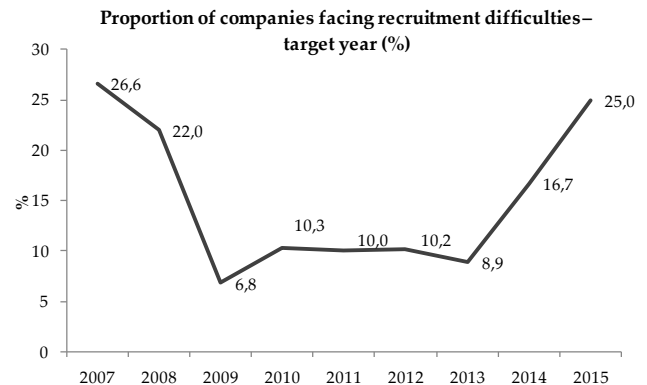


In the autumn of 2015 the most recent survey of the Short-Term Labour Market Forecast was conducted by the Ministry of National Economy and the IEER. In the research 7,112 company managers were interviewed about their current and expected demand for labour. The following brief summary shows the change in the proportion of companies experiencing recruitment difficulties and the changes in various types of labour recruitment difficulties. Finally, we also present how the recruitment difficulties vary in different company groups.

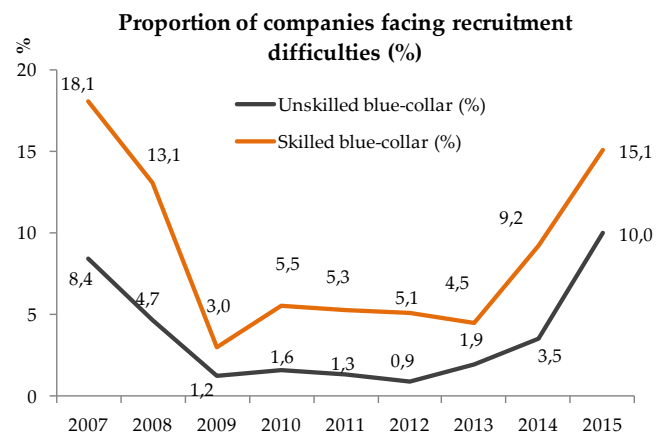
Experiences over the past few years

In 2009 as a result of the economic crisis and subsequent redundancies a significant decline occurred in the rate of companies experiencing recruitment difficulties, but from 2010 to 2013 this rate was essentially stagnant. Between 2010 and 2012, 10 percent of companies reported their ability to fill certain positions as problematic, and in 2013 this rate was 9 percent. However, in 2014 we experienced a significant growth, with 17 percent of companies reporting recruitment difficulties. This latter trend continued in 2015 and now a quarter of the companies surveyed struggled with recruitment difficulties.



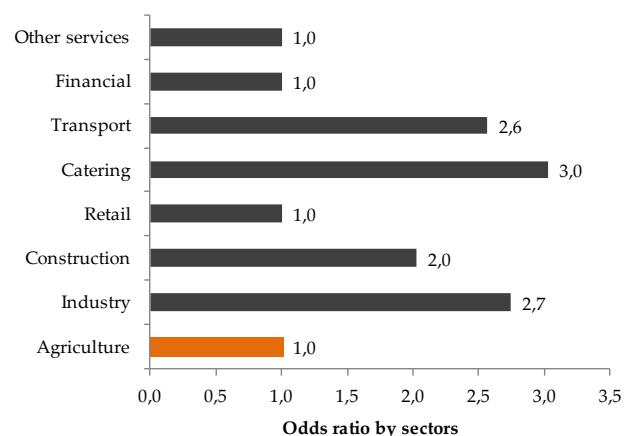
Recruitment difficulties by labour types

Between 2010 and 2013, due to the economic crisis, the proportion of companies experiencing recruitment difficulties decreased for all occupational groups investigated. In 2014, by contrast, each occupational group had about twice as many companies with perceived recruiting problems. In 2015, the largest proportion of recruitment problems faced by companies emerged concerning skilled blue-collar labour force (15%), while the smallest proportion was for manual jobs requiring primary and secondary education (2%). It can be observed that for both physical and manual jobs this ratio is higher for more skilled positions.



Recruitment difficulties in certain corporate groups

Different groups of companies do not encounter the same difficulties in recruiting. We can find significant differences by sectors. The odds of encountering recruitment difficulties at companies operating in the fields of industry, construction, catering and transport is twice as big compared to agricultural companies.



