LABOR MARKETS AND MARKET-ORIENTED REFORMS IN SOCIALIST ECONOMIES

Arvil V. Adams
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by

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ABSTRACT

The movement of countries in Central and Eastern Europe (CEE) and the former Soviet Union (FSU) to a market economy will require a number of important changes in labor markets. These changes include: the linking of wages more closely with productivity; the allocation of social goods, e.g. housing, education, child care, outside the wage bill; and the development of new safety net institutions to replace the role played by socialist full employment and job security policies. The objective is to focus labor markets on improving allocative efficiency, while new institutions address income inequality and poverty.

The transition to a market economy has initially produced falling output, employment, and real wages in CEE economies and the FSU. Layoffs and open unemployment have emerged once enterprises have been forced to adopt hard budget constraints by stabilization and adjustment programs. The social cost of the transition is measured by the decline in aggregate production and incomes. As these economies respond to new market incentives, however, the expectation is that these costs will be offset by accelerated growth, rising employment, and higher incomes producing gains in social welfare.

Socialist economies can choose how the benefits and costs of adjustment are distributed among workers, employers, and society at large. Three examples are provided in the paper from experience in industrial market economies. Managing the cost of unemployment in the transition will be important to the political sustainability of economic reforms. Effective strategies will be required to re-train displaced workers, provide employment services and labor market information facilitating labor mobility, and encourage employment creation. Deciding who will bear the cost of implementing these strategies is a decision each socialist economy will have to make.
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Economic and political events in the late 1980s brought about market-oriented reforms in the socialist economies of Central and Eastern Europe (CEE), and later in the former Soviet Union (FSU). These reforms are producing changes in the structure of labor markets and their function. In this paper, we look at how labor markets work in market economies and compare this with socialist economies to indicate the nature of economic reforms required for the transition. The key difference, it is argued, rests in the emphasis of market economies on allocative efficiency in labor markets as against distributional equity in socialist economies. The paper describes the transition’s impact on labor markets in socialist economies and explains how western market economies manage the social cost of economic change and determine who bears this cost.

A. The Role of Labor Markets

A flexible labor market is important to the success of the transition from a socialist to a market economy. Labor markets serve three allocative functions. First, they balance the aggregate demand for and supply of labor. Second, they allocate workers among industrial sectors and match worker skills to job requirements. And finally, they apportion a worker’s time spent in human capital accumulation through education and on-the-job skills development. Labor markets, in addition to their allocative functions, determine the primary distribution of labor incomes. Market mechanisms play an important role in the allocation of labor in market economies, but also in socialist economies.

In Market Economies

For employers, wages govern the amount of labor used in production, the balance of skills used, and investment in the skills of the workforce. Among workers, wages influence the time allocated between work, leisure, and skills development. Rising relative wages in a market economy
for a particular skill are a signal of increasing demand for the labor involved. This movement prompts profit-minded employers to conserve their use of workers with scarce skills. It also encourages skilled workers to move from less productive to more productive uses of their labor and unskilled individuals to invest in education and training to meet the greater demand for skills. No central authority is needed to guide these decisions.

By the same token, declining relative wages are a signal of excess supply for the labor involved. This, too, prompts a response from employers and workers that acts to restore the balance of demand and supply. Wages also balance the geographical demand for and supply of labor. When an industry locates in a community, it offers wages that are geared to attract a supply of labor to meet production needs. Falling short of this goal, wages may be raised to attract workers from distant communities. An industry facing declining demand for its product may either reduce employment or lower wages as a signal of excess labor supply leading to the relocation of labor. In this manner, wages act to balance the spatial demand for and supply of labor.

To play their central role in labor allocation, wages must be flexible and workers free to move in response to changing economic incentives. A third factor is needed to encourage the efficient use of labor in production with its positive impact on economic growth and poverty alleviation: linking of wages to productivity. Wages set with distributional or other objectives unrelated to productivity will lead to the inefficient use of labor in production. The allocation of labor to its most productive use requires that wages be determined by the value of the additional output produced by the worker. Wage movements thus guide labor to its most productive uses.
Market economies, however, often intervene in labor markets and wage setting in ways that distort allocative efficiency. They do so with the objective of codifying social norms and achieving distributional goals. For example, virtually all industrial and developing economies prohibit employers' use of child labor. Similarly, restrictions are placed on the conditions under which women are employed. Wage minima and terms of employment are established to achieve distributional objectives. Conditions of safety and health in the work place are legislated to protect workers. And rules are established to govern labor-management relations. Countries must accept the losses in allocative efficiency that are sometimes associated with these interventions as a price for achieving other social goals.

