

The Employment Policy in the European Union and in Israel: Comparative Perspective

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Introduction

In almost the entire Western world, the main objective of any theoretical approach is to provide the basis for economic policy that should offer to achieve full employment. The prevailing assumption then was that, like any other product, when there is excess supply or lack of demand for employees, the market will adjust itself mainly through wages. Although wages fell, employment did not improve, unemployment stood at twenty-five percent, and the economy did not return to equilibrium [1].

Economist John Maynard Keynes explained this phenomenon, saying that in a free market with no government involvement there could be permanent unemployment due to a lack of investment. In his view, the way to correct this distortion is government involvement, which will eliminate unemployment - a situation of economic inefficiency that should be eradicated. Keynes therefore gave the seal the view that *laissez faire* (non-governmental) policies and reliance on a market economy would not lead to the failure of the theory and the economy would remain inefficient in the labour market and under-productivity [1,2].

Keynes's gave scientific justification for Roosevelt's New Deal approach in 1933-1936. One of the achievements of this policy was the introduction of unemployment insurance, which reduced the dependence of employees in the labour market. Economic policies derived from Keynesian theory affect market demand during a recession. It is a dominant (fiscal) policy, which uses changes in government spending rates, and tax levies to affect the national output rate.

Keynesian policies are characterized by 'stop-go' circles. The government encourages processes of economic expansion (go) by reducing the tax burden or by increasing public spending. In doing so, it encourages demand.

In the 1960s, it was generally assumed that inflation and unemployment were inversely related. According to the Philips curve, which was based on the Keynesian model, the higher the inflation rate, the smaller the unemployment rate. In a situation of small unemployment there is an increase in inflation, and conversely, when the economy is in recession and the unemployment rate is high, prices are reduced [1].

Description

Acceptable assumptions by economists in the early 1970s were that inequality was hampering the efficiency of human capital utilization in economic growth and entrepreneurship and that 'productivity growth was linked to improving human capital in the absorption process'. The argument

is made that there is a link between the distribution of just revenue and the willingness of individuals to contribute to society, that is, the effects of social justice on a sense of social solidarity.

The Israeli labour market has been flexing for two decades, but it is a continuous, bumpy process, characterized by instability, great tension between employers and employees, repeated disruptions of the public sector, and widespread and improper use of contract workers in various industries. Although the economy is credited with good achievement - an average growth of five percent in recent years, for example - it still suffers from social hardships that must not be ignored: Many workers feel insecure about their future and relatively large sections of the population earn their living or are left out of the workforce.

This situation requires thorough care: Israel must implement comprehensive labour market reform. The proposed reform cannot allow aggressive economic competition to dictate the living conditions of the salaried public, but neither can it pull the market back and force it to centralize and stagnate. To avoid these two unwanted possibilities, the leaders of the economy and its key players need to learn from the experience of other countries, especially the Danish success story, and to create new content for the concept of "job security" - content that meets the current conditions and needs of the national economy in the global age. In order to understand the employment policy that has plagued Europe at the time, the history of European economic development must be examined [3].

In this article, after outlining the outlines of the crises that lie ahead of Europe, the implications of these crises for the relationship between Israel and the Union will be examined. Are there any aspects of the Union's disintegration that serve the Israeli interest, or are they not?

Economic crises and the labour market

The major economic crisis affecting Europe occurred in 2008. The credit crunch, which hit every corner of the globe and was accompanied by an explosion of the real estate bubble, threatened to collapse the world's banking and financial systems.

With the help of those banks and investment houses that took huge risks in leveraged investments, governments, which have taken on their heavy debts and launched huge scale incentive programs, injected trillions of dollars into the markets, which have restored stability to the banking system and restored the stalled credit market, creating momentum of economic recovery and impressive global growth. The price tag is accompanied by those recovery moves BUH; cost him many governments - whose debt quickly swelled national budgets and deficits, soared have to pay today.

