or another, their permanent claim to power. Hungarian and Polish nationalists seem to have already succeeded in mobilising the majority by means of identity politics, while Croatia is not yet there. However, all nationalist governments face the problem of translating the Orwellian formulation into the constitutional set-up which should appear democratic.*

*The way democracy works to pacify nationalistic strategies is to offer the minorities a say in the public affairs by making them viable coalition partners to parties of the majority. That often means that the minorities form ethnic parties and majorities split into political parties with differing agendas, e.g. on economic or other distributional issues, so that there are opportunities for minorities to democratically influence politics. With identity becoming the basis of politics, the split between majority and minority becomes one of difference in identities and the democratic coalition decision-making can break down.*

*That set-up supports radicalisation on both sides. In a number of cases, but not all of them, religion is the basis of the national or the minority identity. As an instrument of national homogenisation, it has the advantage that it is in most cases not a matter of choice, but is inherited and thus ethnic. Both, minorities and majorities, tend to be radicalised in the sense that religious commitment becomes politically very important. But the majority can use political means to assure religious homogenisation while the minority may be tempted to contemplate the use of violent means to get a political say. That is why, in some cases, nationalists may use more militant means – targeting e.g. the minorities or immigrants or refugees – in the process of e.g. religious or nationalist homogenisation in general, while minorities are more prone to political rather than violent means when they see political opportunities, and may resort to violence if those opportunities diminish. If religion is the defining characteristic of collective identity, then it may play a role in both radicalisations.*

*Thus, minorities tend to be less radical even if they are more homogenous in their identity and political association than the majorities if the democracy is more functional, while they may be more prone to protests than the majorities if they are excluded from the political process in nationalist democracies.*

### **How are claims to sovereignty by nationalists to be understood?**

*The problem that cross-border mobility presents to the nationalists is the increased political diversity, which supports democratisation. Therefore, the homogeneity of the national identity needs to be preserved against the threat of multiculturalism (or liberal democracy in general, as Viktor Orbán argues) and that is echoed by rising nationalist parties across Europe. It is not enough to ethnically cleanse democratic politics, it needs to be kept clean by not allowing increased ethnic diversity. So, while the nationalist majority may rely only on political means in the political race, once it has secured ethnic political loyalties and made them legally obliging, they will not shy away from using violent means, justified by sovereign rights and powers, to keep the ethnically different out. That is why in the current refugee crisis radicalisation is more pronounced among the nationalist governments than among the refugees themselves. There is little if anything that refugees or new immigrants can achieve by violent means, but there is a lot of political gain that nationalists can make by using violent means to keep them out.*

*Thus, it is all about politics, and not about identity.*

# Labour market integration and access to education for extra EU-28 immigrants

BY ISILDA MARA

Immigration to Europe and especially third-country migration is increasing rapidly. In 2015, the stock of immigrants in the EU-28 reached 35 million, exceeding the 2014 number by 1.2 million. Immigrants from non-EU-28 countries represent 56.4% of this stock, indicating that extra-EU-28 migration exceeds intra-EU-28 mobility.<sup>1</sup> The recent influx of refugees from the Middle East and North Africa is contributing further to the increase in the number of immigrants to the EU-28.

One of the first and main challenges for immigrants reaching the EU is to gain access to the labour market and to the educational system. In spite of the awareness that most of the EU-28 countries, including the new Member States, are facing a shrinking working force and an ageing population – partly also due to emigration – the potential of migrants to remedy these problems is not fully embraced.

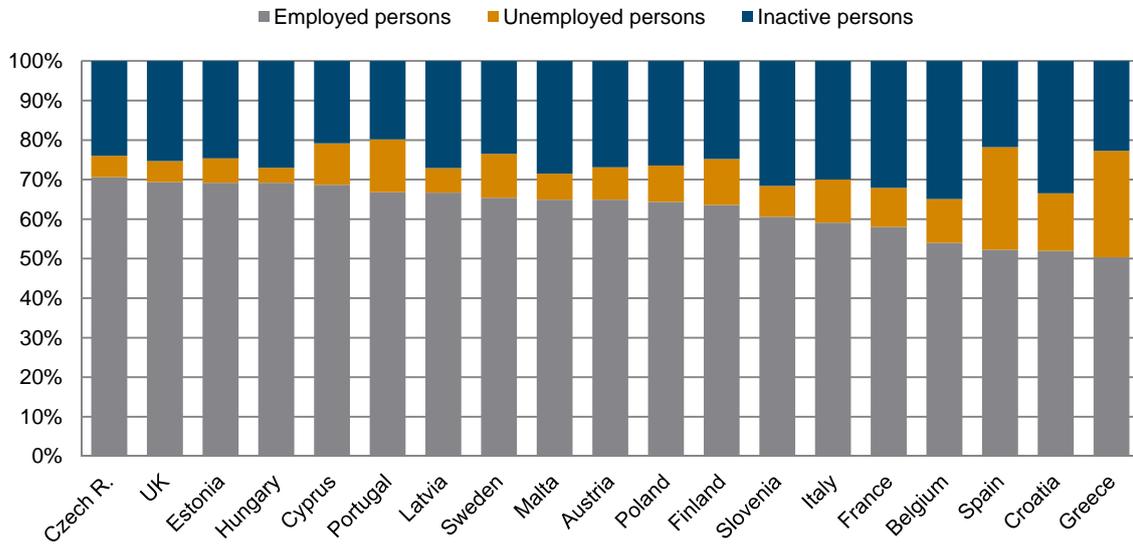
The current situation of migrants in the EU shows that their employment rate ranges between 50% and 70%, suggesting significant differences across the EU Member States.<sup>2</sup> The immigrants' unemployment rate oscillates between 4% and 26% while their inactivity rate ranges from 20% to 35%. In the Czech Republic, the UK and Estonia the employment rate of immigrants stands out at a rate of about 70%. The inactivity rate appears to be especially high, above 30%, in Belgium, Croatia, France and Slovenia, while the unemployment rates are observed to be highest in Southern Europe, i.e. Greece, Spain and Portugal, whereas they feature low levels in Hungary, the UK and the Baltic States.

According to the Migration Integration Policy Index (MIPEX), the labour market integration of immigrants in the EU-28 has improved thanks to a number of integration measures that have been introduced aiming to offer security, rights and protection from discrimination against extra-EU immigrants. Nonetheless, policies which would guarantee equal access to the labour market, as well as to education and training continue to stay behind. Labour mobility and integration of immigrants in the labour market are subject to a number of obstacles ranging from the language barrier<sup>3</sup>, over lack of recognition of qualifications and access to citizenship to discrimination on the grounds of the immigrant's social background or country of origin. The greatest handicaps are identified not only in the countries which host a relatively small number of immigrants – and are characterised by a high level of anti-immigrant sentiments – but also in countries which have been traditionally immigration countries, such as Austria, France and the UK.

<sup>1</sup> Eurostat (2016), 'Population on 1 January by five year age group, sex and citizenship [migr\_pop1ctz]'

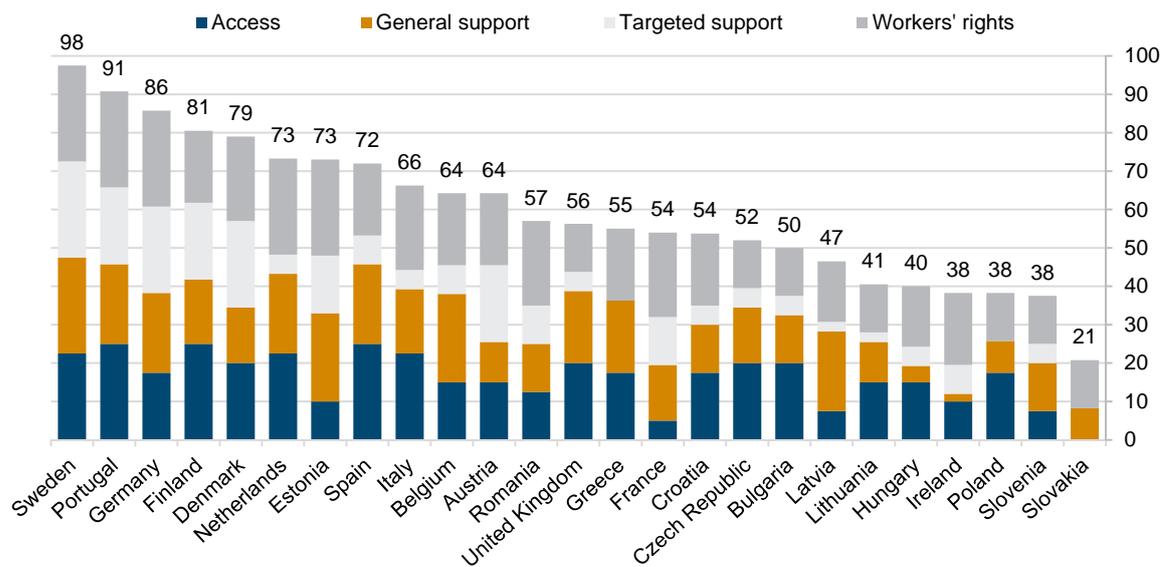
<sup>2</sup> Eurostat (2016). The latest available data correspond to the year 2014 'Labour status distribution of the population by sex, age, migration status and educational attainment level [lfsa\_14lel]'

<sup>3</sup> According to Eurostat (2014), 21% of employed immigrants report 'lack of language skills' as an obstacle to getting a suitable job. This rate is particularly high in Austria and Estonia with 37% of employed immigrants reporting this hindrance. Another important handicap is 'lack of recognition of qualifications' for 19% of the immigrants, the numbers being particularly high in Italy (30%), France (24%) and Austria (28%).

**Figure 1 / Labour market status of extra EU-28 immigrants, 2014**

Source: Own elaboration, Eurostat [lfso\_14le].

The MIPEX assigns scores ranging from 0 (low performance) to 100 (high performance) depending on a country's labour market integration performance. Countries which are ranked at the top are Sweden, Portugal, Finland, Belgium and Germany, while the new Member States are found at the bottom of the list, with scores around or even far below 50.

**Figure 2 / Labour market mobility: MIPEX scores, 2014**

Source: Own elaboration using Migration Integration Policy Index, 2015.

In particular, immigrants' access to the labour market in Germany – one of the good examples – has improved because of a number of actions and procedures introduced, e.g. the Recognition Act in 2012, which regulates the recognition of qualifications and skills of migrants; a number of local and regional initiatives which offer integration courses and employment programmes have been implemented; the right to work in all sectors – except the public sector – is granted; equal access to education, training and study grants similar to nationals and long-term residence are also provided. Targeted support is considered one of the crucial areas of integration. A number of apprenticeships are offered to meet the specific needs of immigrants and furthermore adapt their skills to specific job requirements.

However, the participation of extra EU-28 immigrants in education and training programmes continues to be low. Also, those who are unemployed can only marginally count on unemployment benefits while looking for a job. Brain waste and employment of highly qualified migrants in jobs below their level of qualification continues to be a common problem not only in Germany.

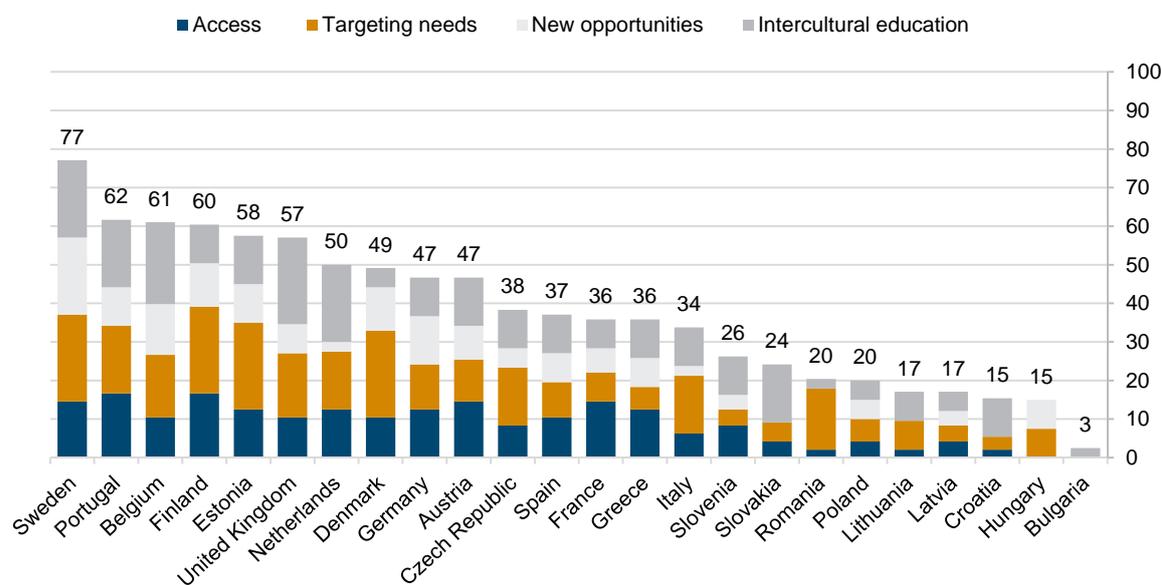
As a counter-example, in Hungary – which ranks, together with a number of other NMS, at the bottom of the MIPEX with respect to labour market integration – no major changes have occurred since 2010 as concerns labour market integration. The government still resists putting the integration of migrants on the agenda and obstacles outweigh the opportunities for immigrants to access the labour market. The current panorama shows that only long-term residents and refugees can be employed under the same conditions as nationals. The average period out of the labour market for extra-EU immigrants is among the longest in the EU. Similarly, access to general support, such as training and recognition procedures, access to public employment services and access to study grants is among the lowest compared to other EU countries. Equal access to education and training is not guaranteed to all residents. As concerns targeted support, no special programmes exist for extra-EU immigrants, nor is information about the job and training opportunities provided to them. They do not benefit from any language training courses and the rate of immigrants enrolled in education or training programmes, at 6%, is one of the lowest in the EU. Finally, once migrants have entered the labour market, the chances for them to climb the career ladder are marginal.

As concerns access to education – considered as one of the key factors to foster integration into the labour market of extra-EU migrants – a number of EU Member States have made progress. Again, the ranking is led by countries such as Sweden, Belgium and Finland, but also Estonia and the Netherlands perform well, while at the bottom we find a number of NMS such as Hungary, Croatia, Lithuania or Latvia.

Countries such as Sweden, which have a good tradition in welcoming, hosting and integrating migrants, also invest in migrants' training, education and skill enhancement, suggesting that one of the key areas which could contribute to labour market integration – especially of second-generation migrants – is access to education. Sweden is also in the lead regarding the provision of educational guidance at all levels, language instructions and implementation of measures which address the educational situation of migrant groups. Other countries moving in the same direction as Sweden, with respect to the above-mentioned educational provisions, appear to be Belgium, Finland, Denmark but also the Czech Republic. By contrast, the majority of other EU countries score below 50 in these integration policy areas. However, policy areas such as 'access to vocational training' and 'access to higher education' are those where the great number of EU countries is poorly performing. An exception is Finland, which shows the maximum score in these two policy areas mainly because of a number of measures being

implemented such as preparatory training for secondary school as well as university, additional language instructions for apprenticeships, or funding which facilitates their enrolment to university.

**Figure 3 / Education, MIPEX scores, 2014**



Source: Own elaboration using Migration Integration Policy Index, 2015.

Overall, since 2010 a number of EU countries have been making important progress by introducing policy actions, programmes and targeted education policies addressing the needs of recent migrants, their family members, but especially of second-generation migrants. Nevertheless, the majority of EU countries does very little in the field of intercultural education, e.g. by adapting school curricula to reflect diversity, introducing new measures that counter migrant pupils' segregation but rather promote their integration, launching programmes such as training through apprenticeships or work-based learning, or implementing measures that would increase the participation of migrants in such schemes.