In Socialist Economies

Stalinist-era labor markets in Central and Eastern Europe and the Soviet Union prior to the mid-1950s depended on central planners to determine how labor was used. Wages did not play a significant role in labor allocation. Labor markets in this era featured general admonitions to work, mandatory assignment of graduates, forced labor, labor mobilization campaigns, and strict control of migration to urban areas (Jackman and Rutkowski, forthcoming). Choices were limited by state interventions. In the post-Stalinist period, market mechanisms have come to play a larger role in guiding the allocation of labor to its most productive uses (Marnie, 1992). These mechanisms emerged as part of economic reforms in CEE countries.

Market mechanisms have played a larger role in labor supply. Socialist economies in the post-Stalinist era did not resort to administrative labor allocation by directing civilians to specific jobs (Vodopivec, 1990). Workers were free to change jobs. This freedom is evident in labor turnover
rates that are similar to those in western economies (Svejnar, 1992). The recognition of labor supply and its potential impact on the economy was acknowledged in the efforts of planners to regulate pensioners to cope with potential unemployment or labor shortages (Riveros, 1990). Poland in the late 1950s and again in the early 1980s prohibited the employment of pensioners in response to job shortages, as did Czechoslovakia as it prepared for the adjustment in 1990.

Labor force participation rates for women in socialist economies are higher than those in the West. This supply response may be partly explained by the existence of an income effect associated with relatively low wages and family incomes (Riveros, 1990). Additional workers enter the labor force to raise the standard of living for their families. An implication would be that expansion of labor supply is an unlikely reaction to falling real incomes and the transition to a market economy through stabilization and adjustment programs. A more efficient labor market and rising incomes in the future could lower labor force participation. Declining growth rates in the working age population further reduce the potential of labor supply pressures (Adam, 1985).

Market mechanisms have played a smaller role where labor demand is concerned. The demand for labor in socialist economies balanced distributional needs against allocative efficiency. Full employment and job security were assured to workers as part of a social contract. Rather than adjust the primary income distribution by the use of income transfers and taxes to produce a more equitable secondary distribution, socialist economies intervened through wage setting and employment to achieve a more equitable distribution. The result has been a distortion of labor demand and allocative efficiency in the economy. Wages have failed to provide a guide to the most productive uses of labor for either employers or workers.
In six CEE countries, the link between wages and employment has been tenuous (Riveros, 1990). Estimates of labor demand functions show that changes in real wages have had little effect on observed employment changes. Instead, observed fluctuations of employment are dominated by a trend represented by lagged employment levels. Full job security in socialist economies has been maintained by deliberate policies of subsidization and soft budgetary constraints. Enterprises have been able to borrow freely to cover their wage bill. Uncertainty of supplies and raw materials in production along with rewards to managers for achieving production quotas have encouraged enterprises to hoard labor to meet quotas. As a consequence, socialist economies exhibited, simultaneously, disguised unemployment at the enterprises level and labor shortages in the economy as a whole (Svejnar, 1992).

The hoarding of labor by enterprises produced low productivity and low wages (Terrell, 1992). Low productivity and wages were the price paid by socialist economies for full employment and job security. Wage regulation was practiced for a number of reasons. Lower wages provided more resources for investment. Wage controls were also a mechanism for equalizing income distribution and wage restraints avoided shortages in output markets where prices were administratively set (Riveros, 1990). Socialist economies, therefore, had strong motivation to regulate wages and wages were separated from productivity (Vodopivec and Vroman, 1993). They were not used as an allocative tool as in market economies, but rather a distributional tool. Wage differentials remained small for egalitarian reasons, and thus, provided little incentive or guide to human capital investments (Vodopivec, 1990).

The countries in the study were Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Yugoslavia. The estimated equation was of the form \( \ln(L) = \alpha_0 + \alpha_1 \ln(W) + \alpha_2 \ln(Y) + \alpha_3 \ln(L_{-t}) \), where \( L \) is employment in the material sector, \( Y \) is real net material product and \( W \) is the real consumption wage.

