

The Interactions between Labour Market Policies and Income Inequalities in Groups of European Union Countries

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Abstract

Social cohesion and a sustainable labour market remain the aims of sustainable development policy. However, income inequalities and labour market policies are more often separately analysed. To fill the identified research gap, our article presents the results of an analysis of interactions between active and passive labour market policies and income inequalities in the European Union. The 27 countries were divided into two clusters based on their active and passive labour market policy (LMP) expenditures in 2019. These clusters sustain the basis for analysing the interactions between LMP and income inequalities in its different measures. The results reveal that labour market interventions interact with income inequalities, decreasing disposable income inequalities (equalising the disposable income after transfers and taxes) and therefore contributing to social cohesion. This paper concerns social cohesion as the manifestation of intragenerational justice.

Keywords: income inequalities, labour market policy, sustainable labour market, social cohesion, sustainable development

JEL: D63, J08, J65



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Introduction

Decreasing income inequalities together with sustainable development that ensures social inclusion are among the main aims of macroeconomic policy, not only in the European Union (European Commission 2020) but also worldwide (Sachs 2012). Income inequalities are considered a critical economic and social problem because increasing income inequalities may make it difficult to achieve policy goals, such as social cohesion and sustainable development (Easterly 2007; OECD 2015). The United Nations' Sustainable Development Goals (SDGs) focus on implementing fiscal, wage, and social protection policies to achieve greater equality (SDG 10, Reduce inequality within and among countries, Target 10.4) and a full, productive employment and decent work for all (SDG 8, Target 8.5). In turn, sustainable development constitutes the vision of a sustainable world.

From a labour market perspective, a sustainable labour market policy (LMP) must contribute to sustainable development by considering trade-offs between the ecological, economic, and social dimensions. It must also consider intra and inter-generational justice. In the context of intragenerational justice, an LMP should be targeted to ensure employment opportunities for everyone who wants to be hired, and support those who cannot work or cannot find work (Berg 2015; Lubk 2016). Intragenerational justice is also implemented into active and passive labour market policies. Interventions and supports are undertaken to equalise chances in the labour market. Income inequalities are affected by earnings from work, but they also result from individuals' competitiveness in the labour market (Castellano, Musella, and Punzo 2017). Unemployed people and members of their households are deprived of earnings and do not have a chance to develop human capital. Together with other social protection policies, sustainable labour market policies play an important role in achieving social cohesion, constituting an important mechanism for reducing income inequality and economic insecurity, and supporting both vertical and horizontal redistribution (Betcherman 2012; International Labour Organization 2021).

The article presents the results of an analysis of the interactions between active and passive LMPs and income inequalities in clusters of European Union (EU) countries in 2019. To better understand those links, different measures of income inequality are used, namely the Gini index and S80/S20, which are based on various concepts of income, i.e. market, disposable income, and labour income. It is of particular importance because this may prioritise different LMP suggestions to achieve sustainable development. The study analyses the 27 EU countries in 2019. The specified research questions (RQ) are as follows:

- **RQ1:** What are the characteristics of the groups when labour market policies are considered (active and passive)?

- **RQ2:** Which income inequality measure (evaluation variables) significantly differentiates the groups?
- **RQ3:** How are labour income policies (active and passive) related to the different income inequalities measures in the groups?

Overall, the contributions of the study are twofold. First, the results offer a multidimensional perspective of income inequality measures and their relationships with labour market policies from both active and passive perspectives. This method of analysis goes far beyond income inequality analyses by integrating more dimensions of income. In addition to disposable and market income inequality measures, labour income inequality is also considered. Second, we conduct a hierarchical cluster analysis and test the significance of evaluative variables in the identified clusters. So far, to the best of our knowledge, no analysis on this topic has been conducted for the groups of EU countries identified by the hierarchical cluster method; our article fills this research gap. Analyses of LMPs and income inequalities are separately widely considered; therefore, this study of their interactions in the groups of EU countries in the context of sustainable development using the hierarchical cluster method provides a novel approach.

The remainder of the article is structured as follows. Section 2 discusses the literature review concerning the relationships between labour market policies and income inequalities. The methodology and data are described in sections 3 and 4, respectively. The results of the empirical analysis are presented in section 5. The last section offers concluding remarks.

Relationships between income inequalities and labour market policies – a literature review

LMP is seen as part of a broader social protection system (International Labour Organization 2012). It should focus on equality of opportunity and, at the same time, equality of outcomes (Berg 2015). In the context of sustainability, a deeper consideration of social equity aspects in labour market policies is needed. A sustainable LMP that focuses on intragenerational justice must ensure that employment is possible for anyone eager to work and sustain the guarantee of income (Lubk 2016; Taubner, Tideman, and Nyman 2021).