The individualised needs-based approach as applied intensively in the Nordic countries – which have a long and successful tradition of hosting and integrating a large number of immigrants – should serve as an example to follow for the rest of the EU-28 countries. Multiculturalism and adaptation of school curricula to reflect diversity and intercultural education would not only avoid social exclusion of migrants but would facilitate their integration in the local community. In the multicultural environment that we live in today, access to education and labour market integration emerge as the milestones for social inclusion especially of extra-EU migrants.

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# Outmigration of Hungarian medical doctors before and after EU accession

BY JÚLIA VARGA\*

## INTRODUCTION

This brief article summarises the results of a research<sup>1</sup> that investigated the effects of the EU enlargement on Hungarian medical doctors' and dentists' international mobility. The migration of medical doctors between countries is a growing concern in many European countries because of its impact on doctor shortages. The European Commission predicts that 'the EU will face a shortage of 230,000 physicians and a further shortage of 150,000 dentists, pharmacists and physiotherapists by 2020 if existing workforce problems are not addressed' (European Commission, 2012, Table 2). Both EU-12 and EU-15<sup>2</sup> countries are losing medical doctors, but, unlike EU-12 countries, many EU-15 countries are simultaneously receiving health professionals. The outward migration of health professionals is a significant problem for the Central and Eastern European new Member States that could intensify doctor shortages in these countries.

Several projects (MoHProf<sup>3</sup>, PROMeTHEUS<sup>4</sup>) and studies (e.g. Buchan et al., 2014; Dussault et al., 2009; Vujcic and Zurn, 2006; Jinks et al., 2000) examined the migration of medical doctors. Most of these emphasise that there is a lack of reliable data on outmigration. In most countries, the only data source available to estimate outflows is 'intention-to-leave' data, that is the number of applications for certificates of recognition of diplomas or survey data asking medical doctors' intention to work abroad. These data have limited reliability on the movement trends of doctors because not everyone who applied for certificates or who is planning to leave their home country actually leaves. In addition, individuals may apply more than once leading to overestimates of actual flows. Furthermore, not all countries systematically request these certificates, and many of those who work abroad do so on a part-time basis while also being employed in their home country. Our research explores a unique, large-scale, individual-level, panel data set that allows to follow outmigration, attrition and other employment status changes of Hungarian medical doctors at the individual level on a monthly basis between 2003 and 2011.

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\* Senior research fellow, Institute of Economics, Centre for Economic and Regional Studies (CERS), Hungarian Academy of Sciences, e-mail: [varga.julia@rtk.mta.hu](mailto:varga.julia@rtk.mta.hu).

<sup>1</sup> The detailed research results can be found at <http://www.econ.core.hu/file/download/bwp/bwp1506.pdf> (in Hungarian).

<sup>2</sup> EU-15 countries: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, United Kingdom, Austria, Finland, Sweden. EU-12 countries: Bulgaria, Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia, Slovakia.

<sup>3</sup> MoHProf reviewed the trends in international migration of health workers in 25 countries around the world, with a focus on migration within, to and from the EU (Tjadens and Weilandt, 2012).

<sup>4</sup> PROMeTHEUS looked at health professional mobility and health systems of 17 countries in Europe (Wismar et al., 2011).

## DATA AND METHODS

Our sample is drawn from a large, longitudinal data set covering 50% of Hungary's population aged 5-73 in 2003. The data set collects information from registers of the Pension Directorate, the Tax Office, the Health Insurance Fund, the Office of Education, and the Public Employment Service. All individuals who worked as a medical doctor or dentist in Hungary for at least one month between January 2003 and December 2011 were included in the sample. We have data for 18,266 individuals. As we do not have data on medical graduates who have never worked in the Hungarian health system, our results give a lower bound estimate on the outmigration of Hungarian doctors<sup>5</sup>.

We analysed the probability of outmigration of doctors with the help of competing risk models (Fine and Gray, 1999). Doctors may leave the domestic health workforce for different reasons: outmigration, a movement to non-health sector employment, retirement, child-care leave, etc. A competing risk is defined as an event which precludes or alters the probability of occurrence of the main event under examination. Competing risk models define separate hazard functions for each event. The cause-specific hazard is the instantaneous risk of failure (in our case exit from the domestic health workforce) from a specific cause given that failure has not happened before. The total hazard of leaving the domestic health workforce is computed as the sum of the subhazards. Based on the predictions of the competing risk model the cause-specific cumulative incidence function gives the proportion of doctors at a given time who have left the profession for a given cause accounting for the fact that the profession can also be left for other causes. In the analysis we distinguished four competing risk events: (1) outmigration, (2) exits out of profession (attrition), (3) exits out of employment (related to inactivity, unemployment), or (4) death.

We conducted the analysis for the whole sample and also for subsamples of four age groups. The independent variables were: gender, age (in the models that used the whole sample), dummy variables indicating whether the individual was a general practitioner or a specialist doctor versus a dentist, and dummy variables accounting for the region of residence. A further variable controlled for the relative labour income of the individual, that is the average labour income of the individual in the preceding three months as a ratio of the average national labour income during the same period. To determine whether the example of peers strengthened outmigration decisions, we included a variable indicating whether any medical doctors had out-migrated during the preceding three months from the same workplace where the individual had been working before migrating. We also put in the models two dummy variables indicating the month of Hungary's EU accession (05.2004) and another indicating the month (05.2011) when the transitional period of restrictions on the free movement of labour from EU-8<sup>6</sup> countries to Austria and Germany ended.

## FINDINGS

Table 1 summarises the results of the competing risk model for outmigration for the whole sample and the age-group-specific subsamples. A subhazard rate greater than one implies a higher probability of outmigration compared to the reference category while a rate less than one implies a lower probability. For instance, in the model for the whole sample, the subhazard rate is 1.22, indicating that the

<sup>5</sup> Data on medical graduates indicate high outward migration for graduates. About 40% of those who finished their studies between 2007 and 2010 have not registered with the system (Jávorszky Nagy, 2012).

<sup>6</sup> EU-8 countries: Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia.

probability of outmigration of men is 22% higher than for women. Similarly, a 1% increase in relative labour income will decrease the probability of outmigration by 6% (the subhazard rate is 0.94). The results show that, while EU accession has not changed the probability of outmigration of Hungarian medical doctors, after lifting the Austrian and German restrictions on the free movement of labour from EU-8 countries the probability of outmigration of Hungarian doctors increased considerably. For the whole sample, there was a more than fivefold increase in the probability of outmigration in May 2011. The increase was even larger for the young: more than sevenfold for medical doctors younger than 31 years and more than sixfold for medical doctors 31-40 years old. But even the probability of outmigration of doctors 41-50 years increased fourfold.

**Table 1 / Competing risk models (subhazard rates) – outmigration**

*Competing risks: attrition/exit out of employment/death*

Variable	Subhazard rates				
	Whole sample	aged <30	aged 31-40	aged 41-50	aged 51-60
Gender (Male=1)	1.22*	1.395*	1.50*	ns	0.76*
Age	0.99*	-	-	-	-
General practitioner	1.33*	2.17*	1.86*	ns	ns
Specialist doctor	ns	ns	1.62*	ns	ns
Relative labour income	0.94*	0.46*	0.68*	ns	ns
Peer effect	ns	ns	1.38*	ns	ns
Central Transdanubia	1.42*	ns	ns	ns	ns
Northern Great Plain	ns	2.33*	ns	ns	ns
Western Transdanubia / Southern Transdanubia / Northern Hungary / Southern Great Plain	ns	ns	ns	ns	ns
EU accession (May 2004)	ns	0*	ns	ns	ns
Lifting of temporary restrictions (May 2011)	5.75*	7.65*	6.72*	4.04**	0*

Notes: ns – not significant; \* significant at the 1% level; \*\* significant at the 5% level. Reference category: female; dentist; Central Hungary; month other than 05.2004; month other than 05.2011.

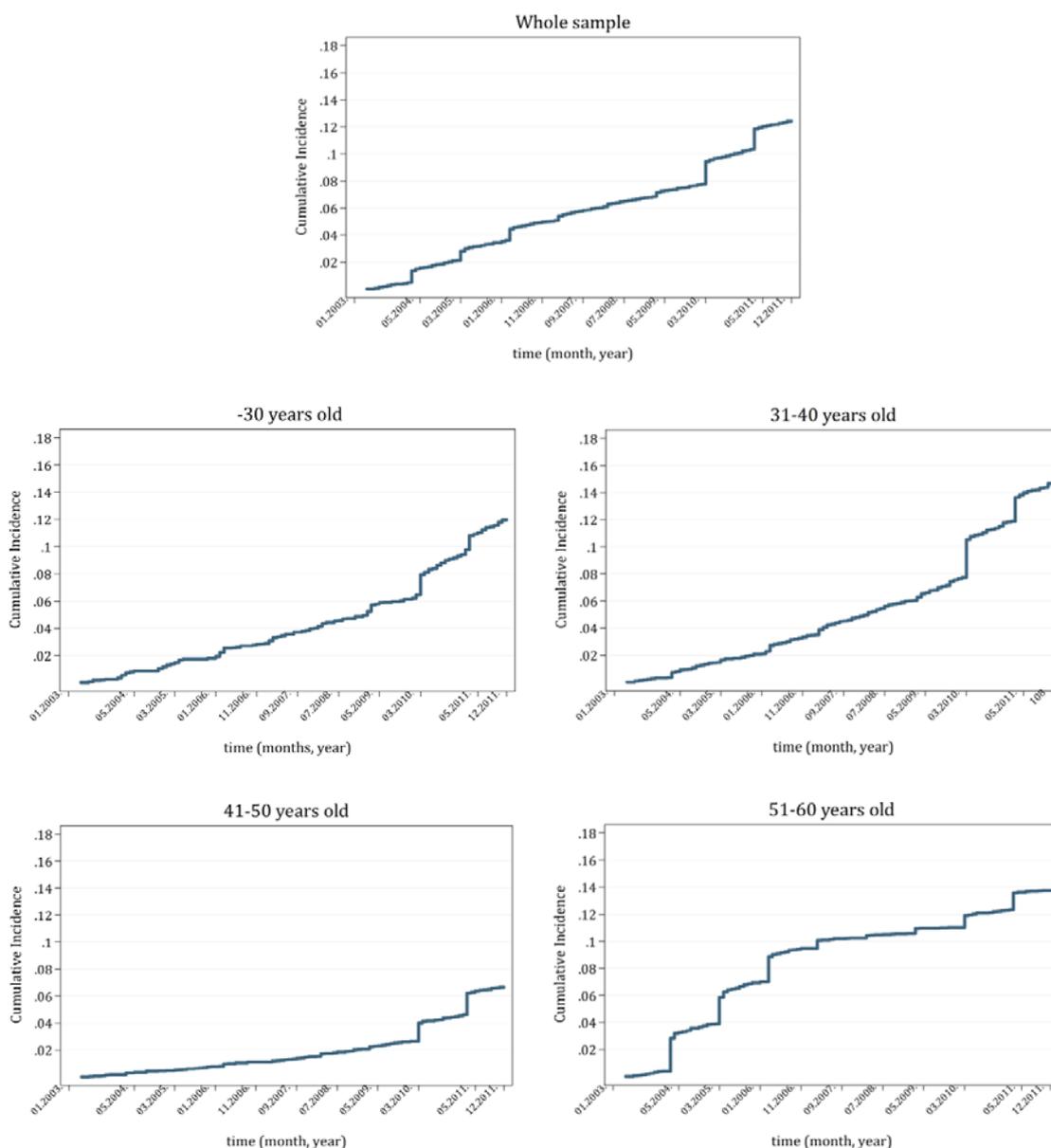
Source: Varga, J. Hova lettek az orvosok? Az orvosok külföldre vándorlása és pályaelhagyása Magyarországon 2003-2011. BWP – 2015/6.

The changes in the dynamics of the probability of outmigration in the examined period can be traced with the help of the cumulative incidence functions. Figure 1 shows the cumulative incidence functions of outmigration for the whole sample and for the different age groups as predicted by the competing risk models.

Between 2003 and 2012 about 12% of Hungarian medical doctors and dentists left Hungary: more than 14% of those 31-40 years old, 12% of those younger than 31 years, and even 14% of those 51-60 years

old. The group of doctors aged 41-50 years shows the lowest rates. Immediately upon EU accession, doctors of the highest age group, 51-60 years, had left the country at the fastest pace, probably because they could take advantage of their previous professional contacts in finding suitable jobs. Thereafter, until March 2010, the outflow of the age group 51-60 years stopped. For the other age groups, there was a steady outflow until March 2010: until that date, 8% of those 31-40 years old, 6% of those younger than 31 years and only 3% of those 41-50 years olds went abroad.

**Figure 1 / Cumulative incidence functions – outmigration of Hungarian medical doctors**



Source: Varga, J. Hova lettek az orvosok? Az orvosok külföldre vándorlása és pályaelhagyása Magyarországon 2003-2011. BWP – 2015/6.

It was not only the end of the transitional period (May 2011) of restrictions on the free movement of labour from EU-8 countries to Austria and Germany that increased the probability of outmigration of

medical doctors of all age groups. We observe also another turning point in March 2010. While we cannot explain the reasons for this sudden change, it is very likely that the forecasted results of the upcoming general elections in Hungary in April 2010 contributed to that change. In fact, in March 2010, the rise in the outflow was higher than the rise in May 2011. After March 2010, the probability of outmigration rose steeply not only for the younger medical doctors but for those 41-50 years old as well. This may highlight that not only the pull factors play a decisive role in the outmigration decisions, but the push factors might be equally important in these decisions. The results of the competing risk models for medical doctors' attrition in Hungary during the same period confirm this explanation. Between 2003 and 2011 18% of Hungarian physicians and dentists left their profession and took up another job in Hungary. It seems that shortages of healthcare professionals in Hungary are not only due to high outward migration, but also attributable to other problems in the Hungarian health system. Yet, outward migration plays an important and growing role in it.

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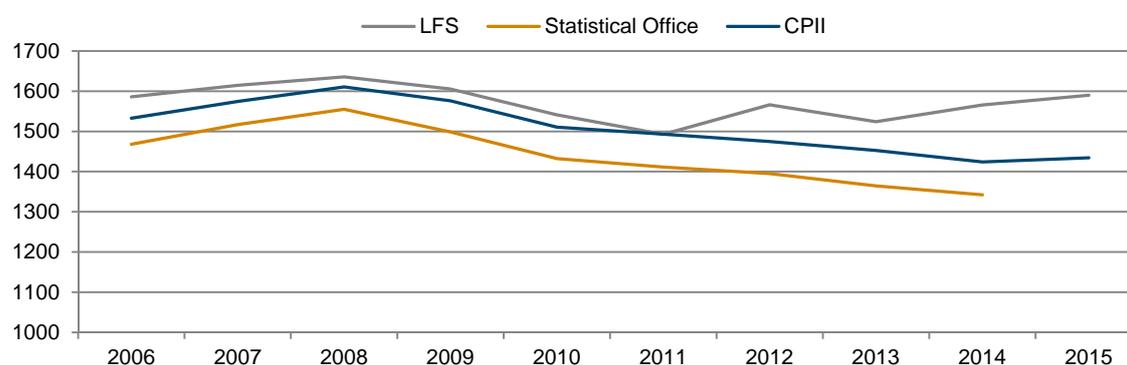
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# Trade-off between skills development and migration: the Croatian labour market

BY HERMINE VIDOVIC

Croatia has been among the countries hit hardest by the 2009 global economic and financial crisis. In accordance with the sharp contraction of the GDP – economic activity has been on the decline for six consecutive years – employment shrank significantly. Information on the extent of the decline, however, differs significantly by statistical sources (Figure 1): according to the Labour Force Survey (LFS) the number of employed fell by 111,000 persons between 2008 and 2013 and started to rise thereafter<sup>1</sup>. Yet, data provided both by the Croatian Pension Insurance Institute (CPII) and the Statistical Office indicate declines in employment between 2008 and 2014 by 187,000 and 212,000 persons, respectively, followed by a modest rise in 2015.

