

THE LABOUR MARKET IN EU

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Abstract: The number of the EU population is around 500 million inhabitants in 2010. One of the main dreams of the European integration is to create a unified labor market but this hope proved to be difficult to come true. The integration from 2004 and 2007 of a large group of countries, 10 and 2 states which became members of the European Union raises new problems from the point of view of the single labor market. Most of the newly integrated countries are former command economies which are now working as market economies, with labor markets characterized by low salaries and a higher degree of social insecurity.

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1. Introduction

In the last twenty years, **the active population** in Europe of the 27 has registered a continuous reduction, which can be explained by two causes: **the ageing of the European population** due to the fact that the number of persons which are out of the active age category (64 years) is increasing, while the number of persons entering this category (starting with 15 years old) is decreasing: **the decrease of the occupation degree of the labor force** determined by the restructuring of many activities under the influence of the market demand and technical progress.

The number of retired persons in Europe compared to the one financing their pensions is going to double by 2060. In order to face this challenge, the balance between the period of time spent in activity and the retirement should be carefully examined. Therefore, in 2008 the ration between the active population (15-64 years old) and the EU citizens of at least 65 years was of four to one, but up to 2060 this ratio will decrease to two to one.

The pyramid of the EU population clearly indicates a significant growth of the birth rate immediately after the end of the second World War, marking the beginning of the "baby boom" period. According to a scenario which takes into consideration the potential growth of the immigration and birth rates, starting with 2012 the active population is going to decrease while the population above 60 years old will continue to grow. This perspective does not take into account the real and potential contribution of the elderly – and especially of the "baby bood" generation. In consequence an essential way of approaching the challenges related to the demographic and preservation ageing of the solidarity between generations is to maintain the "baby boom" generation of the labour market for a longer period of time and to make this generation stay as healthy, active and autonomous as possible.

After a gradual growth between 2002 and 2008 from 62.4% to 65.95%, the occupation rate (15-64 years old) went down in EU to 64% in 2009. Romania is on the last places in EU (24 of 27), having an occupation rate of the population of 58.6% in 2009. The position of Romania is better than the position of the following states: Italy (57.5%), Hungary (55.4%) and Malta (54.9%). The best positioned states were: the Netherlands (77%), Denmark (75.7%), Sweden (72.2%), Austria (71.6%), and Germany (70.9%).

A special feature of EU is the different evolution of the long term occupation for men and women. While the degree of masculine occupation is permanently decreasing, the one of the feminine population is growing. In the case of men, the decrease of the employment is due to the long time of schooling especially due to the growth of the retirement age. The same effects are felt in the case of women but they are dominated by the fact that a higher number of women between 24 and 54 are actively employed.

The employment rate of the women after a continuous growth up to 59.1% in 2008 went down for the first time in 2009, reaching 58,6%. It remained lower than the employment rate of the men, with 12.1 percentage points. Romania: the 23rd place in EU-27 regarding women employment rate. The states towards which Romania was better situated were: Malta (37.7%), Italy (46.4%), Greece (48.9%) and Hungary (49.9%). The best positioned EU states were: Denmark (73.1%), the Netherlands (71.5%), Sweden (70.2%) and Finland (67.9%).- in all member states, the men employment rate was higher than the women employment rate except for Latvia and Lithuania where the differences were very small.

2. Objectives

The European employment strategy and the national one are focused on making the labor market more flexible and on sustaining the employment processes, anticipating the movement of the economic body and of its different components (markets), with mechanisms as education professional development, reconversion, and human development. The competence, quality and performance are development and evolution parameters of the remuneration, as well as of overcoming the salary rigidity of the labor market.

3. Methodology

The study is based on an analytical process capable of identifying the necessary instruments within the social- economic analysis, including the realization of a pattern which will allow collecting and processing the statistic data in a systematic manner. The resulted pattern will help the accurate interpretation and analysis of the risk factors or with increase potential which are foreseen to take place in the next period.

4. Analyses

The main characteristics of the labor market in the European Union are:

Workforce contraction, which refers to the late entrance of the young people of the labor market and to the high number of the persons taking advantage of anticipated pensions, although the retirement age has grown;

Regional disparities in the employment rate, due to the fact unemployment is reduced in the large cities (under 3%), but it affects rural areas. In EU there are regions where employment is reduced: Germany, the Netherlands, and South of England,

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Austria and the Northern of Italy and regions where unemployment is very high: Finland, Ireland, Spain, South of France, South of Italy. The richest regions in EU 27 are 9 times wealthier than the poorest regions for the new member states.