Macroeconomic trends: The monetary policy of the USA and the EU – a response to the crisis

Every currency zone and all monetary and fiscal policies faced an extraordinary task in the wake of the financial crisis in 2008 which started in the United States. The US monetary authorities (the Fed) and the European Central Bank (ECB) gave very different answers to this situation. The reason of this, on one hand, is that the seriousness of the problem was assessed disparately and, on the other hand, the divergence in the playing fields set by the regulatory framework. The time since the onset of the crisis was enough for the results in these radically dissimilar solution trials to become visible. In view of this, however, what has become an even more important issue is how the ECB reacts to the Fed's interest rate raise in December 2015, which was unprecedented since 2006.

The pre-crisis period

The period between 2002 and 2004 was characterized by a relatively low interest rate environment in the US which was available on favorable terms -- be it consumer loan, real estate investment loan, or a loan financing any kind of investments. Under these conditions, along with appropriate government propaganda, it led to an enormous increase in mortgages, which was subsequently followed by an increase in housing prices. In a relatively short period of time the population took on a high level of personal debt.

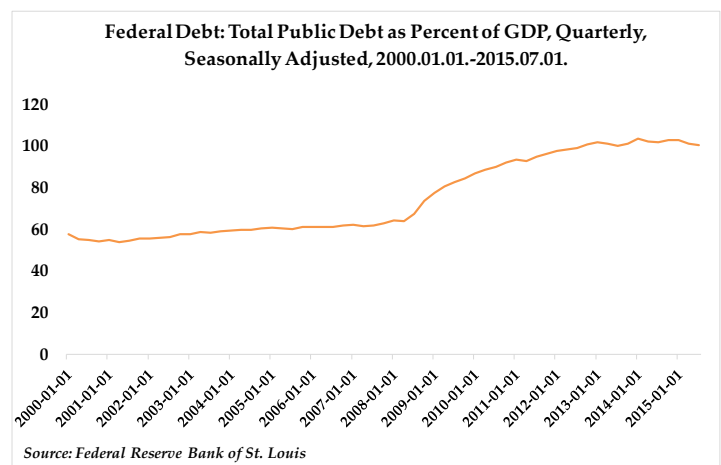
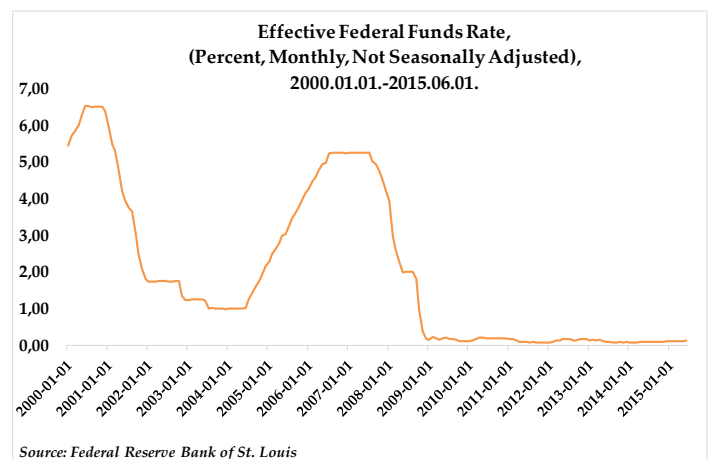
In 2004, the Fed – and the ECB – began to increase interest rates, which was a response to curb excess demand brought about by the low interest rate environment. In a very short time – by mid-2006 – the Fed raised interest rates from the previous 1 percent to 5.25 percent (for the ECB's it was 4.25 percent from 2 percent), resulting in a substantial number of property defaulted loans.

In addition, the lending laxity and incorrect pricing of risk created an obscure state, which later escalated into a crisis.

Crisis intervention and monetary policy in the US

The US responded rapidly to the crisis; moreover, they employed tools that were unimaginable previously. The primary concern was to prevent the total collapse of the financial system, so the Fed has guaranteed tremendous liquidity and recapitalized the whole system; in fact, the central bank assumed fiscal policy tasks. An extraordinary political consensus dominated; measures were taken which altered the entire budget. The increase in public debt did not set a barrier; the national debt increased from below 60 percent to above 80 percent within two years.

In addition, other devices have been tampered with: interest rates were brought down to the lowest possible level in the hope of stabilization that has affected the rest of the world as well.



Monetary policy and the ECB

Europe rather expected a short course emergency and not a global-scale crisis, for this reason it reacted to events much later. Although the Fed started already at the end of 2007 to reduce interest rates, the ECB still waited. The first cut of the interest rate was in October 2008, but at a radical pace, which reduced the interest rate to 1 percent in less than a year.