**Figure 1 / Employment by different sources, in thousands, 2006-2015**



Source: wiiw database and Croatian Pension Insurance Institute (CPII).

## LOSING THE YOUNG

The Croatian labour market has traditionally been characterised by low activity and employment rates. In 2015 the overall employment rate (15-64 years) stood at 55.8%, nearly 10 percentage points below the EU average. Employment rates in Croatia are among the lowest in the EU for both males and females, but also with respect to young people (below 25 years) and older people (over 54 years). The low activity rates are mainly due to early retirement in the case of men and family care responsibilities in the case of women.<sup>2</sup> In Croatia about half of the children aged between 3 years and the minimum compulsory school age of 6 years are not enrolled in any formal childcare, compared with the EU

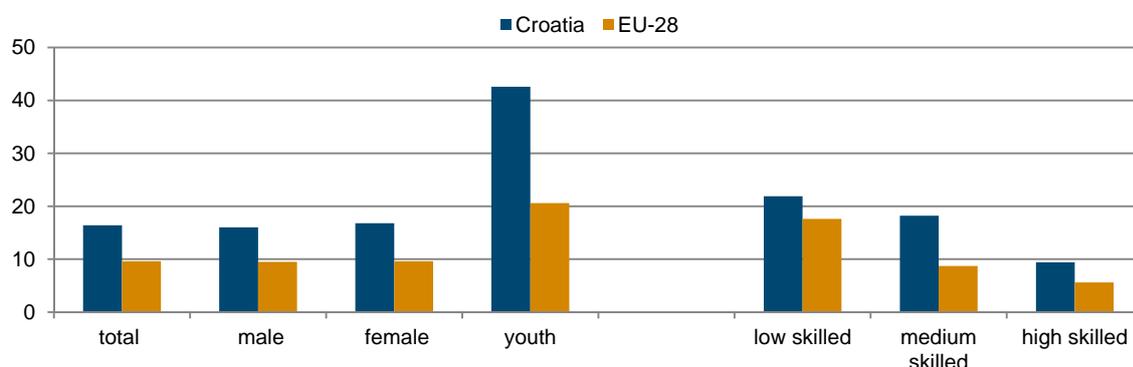
<sup>1</sup> Results obtained by the LFS have to be taken with caution due to a break in the time series in 2012 following a reweighting of the data on the basis of the 2011 census.

<sup>2</sup> European Commission (2016), p. 42.

average of 16%. The average duration of working lives in Croatia was 32.3 years in 2014 against 35.3 years in the EU, remaining 'a challenge because it affects both labour supply and pension adequacy'.<sup>3</sup>

The unemployment rate published by the LFS rose by almost 9 percentage points between 2008 and 2013, when it reached 17.3%, and went down marginally thereafter, to 16.6% in 2015 (Figure 2). This rate is still among the highest in the European Union after Greece and Spain. The registered unemployment rate fell from its hitherto record high of almost 22% in 2013 to 18% in 2015. Though declining since 2013, the incidence of unemployment is particularly high among the young, at 46.6% in 2015, and thus one of the highest in the EU. Also the share of young people neither in employment nor in education or training (NEET) is above the EU average. Differentiating figures by educational attainment, it can be observed that the unemployment rate is exceeding the EU average in all three major categories, i.e. low-, medium- and high-skilled work, pointing towards weaknesses of the country's vocational and educational training system. In terms of gender, males and females are equally affected by unemployment. Croatia holds – after Greece – the highest share of long-term unemployed (67.5%) in the European Union and reports the second highest share of discouraged workers (proportion of people that do not believe there is a job available for them) after Italy. The share of unemployed receiving unemployment benefits has been on the decline in the past couple of years, falling from 23% in 2012 to 18% in 2014.<sup>4</sup>

**Figure 2 / Unemployment indicators, in %, 2015**



Source: Eurostat.

In addition, the working-age population in Croatia has been shrinking continuously over recent years as a consequence of the ageing population and continued outward migration.

## OUTMIGRATION ON THE RISE

In view of the poor economic situation along with high and persistent unemployment, labour migration from Croatia has a long tradition. It had already been a problem in the late 1950s and then particularly in the 1960s during the first wave of guest workers leaving former Yugoslavia for other European countries. Later on, migration from Croatia was extremely high in the 1990s as a consequence of the war.

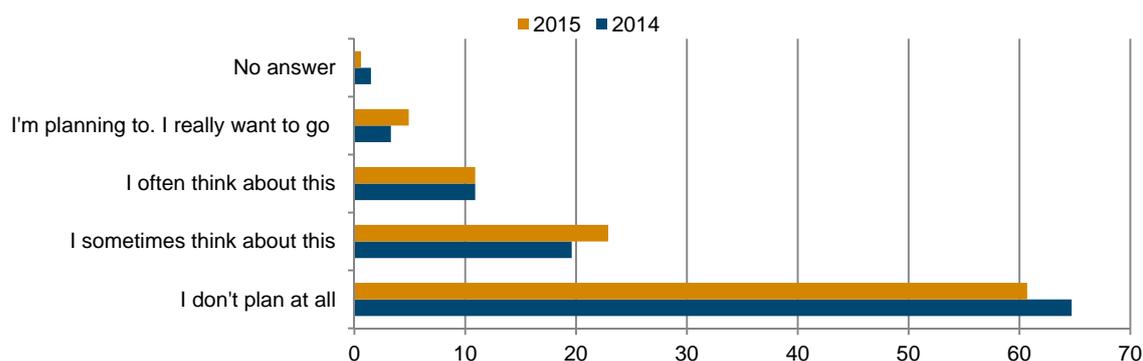
<sup>3</sup> Speech by László Andor, European Commissioner for Employment, Social Affairs and Inclusion (Andor, 2014).

<sup>4</sup> European Commission (2016), p. 47.

Starting with the country's accession to the EU in July 2013, Croatian workers had free access to the labour markets of 14 other EU Member States while 13 EU countries (among them Germany and Austria) opted for transitional arrangements. After the first two years of the transitional period in July 2015 another 8 countries including Germany – the most important destination country for Croatian mobile workers – decided to allow Croatian citizens full access to their labour markets.<sup>5</sup> According to EU migration statistics, at the beginning of 2015 about 380,000 Croatian nationals of all ages (or about 9% of Croatia's population) were residing in other EU countries. The main destination has been Germany (absorbing about 70% of all migrants from Croatia), followed by Austria (17.5%) and Italy (5%). Similar to other EU-CEE countries, recent migrants from Croatia to other EU countries are young and well-educated: in 2014, 45% of those who left the country were between 25 and 44 years old, and tertiary graduates were slightly overrepresented.<sup>6</sup>

As regards the employment of Croatian nationals in Germany, their number increased significantly after the lifting of the transitional arrangements in July 2015. In December 2015 the number of Croatian workers had increased to 140,100, a figure being 23.5% higher than in December 2014. Part of this increase may be attributed to those who had already been living in the country and/or had worked on an irregular basis or as self-employed. The vast majority (77%) of Croatian workers employed in Germany are aged between 25 and 54 years and are medium-skilled. A breakdown by economic activities available for January 2015 indicates that 67% of Croatian employees in Germany work in the services sector and one third in manufacturing, while their share in agriculture is only marginal. Compared to the other new EU Member States (acceding in 2004 and 2007) the proportion of Croatian employees is remarkably higher in manufacturing and construction and slightly lower in the services sector and in agriculture (the latter absorbing about 5% of EU-CEE nationals in Germany).

**Figure 3 / Intentions of emigration, 2014 and 2015**



Source: <http://barometar.pilar.hr>

Croatian citizens still have a considerable interest in working abroad, confirmed by an opinion poll conducted in March 2016 by the job search internet portal MojPosao. Out of 3,200 jobseekers – mostly young and educated – 48% were ready to leave the country for a better job. English-speaking countries (Australia, Canada, New Zealand or the United States) are among the most preferred destinations.

<sup>5</sup> Austria, Malta, the Netherlands, Slovenia and the United Kingdom decided to maintain their restrictions for another three years.

<sup>6</sup> European Commission (2015).

About 25% of those questioned said they would like to move to other EU countries, in particular to Germany, Austria and Ireland. The remaining 27% wanted to stay in Croatia or move within the country. These statements, however, do not distinguish between serious and less serious intentions to emigrate. Results of this kind of survey depend very much on the context of the survey and the wording of questions. Another – more in-depth – survey carried out in Croatia in spring 2015 (Figure 3) covering the issue of potential migration by asking adult persons (18+) whether they ‘plan to leave Croatia soon and live abroad’ shows that 61% of Croatian citizens do not plan at all to leave the country, 23% ‘sometimes think about it’, 11% ‘often think about it’ and 4.9% ‘are planning and want to go’. Comparing the results of 2015 with those from 2014 (or 2009 when 1.3% planned to leave) it emerges that the share of people who ‘really wanted to go’ had increased continuously over time. According to these findings potential migration from Croatia could amount to 170,000 persons.

## LABOUR SHORTAGES IN TIMES OF HIGH UNEMPLOYMENT

Irrespective of high unemployment, Croatian employers are complaining about labour shortages particularly in the fields of shipbuilding, tourism, transport and construction. As for construction, about 1,000 masons are registered at the Croatian Public Employment Service, but according to the Chamber of Commerce they either work irregularly abroad or they do not wish to work at all.<sup>7</sup> Thus, in order to fill the vacancies, employer organisations are calling for foreign labour, e.g. increasing the annual quotas for workers mostly from the Western Balkan countries, Bosnia and Herzegovina in particular. In 2016 about 5,000 applications for work permits were submitted to the Ministry of Interior. However, in 2015 only 200 work permits were approved due to the generally poor labour market situation).

## CONCLUSION

With the exception of a short period prior to the crisis, Croatia’s labour market has performed poorly since the country’s independence at the beginning of the 1990s. The economic and financial crisis has contributed to a further deterioration of the labour market situation. The full extent, however, is unknown, owing to inconsistencies in data sources. Despite some recent signs of recovery, labour market weaknesses remain. Incentives to work longer are not strong enough; early retirement and short working careers are still widespread in Croatia.<sup>8</sup> Politics have not considered labour market policy as a priority since labour migration serves traditionally as a way out of the persistent job crisis. A recent statement by the Minister of Labour, Nada Sikic, may underline this position. She said that the trend of migration of highly skilled workers from Croatia was unavoidable, and emphasised the necessity of importing labour.<sup>9</sup> Moreover, apart from the weak economic performance which is the main impediment for generating new jobs, studies<sup>10</sup> found that the educational system in Croatia is outdated and does not respond to the needs of the labour market. The introduction of the dual education system (combining apprenticeship in a company and education at a vocational school) – similar to Germany and Austria – as proposed by the Chamber of Commerce would help to increase the labour market participation of the young. The success of this measure, however, will depend primarily on the political will and on enterprises which are eager and able to train people.

<sup>7</sup> [https://www2.presscut.hr/en/blog/shortage\\_of\\_construction\\_workers\\_131408/](https://www2.presscut.hr/en/blog/shortage_of_construction_workers_131408/)

<sup>8</sup> European Commission (2016), p. 43.

<sup>9</sup> <http://www.poslovnih.hr/hrvatska/hrvatski-paradoks-nedostatak-radne-snage-i-pored-300-000-nezaposlenih-309436>

<sup>10</sup> For example, Markovic (2012).

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## The editors recommend for further reading\*

### EU & EMU

Background Notes on the Five Presidents' Report on Completing Europe's Economic and Monetary Union: [http://ec.europa.eu/epsc/publications/index\\_en.htm](http://ec.europa.eu/epsc/publications/index_en.htm)

On the 'New Settlement for the United Kingdom within the European Union': <https://www.bertelsmann-stiftung.de/en/our-projects/strengthening-and-connecting-europe/news/the-eu-deal-to-avoid-brexite/>

Implications of a Brexit for the UK: <http://www.voxeu.org/article/economic-consequences-brexite/> and for the rest of the EU: <http://www.voxeu.org/article/implications-brexite-rest-eu>

Gavyn Davies on negative interest rates and 'central bank alchemy': <http://blogs.ft.com/gavyndavies/2016/03/13/the-end-of-negative-rates-but-not-central-bank-alchemy/>

### European refugee crisis

A commentary of Elizabeth Collett (Migration Policy Institute Europe) on the paradox of the EU-Turkey refugee deal: <http://www.migrationpolicy.org/news/paradox-eu-turkey-refugee-deal>

Vincent Chetail (Global Migration Centre) examining the prospects of the EU-Turkey deal: [http://graduateinstitute.ch/home/relations-publiques/news-at-the-institute/news-archives.html/\\_news/research/2016/will-the-eu-turkey-migrant-deal](http://graduateinstitute.ch/home/relations-publiques/news-at-the-institute/news-archives.html/_news/research/2016/will-the-eu-turkey-migrant-deal)

On the business of smuggling refugees: [http://www.globalinitiative.net/download/global-initiative/Migration%20paper%20289%20final%20for%20WEBSITE\[1\].pdf](http://www.globalinitiative.net/download/global-initiative/Migration%20paper%20289%20final%20for%20WEBSITE[1].pdf)

On the financing of the asylum system in Europe: <http://www.nybooks.com/daily/2016/04/09/europe-how-pay-for-refugees/>

### Russia and Ukraine

On the conflict with Russia in Ukraine's historiography: <http://www.nybooks.com/articles/2016/04/07/the-victory-of-ukraine/>

Lilia Shevtsova on justifications for the annexation of Crimea and armed intervention in Ukraine: <http://www.the-american-interest.com/2016/03/09/looking-for-explanations-or-justification/>

Leonid Bershidsky on survey results on Russian and American opinions by Robert J. Shiller and Maxim Boycko: <http://bloombergview.com/articles/2016-03-04/russia-missed-its-chance-to-be-like-america>, referring to a recent article by Russia's foreign minister, Sergei Lavrov, highlighting the fundamental differences between Western and Russian civilisation: <https://southfront.org/lavrov-russias-foreign-policy-in-historical-perspective/>

Interview with economist Sergej Guriev in *Die Presse*: [http://diepresse.com/home/wirtschaft/international/4951824/Russischer-Okonom\\_Moskau-will-aus-der-Isolation-heraus?\\_vl\\_backlink=/home/index.do](http://diepresse.com/home/wirtschaft/international/4951824/Russischer-Okonom_Moskau-will-aus-der-Isolation-heraus?_vl_backlink=/home/index.do)

\* Recommendation is not necessarily endorsement. The editors are grateful to Vasily Astrov, Vladimir Gligorov, Peter Havlik, Michael Landesmann and Isilda Mara for their contributions.

## USA

The Obama Doctrine – on America's role in the world:

<http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>

On the role of gender in United States presidential elections:

<http://www.nybooks.com/articles/2016/04/07/hillary-women/>

Discussions about free trade and protectionist backlashes: <http://www.bloombergview.com/articles/2016-03-16/there-s-trade-and-then-there-s-good-trade>

On world leaders that might benefit from a Trump presidency:

<http://www.theatlantic.com/international/archive/2016/03/donald-trump-foreign-policy/472842/>

Jason Furman on forms and sources of inequality in the United States: <http://www.voxeu.org/article/forms-and-sources-inequality-united-states>

## China

Discussion of Chinese political economy and the role of governance within it in the course of an international conference held by *The New York Review of Books*: <http://www.nybooks.com/daily/2016/03/13/governance-china-conference/>

Robert Barro <http://www.voxeu.org/article/china-s-growth-prospects> and Martin Wolf <http://www.the-american-interest.com/2016/02/08/the-great-stall/> on Chinese economic prospects.