The standard classification of labour market policies distinguishes “active” and “passive” intervention. Active intervention is undertaken to increase the probability that the unemployed get jobs, earnings and productivity. Beyond economic objectives, there are also social ones, which highlight improving inclusion and participation associated with productive employment (Romero and Kuddo 2019). The OECD defines active labour market

programmes as interventions which aim to improve individuals' chances of finding gainful employment or increase their earnings capacity. Achieving these goals requires actively supporting the integration and reintegration of individuals into the workforce as quickly as possible while ensuring the best possible job match. In contrast, passive support provides income replacement during unemployment or job search periods. Thus, passive support is considered an income maintenance programme or compensatory LMP (OECD 2018). The main aim of unemployment benefits, also called out-of-work income support and early retirement, is to guarantee against poverty (European Commission 2017b). Passive support is a social instrument rather than a way of reducing unemployment by increasing the chances of finding a job (Lubk 2016).

Individuals' labour market situation is the main driver of disposable income inequality. Two main dimensions matter in this respect: the quantity and the quality of jobs. The share of people out of work, either because they are unemployed or inactive, shifts many people to the bottom of the income ladder. On the other hand, the quality of employment matters, as those in the most precarious forms of work, such as temporary workers, part-time workers or the self-employed, also drive inequality up. This implies that with the right LMP mix, it is possible to do well across all dimensions of labour market performance and decrease income inequalities. However, more inclusive LMPs are needed to break the circle of increasing employment and higher income gaps (OECD 2017). Effective active LMPs, implemented within a mutual obligations framework of rights and duties, are instrumental in integrating job seekers into good-quality employment and limiting the long-term impact of unemployment on income trajectories (OECD 2017).

LMPs, as institutional determinants of the labour market, directly influence not only labour market determinants (e.g. unemployment rate and labour force participation rate) but also income inequalities (Offe 2010; Szczepaniak and Szulc-Obłoz 2019). However, the direction of this relationship is not clear in the literature. On the one hand, active LMPs result in a more elastic labour market and higher market income inequalities because of more competitive rules rewarding those who are better educated and qualified (Koeniger, Leonardi, and Nunziata 2004). Education and active LMPs, however, reduce disposable income inequality (Sakamoto 2021). On the other hand, passive LMPs may decrease income inequalities directly through social transfers for the unemployed (Burniaux, Padrini, and Brandt 2006; Checchi and Garcia-Peñalosa 2008).

Low levels of social protection may lead to wider wage dispersion and less unemployment simultaneously. The level of qualifications in the labour market, as well as the institutional framework (the rigidities of LMP regulations), play an important role in determining income inequalities (Adsera and Boix 2000). The positive role of LMPs in reducing income inequalities is that they improve equity and social justice among

labour force participants (Amadeo and Pero 2000). An effective LMP focuses on integrating jobseekers into good-quality employment while limiting the impact of unemployment on income (Thevenot 2018). However, if those policies reduce participation in the labour market, the resulting increase in taxes needed to finance the unemployment benefits may increase income inequalities (Berg 2015). From the perspective of sustainable development, an important role of the LMPs is to ensure decent jobs and economic safety. LMPs may, directly and indirectly, affect income inequalities (Checchi and Garcia-Peñalosa 2010) and protect against the widening dispersion of labour income (OECD 2012).

Methodology

Clustering is the statistical grouping of objects into a limited number of groups known as clusters. It is used to find homogenous subsets, which can be processed and analysed in different ways. The groups are not defined in advance but are discovered during the operation. The groups are combinations of objects with similar characteristics, which are separated from objects with different characteristics (Bijnen 1973; Kaufmann and Rousseeuw 2005; Tuffery 2011). The distance used is the Squared Euclidean distance (Hennig et al. 2015; IBM documentation 2022).

The research employs agglomerative partitioning methods based on the concept of distance and clustering through similarity aggregation. These methods allow the algorithm to automatically determine the optimal number of clusters (Tuffery 2011; Han, Kamber, and Pei 2012). The agglomerative hierarchical clustering method (the bottom-up approach) starts with each country forming a separate group and iteratively merges clusters into larger clusters (Han, Kamber, and Pei 2012). The general procedure of agglomerative hierarchical clustering used is as follows:

- **Step 1.** The initial clusters are the observations.
- **Step 2.** The distances between clusters are calculated.
- **Step 3.** The two clusters that are closest together are merged and replaced with a single cluster.
- **Step 4.** The procedure is started again at step 2 until there is only one cluster, which contains all the observations (Tuffery 2011).

A tree structure (dendrogram) is used to represent the sequence of hierarchical clustering. This tree can be cut at a greater or lesser height to obtain a smaller or larger number of clusters. The main criterion is the loss of the between-cluster sum of squares (semi-partial R^2). Since this loss must be as small as possible, the tree diagram is cut at a level where the height of the branches is large (Tuffery 2011). The Ward

method matches the purpose of the clustering very closely. The concept of distance corresponding to the objective of the smallest decrease in the between-cluster sum of squares is the Ward distance between two clusters. It is defined as the reduction in the between-cluster sum of squares that occurs when these clusters are merged. The Ward method is the most popular method for agglomerative hierarchical clustering because it is effective when applied to real problems (Tuffery 2011).