This shift in global sentiment increases the fear of "contagion", which is defined as a tendency to dispose of a negative attitude towards a country already in crisis, to other countries whose basic condition is similar or may reach a similar situation. Therefore, beyond the concern about the situation of Portugal, Ireland and Spain, and perhaps even Italy - there is a much broader concern about spreading to other EU countries and beyond. Therefore, EMU is not a member of the EU; first and foremost, it is the United Kingdom, which is a member of its own independent monetary policy and currency. However, the size of the UK budget deficit in 2009 and 2010, and the massive increase in government debt stemming from the nationalization of two large banks in 2008 and 2009, led to a rapid and severe deterioration in its financial strength, a situation further exacerbated by political uncertainty. The two largest economies

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in the world, the US and Japan, are also causing disquiet to financial markets for the same reason - a prolonged deterioration in their fiscal discipline.

Deficits are financed by the Japanese public at a low capital cost, but the continued demographic shift toward rising Japanese population rates may soon change this situation. But the medium-term and long-term deficit path is expected to only slow down the size of the deficit. However, in the US, relatively good growth rates have been recorded in recent months, in contrast to the EU, where growth rates are close to zero (National Institute for International Export and Cooperation, 2014).

In 2017, sixty years marked the Rome Convention, designed to fulfil the vision of a united European community. The European Convention and the Common Market were a continuation of a complex and perhaps unique process in which the founding countries and those accepted later agreed to relinquish sovereignty and transfer them to European state institutions. To this day, the Member States of the Union face the constant tension between the desire to preserve national sovereignty and the recognition that despite all the difficulties and counter-forces, the idea of a united Europe has given more than seven decades of prosperity and economic security.

The UK vote - in which most voters expressed a desire to leave the EU - Most of all, it symbolized the same "centrifugal movement" that opposes institutional authority Union, which overcomes the state government's authority in matters of economy, society and law. While the UK's tendency to some EU distinction was known in advance and reflected in special corporate arrangements for the UK, in other Member States hesitations and doubts developed in later stages.

The expected tension between the nation-state and a transnational system was intensified by the expedited acceptance process of Eastern European countries into the Union, following the disintegration of the Soviet bloc. Their integration process took a heavy financial toll and exposed workers in most of the old member states to competition from a cheaper workforce. Along with the fall of the internal walls in Europe, the external borders were also breached.

Millions of Africans seeking water, work, education and health have immigrated to Europe, as are Turks, with both populations taking advantage of the relative ease of entry, also illegal, into Europe. Among the reasons, he enumerated the continent's consolidation, the expansion of the union, the consent of his companies to formulate a constitutional treaty and the ability to move without borders and use the euro as a uniform currency. These developments have created a positive feeling and a promising future. On the other hand, Ash continued, if he had woken up from his stagnation in 2017, he would blow his soul with astonishment at the changes in Europe, including: the ubiquitous disintegration processes, the Eurozone's dysfunction, young unemployment, the lack of a constitution

The UK's decision to step down from the EU (known as "Brexit"), and indeed, sixty years since the signing of the Rome Treaty, the EU has been facing a series of domestic and structural crises and external crises, which pose an existential threat [4].

The question is whether the Union companies will take advantage of the opportunity that crises face and make the necessary decisions to overcome them, or whether the shuffling trend that has prevailed in recent years, namely partial solutions (and sometimes not), will continue to characterize the Union's conduct. In this context, the June 2017 death of former Chancellor Helmut Kohl, a historically high-profile leader whose rights in the context of Germany's unification and unified Europe process, is reminiscent of the tension between the European Union's vision and the reality of the challenges and obstacles facing the Union.

Against the backdrop of the basic controversies that have emerged over the past decade on the backdrop of a series of crises and shocks, the question of how feasible is the anchored ambition of the Union Convention on the pursuit of the so-called "ever closer union". Lack of consensus on the future of the Union is one of the main stumbling blocks for the ability to deal with crises. It seems that the founding fathers of the EU to establish a post-national framework as an antithesis to all the evils that the old political order

over Europe has questioned, against the backdrop of the popularization of popular politics in some EU member states, and especially among newcomers to the EU.

One of the side effects of the crises affecting the Union countries is the intensification of the influence of "populist" parties. These make an effort to join the ranks of the angry citizen for being unemployed, for sharing their accumulated wealth against the backdrop of globalization, if any, on the open borders and fearing terrorism and immigrants. All populist parties are united in their criticism of the elites, including the EU institutions, as well as being anti-pluralistic, ie anti-democratic. The results of the 2017 presidential election in France, the Netherlands and Austria have created a feeling or illusion that the danger of populists has passed, but that feeling is nowhere because the confrontation with the reasons underlying the growth of populism is far from over. There is no doubt that the refugee crisis that escalated in 2015 gave a back to the populist movement. Illustrations of this in the EU can be found in Hungary - whose prime minister advocates an anti-liberal model, and in Poland - whose government is under the purview of European law [4].

