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Survey of the Manpower Situation in Hungary */between the years 1949 and 1982/*

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It is a long ago fixed thesis that in the historical development of mankind the fundamentally determining social-economic factor is the man himself; on the one hand, as the most important force of production — inclusive from the physical work till the intellectual capital; while, on the other hand, as a consumer on the given social-economic level. Succinctly expressed: *the α and ω of social development is the man*, under the social circumstances, depending in the given period upon the existing social-economic-technical conditions and potentialities. The appointed problem may be expressed with the terminology of *economic expansion*, too, in which the man, as a labour force, is fundamental, at the level of the given economic-technical resources.

I want to analyse this scope of problems in the present paper of restricted extent. Namely: the situation of manpower in Hungary between 1949 and 1982. And, within this, I would only emphasize — owing to the complexity of the raised scope of problems — the demographical relations of that.

I want to remark incidentally that we should reckon even under socialist conditions — although under relations restricted by the State — with the fact that the labour situation (which can be named with a by no means unambiguous and elucidated terminology: manpower or labour-market, as well) is also influenced by labour supply and demand. Of course, not in accordance to the rules of the classical free competition (*laissez-faire* economy) where demand and supply faced each other partly by disposing of the means of production; partly, for lack of these, by the mere manpower. As a result of this, according to certain economists, the decisive role was played by wages. Going further, according to the solutions of conflicting interests, prevailing between employees and the employer in the present-day capitalistic system, where the collisions between employer, as well as trade union (or we may name these reconciliation?!) present themselves — from time to time with the co-operation of the State.

One of the essential fundamental theses of the socialist social system is, namely, as a result of the declaration of the right to work, the striving after *full employment*. Expressing this more concretely, this principle, resp. the labour demand and supply prevailed in our home socialist system until now primarily on the micro-level (enterprise, institution), i.e. on the level of the concrete place of work, working site, both in quantitative and in qualitative relations.

The solution of employment on people's economic, i.e. macro-level, and within this the question of the demand and supply of labour force, prevailed on the basis of directives, centrally determined by the socialist State. Namely in the general economic policy, expressed in the people's economic plans, being getting on through the single economic rules; and within these, on the basis of the methods, influencing the employment-, resp. demographical policy; we may say in Hungarian relations: with comparative success.

Having in sight our basic problem, *labour demand and supply* — preserving the principle of the claim to full employment — fundamentally depend, with a more exact approximation, on changes in *economic growth*, calculated whether on the basis of national income or of the national gross production value (GDP) and on that of the economic investments and *population increase* (structure). There depends upon the latter in the given period — or perspectively — the prospective composition of population according to sex and age, determining the so-called *population of working age*, which — as a body of active earners — can be taken into consideration as an active or potential labour supply.

Comparing the situations of the total domestic population, the population of working age, resp. that of the active earners, we may establish that the *number of active earners*, and their percentually expressed *trend-line* differ from one another essentially, i.e., the latter is higher than the former (cf. with Figure 1). In spite of the declining tendency of birth-rates, prevailing from the turn of the century, resp. their fluctuation since world war II, the increase of population presented an unambiguous linear rise, at least till the peak in the year 1964, from which stagnation presents itself and later, in 1981, already a decrease (cf. with Figure 2) and, unfortunately, as far as it can be foreseen, a further decrease may be expected perspectively. In this tendency, a counteracting role was played, at least for the time being, in the *extension of the average span of life*, within this the diminution of the infantile mortality, which is measurably expressed by the index of the average span of life to be expected. The lengthening of the average span of life, the increase in number and ratio of those in pensionable age does, however, not mean a favourable situation economically because this means a major social burden of higher and higher degree to people's economy. (See the change in the age composition: in Table 1).