Results

LMP and income inequalities–data

LMP interventions may be characterised by active and passive LMP spending. Active interventions (LMP 2_7), called LMP measures, cover training, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives (European Commission 2017a). Each category is sequentially numbered. In turn, a passive policy (LMP 8_9), known as LMP supports, includes unemployment benefits and early retirement (Eurostat, 2021). In the article, both measures of expenditures are characterised by the purchasing power standard (PPS) per person wanting to work. Among the 27 analysed countries, Denmark stands out with intensive active interventions. Conversely, in terms of passive policy, the Netherlands and France provide the most extensive supports (Table 1). The minimum active and passive LMPs are noticed in Romania, while small active intervention is also seen in Cyprus and passive intervention in Malta.

Table 1. Labour market policy expenditure in PPS per person wanting to work in the European Union, 2019

Country	LMP_2_7_PPS	LMP_8_9_PPS
Austria	2996.72	7337.45
Belgium	3790.71	7138.98
Bulgaria	701.95	1614.84
Croatia	1354.91	847.69
Cyprus	168.10	2361.86
Czechia	2333.47	2094.66
Denmark	7824.68	5425.44
Estonia	1756.37	2098.27
Finland	4014.78	5969.01
France	2632.63	10295.14
Germany	2383.74	6675.69

Country	LMP_2_7_PPS	LMP_8_9_PPS
Greece	769.62	1 290.75
Hungary	2 852.00	1 177.43
Ireland	2 134.90	4 553.11
Italy	583.42	3 676.29
Latvia	319.25	1 383.70
Lithuania	918.67	2 384.52
Luxembourg	6 108.68	5 846.60
Malta	618.85	246.94
Netherlands	3 315.79	10 545.93
Poland	1 235.53	614.98
Portugal	1 086.35	3 530.42
Romania	164.49	227.61
Slovakia	955.65	1 662.42
Slovenia	921.85	2 583.43
Spain	1 618.32	4 373.51
Sweden	4 446.38	2 452.20
Min	164.49	227.61
Max	7 824.68	10 545.93
Mean	2 148.44	3 644.77
Median	1 618.32	2 452.20

Source: Eurostat 2022a (online data codes: LMP_IND_EXP).

Income inequalities are a multidimensional issue and should be considered from different angles, particularly when their interactions with LMPs are considered. Among the factors that affect income inequalities are tax and transfer policies, which the LMPs are part of (e.g. taxes on labour income, unemployment benefits among the influence of the institutions on the labour market, skill differentials, and education and health policies) (Atkinson 1996). What is more, LMPs affect income inequalities depending on what income approach is considered, e.g. individual labour income or market income (active LMP), or disposable income (passive LMP).

Therefore, different income inequality measures were used in the analysis depending on income concepts (Table 2), including or excluding tax and transfer policies. Household disposable income is calculated by adding together the individual income received by all household members from labour and capital plus income received at the household level after paying taxes and receiving social transfers. To consider the impact of differences in household size and composition, the total disposable household income is

“equivalised”. The equivalised income attributed to each household member is calculated by dividing the total household disposable income by the equivalisation factor. Equivalisation factors can be determined in various ways. Eurostat applies an equivalisation factor calculated according to the OECD-modified scale, giving a weight of 1.0 to the first person aged 14 or more, 0.5 to other people aged 14 or more, and 0.3 to people aged 0–13. Two Gini coefficients and three income quintile share ratios for market income, labour income and disposable income are compared (Table 2).

Table 2. Measures of income inequalities depending on income concepts

Variable	Symbol	Source
Gini coefficient of equivalised disposable income before social transfers (pensions included in social transfers)	Gini_bst	Eurostat, EU-SILC survey
Gini coefficient of equivalised disposable income	Gini_di	Eurostat, EU-SILC survey
Income quintile share ratio S80/S20 for disposable income	S80/S20_di	Eurostat, EU-SILC survey
Income quintile share ratio S80/S20 for gross market income	S80/S20_mi	Eurostat, EU-SILC survey
Income quintile share ratio s80/s20 for labour income*	S80/S20_li	Ilostat, Labour income distribution

* 2017 – latest available; own calculations based on Ilostat 2022.

Source: Eurostat 2022b; ILO 2022.

Table 3 shows the huge diversity of income inequalities in EU countries. Some Central and Eastern European (CEE) countries, such as Slovakia, Slovenia, and Czechia, have the lowest income inequalities, whichever income concepts are used. By contrast, another CEE country, Bulgaria, is characterised by the highest income inequalities in both disposable income measures (Gini and S80/S20), although it does not have high labour-income inequalities. In this case, it is ranked 7th in the EU, below the EU average. Germany has average disposable income inequalities (Gini coefficient, S80/S20), the highest in the EU before social transfer income inequalities and labour income inequalities, however. Market income inequalities measured by S80/S20 are highest in Ireland, although the disposable income inequalities measured by S80/S20 rank it 7th in the EU.