This subsection showed how the crises in the European economy have been reflected in recent decades, as well as how they are affecting the global economy.

In many corners of Europe, the recession cost millions of unemployed. Despite the recent improvement in the continent's economic growth, many remain unemployed and very unlikely to find new jobs. At the end of 2016, almost half of unemployed people in Europe were unemployed for at least a year, compared to 13% in the US. Many of those who find work are stuck in internships or temporary jobs they are trying to get out of.

In some European countries, structural unemployment - the "floor" below which the unemployment rate is hard to come down - is now double that of the U.S. Structural unemployment can result from technological or legislative changes that raise employee recruitment and dismissal, and can reflect a mismatch between employee skills and qualifications. Employers are in need. It is especially high in the remaining southern European countries [4].

Despite this situation, the economic picture in Europe has not been so bright for years. Brussels updated the euro area growth measurement in the second quarter of 2019, to 2.5% year-on-year, compared to a preliminary 2.3% estimate, which means that this space is growing for 17 consecutive quarters (four years and a quarter).

Solid growth in GDP lowered the unemployment rate in the euro area to 9.1%, the lowest in eight years. Unemployment in Germany has not been so low since the unification of the state 25 years ago. In Spain, unemployment, which reached 27% four years ago, has now dropped to 17% and is continuing to decline. Portugal reported that the unemployment rate in the second quarter fell to 8.8% from 10.1% in the first quarter of this year.

Sixty years after the signing of the Rome Treaty, the EU is facing a series of Crises from home and abroad, which present it to an existential crisis. In the face of the field faced The Union with the consequences of the 2008 financial crisis. Stream of asylum seekers and the immigrants who flooded the Union in 2015 have developed into a systemic crisis, the consequences of which will continue to accompany the union for a long time. One of the side effects of the crises above it is intensifying the influence of the so-called "populist" parties that challenge the existing liberal European order.

On the side of the internal European crises, the Union is struggling with finding internationally no less problematic. Ukraine crisis has caused crisis with Russia, And following Trump's election to the US presidency created uncertainty about the future The American commitment to European security and the transatlantic partnership. These brought a series of steps in security cooperation between Member States, as one-step in the long road to security consolidation.

One of the victims of the landslide was the Eurozone. The crisis revealed the Eurozone's birth defects - the structure and composition of its members. The currency of the Union, which should have contributed to increased integration between countries, revealed the significant gaps between the economies of

the "northern" countries and the economies of the "southern" countries. These are gaps that are not just economic, and it is doubtful that in the foreseeable future, proposals that are not just economic can be bridged, and it is doubtful whether they can be bridged in the foreseeable future.

The resolution of the crisis revealed particular gaps between Germany and southern European countries, most notably France and Italy. Germany advocates savings, budget cuts and deficits, as well as the introduction of structural reforms as necessary conditions for growth to reduce unemployment (which since the beginning of the euro crisis reached the dimensions of social and political stability that have been the cause of the growth of populism).

In the Ministry of Finance's Economic Review Report [5] it appears that, according to the first estimate, GDP growth rate in the Eurozone countries was 6.0 percent at an annual rate in the third quarter of 2018, significantly lower than projected.

The beginning of the current crisis is actually traced back to the last global economic crisis that erupted in 2008. The credit crunch, which hit every corner of the globe and was accompanied by an explosion of the real estate bubble, threatened to collapse the world's banking and financial systems. With the help of those banks and investment houses that took on huge risks in leveraged investments, governments rescued their heavy debts and launched incentive programs

In large scale, while injecting trillions of dollars into markets, these moves have restored stability to the banking system and reaffirmed the stuck credit market, creating momentum of economic recovery and impressive global growth in a short period of time. Many - that national power will swell the budget and deficits of the emirates are forced to pay today. (Israeli Institute for Export and Cooperation in International Action 2010).

Flexicurity in the European Union

The problem of workers in the periphery of the labour market must be understood against the background of two concepts that are currently guiding the discussion of labour market institutions: flexibility and security. The main types of flexibility are:

- Salary flexibility that allows salary levels to be changed according to market conditions.
- Functional flexibility that allows the mobile employer to work between different jobs, different factories and various roles.
- Time flexibility that allows the scope of work to be changed according to market dictates and according to changing needs.
- Numerical flexibility that allows changing the scope of employee status.

