CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 70, 73, 75, 77, 78, 79
labour market participation,
implicit taxes 81, 82
capital intensity, job reallocation 165–9
co-residence 211–32
CB programme, see Credito Bonificado programme
household formation trends, Europe 213–14
communication, job flows, analysis 163
community, social and personal services, job flows, analysis 163
construction, job flows, analysis 163
Consumer Price Index (CPI) deflator,
real wage cyclicality 37, 38, 43, 49, 57
counter-cyclical job reallocation 146
counter-cyclical pattern, real wages 45
credit constraints, household formation 211–32
credit market, features, Europe 213–14
Credito Bonificado programme 212, 214–18
conclusions 231–2
estimated effects data 219–22
empirical methodology 222–3
empirical results 223–9
regression analysis 226–9
triple differences evidence 223–6
robustness check 229–31
reform 215–17
predicted effects 218–19
savings associated with 215, 216
subsidies on interest payments 214–15
Czech Republic, early retirement incentives 70, 73

Denmark
early retirement incentives 70
job flows, analysis

job creation and destruction 157, 158, 160, 163, 164, 166
sample description, firms and employment 151, 152, 154, 156
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
dismissal costs
firm employment decisions 146
Italy 108, 110
accession and separation probabilities 115–21
job creation and job destruction 112–15, 116, 117
job flows 148
see also employment protection legislation
early age entitlement to benefits, retirement decisions 68–9, 70–71
Ebell, Monique 137–42
economic institutions, influence of 1–2
education, social gains 30–31
employment
subsidies, see sectoral employment subsidies
theoretical effects EPL and entry cost, Italy 112–15, 116, 117
unions’ role in 147
see also net employment;
unemployment
employment protection legislation
Italy 109–11
estimates of the effects of 121–32
strategy to identify impact of 115–21
theoretical effects 112–15
job flows 170, 174–6, 179
job creation and destruction 177–8
reallocation 147, 180
turnover 148
real wage cyclicality 54, 55, 56
energy supply, job flows, analysis 163
entrepreneurship, barriers to, Italy 108, 111
entry cost, Italy 108, 111–12
estimates of the effects of 121–32
model of interaction between labour and 137–42
strategy to identify impact of 115–21
theoretical effects 112–15, 116, 117
EPL, see employment protection legislation
Europe
household formation and credit market 213–14
job flows 143–86
oligopsonistic labour markets 30
real wage cyclicality 33–64
see also individual countries
European Establishment Panel 185–6
factor analysis, real wage cyclicality 50–51
fertility, and education 31
Finland
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 166
sample description, firms and employment 151, 152, 154, 156
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 54, 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 70, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82
strictness of entry regulations 111
GDP deflator, real wage cyclicality 38, 40, 42, 46, 48, 57
general training, oligopsonistic labour markets 9, 14
Germany
job flows, analysis
job creation and destruction 157, 158, 159, 160, 163, 164, 166
sample description, firms and employment 151, 152, 154, 156
mortgage loan, average outstanding 214
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 70, 73,
  75, 77, 78, 79
implicit taxes and labour market
  participation 81, 82
Greece
early retirement incentives 70, 73
job flows, analysis
  job creation and destruction 157,
  158, 160, 163, 164, 167
sample description, firms and
  employment 151, 152, 154,
  156
strictness of EPL 109
Gylfason, Thorvaldur 30–31
Harmonised Index of Consumer Prices
  (HICP), real wage cyclicity 38,
  47, 48
hiring
  effect of dismissal costs 115
  oligopsonistic labour markets, social
    planner 15–16
restrictions, see employment
  protection legislation
home-ownership
and labour mobility, Netherlands
  187–209
conclusions 204–5
data 195–7
discussion 207–8
empirical model 190–95
housing model 192
job duration model 191
likelihood 194–5
unobserved heterogeneity
  192–4
estimation results 197–204
duration dependence and job
  commitment 200–201
regional home-ownership as
  instrumental variable
  203–4
simultaneous model 202–3
theory and review 188–90
see also Credito Bonificado
  programme
household formation, trends, Europe
  213–14
housing market, labour mobility 189–90
housing model 192, 197, 198–9, 200
Hungary
early retirement incentives 70, 73
  labour market participation, males
    aged 55–64 66
Iceland
early retirement incentives 70, 72, 73,
  77, 78
labour market participation
  effects of implicit taxes 81, 82
  males aged 55–64 66
implicit taxes
  and continued work
    in old-age pension systems 74–6,
    104
  in other social transfer
    programmes 76–80, 104
labour market participation of older
  men 80–83
Income Panel Research data 188, 195
induction training, oligopsonistic