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Linking wages to productivity was made difficult by another feature of socialist economies. This involved providing basic services and benefits as part of job contracts. Fringe benefits such as health services, schooling, child care, subsidized housing and utilities were provided through the job. Doing so made it easier to attain an equitable income distribution and enforce the obligation to work (Vodopivec, 1'). These benefits changed the form of labor incomes without having any direct link to productive performance of the worker. The benefits were available irrespective of the worker's performance in production. Wages were thus relegated to only a small part of labor income, leaving little room to relate labor costs with productive performance (Jackman and Rutkowski, forthcoming). While the search for higher wages in market economies could be assumed to lead to higher productivity activities, the same conclusion would not hold for a socialist economy.

The movement to a market economy will produce a number of important changes in socialist labor markets. First, it will require new wage determination procedures that link wages more closely with productivity. This will produce a widening of wage differentials and incentives to guide labor mobility and skill acquisition in the economy, but it will also lead to a greater income inequality which recognizes the wide differences in peoples' productivity. Wages will be able to encourage allocative efficiency as they are freed from the burden of income redistribution. Second, many fringe benefits provided in-kind, such as housing, will need to be uncoupled from employment, their value monetized, and allocated outside the wage bill. This will facilitate labor mobility and strengthen the link between wages and productivity. Third, new safety net institutions, better suited for the task of social welfare, can replace socialist full employment and job security policies. The result will be a labor market focused on allocative efficiency, while new institutions assume responsibility for income inequalities and poverty.
B. The Transition to a Market Economy

The transition to a market economy will be made via stabilization and structural adjustment programs. Stabilization means balancing a country's internal and external economic accounts. Stabilization programs proliferated in the 1980s as developing economies and soon-to-be transitional economies incurred a rising burden of external debt in an effort to sustain living standards in an era of sharply declining national output. Structural adjustment programs followed, or in some cases, joined stabilization initiatives. Adjustment programs, many with support of the World Bank, sought to remove price distortions from economies and achieve a more efficient use of resources while protecting the poor.

The tools of structural adjustment include price liberalization, tariff reforms, opening of capital accounts, and realignment or floating of exchange rates. Trade reforms play an important role in adjustment programs. These reforms remove protectionist measures that restrict imports and align domestic and international prices. By opening markets, these reforms make it less profitable for producers to invest in producing non-tradeable goods and more profitable to produce tradeable goods, both exportables and efficient import substitutes. Devaluation of real exchange rates support the growth of exports. Monetary reforms lead to positive real interest rates and reduce subsidies to capital and incentives for capital-intensive production. Reductions in subsidies and price controls lead to a realignment of production incentives.

The combined effect of stabilization and adjustment is a smaller public sector, particularly as privatization of state enterprises is introduced to reduce public debt and increase efficiency in production. It also leads to a realignment of prices for goods and services and the labor and capital
used to produce them. The outcome is a set of prices that encourages greater efficiency. Despite adjustment costs as resources are reallocated, the net benefits can be significantly positive, on the order of several percentage points of GNP in already more efficient market economies (Feldman, 1989). Open economies react more flexibly to economic shocks. These changes, however, have significant short- and long-run implications for labor markets and the reallocation of labor, which can be observed in transitional economies.

In the Short-Run

The movement to reduce the public deficit in stabilization means a fall in aggregate spending. Private investment generally lags behind adjustment and new production incentives. As a result, output falls along with employment and real wages. Unemployment will rise as market-oriented reforms take hold (Table 1). Poland started its relatively rapid transition in January 1990 and suffered a rapid decline in output, employment and real wages in the same year. Czechoslovakia, Romania and Bulgaria experienced their principal shock in 1991 when they fully launched their transformations. Hungary, which started its gradual transition earlier than the other CEE economies, experienced a milder decline in employment and real wages during this period. The transition in the Baltic States and Russia has been slower with evidence of the first real shock in 1992 for industrial production in Lithuania and real wages in Russia.

In most transition cases, output initially falls faster than employment. Two explanations underpin this pattern. The first is that enterprises and workers prefer wage cuts to employment cuts (Riveros, 1990). Flexible real wages permit wages to fall sharply, thereby reducing the total wage bill and obviating the immediate need for layoffs. This approach to adjustment spreads the cost in
lower incomes more evenly among the working population than focusing this cost on the unemployed. Sectoral differences in wage flexibility, however, can lead to uneven distribution of this cost. A second explanation rests in the monetary system and the ability of enterprises to borrow, the so-called soft-budget constraint. Borrowing even from other enterprises, public enterprises can hold on to redundant workers in the hope of a market turnaround. This merely postpones adjustment and reduces the welfare of others who must bear the cost through, for example, inflation.