While flexibility is essential for any system, including a manufacturing system, the very need for flexibility does not explain which. Flexibility is required of those mentioned above. Focusing the problem on low-wage workers draws attention to wage flexibility, but the broader picture indicates that other employer flexibility needs are also incorporated into the problem characterization. Functional flexibility pertains to employee training problems, time elasticity demonstrates aspects of exercising time-related rights (annual leave, sick days, overtime, work on rest days), and numerical flexibility is closely linked to the problem of job security and job security.

It is a salary security that allows you to take out a long-term loan knowing that many are likely to repay it; The security to invest in improving human capital, knowing that a proper return on investment can be obtained; The security that enables manoeuvre between work and family and other social obligations; Security over the life cycle that lets the employee know that he will be allowed to retire at a later age; And the confidence that investing in acquiring plant-specific skills will not hurt your chances in the outside labour market [6].

Therefore, it is customary to balance the employer's flexibility needs and the security needs of the employee when it is assumed that the two contradict each other. Employees' need for security has in the past resulted in collective

agreements that limited the employer to any of the above types of flexibility. However, not every employee safety defence is bound to compromise the employer's flexibility. Vocational training during the work life benefits other employers and not just the employee. Similarly, not all the flexibility of the labour market requires injury to the employee. Time flexibility can also be an opening for employees who cannot or do not want to work full time, and can even be an opening for unemployment dispersal attempts. In other words, even if the flexibility of the employer and employee security constitutes needs that sometimes make it more difficult to promote one another, it is not merely a conflict.

In some dimensions, there may be a public interest in bridging these two interests, and in other cases there is room to explore options that will promote common interests. Flexibility is manifested in joint risk management, for both employees and employers, which allows employees to integrate into various workplaces, and also enables organizations to cope with weakening market conditions and better adjusting the labour supply. In order for the job market to ensure job security, and to allow for a large number of jobs, the desired flexibility in the market and the movement of workers there must be allowed.

The model actually combines a flexible labour market, both in terms of geographical mobility and high social insurance, which is reflected in tailored and broad unemployment benefits. An active labour market plan can also be seen which aims to improve the employment of unemployed people and create additional sources of employment for them.

Wilthagen T and Tros F [7] presented a matrix for the classification of elasticity policies, which shows four dimensions - external numerical elasticity, intrinsic numerical elasticity, functionalism, and pay. These four dimensions are accompanied by four dimensions of job security, which include work, employment, income and security. This matrix aims to serve as a tool for identifying different flexible policies and relationships between these two metrics, flexibility and security, in different markets.

Another important perspective, presented by Tangian AS [8] presents a liberal angle of view. In his view, flexicurity policy is aimed at increasing economic competition in Europe, which, by liberalizing it, can improve job security. However, this is not the main goal. He said improving security is actually the means to achieve the goal, which, on the bottom line, seeks to achieve a compromise between employers and job seekers, and regulate the labour market regulation.

However, reducing dependence on the welfare system does not guarantee disengagement from the cycle of poverty. Moreover, disengagement from the cycle of poverty technical definition is not enough to promote economic independence and social integration. Characteristics of low-wage workers are now permeating the growing public, and therefore the treatment of the low-wage workers problem cannot focus solely on the level of wages, but rather on the complexity of the characteristics of a peripheral labour market. Changes in the labour relations have disrupted the accepted mechanisms for ensuring employee safety. This is sometimes done to flex the labour market, but despite the inherent tension between security and flexibility, experience in other countries suggests that there are ways to regulate the labour market in order to mediate the flexibility needs of employers and workers' security.

Later in this article we will point out the currently acceptable list of measures designed to bridge the two interests. But this list is not at the centre of some of the recommendations of this chapter, as the emphasis is on the institutional structure designed to explore the conventional ways of promoting the principle of flexicurity. In other words, what is the institutional structure that will enable the interests of flexibility and security to be internalized, bring the expertise to evaluate the results of one policy or another, and enable the implementation of the policy effectively?