As to the population of working age, apart from the activities in 1956, this similarly shows a tendency of linear increase until the year 1974, then

Table 1.
Formation of the age-composition of population
(in p.c. on the basis of census data)

Year	0 to 13	14 to 29	30 to 54	55 resp. 60 to 74	75 to X	In all
1900	32,8	27,9	30,1	8,0	1,2	100
1949	23,3	26,9	35,6	12,1	2,1	100
1960	24,0	23,1	36,1	14,0	2,8	100
1980	19,2	25,5	34,8	17,0	3,5	100
1970	20,7	23,2	35,6	16,0	4,5	100

stagnation till 1980; resp. till 1982 we could already observe decrease, with which we should reckon, in the future, too, as with a tendency, on the basis of the natality and mortality statistics.

The definition of the *population of working age* would be a separate problem. At present, upon international recommendation, submitted by the UNO, in the sense of the Vth statistical Act from 1973, we may reckon with a population of working age in case of men from 14 till 59, of women from 14 till 54 years of age. Although, since 1981, the working age already counts practically from the fifteenth year of life. As a matter of fact, the definition of the beginning of working age would be more acceptable, owing to the prolongation of educational time, to be placed, as a lower limit, between the years 16 and 20. It is namely practically so even at present, and still more in the future, that the number, change and ratio of the population of working age in the given period will be determined by the natural multiplication in the preceding 16 to 20 years.

II.

In Hungary, the *formation of the employment level*, calculated on the basis of *active earners** in the years between 1949 and 1982, may wholly be approached with a *parabolic trend-curve*, respectively on the basis of this a logarithmic one (cf. with Figure 1). Disregarding, at any rate, the function-like determination of these trend values, as even the parameters of the function, adjusting itself mostly, would only model the actual employment situation in Hungary and this cannot be considered as a normativity of absolute value of employment, in relation to the Hungarian socialist economy, either. Because of the frequent changes taking place in economic policy, the fluctuation of natality data, the equilibrium disturbances, appearing in the whole of people's economy, it is advisable to investigate into employment by the corresponding sections.

As a basic point of departure, we took the year 1949 as a basis, when the economic reconstruction of the country took place with the first Three-Year Plan. After the nationalization of banks, large enterprises, between the years 1949-1951, in the period of the socialist reorganization of the industry: the number of active earners increased by 142 thousand heads, in a yearly average at more than 3.5 per cent. rate of development. Following this, till 1960, i.e. during ten years, it hardly exceeded the increase of 148 thousand heads, resp. the annual mean development rate of 1.65 p.c. In 1957, a minor

* According to the Fifth Statistical Act from 1973: active earners are the persons displaying gainful activity, having some earnings, income at their disposal, working resp. being actively engaged or working as outside workers, engaged in home industry or as members of a co-operative, i.e. those employed in enterprises, institutions, offices, agencies, co-operatives or, in the service of independent employers, members of co-operatives, as independent persons, helping family members of non-agricultural independent persons, persons in military service if prior to their joining their unit they were active earners, those serving their term of punishment if before beginning the term they already worked. Active earners are also the casual workers and day-wage men, as well as the members of agricultural co-operatives and those of the helping family members of individually working peasants who worked at least 90 days during the year.

break appears, owing to the emigrations in 1956, causing a decrease (of 43 thousand heads) both in population number (54 thousand) and in the working age population (89 thousand), as well as in the number of active earners (43 thousand heads).

After the year 1956, the economic situation of the country became consolidated within a short "one year", indicated unambiguously by that, too, that the level of industrial production in 1955 was exceeded in 1957 by 6 p.c. resp. that the number of active earners, as well, was continued with a steep increase.

Between the years 1960 and 1963, a considerable decline took place in the number of active earners — in spite of the tendency of working-age population to increase. This decrease of more than 75 thousand heads may be considered as a provisional consequence of the socialist reorganisation of agriculture.

Between the years 1963 and 1970, a steeper rise is again to be seen, then it is followed by a slow increase between 1970 and 1975 and, hereupon, the decrease is unambiguous both in the working age population and in the active one.

