Chapter 5: Labour Markets

Labour market regulation, activity, unemployment, labour migration, minimum wage and wage trends, etc.

Basic Outline

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CONTENTS (DRAFT)

Introduction: subject, scope, structure, etc. (0.5 page)


(3 pages) Demography and impact on labour supply: estimates of labour force developments including migration flows; impact of migration on age structure of labour force; skill composition of migrant vs. domestic labour force

(4 pages) Economic structure and employment: what were the main drivers of the structure of employment? By sectors and skills: developments in manufacturing and services sectors; roles of FIEs, domestic company sector and public sector: do these contribute to segmented labour market developments?

(3 pages) Regional labour market developments and inter-country mobility: regional disparities in unemployment rates, activity rates (by age and skill groups)

(3 pages) The employment rates of the young population (16-25). Gender differences in employment during the life-time (+link with the length of parental leave). Employment rates of older people in retirement.

(5 pages) Discuss major changes in the the labour regulation indicators from WageIndicator Law database:
- Overtime Compensation Rates (%)
- Night work Compensation Rates (%)
- Paid Vacation (days)
- Length of Single Fixed Term Contract (Months)
- Probation/Trial Period (in months)
- Termination Notice Period for Employment Contracts (in weeks)
- Severance Pay (after five years of service)
- % workers with part-time contracts
- % workers teleworking

(5 pages) The income adequacy of low-income households (reference to Chapter 14 on income inequality): The presentation of minimum wage statistics (e.g. MW in PPP per hour, Kaitz index) taken from WSI Minimum Wage Database. The comparison of net and gross MW to illustrate the tax rates of low-income earnings (OECD Taxing wages database). Using Eurostat data illustrate the income situation of two household types: i) One earner without children earning 67% of the average earning; ii) Two-earner couple with two children, one earning 100% and the other 67% of the average earning.

Are household income sufficient to provide for a decent living standard? Who are the workers earning close to MW? Is minimum wage a living wage in 2020? Bring the income adequacy indicators from WageIndicator Living wage database + minimum necessary income reported in EU-SILC data.

(4 pages) The immigration policy in response to the shortage of workers. The inflow of workers by the purpose of immigration (e.g. work, family) and their situation in the labour market (occupation/sector). Distinguish the diversity of immigrant labour by nationality. Use MIPEX index to highlight the major gaps and improvements in integration policies.

Part 2: Effects and aftermaths of the COVID shock (Jan 2020-…) (5 pages)

Immediate changes in the labour market during the COVID-19 pandemic. Comparison of labour market tightness in 2019 and 2020. The prevalence of underemployment (EU-LFS 2020 data will be available in November 2021). Contrast the implementation of policies focused on preserving jobs (short-time work). Show unemployment rates and the use of short-time work by sectors (Eurofound 2020 data). The increase in non-standard forms of work (e.g. telework, part-time employment).

Following up the impact of the Covid crisis on labour market developments along the issues discussed in Part 1: (i) general macro-developments; impact on different sectors of the economy (point to differences across economies, given different sectoral structures of their economies (ii) intra-country regional developments (including impact on vulnerable segments of labour force); social indicators (iii) changes in mobility/migration patterns (e.g. return migration)

In countries with the access to administrative data show the impact of COVID on immigrant workforce (e.g. in Czechia). Termination of working contracts (NACE/ISCO) by immigrant workers (NATIONALITY).
Part 3: Long term prospects, conclusions and recommendations (5 pages)

The reflecting major gaps and formulate long-term perspective. Discuss policy corrections which bring economies to a sustainable growth path and to prevent the middle-income trap.

Detailed assessment of dangers of middle-income trap after Covid-crisis: do EU-NMS require a new growth model? Change in allocation of FDI? How to confront the digitalisation challenge? Is educational/training system in a state to deal with it? Which reforms need to be implemented? What are the implications of longer-term demographic development (ageing, brain drain, brain circulation)? Which policy initiatives have to be taken and are governance structures adequate to develop and execute these? What can be expected from EU policy programs and how do they complement national (and regional) policy initiatives?


Potential overlaps with other chapters (some coordination may be needed):

Chapter 1: Convergence (accession) to the Centre. Sustainable Economic Growth: Potentials and Pitfalls.

Chapter 10: Health and Social Security

Chapter 11: Ageing and Pension Systems

Chapter 14: Inequality and Welfare.