Table 3. Gini and S80/S20 in European Union countries in 2019

Country	Gini_di	Gini_bst	S80_S20_di	S80_S20_li	S80_S20_mi
Slovakia	22.80	39.10	3.34	3.94	4.72
Slovenia	23.90	42.70	3.39	4.42	6.25
Czechia	24.00	42.10	3.34	4.43	5.03
Belgium	25.10	46.20	3.61	4.37	10.59

Country	Gini_di	Gini_bst	S80_S20_di	S80_S20_li	S80_S20_mi
Finland	26.20	48.70	3.69	4.59	9.65
Netherlands	26.80	46.40	3.94	7.69	8.75
Austria	27.50	47.60	4.17	9.68	8.72
Denmark	27.50	48.60	4.09	5.56	11.14
Hungary	28.00	47.90	4.23	4.98	7.99
Ireland	28.30	47.10	4.03	6.41	16.61
Poland	28.50	46.50	4.37	5.68	6.40
France	29.20	51.00	4.27	5.78	8.11
Germany	29.70	55.40	4.89	11.17	8.28
Estonia	30.50	44.50	5.08	9.14	7.59
Greece	31.00	55.10	5.11	6.16	6.93
Portugal	31.90	55.00	5.16	6.56	8.58
Luxembourg	32.30	52.30	5.34	6.42	8.43
Italy	32.80	47.90	6.01	7.18	9.49
Spain	33.00	48.40	5.94	8.21	10.28
Romania	34.80	52.10	7.08	4.17	12.73
Latvia	35.20	47.70	6.54	7.91	9.50
Lithuania	35.40	50.30	6.44	9.03	10.40
Bulgaria	40.80	54.50	8.10	5.47	11.48
Min	22.80	39.10	3.34	3.94	4.72
Max	40.80	55.40	8.10	11.17	16.61
Mean	29.79	48.57	4.88	6.48	9.03
Median	29.20	47.90	4.37	6.16	8.58

Note: Minimum and maximum values in each column are in bold. Countries are ranked by increasing the Gini coefficient of equivalised disposable income in 2019.

Source: Eurostat 2022b; ILO 2022.

Total market income (including capital income) is more concentrated than when only labour income is taken into consideration. However, income dispersion mainly reflects labour market income, shaped by the differences in regulations and policies on the labour market (OECD 2012). What is more, the disposable income inequalities are lowest because of the redistributing effect of tax and transfer policies (Szczepaniak 2020). Both the Gini coefficient (EU mean = 30.0) and S80/S20 ratio for disposable income (EU mean = 4.9) are lower than Gini before social transfers (EU mean = 48.6) and S80/S20 for market income (EU mean = 9.0), and labour income only (EU mean = 6.5).

Cluster analysis

Active intervention and passive supports were treated as independent characteristics of LMP. The dendrogram was built using hierarchical cluster analysis in SPSS Software. Grouping was performed using the squared Euclidean distance and Ward’s minimum variance method (Ward 1963; Everitt et al. 2011; Murtagh and Legendre 2011). The countries were grouped into clusters based on two predictors: active and passive LMP. The two groups were distinguished based on the distance between clusters observed on the dendrogram – the tree diagram was cut at a level where the height of the branches was large. The results are presented in the dendrogram (Figure 1).