Monetary reforms in adjustment and the enforcement of hard-budget constraints limit the ability of enterprises to sustain employment in the face of falling sales and production. Trade in CEE countries broke down in 1990 with the disintegration of the Council for Mutual Economic Assistance and the collapse of the Soviet market. Not only did sales decline, production fell when enterprises could not buy raw materials and spare parts. The initial effort of state enterprises to hold on to workers produced more hidden unemployment. Workers remained employed by these enterprises, but worked short hours or were placed on unpaid leaves. Some sat idle in enterprises and others were given extended annual leave. Productivity fell as a consequence.

Hidden unemployment and labor redundancies cannot be sustained long in adjustment, however. Falling demand, rising indebtedness of enterprises, and constraints on borrowing eventually force layoffs and open unemployment. Albania, where industrial production fell 30 percent from 1990 to 1991, responded quickly to transition pressures. Its crisis was initially hidden from view as state enterprises by law were forced to retain and pay idle workers 80 percent of their wages (Adams, 1992). When this policy was rescinded in July 1992, employers responded with mass layoffs and the number of registered unemployed doubled in two months from 127,000 (9
of the working population) in June 1992 to 250,000 (18 percent) in August 1992. By November of that year, the number had increased to 380,000 (27 percent).

Not all unemployment is attributable to falling aggregate demand or supply shocks. Adjustment policies and the restructuring of prices and incentives in product and factor markets during the transition result in a sectoral realignment of employment. Unemployment arises as workers are forced to leave declining sectors and occupations and search for jobs in expanding sectors. Trade and exchange rate reforms encourage exports and efficient import substitution and the growth of employment in tradeable goods and services at the expense of non-tradeables. The movement of production from the public sector to the private sector also produces changes affecting employment. The realignment of prices can result in shifts in production within a sector such as agriculture where producers may be encouraged to increase production of tradeable commodities. In Asia, much of the growth has come from the expansion of manufactured exports (Horton, Kanbur, and Mazumdar, 1991).

Labor mobility is important. The movement to a market economy will produce at least three types of unemployment, each requiring different policy responses. The first is demand-deficient unemployment. This unemployment arises as a consequence of stabilization policies, reduced aggregate spending, and falling aggregate demand. There is more labor supply available than spending to produce jobs. Flexible real wages can reduce the excess supply, but also adjustment policies stimulating private investment, exports, and consumer spending replacing public expenditures can increase aggregate demand and employment.
In market economies, the concept of a non-accelerating inflationary rate of unemployment (NAIRU) exists to indicate the level of unemployment at which further efforts to stimulate spending may increase inflation. During the 1980s, the NAIRU was thought to have fallen below six percent in the United States due to changing demographics and the mix of the unemployed.

A second type of unemployment is known as structural unemployment. Here the issue is not jobs, but the absence of qualified workers to fill jobs that are available at established wages. Structural unemployment is expected in transitional economies due to the narrow training of workers and the likelihood that, when displaced, they may not be qualified for jobs in expanding sectors. This produces the anomaly of unemployment alongside job vacancies as new jobs begin to emerge. Policies to retrain workers are important in addressing structural unemployment.

Finally, some unemployment will naturally arise in a market economy as workers respond to wage signals and emerging opportunities for more productive uses of their skills. Frictional unemployment will occur as part of the normal operation of labor markets in a market economy. At any time entrants to the labor force, job losers, and job changers will search for jobs and be counted as unemployed. Where jobs are available and qualifications are not a barrier to re-employment, the resulting unemployment will normally be short-term, its duration determined by the information available in labor markets for matching labor demand and supply. The duration may also be influenced by the wage expectations of job seekers as affected by alternative income sources in the family or unemployment benefits and social assistance (Hamermesh, 1991).
In the Long-Run

Adjustment will be more costly in former socialist economies than in developing countries (Riveros, 1990). The distance to be traveled to a market economy is greater and, in cases such as the separation of basic services and benefits from the job contract, it requires the development of new institutional structures. In the long-run, the transition to a market economy should bring with it accelerated economic growth, rising employment, productivity and wages, lower rates of unemployment, and greater job satisfaction. The pace of transition, however, will depend on more than changes in labor markets. It will depend on macroeconomic reforms affecting trade, investment, financial markets, and investors' perceptions of the political stability and transparency that surround these reforms.

