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THE IMPACT OF WAGES AND TAXES ON THE LABOR MARKET

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ABSTRACT

The state and other public-legal bodies dispose of an important part of the national income. They appear on the demand side of the market and directly buy goods and pay for the services they use, just like non-public entities. From public revenues, the state pays retirement, compensations during unemployment, and other social assistance. This affects the increase in the purchasing power of those who use these payments and with those actions, the government indirectly affects the increase in demand in the market. However, the increase in demand is also influenced by the reduction of the tax burden of taxpayers, tax benefits and exemptions. With the reduction of the tax burden, the purchasing power of taxpayers increases, which results in an increase in aggregate demand. In our nation the primary changes that happened in market and in the labor market were in the mid-1990s, when the nation's financial framework changed. In the years preceding 1990 the framework was with the end goal that it empowered all job seekers to work contingent upon their capabilities. Until at that point, unemployment was close to none, and ordinarily everything was equilibrated. With the progress that occurred in the economy, numerous individuals lost their jobs. In the beginning periods, everybody wanted to create relations with the west of Europe and with USA. This prompted the way that the individuals who were working specialists in the years prior to 1990 couldn't accept the new things that started happening at those moments. For the changes in policies and the labor market we will treat this topic.

Keywords: impact, wages, taxes, labor market.