In the face of the proposed examination, which emphasizes the role of institutions in the labour relations system, there are approaches that deny system involvement. One type of argument is that the job market should regulate itself and there is no room for any public policy or government ministries involvement. Another type of argument is that it is an economic policy label, and so it is the authority of the Treasury and the Ministry of Finance,

and there is no room for involving other institutions on these issues. The first approach assumes that the best state is the minimum state and that there is no room for public involvement in the market. The second approach assumes that expertise and power are

The state has no room to intervene in these forces, and these two arguments can rise as the opposite of each other, but they are shared by the assumption that there is no longer a role for the institutions of the labour relations system [6].

These must be completed in-house agreement that comes to balance the employer's needs with flexibility with the needs of security workers. Each of these levels has institutional deprivation. This is reflected in a significant reduction in the level of coordination between state authorities and between labour organizations, employers and other organizations active in civil society. At the intermediate levels, the existing institutions are based mainly on collective bargaining between the workers 'and employers' organizations. But at these levels' local government (development and industrial zones) must also be integrated and new regulation measures such as industrial and professional standards developed. At the local level, institutional deprivation is most evident, due to the significant decline in capacity representation of trade unions. Therefore, a prerequisite for social partnership development is the institutional construction of employee representatives such as the European Workers Councils, or some other model that will address local institutional space.

Employment policy in Israel

Although the historical development of the Israeli economy has been largely, the problems it faces in employment have also disturbed and troubled other developed countries. In fact, a large part of the industrialized economies of the West, and especially those of Europe, have had to experience, at one point or another, the negative consequences of an overly harsh labour market. A serious examination of their efforts to deal with the phenomenon - in a variety of measures, more effective and less - may therefore give us an important lesson. Of course, developed countries do not adopt a uniform employment policy. If we seek to draw an axis in which these economies will be structured according to the scope of the protections they give to their workers, we will find at one end countries such as Portugal, Italy, Germany, Spain, Sweden and Greece, where employees enjoy a great deal of tenure in their jobs.

This division reflects the differences between two different political and economic models: the European welfare state, which seeks to protect workers and the public at large from labor shortages. The market economy, which has its banner of striving for prosperity While encouraging competition and free enterprise. Looking at the employment policy in Israel, we can see a number of unique characteristics that characterize the Israeli economy:

First, the Israeli economy is considered a young economy. The country has existed for a few years in relation to the countries we would like to compare - developed countries such as: OECD countries (Western Europe, Canada, Japan, and USA - industrialized countries). This is reflected in the expectation of high growth rates, with every change being a large percentage change the base is low, and indeed, in the early years, the Israeli economy had high growth rates up to 73% (about 14%), these growth rates reduce the gap with OECD countries, but in fact the gap has recently increased due to higher growth of those countries.

The result of a young farm is a central farm. The private market will not build infrastructure, build factories or build a farm. This is an established economy and therefore it can be seen that the state's high intervention leads to holding many companies in its hands and creating many monopolies in the market [3].

Another phenomenon that characterizes the Israeli labour market is the proliferation of foreign workers. The Israeli economy "got used" to the work of foreign workers, who lowered wages and the Israeli worker refused to work in low wages, so it was better for him not to work in places where wages fell, so some of the places became jobs for foreign workers - agriculture, construction, etc. Over time, more foreign workers from different countries have accumulated

by market forces (countries with lower wages have led to workers leaving for the State of Israel).

When market forces do, it is apparently a good thing, because there is globalization, but the Israeli worker enters into a large competition because the import is open from all kinds of places, can be produced anywhere and in addition to the foreign workers, inequality created in which the Israeli feels unnecessary.

The security situation of the State of Israel affects not only Azerbaijan and its social morale, but also the labour market significantly. The development of employment in Israel, both in terms of opening new jobs and in the development of existing businesses, is greatly influenced by the state of fighting in the country. Citizens preserve their jobs over time. It can also be seen that the manpower that is often cut to maintain Israel's security is detracting significantly from the labour market - people who are recruited cannot give full output in their workplaces, therefore the market itself loses significantly from its productive production.

These challenges have been reinforced by the fact that Palestinian workers - legal and illegal - have expanded their employment in Israel in recent years, especially in the construction industry, as this expansion could hurt the wages of low-educated Israelis: Raise wages and invest in Israeli workers. The Israeli labour market is moving from a traditional economy based on manufacturing and manufacturing, to an economy based on modern information technology and services. As a result, there are professions in the market that are at risk of automation - that is, the risk of employees being replaced by machines or computers. In order to prepare for the future needs of the labour market, workers employed at high-risk jobs should be encouraged to move to low-risk jobs.