Returning to the period of 1949, we should agree with the statement that under domestic conditions, because of the backward circumstances of life, we can speak less about an open excess of manpower, similarly to the well-developed capitalist countries, i.e. about unemployment, but rather about the so-called latent unemployment. This practically means that more than fifteen percent of earners worked in agriculture what, however, could not be entirely registered — thinking of the casual agricultural day-labourers, helping family members. Moreover, the number of the so-called homemakers was also considerable. This more or less latent manpower reserve meant essentially the fundamental resources of labour force in the past quarter of a century, besides the "resorption" of the homecraft labour force by the socialist industry, as well as drawing into the work annually the new age-groups of the year primarily in the non-agricultural branches.

The majority of the domestic economists, specialists of the labour question agree with that the extensive period of manpower economy terminated about the years 1972-1973, when the mentioned manpower sources were "exhausted". It is unquestionable that after the mentioned period a newer, so-called intensive period began, or could have begun, what is a more complex problem, mainly from qualitative point of view — as known by the experts, as well. This is for the time being fundamentally relayed by the effect of recession ensued in capitalist countries. Independently of this, or just in connection with it, the problems of the source of making use of manpower cannot be solved so summarily, disintegrated only into extensive and intensive periods.

Taking for our basis the annually returning labour balances, we know the two sides of them: the sources and utilization of labour force. From the side of labour source, it is customary in domestic relation to apply the terminologies of working-age population — what is, in fact, a conceptional category — and that of working capacity. I remark in parentheses that while the first problem is — even if only approximately — really determined, unambiguous, the latter shows the current, actual situation which cannot be defined unambiguously. On the basis of these two terminologies — or rather instead of them — the labour index-numbers are more expressive in the interest of comparison. From these, I emphasize the following:

(a) the working-age population in the proportion of the whole population;

- (b) the ratio of the active earners of working age in the proportion of the working-age population;
- (c) the ratio of active earners as compared to the whole of population, and finally
- (d) the index of dependent and inactive earners, falling to 100 active earners.

ad (a) As mentioned above, in Hungary, the working-age population is given by 14-54-year-old females and 14-59-year-old males. I have also referred to that this may only be a demographical fixing, resp. a prospective marking of the resources of labour force, in connection with the natural multiplication of the earlier decades, resp. with the change in age-group composition that may come into consideration as a potential manpower source. This index decreased from the 62.5 percent in 1949 to 57.1 p.c. in 1982. Within this, a