Another reason for the delayed reaction is that the monetary policy regulation of the European Union provided an extremely narrow latitude for the treatment of a crisis of this magnitude, so they had no other device than austerity crisis management.

Interestingly, however, despite these constraints the US financial markets are in a much more balanced state today than what is observed in the EU.

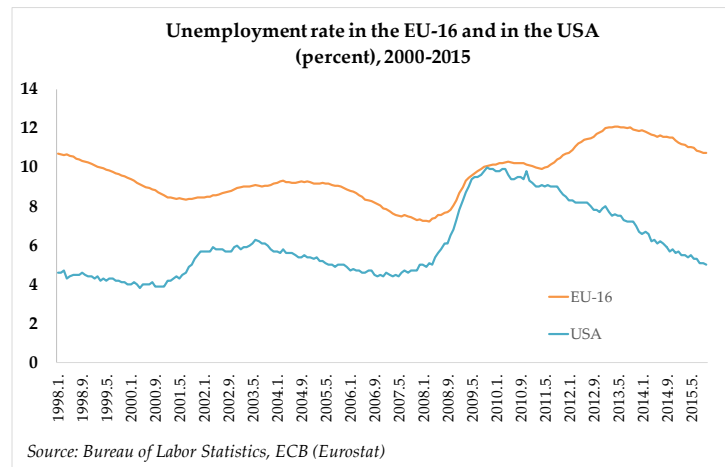
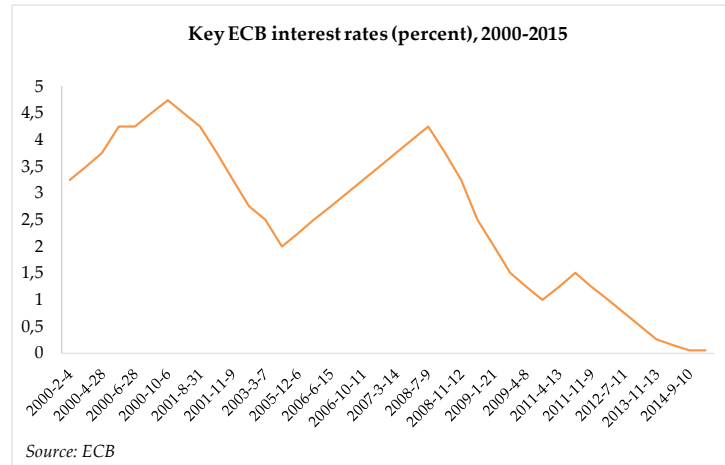
What's left after the crisis?

An important element of the US crisis management was the purpose that unemployment should not rise significantly, but despite the measures the number of unemployed doubled in the US during the crisis. Nonetheless, the US unemployment rate has not reached the level that was observed in the euro zone countries, as the unemployment rate in the US had been continually lower in the previous period.

The real result of the crisis management seems to be apparent in the post-crisis period. In the US the unemployment rate began to decline by the end of 2011, that has continued ever since, now reaching pre-crisis levels. In contrast, the EU showed a rise in unemployment in 2012, surpassing 10 percent.

Which way forward?

One of the most striking elements of crisis management was keeping US interest rates low. This trend was broken on December 17, 2015, with a 25-basis-point increase by the Fed. The question now is that which new direction will the global economy take with this decision and how the EU can adapt to it.



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 USA data:

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2. <https://research.stlouisfed.org/fred2/series/GFDEGDQ188S>

ECB interest rate data:

<https://sdw.ecb.europa.eu/browse.do?node=2018801>

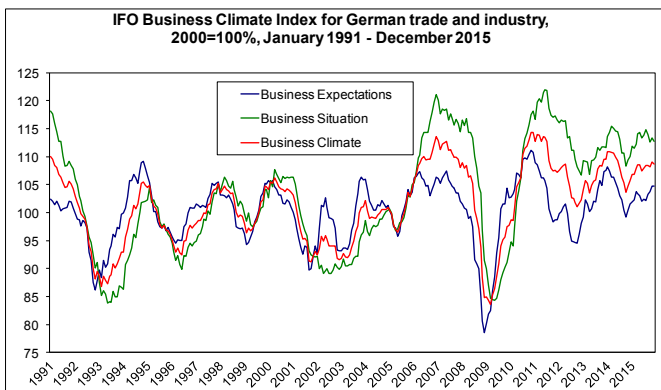
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1. <http://data.bls.gov/timeseries/LNS14000000>
2. http://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=132.ST.M.I8.S.UNEH.RTT000.4.000