On a retrograde political change in China: <http://www.nybooks.com/articles/2016/04/21/crackdown-in-china-worse-and-worse/>

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## Conventional signs and abbreviations used

%	per cent
GDP	Gross Domestic Product
LFS	Labour Force Survey
HICP	Harmonized Index of Consumer Prices (for new EU Member States)
PPI	Producer Price Index
M1	Currency outside banks + demand deposits / narrow money (ECB definition)
M2	M1 + quasi-money / intermediate money (ECB definition)
p.a.	per annum
mn	million (10 <sup>6</sup> )
bn	billion (10 <sup>9</sup> )

The following national currencies are used:

ALL	Albanian lek	HUF	Hungarian forint	RSD	Serbian dinar
BAM	Bosnian convertible mark	KZT	Kazakh tenge	RUB	Russian rouble
BGN	Bulgarian lev	MKD	Macedonian denar	TRY	Turkish lira
CZK	Czech koruna	PLN	Polish zloty	UAH	Ukrainian hryvnia
HRK	Croatian kuna	RON	Romanian leu		

EUR euro – national currency for Montenegro and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

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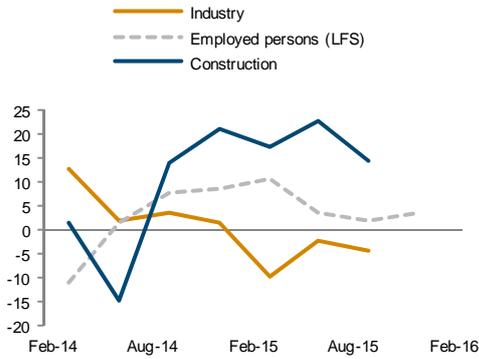
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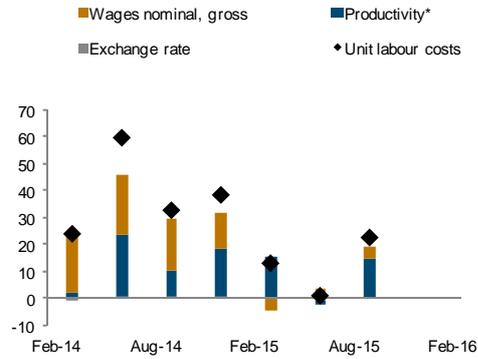
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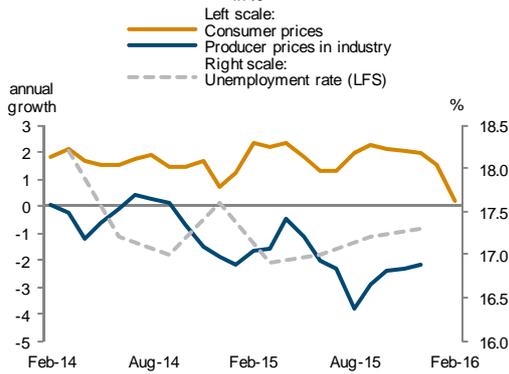
**Real sector development**  
annual growth rate in %



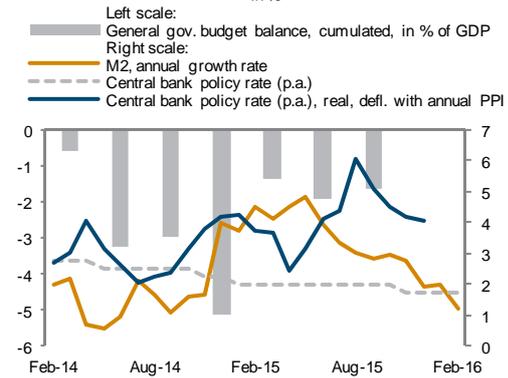
**Unit labour costs in industry**  
annual growth rate in %



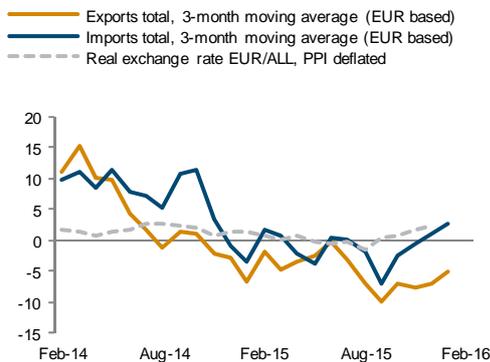
**Inflation and unemployment**  
in %



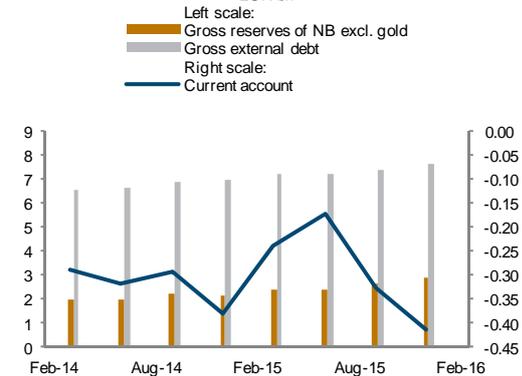
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

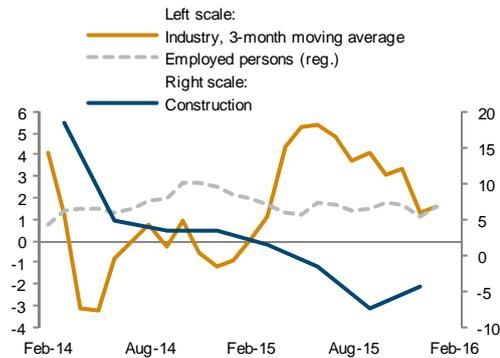
Baseline data, country-specific definitions and methodological breaks in time series are available under:

<http://data.wiiw.ac.at/monthly-database.html>

# Bosnia and Herzegovina

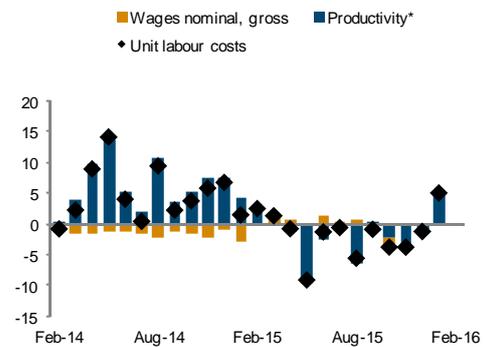
## Real sector development

annual growth rate in %



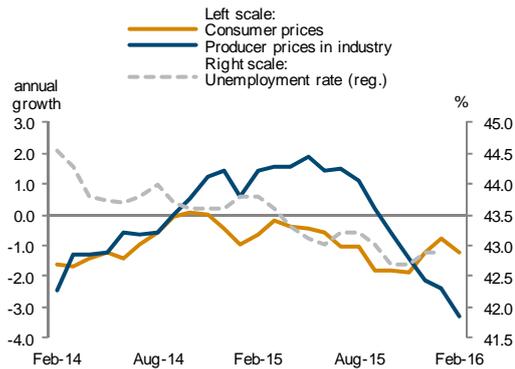
## Unit labour costs in industry

annual growth rate in %



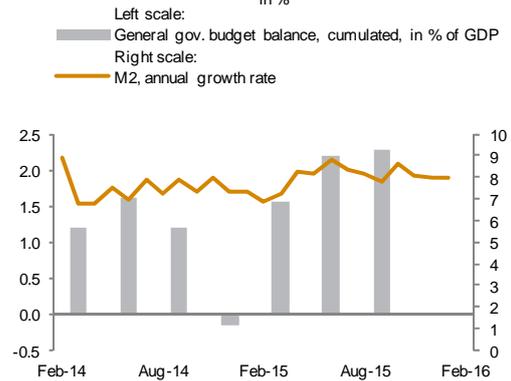
## Inflation and unemployment

in %



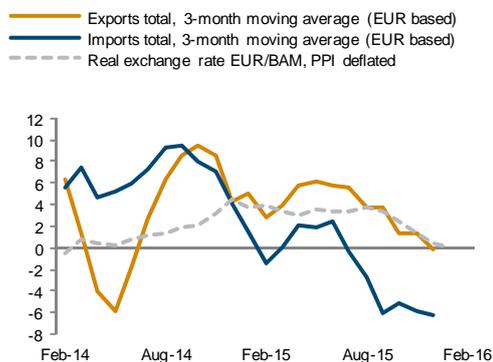
## Fiscal and monetary policy

in %



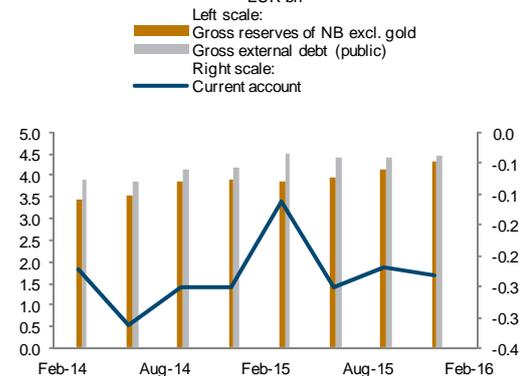
## External sector development

annual growth rate in %



## External finance

EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

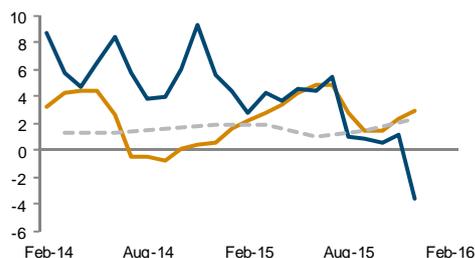
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# Bulgaria

## Real sector development

annual growth rate in %

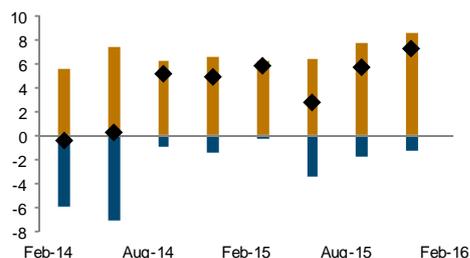
- Industry, 3-month moving average
- Construction, 3-month moving average
- - - Employed persons (LFS)



## Unit labour costs in industry

annual growth rate in %

- Wages nominal, gross
- Productivity\* ◆ Unit labour costs



## Inflation and unemployment

in %

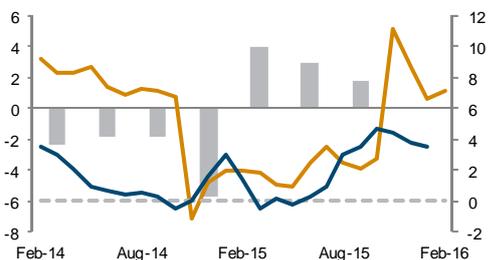
- Left scale:
  - Consumer prices (HICP)
  - Producer prices in industry
- Right scale:
  - - - Unemployment rate (LFS)



## Fiscal and monetary policy

in %

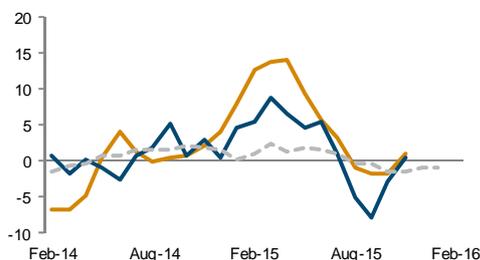
- Left scale:
  - General gov. budget balance, cumulated, in % of GDP
- Right scale:
  - Broad money, annual growth rate
  - - - Central bank policy rate (p.a.)
  - Central bank policy rate (p.a.), real, defl. with annual PPI



## External sector development

annual growth rate in %

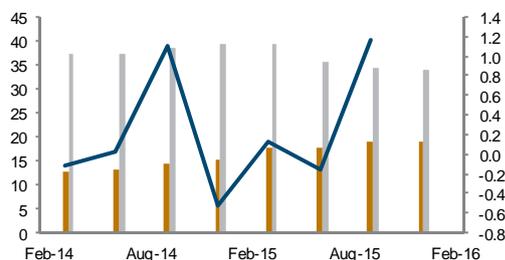
- Exports total, 3-month moving average (EUR based)
- Imports total, 3-month moving average (EUR based)
- - - Real exchange rate EUR/BGN, PPI deflated



## External finance

EUR bn

- Left scale:
  - Gross reserves of NB excl. gold
  - Gross external debt
- Right scale:
  - Current account



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

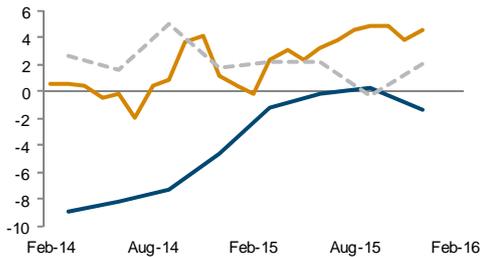
<http://data.wiiw.ac.at/monthly-database.html>

# Croatia

## Real sector development

annual growth rate in %

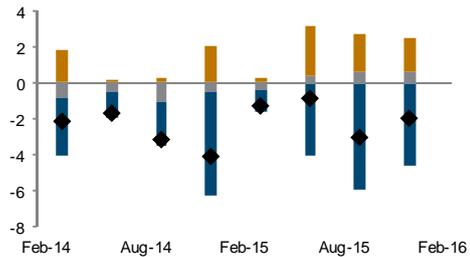
— Industry, 3-month moving average  
— Construction, 3-month moving average  
- - - Employed persons (LFS)



## Unit labour costs in industry

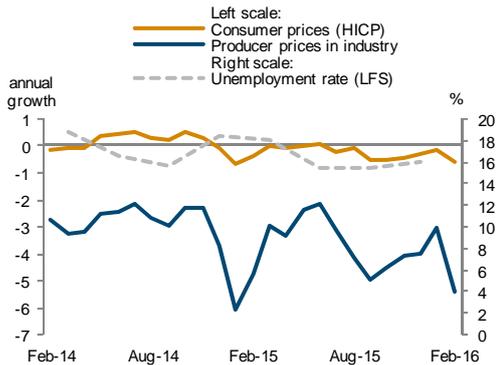
annual growth rate in %

■ Wages nominal, gross ■ Productivity\*  
■ Exchange rate ◆ Unit labour costs



## Inflation and unemployment

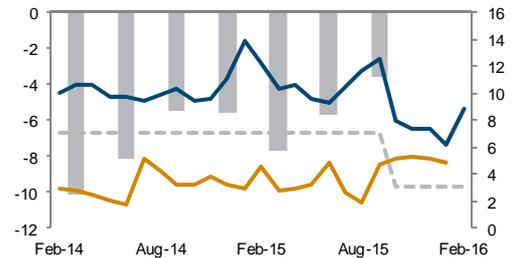
in %



## Fiscal and monetary policy

in %

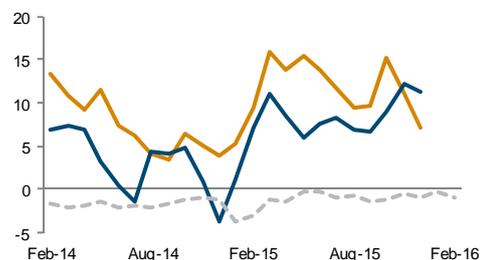
Left scale:  
■ General gov. budget balance, cumulated, in % of GDP  
Right scale:  
— Broad money, annual growth rate  
- - - Central bank policy rate (p.a.)  
— Central bank policy rate (p.a.), real, defl. with annual PPI



## External sector development

annual growth rate in %

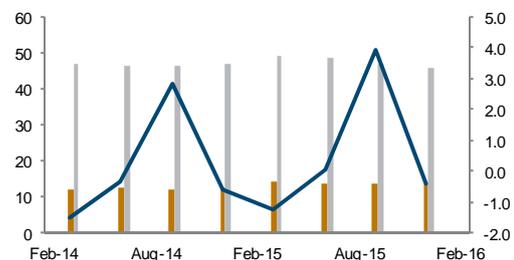
— Exports total, 3-month moving average (EUR based)  
— Imports total, 3-month moving average (EUR based)  
- - - Real exchange rate EUR/HRK, PPI deflated