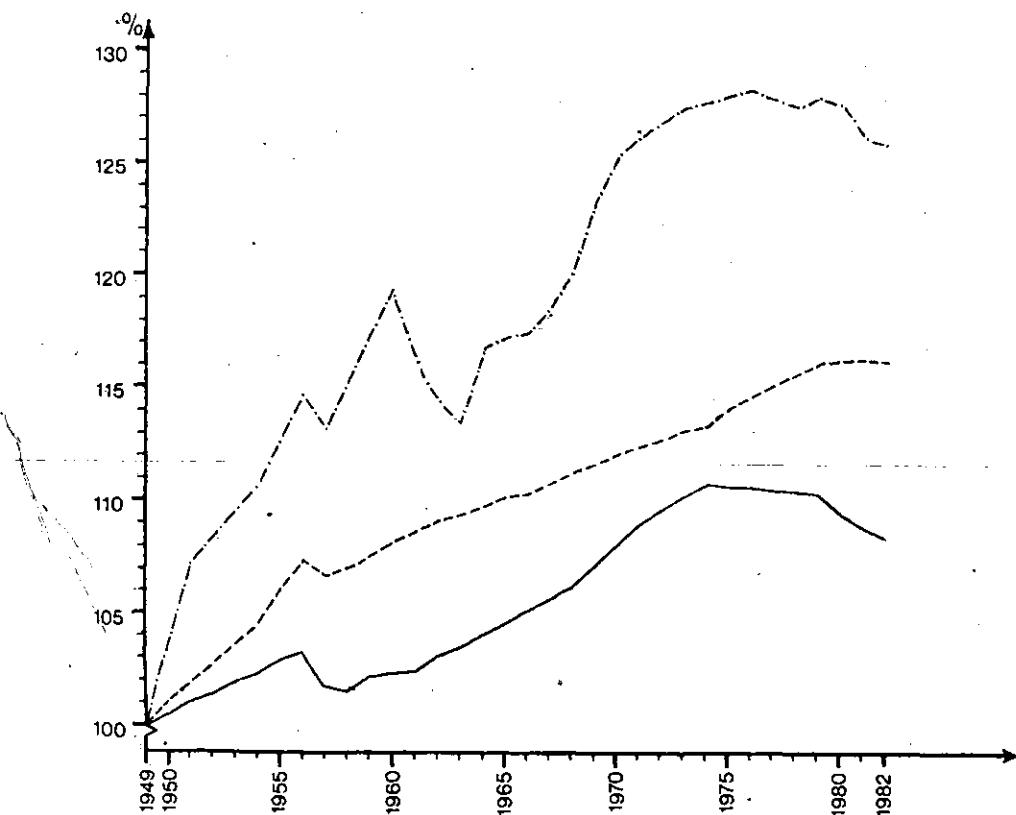


Figure 1.
Formation of the total population, working-age population, and active earners
Formation of natality and mortality
 (to 1000 inhabitants)

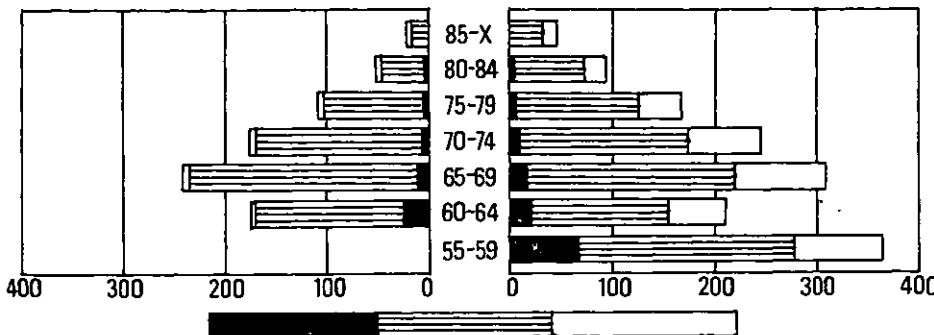


Figure 2.
Working-age population, according to age-groups and economic activity

considerable decrease (2.3 p.c.) appeared between 1949 and 1956 and, after a minimum change, from the end of the 1970-ies an unambiguous diminution presents itself again — as seen from the appended Table 3, as well.

ad (b) The concepts of the working-age population and of the so-called population which is capable of working cannot be compared with each other because in the latter the employment of those over the working age also takes place. It is, therefore, justified, as an approximative, real further advancement, to investigate into the ratio of active earners within the working-age population.

As already mentioned, the working-age population may only come into consideration as a potential resource of labour force. In this age interval, at any rate, the studies on middle or higher level are continued, still in considerable number. (Referring only to school-year 1980/1981, 74.8 percent of those at 14-17 continued their studies as regular (full-time) schoolboys resp. schoolgirls, and about one-fifth of 2.5 million young people (14-29-year-old) ensued their studies in day-schools as regular students; in the last decade, the number of those placed on the retired list with exemption by age was comparatively considerable; moreover, we should take into account, though in a lower ratio, the disabled pensioners of working-age; as well as those on maternity (child-care) paid-leave — although the latter ones show a declining tendency: finally those who do not want to pursue any occupation. On the basis of these, it is justified to raise the question, how much is the so-called activizable working-age population in the given period from the population which is in working age from demographical point of view.

