

EU AND LABOUR MARKET



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WHAT IS THE LABOR MARKET?

- *The labor market, also known as the job market, refers to the supply and demand for labor in which employees provide the supply and employers the demand. It is a major component of any economy and is intricately tied in with markets for capital, goods, and services.*



KEY TAKEAWAYS

- *The labor market has to do with supply and demand for labor, with employees providing the supply and employers the demand.*
- *The labor market should be viewed at both the macroeconomic and microeconomic levels.*
- *Unemployment rates and labor productivity rates are two important macroeconomic gauges.*
- *Individual wages and number of hours worked are two important microeconomic gauges.*



LABOUR MARKET DATA

- *Labour market data comprise a key set of indicators for the assessment of the cyclical situation and for macroeconomic and social policy making. Both the unemployment and labour cost indices play an essential role in the compilation of key indicators for the analysis of long-term economic equilibria and the movements around it, e.g. through the Beveridge curve*



LABOUR MARKET AND WAGE DEVELOPMENTS IN EUROPE



- *The European Commission has published the 2019 edition of the report "Labour Market and Wage Developments in Europe" confirming that the European labour market has so far proven to be resilient to the weakening of the economy.*

LABOUR MARKET DEVELOPMENTS AND REFORMS

- *Studying labour markets is important because they are vital to the competitiveness of the EU economy, today and in the future.*
- *The Directorate General for Economic and Financial Affairs undertakes periodic, general reviews of the labour market across the EU. These focus on the main labour market indicators and also on other aspects according to specific requests/needs.*



THE FOCUS IS ON:

- *labour-market issues including wages, labour taxation and financial incentives to work (tax and benefit systems)*
- *labour-market reforms, particularly assessment of the overall impact of reforms on macroeconomic performance. For example, their impact on adjustment capacity, and their likely contribution to raising labour utilisation and improving economic resilience*



TAX AND BENEFIT SYSTEMS

- *The functioning of labour markets, and taxation and benefit systems are major aspects of economic policy. Globalisation, the increasing mobility of factors such as capital and goods, ageing populations and the financing of welfare systems, set new challenges for these policies.*
- *The European Commission analyses tax and benefit systems from the point of view of how they contribute to economic growth and higher employment, while safeguarding fair social protection.*



THE ANALYSES AND STUDIES ON TAX AND BENEFIT SYSTEMS COVER SEVERAL IMPORTANT AREAS, SUCH AS:



- *the effects of taxes and benefits on household incomes for different types of households at different earnings levels, as well as incentive structures in tax and benefit systems, including benefit duration, eligibility for benefits and availability for jobs*
- *micro-simulation models to analyse the effects of fiscal and social policy instruments*
- *recent trends in the levels and structure of tax revenues and benefit expenditures*
- *main features and effects of Member State reforms in labour, capital and consumption taxation*
- *challenges from an ageing population and globalisation*