

# European union and unemployment economics essay



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Unemployment is a complex social and economic phenomenon and evolved to such an extent that many are talking about a mass unemployment and should become one of the greatest social evils of the 21st century. The estimate for the size of unemployment is pessimistic by many researchers. The J. Rifkin (1995) provides that in future nothing will be reminiscent of the current labor market conditions. Great contribution to the swelling problem of unemployment are structural factors experienced by modern societies, such as the transition to a postindustrial society, the globalization of the economy and the use of new technology. A fundamental aspect of international developments is the rapid tertiarisation the world economy, namely the transition to post-industrial society. In the transition to the dominance of services, internationalization and development such as promotional sectors of development for major structural changes in their economy and possibly lower employment.

Those who consider it an important factor in determining regional employment the global trend of internationalization of the economy, argue that the development of internal markets, liberalization of international trade, the continuing expansion of supranational organizations, etc., giving new roles in the regions of the world with uncontrollable consequences on employment. This trend is expected to benefit more the already developed areas, which are able to adapt quickly to new circumstances. Technological changes contribute to drastic changes in productive sectors so far led to the development. Businesses who want to escape from the crisis to apply new technologies in the production process and are seeking new products and markets. This process leads to the abandonment of fixed production

coefficients used in the past, as well as the areas were established. This policy results in a constant process of resettlement, ie leaving an area, thereby enhancing long-term structural unemployment form, which affected mainly young people, women and those who are disadvantaged educational.

It also appears that traditional employment policies at EU level and in individual countries do not perform. As found in Greek literature, “unemployment is rising, incomes expand without the capital to improve or while production and employment, nor even less the competitiveness of European financial systems». The actions have been limited to mere training of the unemployed or any isolated act and not directed towards a comprehensive employment program. Often applied “fire” and not rational solutions to increase employment, but does not solve the unemployment problem, but rather the more obscure. For example, flexible work (private law contracts of limited duration, part-time, etc.) do not contribute significantly to reducing the problem, if after the expiry contract people return to being unemployed and if no incentives to employees to reduce their schedule or take early retirement.

Furthermore, current legislation, which ensures high compensation for people made redundant operations, has contributed to reduced recruitment. If, for example, increase the production of a business and needs more manpower, not hire new employees, but those already employed in the business working overtime. In this way the companies do not manage to grow their workforce, while not spending additional resources for training new staff. Meanwhile, EU countries have significant resources in

unemployment, leading to the unemployed, taking this allowance, not

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wanting to find employment. This practice increases the rates of inactivity and also removes the ability of these countries to invest this money to businesses or agencies and to increase jobs. To identify the determinants of the phenomenon in today's circumstances, which seem to differentiate affected by the current economic and affected by the current economic and social life in Europe requires, first, an objective measurement of the magnitude of unemployment and creation of similar areas to facilitate and support a more effective policy. Within these needs, this research aims to investigate the relationship between community unemployment and national unemployment levels and to identify groups of countries which do not react or react very strongly to the Community unemployment trends, which are significantly influenced by them. The method also allows identification of groups of country, where unemployment is moving independently of the community trends. Additional objective research is to investigate the homogeneity of the countries in each group in size, political influence or geographically remote from the Community decision-makers.

Unemployment is a complex social and economic phenomenon and its interpretation requires specialized statistical and qualitative analysis. The complexity involved is greater when the spatial factor, since areas (countries, regions, etc.) not easily adapted in each time new international conditions are most affected. Unemployment among the member states differ from the total of the European Union and shows different trends. The unemployment rate moves in three levels in the European Union. A group of countries have low unemployment (especially Old Country Northern and Central Europe and some new ones such as Malta, Cyprus, Estonia, Slovenia)

and a second between the Community level (New Countries, Old Southern Europe, the powerful countries of Germany and France). At very high levels driven by two new countries, Poland (17.5%) and Slovakia (16.3%) and August 2005. It should be noted that seven of the ten new EU countries, unemployment and significantly de-escalating rapidly, showing a significant effect of EU employment policies. The strong / developed countries of the European Union, unemployment is moving completely independently of the EU (UK, France, Sweden) or the last little effect on the national scale (Germany, Netherlands). Little impact has the EU unemployment and the size of Portugal and Slovenia, probably for different reasons. In other new countries, as in the old countries of Central and Southern Europe, the volatility of unemployment is interpreted for the most part, by Community Size. In the latter group, six new countries, including Greece, Spain, Luxembourg, Finland, etc. react very strongly to changes in community. Large accumulations of unemployed in relation to the average Community level are the least powerful countries of Central Europe (Luxembourg, Austria, Belgium, Hungary, and Cyprus).