## External finance

EUR bn

Left scale:  
■ Gross reserves of NB excl. gold  
■ Gross external debt  
Right scale:  
— Current account



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

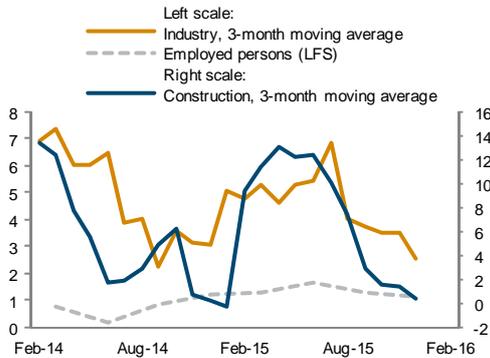
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

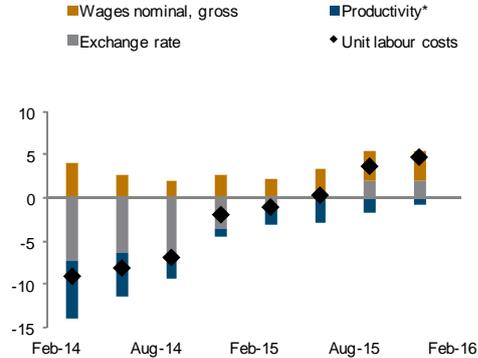
<http://data.wiiw.ac.at/monthly-database.html>

# Czech Republic

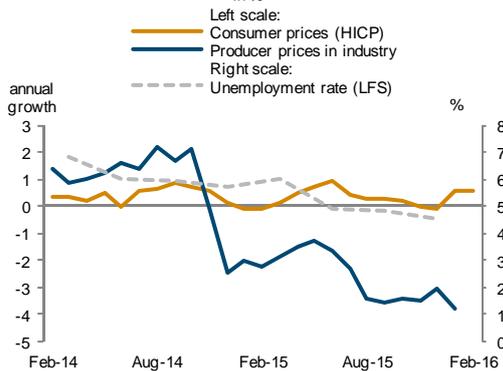
**Real sector development**  
annual growth rate in %



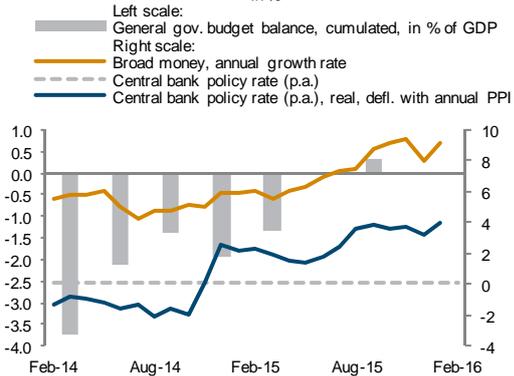
**Unit labour costs in industry**  
annual growth rate in %



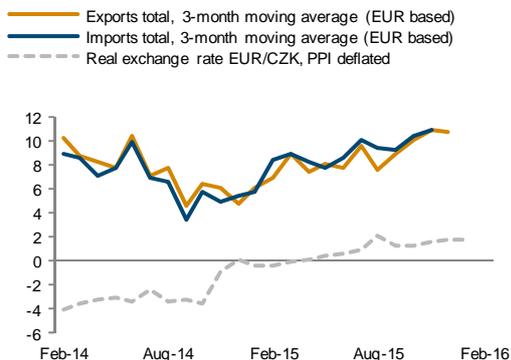
**Inflation and unemployment**  
in %



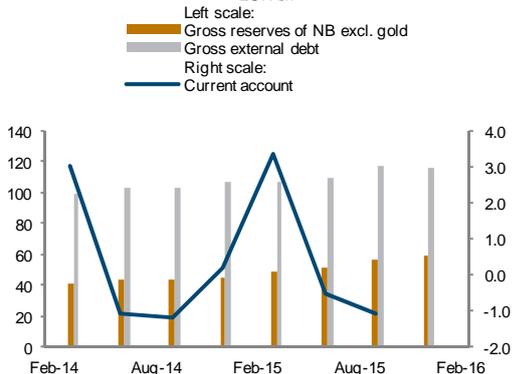
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

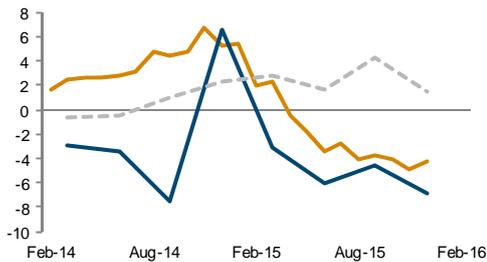
<http://data.wiiw.ac.at/monthly-database.html>

# Estonia

## Real sector development

annual growth rate in %

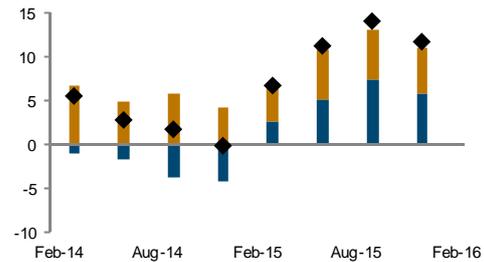
— Industry, 3-month moving average  
— Construction  
- - - Employed persons (LFS)



## Unit labour costs in industry

annual growth rate in %

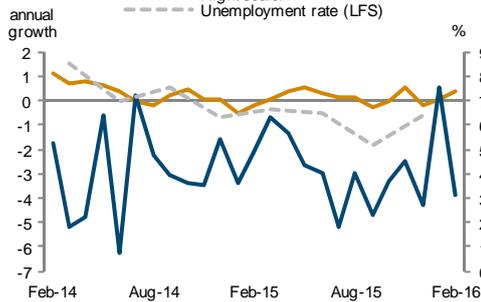
■ Wages nominal, gross ■ Productivity\*  
◆ Unit labour costs



## Inflation and unemployment

in %

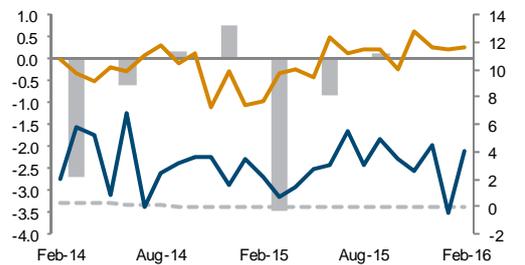
Left scale:  
— Consumer prices (HICP)  
— Producer prices in industry  
Right scale:  
- - - Unemployment rate (LFS)



## Fiscal and monetary policy

in %

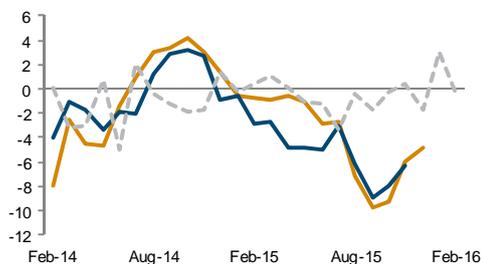
Left scale:  
■ General gov. budget balance, cumulated, in % of GDP  
Right scale:  
— Broad money, annual growth rate  
- - - Central bank policy rate (p.a.)  
— Central bank policy rate (p.a.), real, defl. with annual PPI



## External sector development

annual growth rate in %

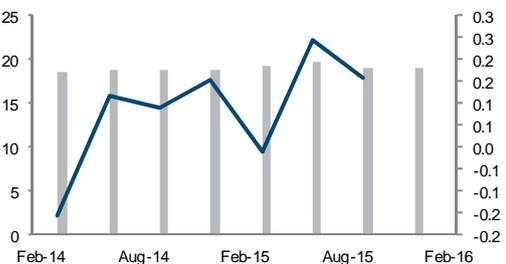
— Exports total, 3-month moving average (EUR based)  
— Imports total, 3-month moving average (EUR based)  
- - - Real exchange rate EUR/EUR, PPI deflated



## External finance

EUR bn

Left scale:  
■ Gross external debt  
Right scale:  
— Current account



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

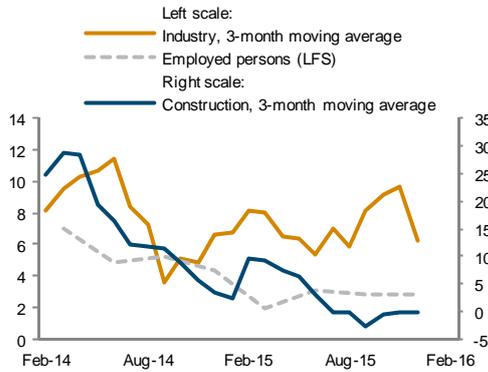
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

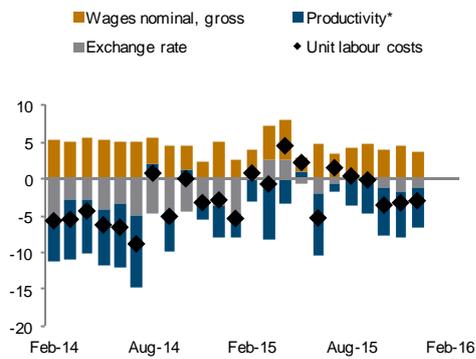
<http://data.wiiw.ac.at/monthly-database.html>

# Hungary

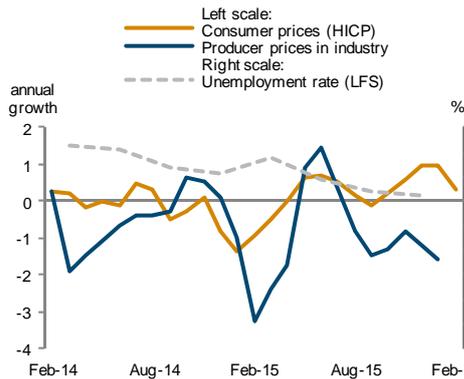
**Real sector development**  
annual growth rate in %



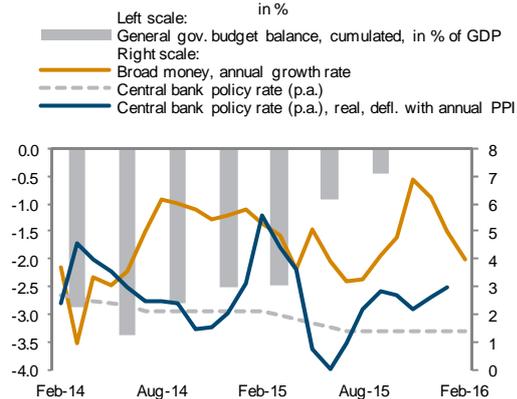
**Unit labour costs in industry**  
annual growth rate in %



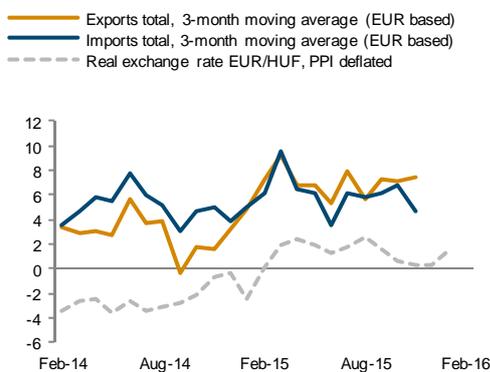
**Inflation and unemployment**  
in %



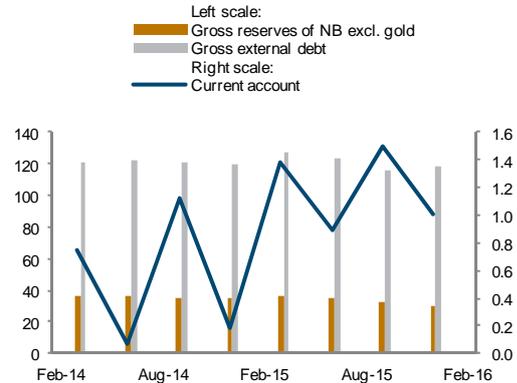
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

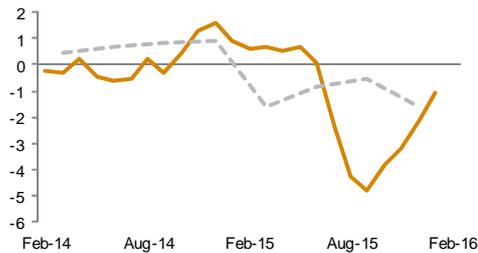
<http://data.wiiw.ac.at/monthly-database.html>

# Kazakhstan

## Real sector development

annual growth rate in %

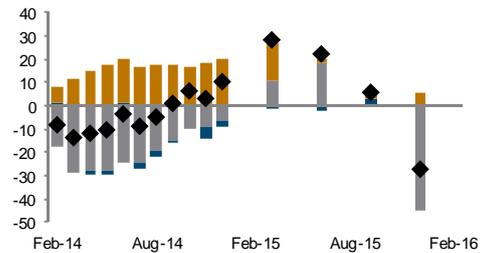
— Industry, 3-month moving average  
- - - Employed persons (LFS)



## Unit labour costs in industry

annual growth rate in %

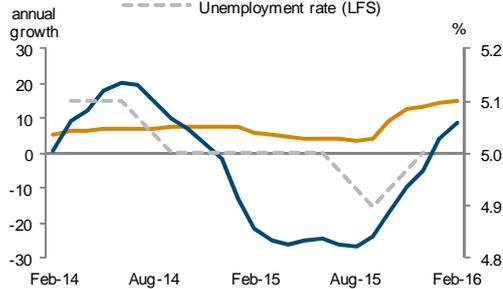
■ Wages nominal, gross    ■ Productivity\*  
■ Exchange rate    ◆ Unit labour costs



## Inflation and unemployment

in %

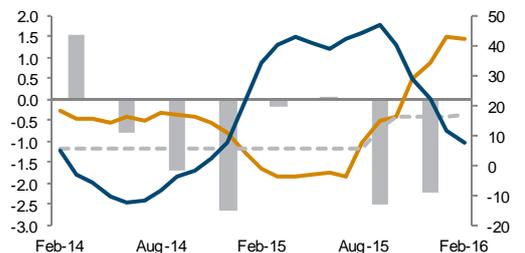
Left scale:  
— Consumer prices  
— Producer prices in industry  
Right scale:  
- - - Unemployment rate (LFS)



## Fiscal and monetary policy

in %

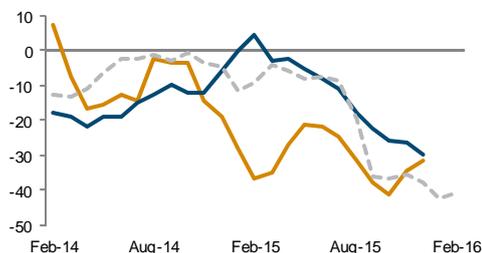
Left scale:  
■ General gov. budget balance, cumulated, in % of GDP  
Right scale:  
— Broad money, annual growth rate  
- - - Central bank policy rate (p.a.)  
— Central bank policy rate (p.a.), real, defl. with annual PPI



## External sector development

annual growth rate in %

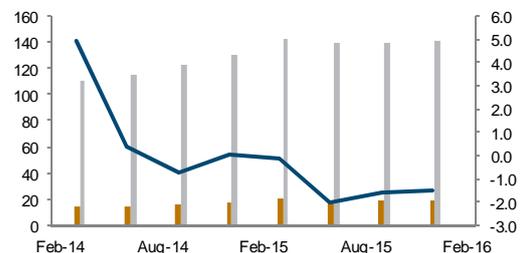
— Exports total, 3-month moving average (EUR based)  
— Imports total, 3-month moving average (EUR based)  
- - - Real exchange rate EUR/KZT, PPI deflated