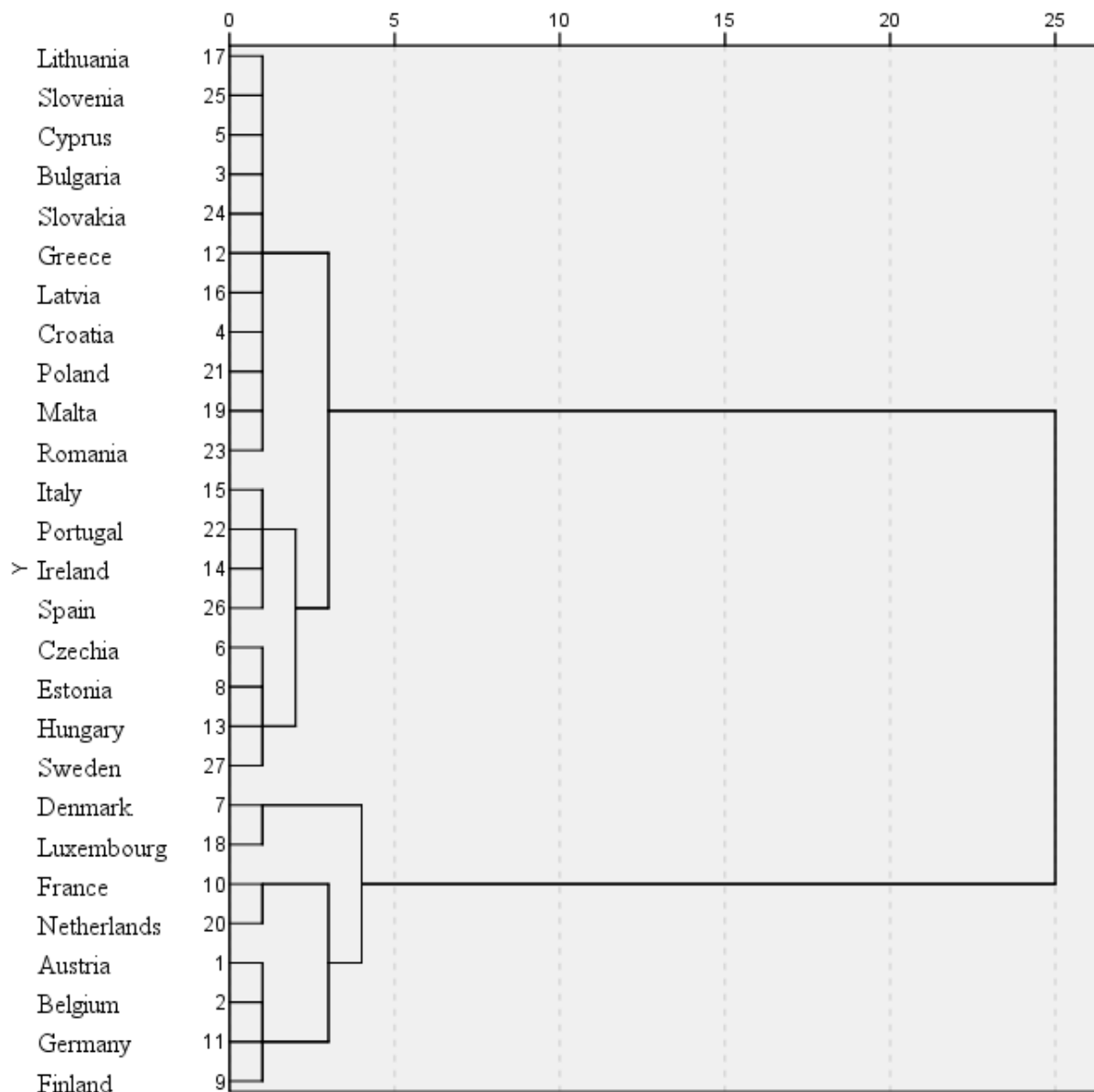


Figure 1. The dendrogram of the European Union countries using the Ward linkage method

Source: own calculations in SPSS software.

Two clusters in the dendrogram were distinguished; the first one includes eight countries, and the second has 19 countries. Two clusters may also be recognised based on the scatter plot, including active and passive LMP (Figure 2). The first group (eight countries) is marked in blue, and the second group (19 countries) is in red.