Fiscal pressure on the employees, which determined a high average of the persons employed in the underground economy (between 20 and 40 % for the new member states).

The growth of the long term unemployment, cyclic growth which corresponds to the different period of variation of using the labor force according to the fluctuation of the economic activity;

Rigidity and disparities among the different national markets of the labor market: *minimum salaries and un-harmonized salaries* in Great Britain while in France the minimum salary is regulated and represents 50% of the average salary; *very different rules regarding the unemployment aid and its level*, a high level in Greece and Italy and a reduced one in Germany and France.

European unemployment is a *structural unemployment* which depends on the process of developing and creating the salaries on the labor market. The real salaries are negotiated between the trade unions of the owners and one of the employees and according to the situation on the labor market (employment rate) and taking into account the anticipated evolution of the prices.

The economic analysis of the employment and of the policies of using the labor force needs pointing out the ***causes generating unemployment***.

1. The incompatibility between the qualifications available on the labor market and the ones requested by enterprises which generate structural unemployment. From this perspective, the countries where the workforce is not prepared or qualified have higher unemployment rates.

2. ***the differences between the social cost and the private cost of the workforce and the different taxation degree*** (through the social insurance system) existing on the level of the member states explains the discrepancies between the national unemployment rates.

3. ***the institutional factors and the population migration*** can explain the persistence of some strong differences between the European unemployment rates. Even if in Community Europe the free movement of labor force was legitimated by different Treaties, the population flows inside EU are reduced, and only 2% of the population (almost 9 million people) have a different nationality than the one of the country where they are residents.

In 2007, 18.5 million immigrants from the non-community countries were settled in the 27 EU countries, representing 4% of the total of population. It has been assessed that 4,5 million people are living illegally on the territory of.....

The challenges of the European migration are given by the: linguistic barriers; high cost of the residences in the most dynamic regions which can limit or diminish the advantage of the high salaries; the non-harmonization of the regulations regarding diplomas and qualifications in EU; the non-correlation between the structure of the job offers on qualifications from the point of view of geographic distribution of the active employed population and the structure of the demand for certain types of jobs, which can explain a paradox of EU: there are regions which are confronted with a lack of workforce, while others which are confronted with a high degree of unemployment.

4. the significant degradation of the situation of the working places can be explained through the European restrictive economic policies. In this period the interest

rates have grown a lot in Europe which affected the investment process and putting into practice the regulations of the Maastricht Treaty forced the European country to practice restrictive budgetary policies.

5. a high level of the EU unemployment rate is explained through the restrictions imposed by the European economic policies in order *to fulfill the fixed criteria through the Treaty regarding the creation of the Economic and Monetary Union.*

The European Parliament showed that in the current economic conditions which EU is going through one should:

Essential objectives of the European Union and of the member states regarding the employment policy of the workforce should be the following: keeping more viable working places due to the decrease of the short term demand; supporting the creation of new working places; sustaining the purchasing power of the unemployed, and their fast reinsertion of the labor market.

Coordinated investments of the member states in order to carry out the five essential Lisbon objectives – *research, education, active policies on the labor market, child care and stimulating private investments* - should represent an essential element for children and should be considered one of the conditions for the improvement of the participations especially of the women on the labor market.

One should take into account the requirements regarding the promotion of a high level of the labor force, offering a corresponding social protection, fighting against social exclusion, as well as the requirements regarding a high level of education, professional development and human health protection.

Fighting against discrimination on gender, race or ethnicity, religion or faith, handicap, age or sexual orientation ;

Underlines the importance of the actions oriented towards the vulnerable groups in the periods where a high unemployment rate is registered and especially of the actions for the unemployed and immigrants;

Considers that the next reform of the EU structural funds should be focused on creating sustainable, high quality jobs;

Underlines moreover the importance of the education, not only to increase the chances of the workers to get a job but also their mobility, which is important for the good functioning of the internal market; underlines the importance of validating the formal and non-formal aptitudes.

The black labor continues to be a problem in the member states of the European Union. The underground economy undermines the funding of the social security systems, impedes the development of some coherent economic policies and may lead to social dumping. The black labor is practiced especially by the states from the Eastern Europe. In EU-27 5% of the employees admit they have received "envelope salaries" varying from 3% in most of the member states up to 10% in some of the states in Central and Eastern Europe. Most of these workers are students, unemployed and authorized natural persons and the fields using these policies are constructions and domestic services.