Furthermore, there is that the economies of individual countries vary widely between them. Possible causes include the ability to internalize the institutions of the European Union by the citizens of each country, the negotiation of wages and measures taken against unemployment. On the one hand there is the perception that stability and tough legislation regarding professional rights, encouraging employees, while the other believed that tough laws and institutions that are stable, work against flexibility. There is, however, that countries with higher levels of employment

are those with better institutions, but those who respond more readily to changes. The differences between countries in performance of the economy and the potential impact on employment resulting from the degree they have achieved the main objectives set by the EU and who should implement member countries by 2010 . These objectives are: the overall employment rate should reach 70%, the percentage of women employed in 60% and the employment of 55 to 64 to 50%. By the year 2005 three countries (Denmark, Sweden and the UK) have managed to make all three goals. These serve as individual countries towards these goals is largely compatible with the analysis result of this application. The countries have a total employment of over 70% are Denmark, the Netherlands, Sweden and the United Kingdom, followed by Spain, Belgium, Greece, Slovakia, Bulgaria, Romania, Hungary, Italy, Malta and Poland with a total employment rate between 60% and 70%. Lower employment rates, with a very large margin, are Romania and Poland. Female employment stands at 60% for Sweden, Denmark, Holland, Finland, Britain, Austria, Portugal and Cyprus. By contrast, countries that have a female employment rate below 50% are Bulgaria, Spain, Poland, Greece, Italy and Malta, while the rest are between 50% and 60%. The third goal they have managed to put Sweden, Denmark, Britain, Estonia, Portugal and Cyprus, while remaining Luxembourg, Hungary, Belgium, Poland, Slovakia and Slovenia, which have an employment rate of workers 55 to 64 lower than 30%. It should be noted that there is an employment rate due to the economy. Although the informal sector provides jobs, can not be recorded and counted in the employment rate, but it is possible to measure the rate of about economy. The country, which has the smallest shadow economy are Austria, 9. 8% of gross national product, while the majority presents Greece <https://assignbuster.com/european-union-and-unemployment-economics-essay/>

with 28.1% and Italy with 27.9%. The differences between national trends in unemployment and employment, leading to differences in policies should be implemented to address the specific problems of individual member states. One issue that should focus the analysis and policy are migration flows from new countries, which may reinforce the trend towards higher unemployment in the old countries, as in Central Europe. Should be investigated, ie the size of the influx of immigrants to those countries carried out after the expansion from neighboring new EU countries, which exacerbates the problem of unemployment, as found by this analysis. The importance of such flows between Poland and Germany and generally in the central European area identified in several studies. Moreover, the policies of the European Union and member countries should focus on the migration process activities within Europe, namely the mobility of labor and capital, and since the introduction of rubberized work, which reduces the transient rates unemployment, which transiently decreases the rate of unemployment, but in fact recycles the problem.

The degree of successful and rapid transition to a service society and the absorption of new technology are also important factors which should emphasize the employment policies. In response to growing international competition could be a qualitative upgrading of the labor market (through education and training) and production. Improving the quality of goods and services in EU countries could be the answer to the extremely low production costs of third world countries, which create major problems in employment in developed countries. A successful example is the Turkish textile industry, which faces competition from imports of cheap Chinese products brought to

market in expensive clothing, a move which increased its exports by 7.5% in first nine months of 2005 (Economic Review, 2005). Moreover, the policy should be geared towards strengthening the economies of member countries through a series of measures to attract FDI, such as reducing tax rates, the stability of the economy, maintaining the legal framework, etc.

Foreign direct investment contributes to economic development in a country, through achieving higher growth and improves the competitiveness of this. Also, the successful models in Sweden and Ireland refer to policies grounded in maintaining the welfare state and the establishment of social peace and must be taken.

Finally, special attention should be given to the objectives set by the European Union, which reflected either in quantitative or qualitative indicators. Occurs, however, a relative difficulty in accurately defining the quantitative and qualitative indicators in order to meet the realities of each member country. For example, if a poor country set who have a monthly income below 600 E is likely in another country, Poland, for example, people with the same income to be considered middle class or even wealthy. It must be carried out further investigations, which combine quantitative and qualitative indicators, and comparative studies will explore the concepts in the light of the comparability of results between countries.