If we reckon the employment on the basis of the data of the Central Statistical Office, the ratio of the working-age earners in the percentage of the working-age population increased from 63.2 p.c. in 1949 to 93.2 p.c. in 1981. From this point of view, the tendency of increase is unbroken. (Cf. with Table 2).

In spite of the comparatively high employment ratio, the question may arise whether there is unemployment in Hungary at present — despite the principle of full employment. (According to the statement of The Economist [19-25 March, 1983, p. 70]: unemployment is increasing in Hungary, too, particularly among young people). For want of present-day data, we may refer to the estimation of representative character of the Central Statistical Office

*Summary table concerning the main data, indices of resources
and utilization of labour force
(between the years 1949 and 1982)*

on the basis of data from 1 January

Denomination	1949	1955	1960	1965	1970	1975	1980	1981	1982
Number of population, 1000 heads	9205	9767	9961	10140	10322	10501	10709	10731	10711
Working-age population, 1000 heads	5756	5930	5896	6025	6225	6373	6302	6275	6115*
Active earners, in all, 1000 heads	3970	4470	4735	4649	4980	5086	5074	5015	5022
Ratio of the working-age population in the percentage of the whole of population	62,5	60,7	59,3	59,4	58,8	59,4	57,7	57,3	57,1
Active earners in the percentage of the working-age population	69,0	75,4	80,3	77,2	80,0	79,8	80,5	79,9	81,8*
Ratio of the actual employment on the basis of the activizable population, in percentage	63,2		74,7		86,4	89,4	93,0	93,2	
Active earners in the percentage of the population	44,0	45,8	47,5	45,8	48,2	48,4	47,4	46,8	46,7
Within this: for men	65,4	63,9	62,8	57,3	58,0	55,9	54,0	53,2	53,1
for women	25,0	28,8	33,3	35,1	39,1	41,3	44,1	40,8	40,7
Dependant and inactive earners, falling to 100 earners	132	118	110	118	107	106	111	114	114

* Reckoned on those of 15 to 54, resp. 15 to 59 years of age

Table 2.

(KSH) KSH: A munkaerőtartalékot képzők összetétele és munkavállalási szándéka, az ELAR I. Munkaerővizsgálati felvétel alapján (Composition and labour intention of those belonging to labour reserves, on the basis of the labour investigating survey of ELAR I. Budapest, 1980.) Then, the number of working-age people was 510 thousand. Of this, hardly more than 30 thousand was the number of men to be activized as manpower. According to the statement of the result of survey, as well, the scope of these was mainly constituted by „disabled persons with a spiritually-physically decreased capacity of work, by those, seeking employment the first time, resp. by those, changing their place of work at the date of survey, moreover by university students with preliminary admission”. About 94 p.c. of the manpower reserves in question presented themselves in case of females. Making no mention of the detailed data of the mentioned KSH-publication, I only emphasize that 57 p.c. of the females forming the labour reserve fall under the older (40-54-years-old) age group and that about 45 p.c. of the above-mentioned “unemployed” dependent females were not in employment earlier, either, and that the majority of these had no intention to be in labour relations in the future, either: because of family, flat and other restrictions. After all, we may speak in respect of manpower utilization, at the end of the 1970-ies, in case of men about a biological, demographical maximum and in case of women about the social maximum of the time. The discussion of the causes of this problem would already demand a separate paper. Otherwise, the composition of the working-age population according to working group and economic activity may be characterized for the year 1981 with Figure 3.