In recent years, the number of workers in professions at high risk of automation has decreased, but the decline has been smaller among Arabs and immigrants than among non-immigrant Jews. The increase in educational attainment also applies among immigrant men, but the gaps between the various levels of education remain low relative to the other men in the population. Part of the difference may be due to changes in occupational mix among immigrants and non-immigrant Jews - among immigrants, the proportion of unskilled workers is low, at the expense of intermediate occupations. In contrast, the return on education among immigrant women declined between 2003 and 2011 but increased significantly between 2011 and 2014. Among other things, the increase was due to the fact that the labour market was joined by women who were young, and that their skills and education were in line with the Israeli labour market.

In the last two decades, the Israeli labour market has also undergone radical changes: the old "psychological contract" - the mutual expectation of workers and the workplace - has been replaced by "a new contract": Nowadays the employee puts his services at a much higher cost, gives up job security and lives in constant anxiety about the future. Nearly half of Israeli workers declare they are afraid of losing their jobs, and between 33 and 45, the group feels the most insecurity in the organization.

However, concerns have also been found of older ages, with only 50% of the workforce in Israel aged 55-65 finding employment, fearing the loss of employment also affects retirement age concerns: According to the survey, 53% of employees feel they are not saving enough for pensions. Surveys conducted in Israel in 2007 that examined the implications of the new career era for workers found that 30% of employees in the State of Israel declare to leave the workplace in the next two years, and 20% declare they will do so for another job. The survey also shows that employees actually feel more insecure in the long run, working differently than the self-employed [9].

International organizations and research bodies, including the World Economic Forum and the OECD, work to identify the skills and skills that an employee will need in the ever-changing new world of work. World Economic Forum report (2016) identified that out of the ten core skills that will be essential to an employee in 2020, the three most important are complex problem solving, creativity and critical thinking, a report by the OECD highlighting digital environment capability as an essential skill for the new employee,

studies Others add that in a frequently changing work environment, it will be advantageous for flexible, variable-functioning employees, capable of adapting to frequent technological changes, and capable of solving complex problems; other studies also add emotional intelligence and work ability in coordination and teamwork.

It examined the level of basic skills (reading comprehension, quantitative thinking and problem solving in a technological environment) among 166,000 16-65 years olds in 24 countries. The results of the survey reflected the importance of the basic skills for an individual's successful integration into the employment market, but also in other areas of life such as personal well-being and health. In addition, the survey showed a link between high level of skills and productivity in the country and its ability to compete in the global market. In doing so, the survey indicates the country's economic dependence on the level of skills of its citizens [9].

The Israeli economy is growing at a good pace and even in the second half of 2016 the Israeli economy grew at 5.2%. The OECD's growth forecast for Israel in 2017 is 3.4% and 3.3% in 2018. Nonetheless, OECD economists note that Israeli growth in recent years has retreated from the high rate that characterized it and indicates the slow rise in labour productivity and an increase in the dependency rate (ratio of working population to population in pension). The authors of the report note that the Israeli population is young compared to the other Western countries, but the phenomenon of aging is beginning to affect the Israeli economy as well.

Income inequality and poverty in Israel are among the highest in the OECD, but in fact there has been no increase since 2008. There appear to be first signs of a slight decline in the Gini index and the report's authors cite a negative income tax bill that has been expanded in recent years, enabling families with higher income and thus reducing the widespread poverty rate in Israel. On the improvement side, the report's authors point out that the Israeli education system needs to be more efficient in order to integrate disadvantaged populations into the employment market in order to generate overall growth.

Cost of living is another critical issue for the Israeli economy and the OECD to positively state government's efforts to increase competitiveness in the economy by opening the food and agriculture market for imports and introducing new competitors in the banks. Despite recent developments, the OECD continues to emphasize the importance of increasing competition in the protected sectors and creating further food and agriculture reforms. Competition in the energy sector, especially in the electricity sector, will increase productivity and reduce the regulatory burden on businesses.

