

A STUDY ON MACROECONOMIC VARIABLES' EFFECT ON UNEMPLOYMENT ACROSS EUROPE

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Abstract

Europeans' choice to emigrate is complexly related to motivation and includes both economic and social factors such as family impact, gender inequalities, and differences in income. By comprehending the factors that motivate people to leave their home countries and the strategies they use to do so it is possible to achieve important insights into the phenomenon of emigration within the diverse landscape of European society. Due to the economic crisis of 2008, there was a significant increase in unemployment rates in several European countries, with notable impacts in some countries like Romania, Greece, Portugal, Spain, and Italy. The emigration that resulted had a detrimental effect on the economy, reduced job opportunities, and lowered the overall standard of living. Within the context of the countries in which emigration has played a significant role in the economy, the intent of this empirical research is to investigate the effects of specific macroeconomic factors on economic imbalance and unemployment. The unemployment rate, gross domestic product (GDP), minimum income, and external incomes in several European countries are some of the factors that are currently being considered. In this study, we investigate the impact of these variables on unemployment in a sample of twenty-four European countries between the years 2002 and 2020. Our methodology is based on panel data, more specifically, the Generalized Method of Moments (GMM). The results showed that during the period under analysis, the minimum wage and remittance inflows had a negative impact on unemployment in the studied European countries, while the emigration rate had a positive impact.

Keywords

Unemployment, minimum wage, emigration, income, Europe.

JEL Classification

J60, O15, E24

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