## External finance

EUR bn

Left scale:  
■ Gross reserves of NB excl. gold  
■ Gross external debt  
Right scale:  
— Current account



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

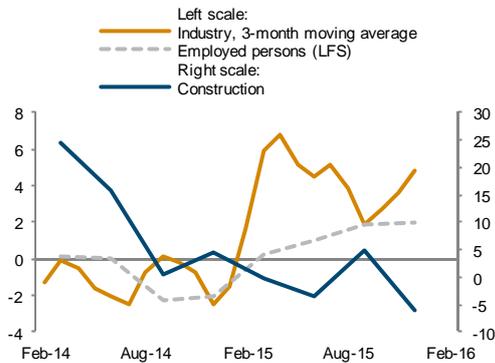
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

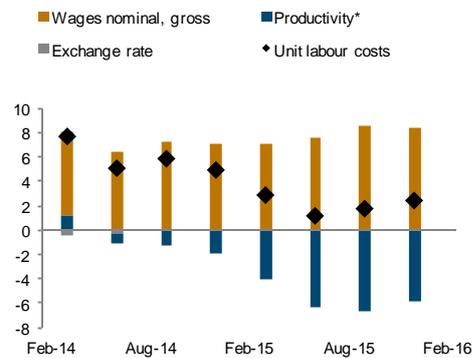
<http://data.wiiw.ac.at/monthly-database.html>

# Latvia

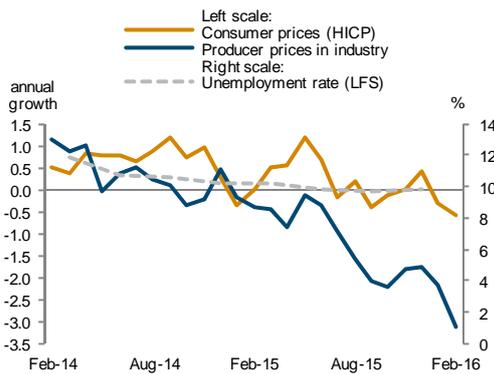
**Real sector development**  
annual growth rate in %



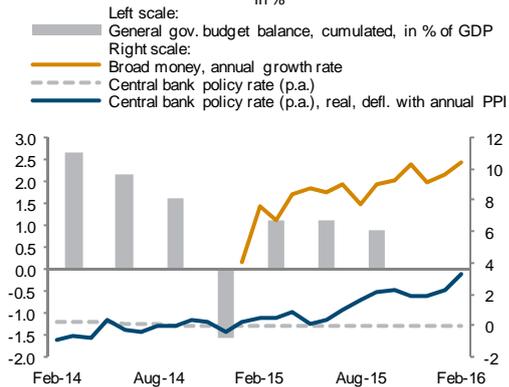
**Unit labour costs in industry**  
annual growth rate in %



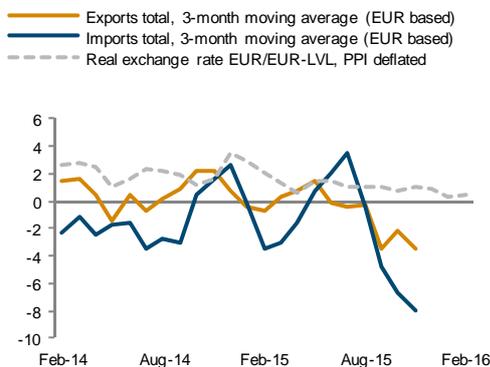
**Inflation and unemployment**  
in %



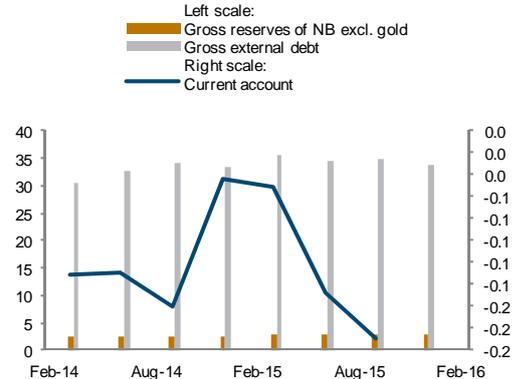
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

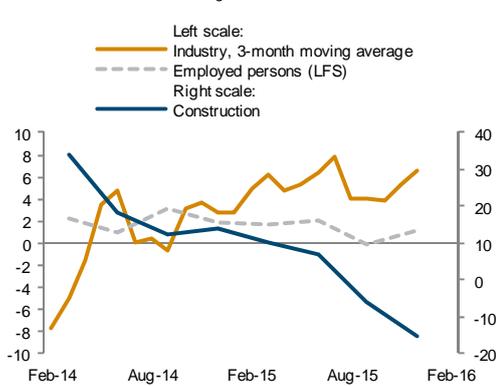
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

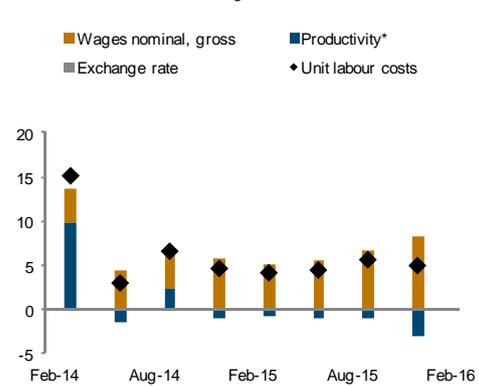
<http://data.wiiw.ac.at/monthly-database.html>

# Lithuania

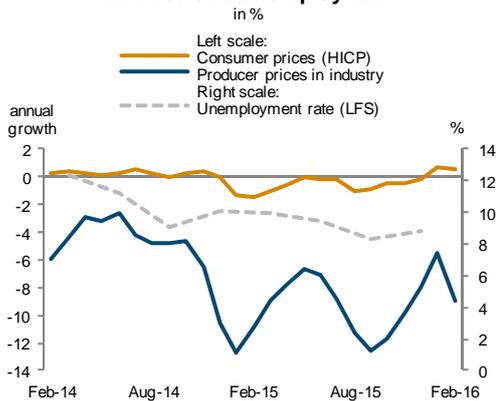
## Real sector development



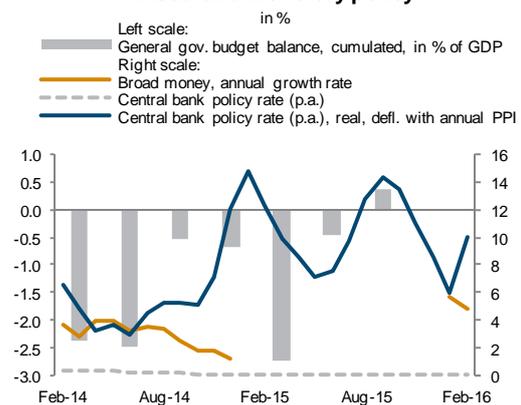
## Unit labour costs in industry



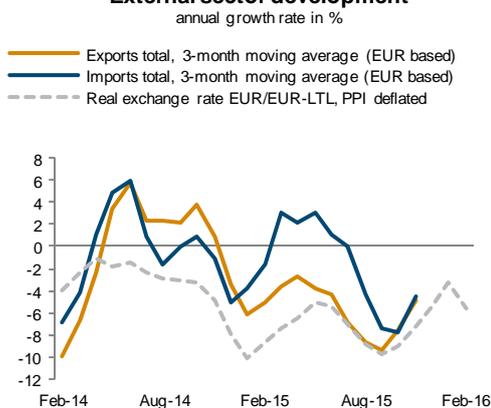
## Inflation and unemployment



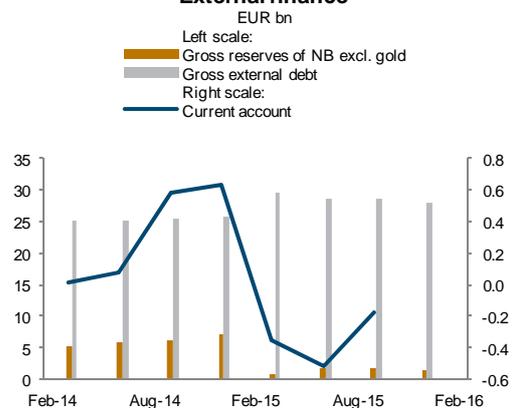
## Fiscal and monetary policy



## External sector development



## External finance



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

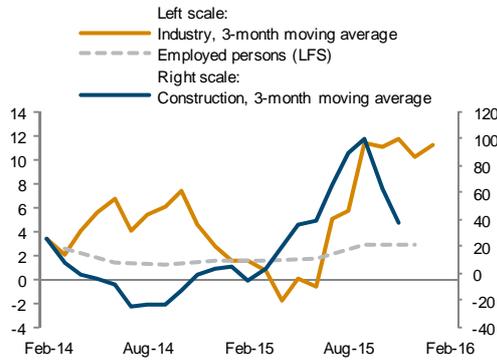
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

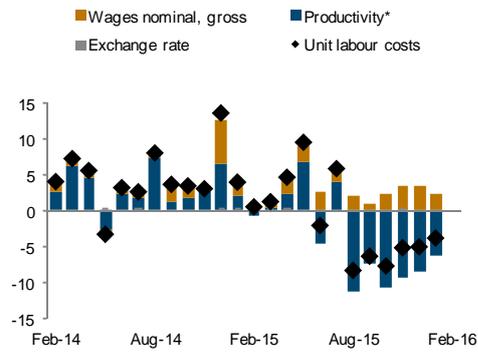
<http://data.wiiw.ac.at/monthly-database.html>

# Macedonia

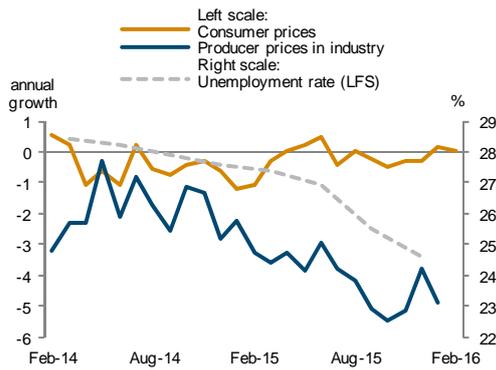
**Real sector development**  
annual growth rate in %



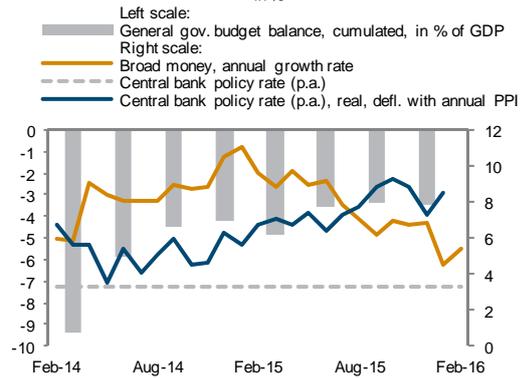
**Unit labour costs in industry**  
annual growth rate in %



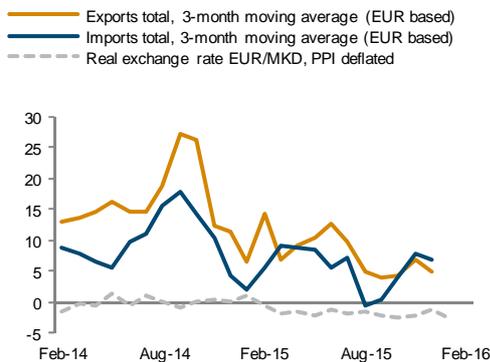
**Inflation and unemployment**  
in %



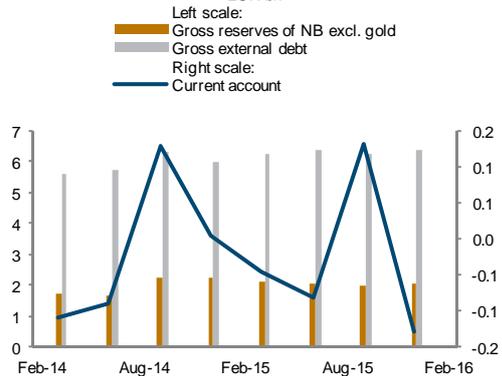
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

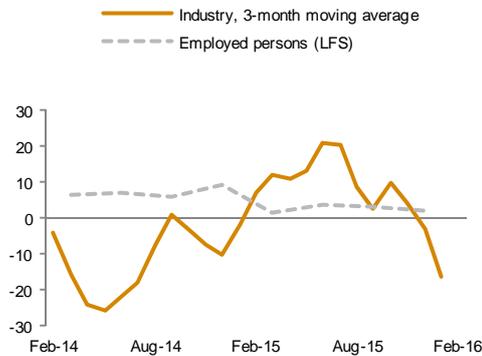
Baseline data, country-specific definitions and methodological breaks in time series are available under:

<http://data.wiiw.ac.at/monthly-database.html>

# Montenegro

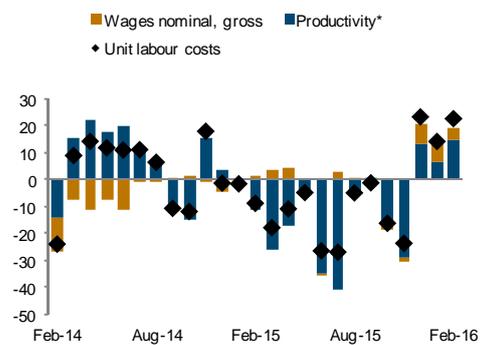
## Real sector development

annual growth rate in %



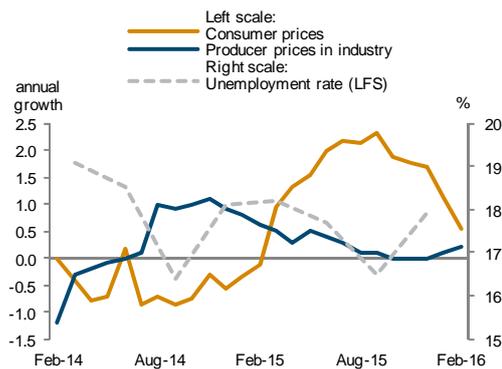
## Unit labour costs in industry

annual growth rate in %



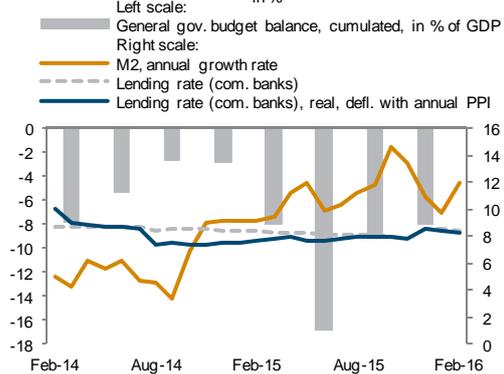
## Inflation and unemployment

in %



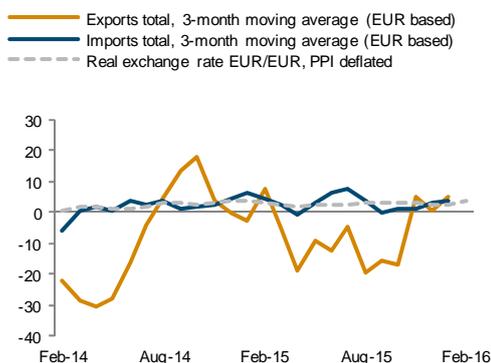
## Fiscal and monetary policy

in %



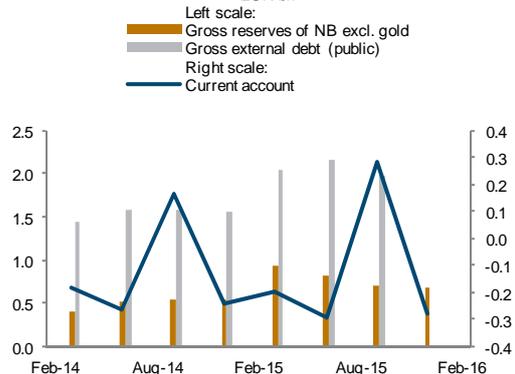
## External sector development

annual growth rate in %



## External finance

EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

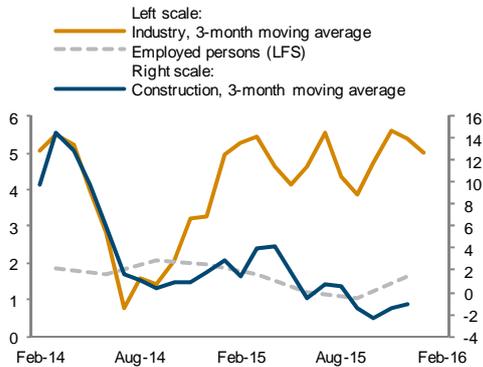
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