The OECD notes that Israel must develop a better urban transport system to reduce time wastage due to traffic jams and to reduce the rising air pollution to the Israeli economy by 1.5% of GDP each year. They also point out that more efficient transportation will help reduce the cost of living, allowing many Israelis to live in cheaper and more accessible areas of employment in peripheral areas.

As part of the recommendations of the OECD Committee, there are a number of key areas that need improvement, in order to improve and develop the economy (Director of Foreign Trade, 2018):

- Improving Education Systems - The OECD emphasizes that the education system in Israel is unequal and the quality of education, especially among Arabs and the ultra-Orthodox, is less favourable than that of the state education system and the probability that these populations will find low-wage jobs, higher because of their low skills. The budgetary investment per pupil, especially among disadvantaged populations, must be raised, as it is significantly lower than the OECD average. Reforms in the education system must be continued and core studies in the ultra-Orthodox system secured. In addition, Israel must develop a more comprehensive vocational education system.
- Taking the burden on business - According to the OECD, regulation in Israel is burdensome for doing business in Israel, mainly due to too high barriers to entrepreneurs and long and branched business licensing. At the end of 2015, Israel adopted a 25% reduction in

regulatory burden by 2019. Beginning in 2016, all new laws that enter the Competition Law Book are committed to the Regulatory Impact Assessment (RIA) process to examine their implications for business operations. Therefore, the Committee recommends that licensing processes should be shortened, especially on environmental protection issues. Obtaining the program to reduce the regulatory burden requires competent and skilled personnel on the issue and must ensure that all government ministries are informed of the new process.

- Strengthen competitiveness in the product market - The report author's note that there are high barriers to competition in Israel, mainly due to monopolies in certain sectors, such as banking, food industry and electricity. In early 2016, the regulation was changed to facilitate the entry of new entrants in banking, including non-bank credit institutions. Barriers to import were reduced. Private companies can enter the postal domain. They claim that quotas should be replaced by agriculture, regulated prices and direct aid cover for farmers. Israel must lower additional tariffs by adopting EU food import procedures. New entrants in banking should be allowed to enter. Competition in the energy sector must be intensified and a private operator in the field of electricity infrastructure competing with the electricity company must be created.
- Increasing participation in the employment market - According to the OECD, the Israeli employment service is limited in its ability to return job seekers to the employment market. Employment service workers are very busy and vocational training options are available to a very small number of job seekers. Negative income tax was expanded in 2015. Authorities have launched a pilot project called "Employment Circuits" aimed at promoting their integration into the work of recipients of income assurance through personal and group support. The program showed positive results in 2015. Therefore, employment plans should be expanded to negative income tax. Enforcement of labor laws in Israel should be improved, especially in sectors where low-wage earners work, including among Israeli Arabs, ultra-Orthodox and work immigrants.

The growing political tension between Israel and the EU mechanisms around the Palestinian question is also reflected in the economic sphere, and is intensified by the dependency relations that the Israeli economy has developed in Europe. In July 2013, the EU adopted recommendations that any new economic agreement to be signed with Israel would not apply to Jewish settlements and neighbourhoods in East Jerusalem, but only to the Green Line. In November 2015, the Union approved the marking of products manufactured in settlements and exported to Europe, and this was seen in Israel as an aid to the noisy BDS organizations operating in Europe and a warning centre for more significant economic sanctions, which have been on the table since 2015.

Among them, are proposals to restrict the activities of Israeli banks in Europe that will invest beyond the Green Line, or provide loans and mortgages to people living in these areas. Such actions have the potential to cause real damage to the Israeli economy if they increase, but at this stage their economic impact is very marginal, and does not justify the much media attention they have received so far in Israel. It can be estimated that until now European measures against settlement products have had a real impact on the Israeli industry. Initially, no major damage was expected, since out of the thousand Israeli establishments established in industrial zones and settlements in the West Bank, the vast majority of them designate their products for Israel and not Europe (furniture, metal and construction products, textiles and shoes).

Conclusion

Food exports from Israel to Europe increased by 3.5 percent last year, and this growth is higher than in the previous two years, while agricultural exports fell by 0.7 percent, but the strengthening of the shekel is likely to be the main factor in this trend. Calls for a boycott in the western continent can identify

a trend of agricultural exports An Israeli is growing to Eastern Europe and Asia, but it is competing with cheaper manufacturers from Turkey and other countries, and these markets have lower prices and the volume of revenue returning to the Israeli economy is declining.

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