Horton, Kanbur, and Mazumdar (1991) explore some of the longer-term consequences of adjustment in labor markets in twelve developing countries. They confirm the movement of labor away from production of non-tradeables to tradeables. In a number of countries this meant a shift of employment into tradeable agriculture production and a reduction of inefficient import substituting manufacturing employment. Only in the most successful countries, largely those along the Pacific Rim, did manufacturing employment rise. Employment also rose in services and commerce. Relative wages shifted to encourage the transfer of labor to tradeables. Income distributions tended to become less equal, although the evidence is mixed. Adjustment has led to accelerated economic growth in Chile, Mexico, Malaysia, and Indonesia.
C. Managing the Cost of the Transition

From the description of adjustment in CEE and FSU countries, it is clear that transition to a market economy brings economic costs in the form of reduced output, lower employment, and falling incomes in the short run. In the long-run, there is the promise of accelerated economic growth, rising employment, and higher incomes. Those who bear the short-run costs of adjustment are potentially important to the political sustainability of transitional policies as is the duration of the transition. As suggested, initial adjustment policies in socialist economies have attempted to spread the cost broadly in the form of sharply declining real wages and reduced hours of work. The evenness of these policies, however, is subject to question. The decline in relative government wages and employment in non-tradeables has placed a larger burden on workers in these sectors.

The reliance by socialist economies on declining real wages as a means for managing the social cost of adjustment was unsustainable and was replaced first with hidden unemployment and then by layoffs and open unemployment. The latter concentrates the cost of the transition on those who lose their jobs and others who enter the labor force and are unable to find employment in a depressed economy. It is unclear a priori who will actually bear these costs other than by sector—public versus private and non-tradeables versus tradeables. It is important for this reason that labor offices monitor and record the characteristics of job losers and registrants and that household surveys of labor force activity be mounted for purposes of devising appropriate policies to meet the needs of those who bear the cost of the transition (Goldfarb and Adams, 1993).

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2 The economic cost of adjustment appears high, but the cost of the old socialist system, if retained, may have been even higher, given that its promises of full employment and job security were clearly unsustainable.
The flexibility of labor markets in transitional economies will be important to labor mobility and how quickly the unemployed move to new jobs. Rigidly administered wages that fail to adjust and clear excess demand and supply will impede the transition and erode its benefits. Industrial relations systems and centralized bargaining with the state could fail to recognize differences in local market conditions and impede adjustment. Barriers to labor mobility in the form of inadequate market information, absence of housing and capital markets, and binding job security provisions in law could slow the adjustment and lengthen unemployment. These potential barriers to labor mobility will become increasingly important as new jobs begin to emerge.

Socialist economies can look at different strategies in the West for managing the transition. Each strategy seems to work in its own context. The strategies differ in the way they distribute the costs and benefits of adjustment among workers, employers, and the population as a whole. It is useful to recognize that, on a different scale, market economies regularly experience the realignment of labor and production in response to global competitive pressures. They too must maximize the benefits of economic change. The scope of the change is certainly less than that faced by socialist economies, but nevertheless equally important to economic growth and the alleviation of poverty.

Japan’s approach to the economic cost of adjustment is unique. About 30 percent of Japan’s work force are regular workers and are covered by the nation’s lifetime employment concept. The capacity of the economy to adjust to economic shocks is influenced by the treatment of these workers and the creation of a peripheral labor force whose number is adjusted in response to economic shocks. Flexibility is achieved for regular workers by a combination of actions that set Japan apart
from Western economies. These actions place the cost of adjustment primarily on the enterprise. Adjustment takes place largely within the enterprise.

Japan’s corporate structure creates a family of firms doing business with each other and which own a sizeable portion of each other’s stock. Regular workers who become redundant in one member of the family are “loaned” to other members. Overtime work, which is relatively cheap in Japan with 25 to 50 percent wage premiums, is used freely in response to peak demand. Wage flexibility with bonuses of up to 30 percent of total wages is a major source of flexibility for the enterprise. Most important is the functional flexibility achieved by training workers in the enterprise with union cooperation to perform different jobs.

In North America, adjustment is handled differently. Employers are free to dismiss workers in response to diminishing demand or changing technology and skill requirements. Although collective bargaining agreements may call for negotiation and more involvement of the employer, the responsibility for adjustment falls heavily on the worker. The State provides a safety net in the form of unemployment insurance, paid for by employer premiums, but whose incidence, research suggests, rests largely on workers. The coverage of this net is incomplete. In the United States, as many as half of unemployed workers are ineligible for unemployment insurance. Government programs to increase the productivity and employability of the unemployed are limited by comparison with those in Western Europe. Adjustment occurs largely outside the enterprise.