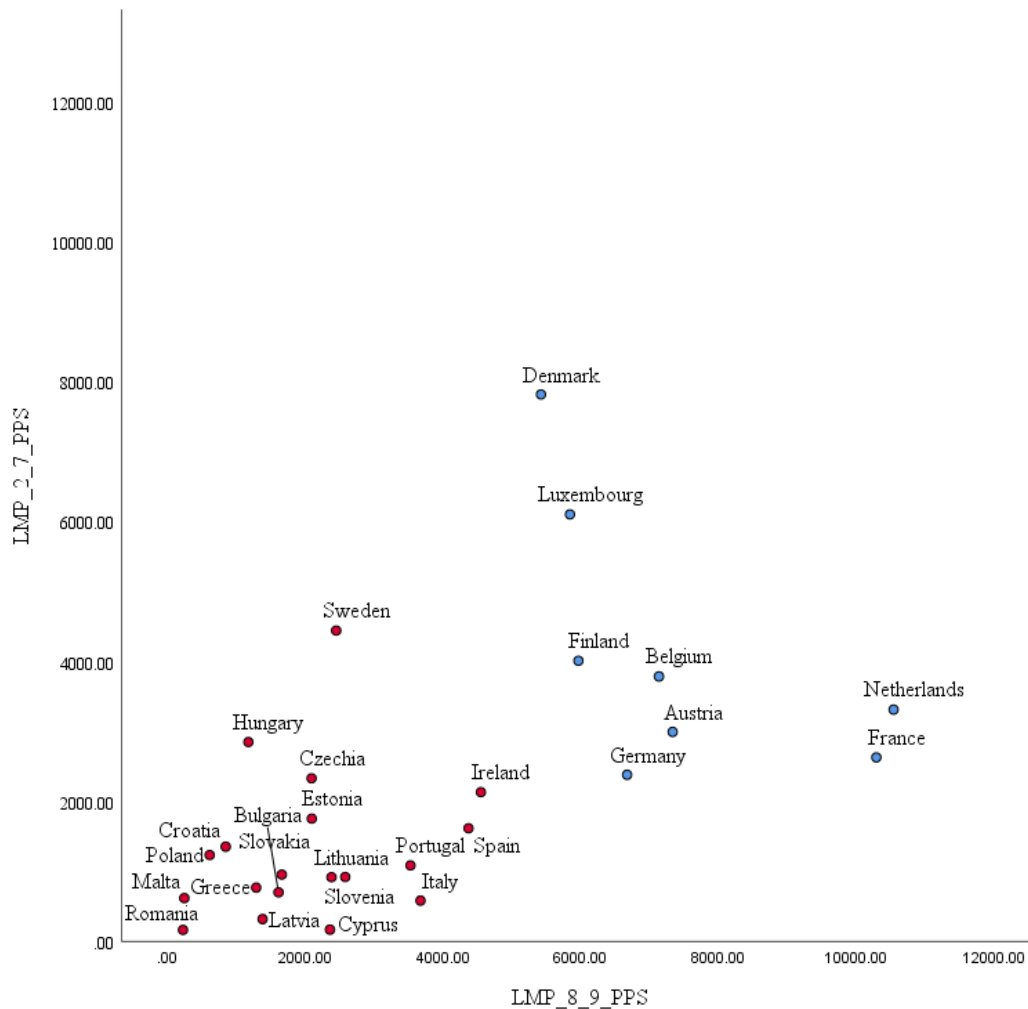


Figure 2. Expenditures for active interventions and passive support in the European Union countries

Source: Eurostat 2022a (online data codes: LMP_IND_EXP).

The first group (the smaller, blue one) stands out due to its extensive expenditure on active and passive LMP. In turn, the second cluster of 19 countries is characterised by minor policy intervention (Table 4).

Table 4. Descriptive statistics of expenditure for active and passive labour market policies in two clusters of European Union countries

Characteristics	LMP_2_7_PPS		LMP_8_9_PPS	
	Cluster 1	Cluster 2	Cluster 1	Cluster 2
Mean	4 133.47	1 312.64	7 404.28	2 061.82
Median	3 553.25	955.65	6 907.34	2 094.66
Min	2 383.74	164.49	5 425.44	227.61
Max	7 824.68	4 446.38	10 545.93	4 553.11
Range	5 440.94	4 281.89	5 120.49	4 325.50
Skewness	1.34	1.64	1.00	0.50
Kurtosis	0.98	3.28	-0.53	-0.40

Source: own calculations based on Eurostat 2022a (online data codes: LMP_IND_EXP).

For active interventions, the mean of the first group was 4133.47 compared to the mean of the second group, which was 1312.64. The median in the first group was 3553.25, and only 955.65 in the second. In both cases, more than 50% of countries in each group had expenditures for active interventions less than the average for the particular group. In light of the expenditures for passive supports, there is a substantial difference in the means between the first group (7404.28) and the second one (2061.82). Including the median, in the first group amounted to 6907.34 and in the second group – 2094.66. Interestingly, including passive LMP in the second group, 50% of countries in that group noted larger-than-average interventions for the group (2061.82). In the case of active policies in both clusters, leptokurtic distributions were noted. In terms of passive supports, platykurtic distributions were observed in both groups (Table 4).

In the first group, Denmark and Luxembourg stand out as having extensive expenditures for active interventions (LMP_2_7). However, in the second group, Sweden stands out as having a large active LMP (Figure 2).

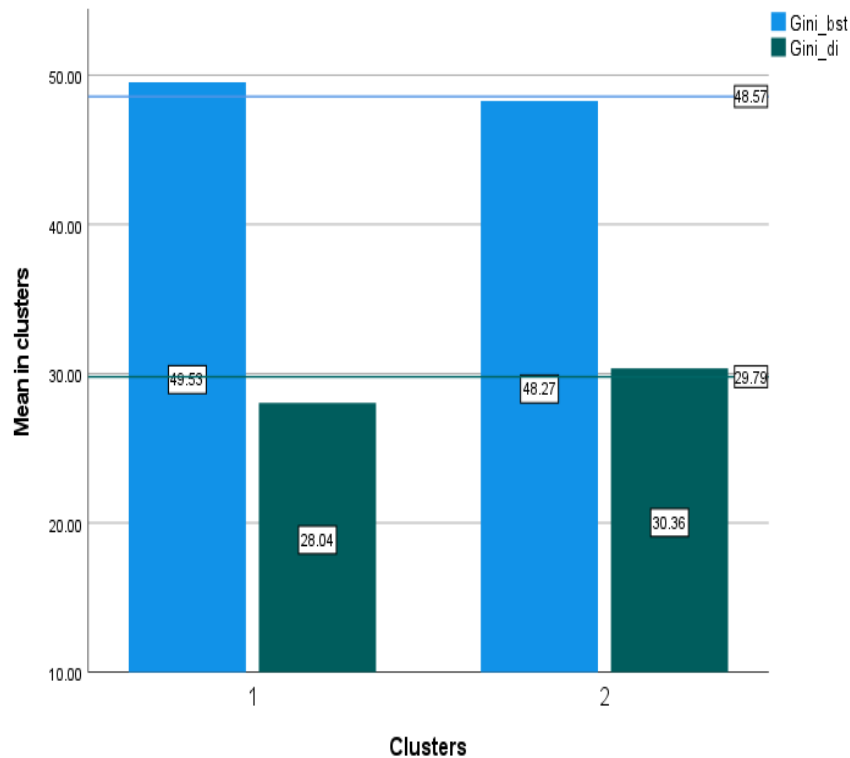


Figure 3. Gini coefficients as evaluation variables in clusters relative to the EU mean