Among the traditional causes of the black labor there are high level of taxes and social contributions, as well as the complicated administrative procedures which are to be followed in the legal employment. But, newly there is the tendency to sub-contracting and false business. At the same time in some member states the transition regulations for the workers in the new EU member states have increasingly used the

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black labor. The situation is different from one state to another.

The concrete proposals of the Commission on the report of the black market are the following:

The larger reduction of the social contributions and bureaucratic procedures, principles which are mentioned in the Lisbon Strategy for growth and development of the working places

Member states should revise the traditional regulations regarding the labor legislation, because most of them limit the mobility of the workers in the new member states;

Facilitating the good practices system, systematization of the evaluation of the policies in this field and studying the situation of the black labor market;

Member states are invited to consider the possibility of a European cooperation platform between the labor inspectorates and other agencies from the field.

Active involvement of the workers and representatives of the employees in the fight against this practice;

The Lisbon agenda has become known through the objective which it follows, the transformation of the European economy in the most competitive and dynamic economy based on knowledge, which is able of economic growth, with more and better working places and an increased social cohesion. In order to reach up to 2010, this objective (as the member states proposed in 2000), the EU countries should coordinate their efforts in order to obtain not only a radical transformation of the economy but also the adoption of an ambitious program of modernization of the social and educational system.

The Bologna process has gradually increased from 29 states in 1999 to 46 in present. This expansion denotes the fact that the European countries have acknowledged that the national education systems are confronted with internal and external challenges related to the growth and diversification of the university curricula, the possibilities of employing the graduates, the lack of clarifications in key fields and the development of private education institutions and of the transnational education. The affiliation of the countries to the Bologna Process makes possible fining some unitary instruments and solutions which could help at solving these problems and to meet the objectives of the Lisbon Agenda.

Taking into account the fact that the Bologna process is focused only on higher education, after adopting the Lisbon Agenda it became clear that one should have taken measure in the field of professional development and lifelong learning. In consequence, in 2002 the Copenhagen process was launched with the purpose of strengthening the quality and the attractiveness of the professional development and to promote mobility around students and graduates from the professional development area.

In 2002, in order to integrate the previous actions in the field of education and formation on a European level (including the Copenhagen process) as well as the actions carried out by the European Council from Barcelona, they have adopted a working program "***Education and formation 2010***" (Barcelona).

The working program identifies three strategic objectives:

Improving the quality and efficiency of the European education and formation systems;

Improving the access to education and training ;

Opening the education and training system to the whole world;

In order to support the development of education (be it university or professional development), the better integration on the labor market of the European citizens from the European Union has created a series of instruments and we mention: The European Qualification Framework for Lifelong Learning (with the purpose of interconnecting national qualification systems or applying for studies in another European state), [Europass](#) (help to understand and acknowledge the qualifications and competences all around Europe) European Credit Transfer and Accumulation System (creates a common base for the formal recognition of the study periods).

Moreover, for the period 2007-2013, the European Commission has integrated its initiatives in the field of education and development under the umbrella of a single program for Lifelong Learning. This program gives the possibility of the European citizens irrespective of their age to benefit from learning opportunities all around Europe. The program has more components: four sub-programs – Comenius (for schools), Erasmus (for higher education), a transversal program in order to provide the best results and the program Jean Monnet, meant to sustain activities related to the European integration and the European institutions and organizations in the field of education.

5. Conclusions

EC indicates a series of "so-called" measures which can be taken by the Member States for the support of the economic activity. On the whole, the EU member states have focused on maintaining the number of employees through policies which follow:

The support of the economic activities which are viable but which have difficulties in accessing **funds by facilitating the access to capital**. The accent was put on industries which have been strongly affected by the crisis, as the sector of the car manufacturing where many governments have operated a financing scheme of purchasing new cars. Other measures were focused on the fast acceleration of the degree of amortization of the invested capital (the Czech Republic) or releasing funds from the state by employees in order for them to cover a fraction of the staff expenses.

Professional training and reconversion programs. The measures may vary according to their objective. In France the accent was on professional reconversion while in Lithuania the companies were encouraged to keep their employees.

The accent on measures meant to reduce the expenses of the companies before the effective redundancies of their employees. Among these one points out the technical unemployment or reductions in the payment of the social contributions.

Expansion of the unemployment aid and encouraging the part - time labor activities. Austria for example has increased the period for part-time labor from a year to two and Germany has granted incentives in the case of reduction of the number of labor.

Targeted measures destined for the support of the ones from the category of the small incomes as **subventions for energy bills**. Generally these tend to be focused on the directions mentioned above and the ability of the government to finance these measures.

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