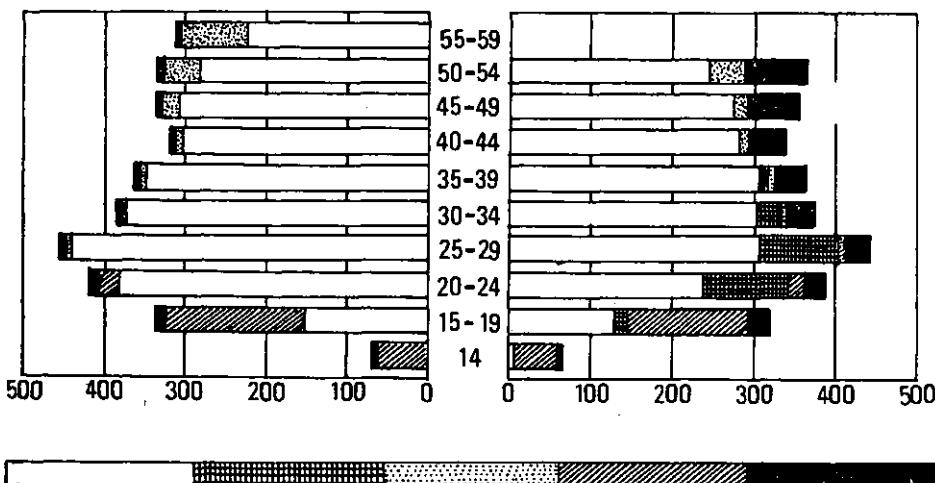


Figure 3.
Over-working-age population, according to age-groups and economic activity

ad (c) An entirely different scope of subject-matters is the evaluation of the body of active earners. In the number of active earners are, namely, also those being over the working age (54, resp. 59 years) contained, in which the labour demand, depending on the economic situation, plays a fundamental

Table 3

*Labour-force utilization according to the main branches of people's economy
(on the basis of the contracted balances of labour force, in percentage)*

Branch of people's economy	1949	1955	1960	1965	1970	1975	1980	1981	1982
Industry	19,0	24,9	28,4	34,3	35,9	35,6	33,5	33,0	32,4
Building industry	1,8	4,8	5,6	6,0	7,3	8,2	8,0	7,8	7,7
Economy of water-supplies			0,2	1,0	1,2	1,3	1,5	1,5	1,5
Transport and communication									
media	4,0	5,2	6,2	6,9	7,2	7,7	8,0	8,0	7,9
Commerce	5,2	6,0	6,6	7,4	8,0	9,0	9,6	9,7	9,8
Non material branches	14,8	15,4	14,3	15,7	15,2	16,9	18,9	19,4	19,6
Non-agriculture, in all	44,8	56,3	61,3	71,3	74,8	78,7	79,5	79,4	78,9
Agriculture and forestry	55,2	43,7	38,7	28,7	25,2	21,3	20,5	20,6	21,1
Altogether	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

role. A result of this is that the really active earners can only be compared to the whole of population. At the index, reckoned in this way, and starting from 44 per cent in the year 1949, essential fluctuations appear. The maximum was achieved with increasing tendency in the years 1973-1974 (48.6 p.c.). Then, in connection with the former ones a decrease presented itself and this proportion became 46.7 p.c. in 1982. The activization of female population in employment is remarkable. While in 1949 the active earning ratio of females was 25 percent within the female population, in 1975 it already became 41.3 percent and this ratio remained ever 40 p.c. in the following years, as well, thus in 1982 it was 40.7 p.c. Of late years (after 1975), the economic activization of the population over working age decreases uniformly, as well. Concerning the year 1980, see: Figure 4. The point in question is, in fact, that — in the interest of the possibly full employment of the working-age population — the employment of those being over employment age was decreased. In my opinion, it needs no explication that all this is fundamentally the result of the effect the so-called recession.

ad (d) The index of the dependants and inactive-earners falling to 100 active earners, as a number of co-ordinative ratio, (expresses the ratio of employment in contradiction with the relative number of repartition under C). In 1949, the number of dependant and inactive earners, falling to 100 earners, is 132; till 1960, this index is, with linear diminution, 110 and then, with some increase, between 1972 and 1975, the lowest ratio appears (106 heads); for 1982, the index again rose, with increasing tendency, to 114 heads.