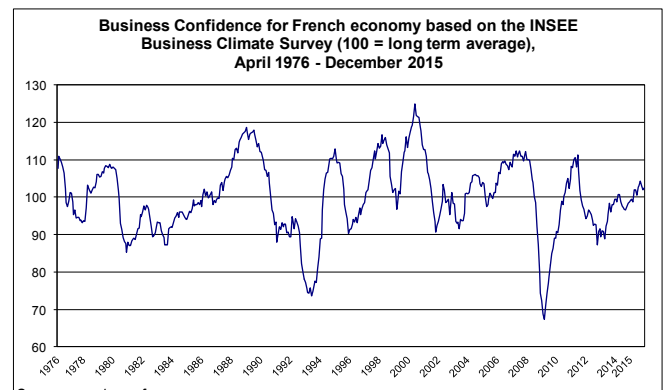
International trends

The Ifo Business Climate Index for industry and trade in Germany in December 2015 decreased to 108.7 points from 109.0 points in November 2015. The assessment of the current business environment is slightly less favourable than in the previous month. The outlook for the expected business situation did not change compared to the previous month. The gap between the current business situation and the expected developments, as calculated by the IEER Index of Asynchrony, increased in December. (Source: Ifo, <http://www.cesifo-group.de>)

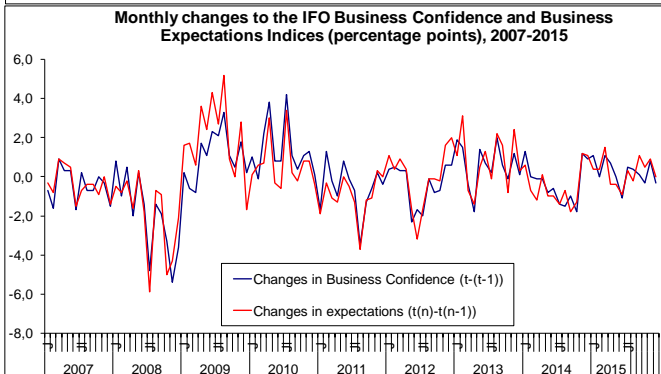
According to the French statistical office (INSEE) survey of December 2015, executives surveyed were of the opinion that the situation of French industrial activity is stable. The INSEE business confidence index increased by 1 point, the value is above its long-term average (100). The turning point indicator stagnated, thus it is still indicating an uncertain short-term economic situation. Corporate executives are more optimistic on their personal production expectations: the corresponding balance increased by 7 points compared to the previous month. The general outlook index – which reflects the sum of opinions on the industrial activity of respondents – decreased in December. (Source: INSEE, <http://www.insee.fr>)



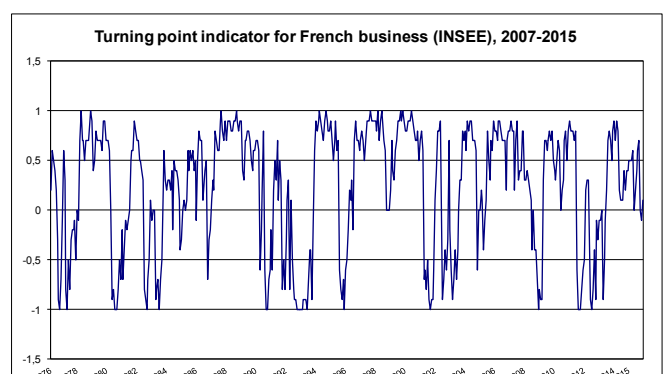
Source: www.cesifo.de



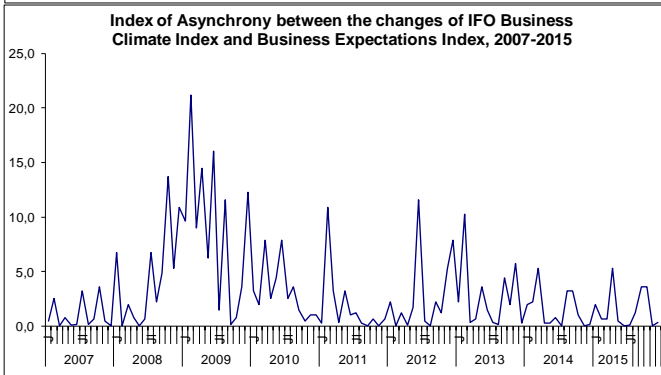
Source: www.insee.fr



Source: calculations based on <http://www.cesifo.de>



Source: www.insee.fr



Source: calculations based on <http://www.cesifo.de/>

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