Note: reference lines were added to the y-axis as means for all the EU countries in 2019.

Source: own calculations based on Eurostat 2022b.

Comparing the Gini coefficients in the identified clusters revealed that the Gini coefficient of income before social transfers is higher on average in the first cluster than in the second. However, the Gini coefficient of disposable income is much lower in the first group than in the second. In the group of the countries in the first cluster, which were characterised by both high active and passive LMPs, the extent to which relatively higher market income inequalities decreased was higher. As a result, in the first cluster, relatively high active and passive LMPs are associated with relatively lower disposable income inequalities (Figure 3).

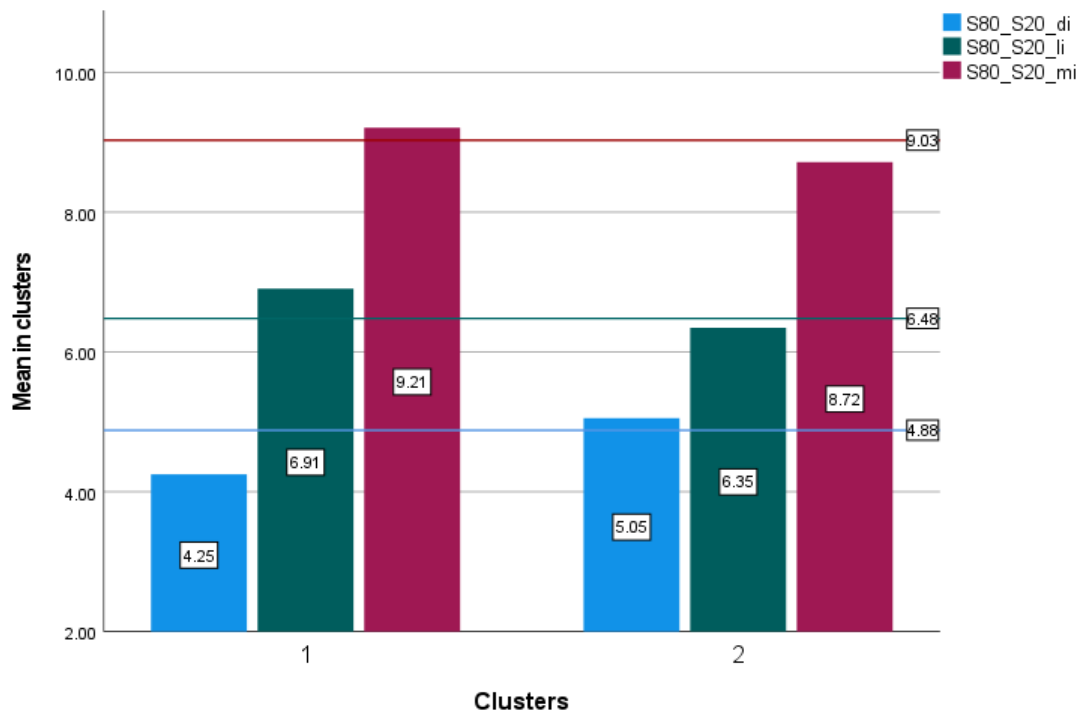


Figure 4. S80/S20 ratios as evaluation variables in clusters relative to the EU mean

Note: reference lines were added to the y-axis as means for all the EU countries in 2019.

Source: own calculations based on Eurostat 2022b; ILO 2022.

Comparing the S80/S20 ratios for different income concepts (disposable income, labour income, market income) reveals phenomena similar to the Gini analysis (Figure 4). In the first cluster, the S80/S20 ratio of market income is, on average, relatively higher than in the second cluster. At the same time, the disposable income S80/S20 is much lower in the first cluster than in the second. It demonstrated that for the group of countries characterised by both high active and passive LMPs, the difference between market and disposable inequalities is higher, even though market income inequalities are initially higher in the first group. What is more, when the labour income S80/S20 is considered, it is, on average, higher in the first group than in the second, and the difference between disposable income is also higher in this group. It demonstrates that in the group of countries with high active and passive LMPs (1st cluster), the labour market inequalities decreased to the greatest extent. The difference between market income inequalities and disposable income inequalities, as well as the difference between labour income inequalities and disposable income inequalities, is higher in the first cluster.

