



You are cordially invited to

UCLouvain Economics Seminar

On Thursday May 18, 2017, from 12:45 to 14:00
Doyen 22, Place des Doyens, 1

Juan J. Dolado
(European University Institute)

Will give a presentation on

From Dual to Unified Employment Protection: Transition and Steady State

Abstract: This paper studies the equilibrium and welfare implications of replacing a highly dual employment protection legislation (EPL) system with a unified EPL scheme. We develop a computationally tractable model and specialise the discussion to Spain – a country often considered as an epitome of a labour market with dual EPL. We use the model to design an optimal, unified EPL scheme defined as the employment protection scheme maximising the steady-state lifetime utility of new labour-market entrants. Our approach allows to tabulate the key parameters of this scheme, i.e. the eligibility rule and the increase in the level of employment protection with job tenure. We also consider the transition path of a reform implementing the unified EPL scheme: we find a positive welfare impact of the reform on average, alongside substantial welfare losses concentrated on a few workers.

(Joint paper with Etienne Lalé (University of Bristol), Nawid Siassi (University of Konstanz))

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