A balance between Japan and North America is found in Western Europe where the State plays a larger role with employers in managing the cost of adjustment. Less responsibility rests on
the worker. Although there is considerable variation in policies within Europe, governments tend to be more actively involved than the United States in labor market programs to improve the productivity of the unemployed, reduce frictional unemployment, and provide incomes security. The United States and Japan spend less than one percent of their GDP on these programs, whereas other OECD countries in Western Europe spend from one-and-a-half percent in Norway to over five percent in Denmark. The approach in Western Europe to ensuring flexibility in the economy assigns a larger responsibility to the state than to enterprises or workers.

D. Conclusions

Market-oriented reforms and the transition to a market economy in Central and Eastern Europe and the former Soviet Union have initially produced falling output, employment, and real wages. Layoffs and open unemployment have emerged after a period of hidden unemployment represented by shortened hours of work, extended vacations and unpaid leaves, and idle workers. The unemployment observed is attributable to falling output, structural changes in employment, and the normal operation of a dynamic market economy attempting to balance labor demand and supply. In the long-run, these are positive outcomes as labor moves from less productive to more productive employment. Economies in transition will need to introduce new statistical systems and concepts to monitor these changes and devise appropriate economic and social policies to treat the emerging unemployment and facilitate labor mobility.

Changes in wage determination will be at the center of reforms in socialist labor markets. Wages need to be linked more closely to productivity and assume a larger responsibility for allocative efficiency and a smaller role in incomes redistribution. This will create demands for a new system
of industrial relations and labor-management relations. New institutions offering income security to the unemployed and protecting the poor will be needed to replace the safety net function of labor markets in socialist economies. The delivery of basic services and benefits such as schooling and housing will have to be uncoupled from the job contract in order for labor markets to function effectively in allocating labor to its most productive uses. The benefits of these changes will be found in accelerated economic growth, employment, and wages.

Managing the cost of unemployment in the transition will be important to the political sustainability of economic reforms in socialist economies. Effective strategies will be required to re-train displaced workers, provide employment services and labor market information facilitating labor mobility, and encourage employment creation. Rigid pre-employment training systems focused on entry level skills will have to give way to more flexible, demand-driven systems that are concerned with the recurrent re-skilling of workers enabling them to adapt to new technologies in the workplace (Middleton, Ziderman, and Adams, 1993). Deciding who will bear the cost of implementing these strategies is a decision each socialist economy will have to make as it introduces market-oriented reforms.
Table 1: Industrial Production, Employment, Wages and Unemployment in Selected Transitional Economies

<table>
<thead>
<tr>
<th></th>
<th>Bulgaria</th>
<th>CSFR</th>
<th>Hungary</th>
<th>Poland</th>
<th>Romania</th>
<th>Estonia</th>
<th>Lithuania</th>
<th>Latvia</th>
<th>Russia</th>
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<tbody>
<tr>
<td>1. Industrial Production (% changes from previous year)</td>
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<td>1989</td>
<td>-1.1</td>
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<td>-0.5</td>
<td>-2.1</td>
<td>3.3</td>
<td>1.1</td>
<td>5.7</td>
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<tr>
<td>1990</td>
<td>-16.8</td>
<td>-3.7</td>
<td>-9.2</td>
<td>-24.2</td>
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<td>-8.1</td>
<td>-6.9</td>
<td>-3.5</td>
<td>0.4</td>
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<tr>
<td>1991</td>
<td>-27.5</td>
<td>-23.0</td>
<td>-21.5</td>
<td>-14.2</td>
<td>-22.0</td>
<td>-10.0</td>
<td>-15.0</td>
<td>-8.3</td>
<td>-90</td>
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<td>1992</td>
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<td>2. Employment (% changes from previous year)</td>
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<tr>
<td>1989</td>
<td>0.2</td>
<td>0.3</td>
<td>-4.0</td>
<td>-1.4</td>
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<td>-0.8</td>
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<td>-16.5</td>
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<td>0.4</td>
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<td>-11</td>
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<td>3. Real Wages (% changes from previous year)</td>
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<td>1989</td>
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<td>-</td>
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<td>1992</td>
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<td>4. Unemployment Rate</td>
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Note: For Bulgaria, CSFR, Hungary, Poland and Romania the figures in 1 refer to industrial production, for the other countries they refer to GDP.
Sources: Various Government and World Bank Data.
References


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