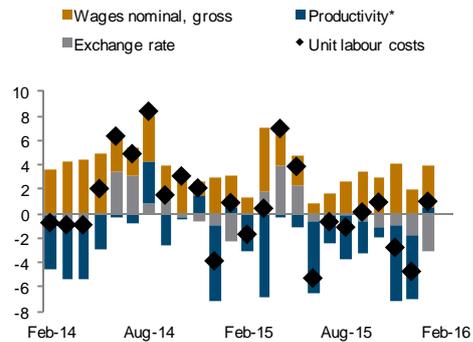
<http://data.wiiw.ac.at/monthly-database.html>

# Poland

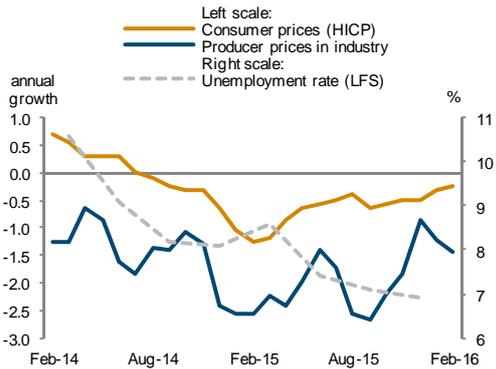
**Real sector development**  
annual growth rate in %



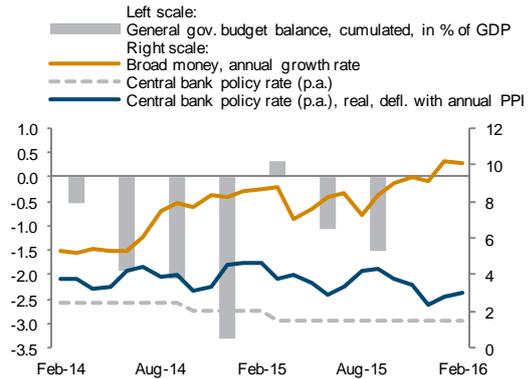
**Unit labour costs in industry**  
annual growth rate in %



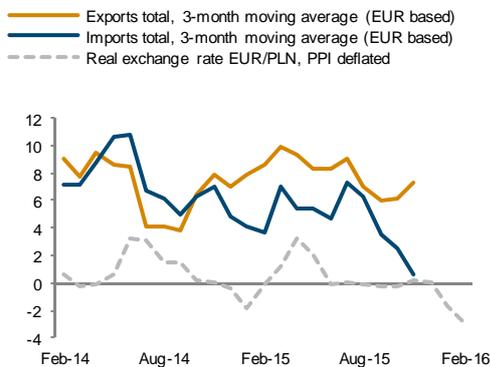
**Inflation and unemployment**  
in %



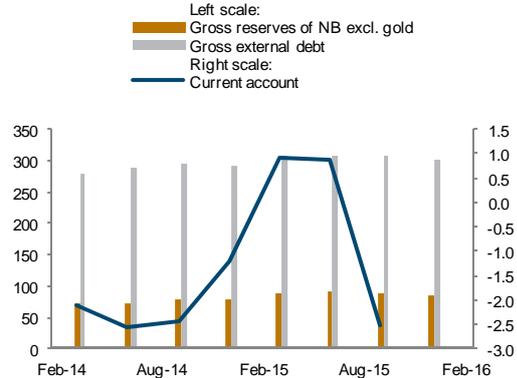
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

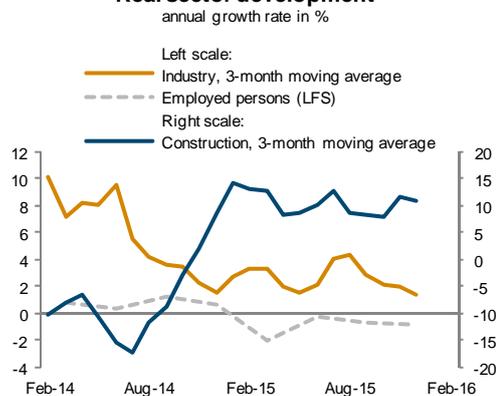
Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

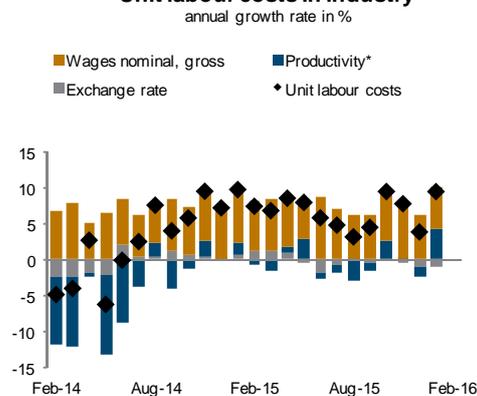
<http://data.wiiw.ac.at/monthly-database.html>

# Romania

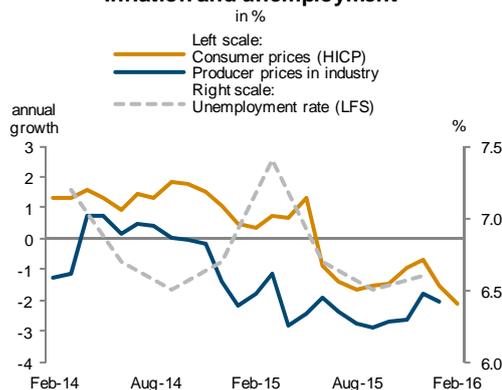
## Real sector development



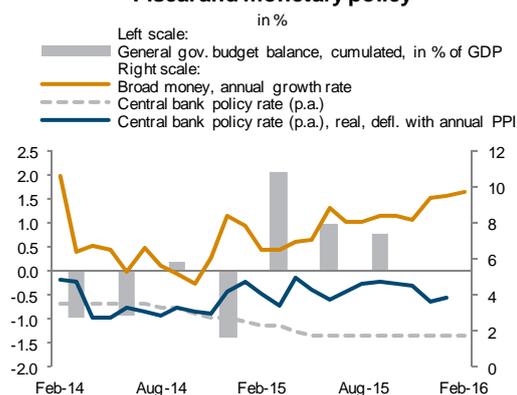
## Unit labour costs in industry



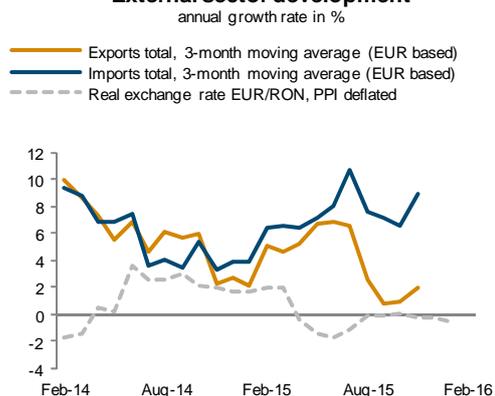
## Inflation and unemployment



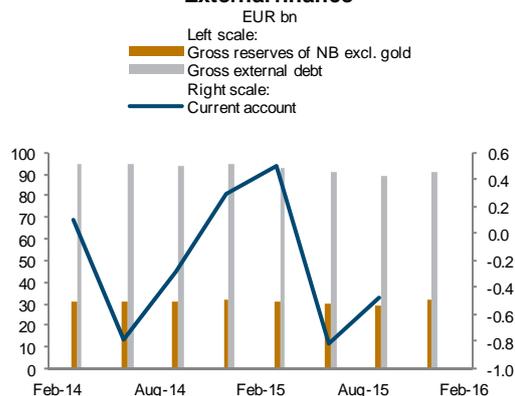
## Fiscal and monetary policy



## External sector development



## External finance



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

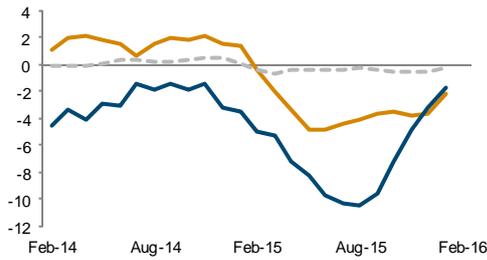
<http://data.wiiw.ac.at/monthly-database.html>

# Russia

## Real sector development

annual growth rate in %

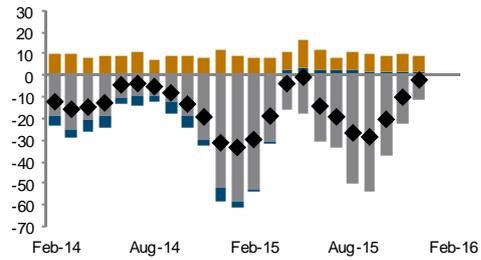
- Industry, 3-month moving average
- Construction, 3-month moving average
- - - Employed persons (LFS)



## Unit labour costs in industry

annual growth rate in %

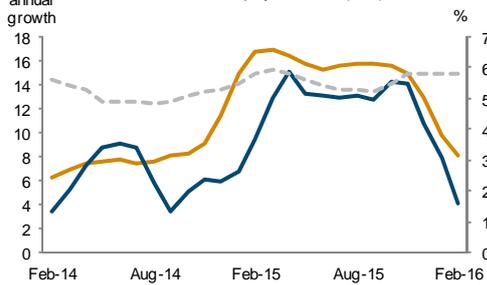
- Wages nominal, manuf., gross
- Exchange rate
- Productivity\*
- ◆ Unit labour costs



## Inflation and unemployment

in %

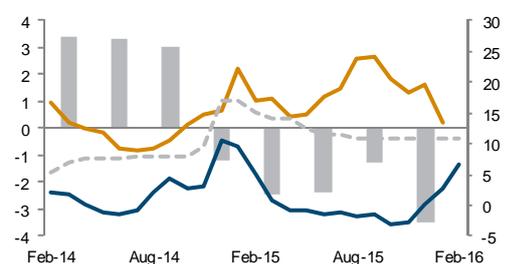
- Left scale: Consumer prices
- Producer prices in industry
- Right scale: Unemployment rate (LFS)



## Fiscal and monetary policy

in %

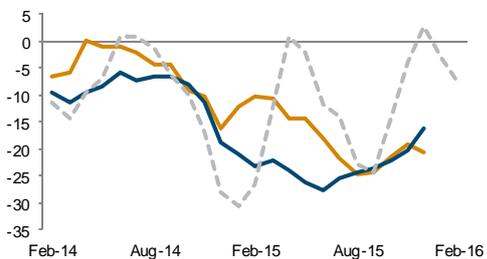
- Left scale: General gov. budget balance, cumulated, in % of GDP
- Right scale: M2, annual growth rate
- - - Central bank policy rate (p.a.)
- Central bank policy rate (p.a.), real, defl. with annual PPI



## External sector development

annual growth rate in %

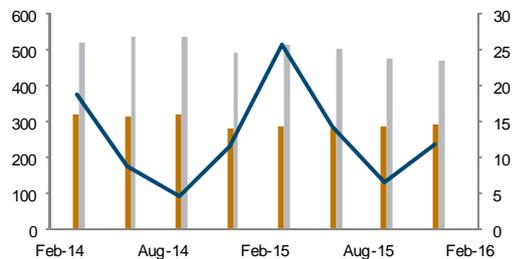
- Exports total, 3-month moving average (EUR based)
- Imports total, 3-month moving average (EUR based)
- - - Real exchange rate EUR/RUB, PPI deflated



## External finance

EUR bn

- Left scale: Gross reserves of NB excl. gold
- Gross external debt
- Right scale: Current account



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

Baseline data, country-specific definitions and methodological breaks in time series are available under:

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# Serbia

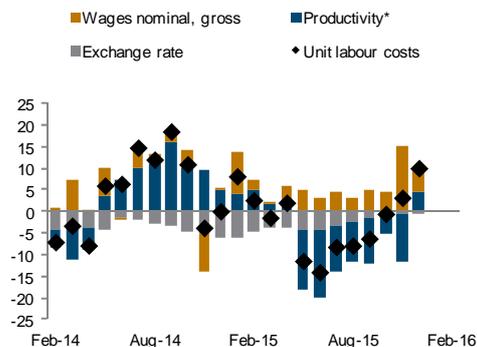
## Real sector development

annual growth rate in %



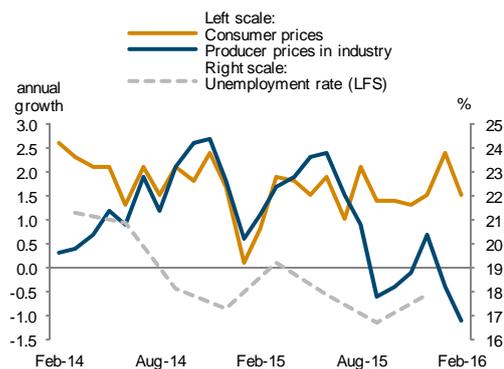
## Unit labour costs in industry

annual growth rate in %



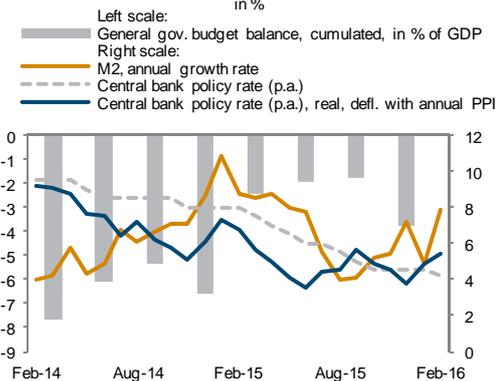
## Inflation and unemployment

in %



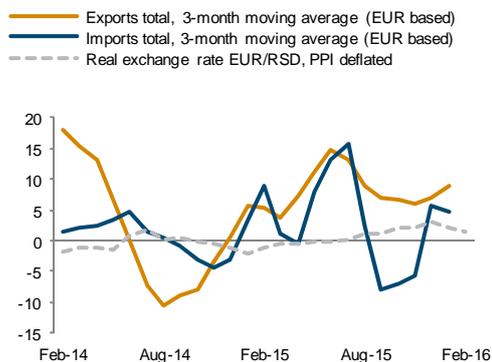
## Fiscal and monetary policy

in %



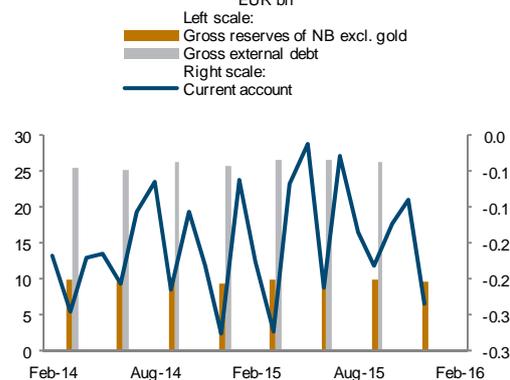
## External sector development

annual growth rate in %



## External finance

EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

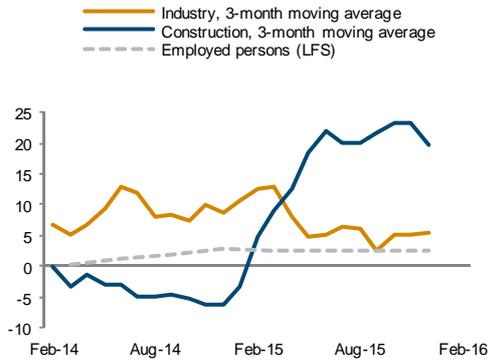
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# Slovakia