III.

After the problems of the resources of labour force, summarized in the previous chapter, the utilization of labour should also be outlined, expressed very succinctly, as the other side of the balance of labour force. It emerges from the appended Table 3, as well, that fundamentally the ratio of those employed in industry increased considerably (in 1949 19 p.c., in 1975 35.6 p.c.; then for 1982 32.4 p.c.). The maximum, 1.816.000 heads appeared in 1974.

A considerable increase shows itself in the scope of non-material branches where the increase in delivery is important.

The decreasing tendency of those employed in agriculture is unambiguous, as well, between 1949 and 1980. This supplied the fundamental resources of labour force in the so-called extensive period. On the basis of the stagnant

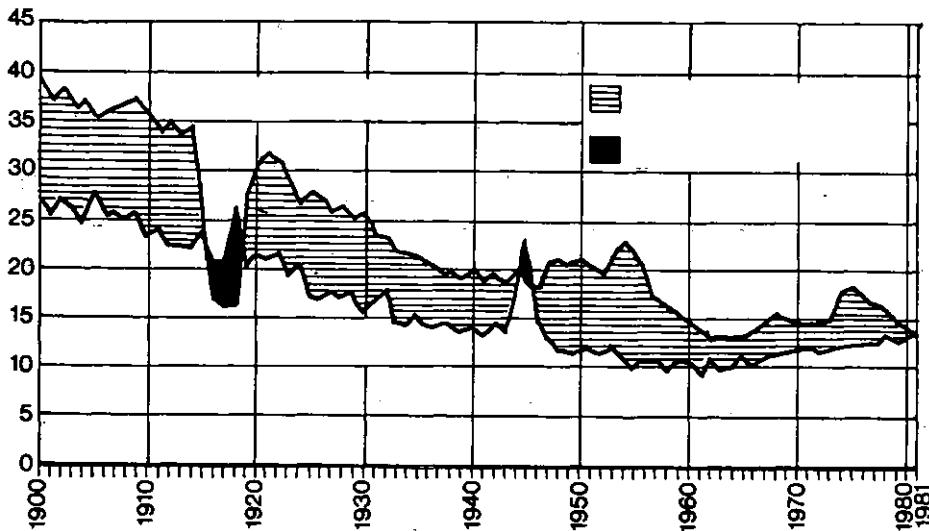


Figure 4.

Figures 2-4 taken over from the fasciculus „Népesedés-népesség életszínvonalfüzetek” (Peopling-population, living standards), No 2. Statisztikai Kiadó Vállalat. Budapest, 1982.

data of late years, it may be supposed that this circa 20 p.c. ratio of those employed in agriculture perspectively remains lasting. This supposition is justified primarily by the fact that in the co-operative economy, representing the most important ratio within the domestic agriculture, mainly in the latter decade, side-production-lines of different complementary characters (industrial, building, servicing enterprises) have been created: partly for the fuller employment of the village population, what is at the same time a more and more increasing factor in covering the demands of products, as well — just owing to the possibility of a more elastic adaptation, given by its character of a small-scale plant.

Instead of summarizing the conclusion of this short paper, I want to remark the following, as well:

— In Hungary, the peak of economic growing in about 1975 coincided with the maximum of the demographically working-age population; and following this, the decreasing tendencies of both sides are almost parallel.

— It may be explained partly by this that even the effect of the recession, presenting itself on a world scale, could not induce an effective, open unemployment, in spite of the more open economic policy, applied within the socialist camp. The so-called indoor-unemployment is a different question, being connected with the less rational, less intensive utilization of manpower.

— It is proved by the above-mentioned data, as well, that the extensive labour-force economy terminated in domestic relations, too — what is a function of our economic, productive and also productivity-levels. And in the period of economic prosperity, to be expected (?) in the future, we shall only be able to progress by means of a really intensive labour-force economy, i.e. a rational employment.

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