To analyse the significant difference between clusters via characteristics of inequalities, the Independent-Samples T-Test was applied. The results of testing the two independent sample means revealed that only S80/S20_di significantly differentiated the clusters (p-value = 0.039). Other characteristics, i.e. GINI_bst, GINI di, S80/S20_li and S80/S20_mi using the Independent-Samples T Test, were identified as not significant with the 95% confidence interval.

However, this disposable income inequality measure reflects the effectiveness of social policies. As it significantly differentiates the clusters identified based on active and passive LMPs, it reflects the effectiveness of those policies in the groups. In the group of high active and passive LMPs, disposable income inequalities (S80/S20_di) were low. By contrast, in group 2 (characterised by low active and passive LMPs), the disposable income inequalities (S80/S20_di) were high. The results demonstrate that LMPs, both active and passive, interact with income inequalities, decreasing disposable income inequalities (equalising the disposable income after transfers and taxes) and therefore contributing to social cohesion.

Discussion and conclusion

The ongoing discussion about the interaction between income inequalities and LMPs is ambiguous, and the results are mixed in the literature. A factor that possibly results in this inconclusiveness is the choice of income concept to measure income inequalities. Most often, disposable income inequalities are considered when their links to LMPs are considered (Checchi and Garcia-Peñalosa 2008; OECD 2012). Although some active LMPs may be associated with concepts related to labour income or market income inequalities, such as motivating individuals to develop their personal qualifications and education for higher future earnings (European Commission 2017a; Romero and Kuddo 2019), there is no evidence that active LMPs reduce market income inequalities (Sakamoto 2021). We considered different income inequality measures, such as market income, disposable income, and labour income, which sustains the novelty of the analysis.

To answer RQ1, we first compared two clusters of countries based on the hierarchical cluster analysis. The first group was characterised as having extensive expenditures for LMPs (active and passive), while the second group had minor expenditures for LMPs. The results of the research allowed us to answer RQ3 and revealed that high active and passive LMPs are related to high market income (as well as only labour income) inequalities on the one hand, and low disposable income inequalities on the other. Countries with relatively low active and passive LMPs were characterised by relatively lower market income inequalities and higher disposable income inequalities, revealing the smaller role that LMPs played in tackling inequalities. The statistically significant relationships between disposable income inequalities and LMPs in the two groups confirmed that LMP reduced the unequal distribution of income, both when only labour income is considered as well as when market income is considered. Identifying the income quintile share ratio S80/S20 for disposable income as the only measure of income inequalities that significantly differentiates the groups allowed us to answer RQ2.

In the sense of the significant links between LMPs and disposable income inequalities, our results are in line with the majority of previous studies (Checchi and Garcia-Peñalosa

2008; 2010; Sakamoto 2021). However, given the adopted method, we were not able to distinguish between the active and passive LMPs' relationships with income inequalities or to confirm if active (Sakamoto 2021) or passive LMPs (Burniaux, Padrini, and Brandt 2006; Checchi and Garcia-Peñalosa 2008) play a more important role in tackling income inequalities to achieve social cohesion.

The interactions between LMPs and income inequalities demonstrated that LMPs play a significant complementary role as a social protection system (ILO 2012; Sakamoto 2021), protecting against high labour market income dispersion (OECD 2012) and decreasing disposable income inequalities. Hence, by improving chances of finding gainful employment, assuring out-of-work income support, and allowing early retirement, active and passive LMPs contribute to intragenerational justice, which is part of the sustainable labour market. Therefore, LMPs that help reduce disposable income inequalities in the groups of EU countries are sustainable because they play an important role in social cohesion.

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Interakcje między polityką rynku pracy a nierównościami dochodowymi w grupach krajów Unii Europejskiej

Spójność społeczna i zrównoważony rynek pracy pozostają celami polityki zrównoważonego rozwoju. Jednak nierówności dochodowe i polityka rynku pracy są częściej analizowane oddzielnie. Aby wypełnić zidentyfikowaną lukę, artykuł przedstawia wyniki analizy interakcji między aktywnymi i pasywnymi politykami rynku pracy a nierównościami dochodowymi w krajach Unii Europejskiej. 27 krajów podzielono na dwa klastry na podstawie wydatków na aktywną i pasywną politykę rynku pracy w 2019 roku. Klastry te stanowią podstawę do analizy interakcji pomiędzy polityką rynku pracy a nierównościami dochodowymi scharakteryzowanymi różnymi miernikami. Wyniki wykazują, że interwencje na rynku pracy wchodzi w interakcje z nierównościami dochodowymi, zmniejszając nierówności dochodu rozporządzalnego, a więc przyczyniają się do spójności społecznej. Spójność społeczna jest rozumiana jako przejaw sprawiedliwości wewnątrzpokoleniowej.

Słowa kluczowe: nierówności dochodowe, polityka rynku pracy, zrównoważony rynek pracy, spójność społeczna, zrównoważony rozwój