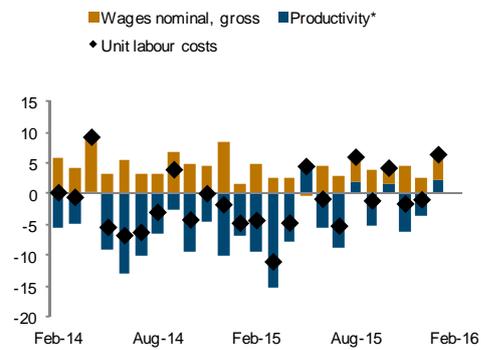
## Real sector development

annual growth rate in %



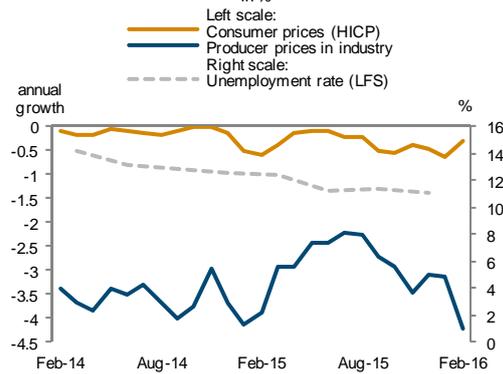
## Unit labour costs in industry

annual growth rate in %



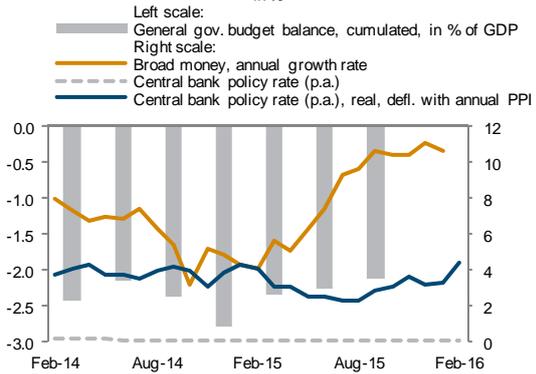
## Inflation and unemployment

in %



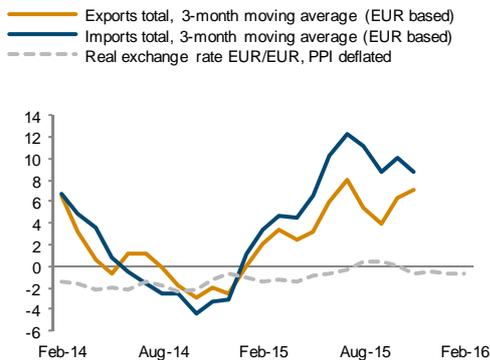
## Fiscal and monetary policy

in %



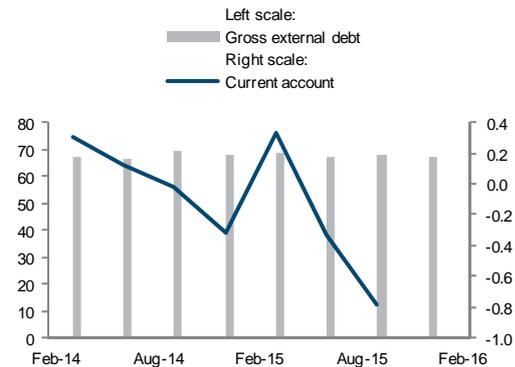
## External sector development

annual growth rate in %



## External finance

EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

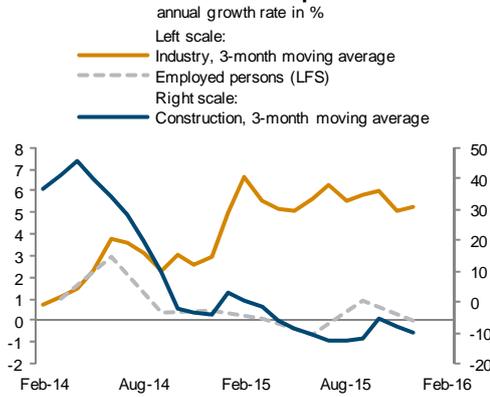
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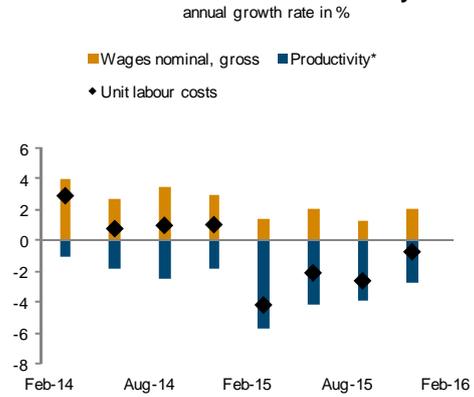
<http://data.wiiw.ac.at/monthly-database.html>

# Slovenia

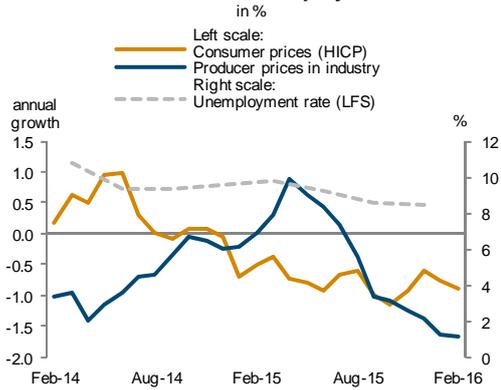
## Real sector development



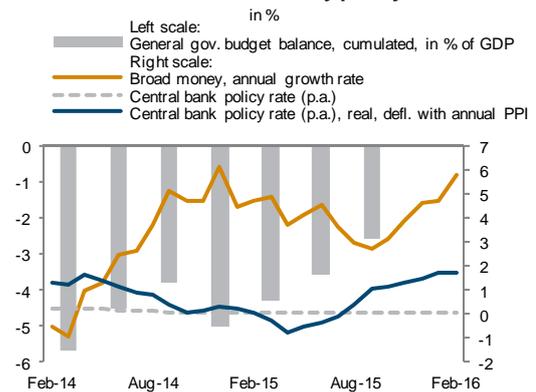
## Unit labour costs in industry



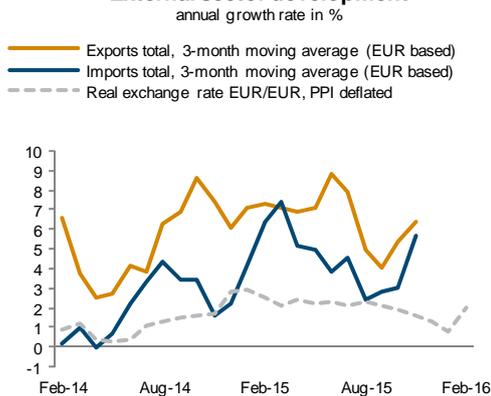
## Inflation and unemployment



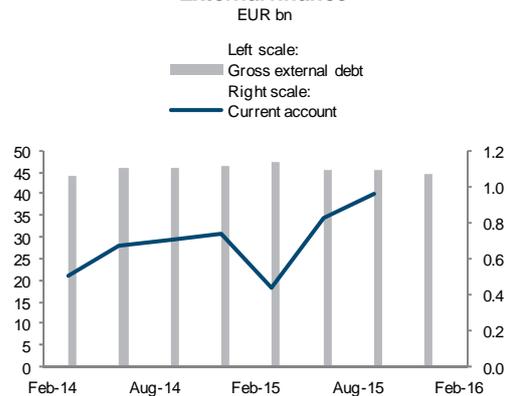
## Fiscal and monetary policy



## External sector development



## External finance



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

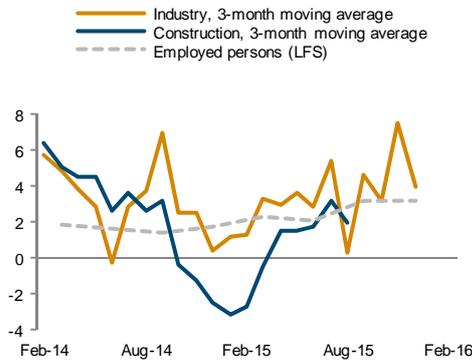
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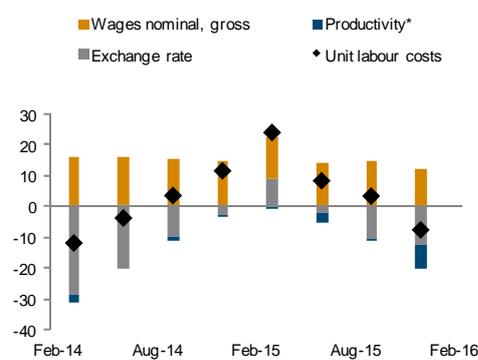
<http://data.wiiw.ac.at/monthly-database.html>

# Turkey

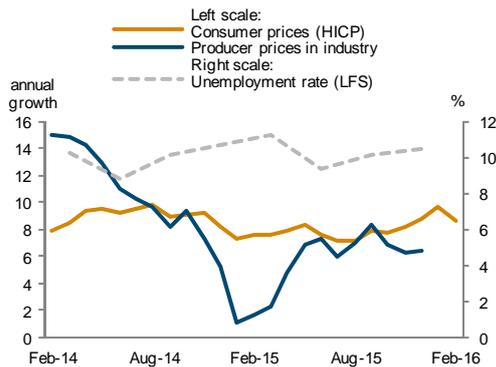
**Real sector development**  
annual growth rate in %



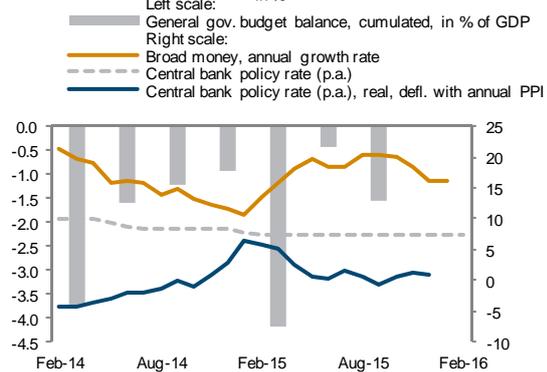
**Unit labour costs in industry**  
annual growth rate in %



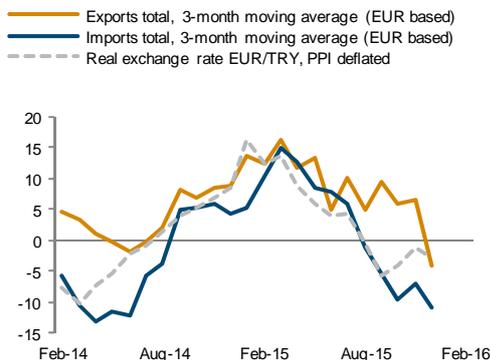
**Inflation and unemployment**  
in %



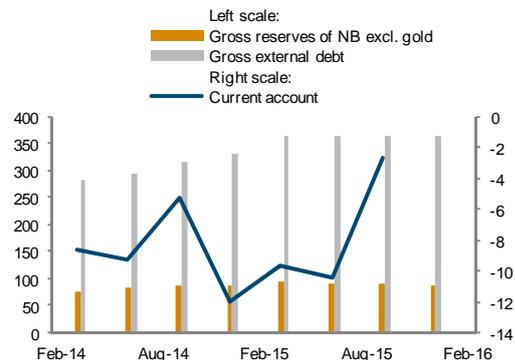
**Fiscal and monetary policy**  
in %



**External sector development**  
annual growth rate in %



**External finance**  
EUR bn



\*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.

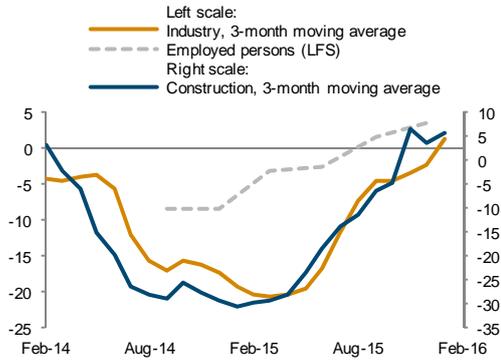
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# Ukraine

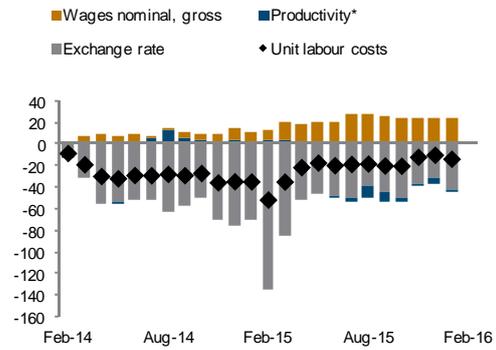
## Real sector development

annual growth rate in %



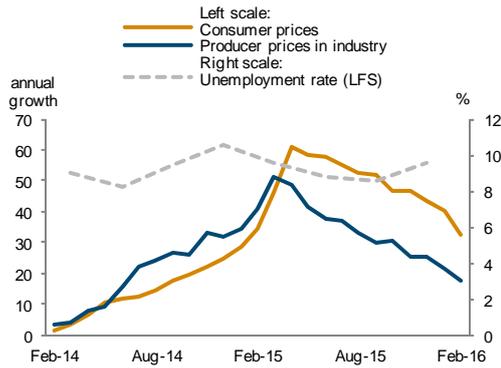
## Unit labour costs in industry

annual growth rate in %



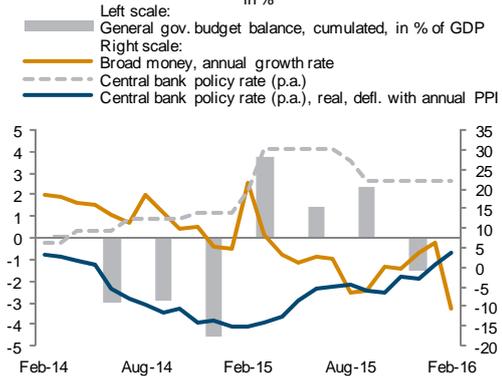
## Inflation and unemployment

in %



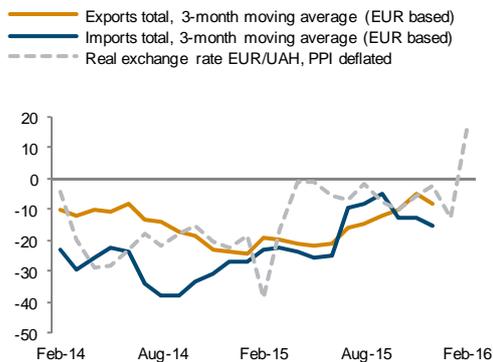
## Fiscal and monetary policy

in %



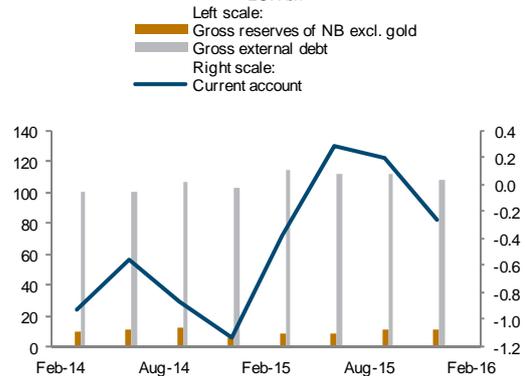
## External sector development

annual growth rate in %



## External finance

EUR bn



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