  labour markets 8
industry subsidies, job reallocation
  147–8
industry-level regulations, Italy 112
industry-wide unions, training,
  oligopsonistic labour markets
  16–18, 21
institutions, see economic institutions;
  labour market institutions
Ireland
job flows, analysis
  job creation and destruction 157,
  158, 160, 163, 164, 167
sample description, firms and
  employment 151, 152, 154, 156
retirement decisions
  early retirement incentives 70, 72,
    73, 75, 77, 78, 79
implicit taxes and labour market
  participation 81, 82
Italian labour market 107–42
barriers to entrepreneurship 108
conclusions 132–3
discussion 137–42
employment protection legislation
  (EPL) 109–11
entry costs 111–12
EPL and entry costs
estimates of the effects of
data description 121–5
effect on accessions 125–8
effect on separations 128–30
net employment 131–2
strategy to identify impact of
115–21
theoretical effects 112–15, 116, 117
labour and entry costs
model of interactions between
137–42
comment on 137
perfect competition and
barriers to entry 140
short-lived firms 138–40
unregulated versus regulated
industries 141
women versus men 141–2
workers have zero bargaining
power 138
reform 108
Italian Social Security Administration
(INPS) archives 121
Italy
cor-residence 213
mortgage loans, average outstanding
214
real wage cyclical effects
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 70, 73, 75, 77, 78, 79
implicit taxes and labour market
participation 81, 82
Japan
early retirement incentives 70, 73, 75, 77, 78
labour market participation
effects of implicit taxes 81, 82
males aged 55–64 66
real wage cyclical effects
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 50
job changes, home-ownership 198, 200, 201, 204
job commitment, home-ownership
200–201, 204, 205
job creation 143
dismissal costs 148
Italy 108, 112–15, 117
entry costs 108, 115, 116, 117, 137, 139–40
Europe 156–69
labour market policies 147
sectoral structure and institutions
171–9
job destruction 143
dismissal costs 148
Italy 108, 112–15, 117
entry costs 139–40
Europe 156–69
labour market policies 147
sectoral structure and institutions
171–9
volatility, Anglo-Saxon countries
146
zero-bargaining wage power 138
job duration model 191, 197, 198–9
job flows, Europe 143–86
aggregate rates 158–61
data sources 149
definition 150–51
discussion 184–5
empirical studies 146
European Establishment Panel
185–6
job reallocation
by sector and firm size 161–5
by wage, productivity and capital
intensity 165–9
labour market institutions
146–8
sample description, firms and
employment 151–6
sectoral structure and institutions
169–79
data 170
empirical results 171–9
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>job reallocation by ranges of wages, productivity and capital intensity</td>
<td>165–9</td>
</tr>
<tr>
<td>by sector and firm size</td>
<td>161–5</td>
</tr>
<tr>
<td>components of 144</td>
<td></td>
</tr>
<tr>
<td>cyclicality 146</td>
<td></td>
</tr>
<tr>
<td>employment protection legislation</td>
<td>147, 174, 180</td>
</tr>
<tr>
<td>industry subsidies</td>
<td>147–8</td>
</tr>
<tr>
<td>sample description, firms and employment 164</td>
<td></td>
</tr>
<tr>
<td>sectoral structure and institutions</td>
<td>171–9</td>
</tr>
<tr>
<td>job satisfaction, labour mobility</td>
<td>209</td>
</tr>
<tr>
<td>job tenure, home-ownership</td>
<td>199, 201</td>
</tr>
<tr>
<td>job turnover EPL and entry costs</td>
<td>112–15, 116, 117</td>
</tr>
<tr>
<td>labour market institutions</td>
<td>147, 148</td>
</tr>
<tr>
<td>labour market policies</td>
<td>145</td>
</tr>
<tr>
<td>job-specific capital, home-ownership</td>
<td>201</td>
</tr>
<tr>
<td>Korea</td>
<td></td>
</tr>
<tr>
<td>retirement decisions</td>
<td></td>
</tr>
<tr>
<td>early retirement incentives</td>
<td>70, 72, 73, 75, 77, 78, 79</td>
</tr>
<tr>
<td>implicit taxes and labour market participation</td>
<td>81, 82</td>
</tr>
<tr>
<td>strictness of entry regulations</td>
<td>111</td>
</tr>
<tr>
<td>labour market flexibility</td>
<td></td>
</tr>
<tr>
<td>employment protection legislation</td>
<td>148</td>
</tr>
<tr>
<td>job flows 143, 184</td>
<td></td>
</tr>
<tr>
<td>wage bargaining 148</td>
<td></td>
</tr>
<tr>
<td>labour market institutions</td>
<td></td>
</tr>
<tr>
<td>job flows, Europe 146–8, 169–79</td>
<td></td>
</tr>
<tr>
<td>real wage cyclicality 53–6, 58</td>
<td></td>
</tr>
<tr>
<td>labour market non-participation, home-ownership 198, 200, 201</td>
<td></td>
</tr>
<tr>
<td>labour market participation, older men</td>
<td></td>
</tr>
<tr>
<td>econometric analysis 83–90</td>
<td>104</td>
</tr>
<tr>
<td>discussion 104</td>
<td></td>
</tr>
<tr>
<td>estimated equation 85–7</td>
<td></td>
</tr>
<tr>
<td>previous studies 83–5</td>
<td></td>
</tr>
<tr>
<td>econometric results 87–90</td>
<td>80–83</td>
</tr>
<tr>
<td>effects of implicit taxes</td>
<td></td>
</tr>
<tr>
<td>labour market policies, job flows 145, 147</td>
<td></td>
</tr>
<tr>
<td>labour markets</td>
<td></td>
</tr>
<tr>
<td>Europe 187</td>
<td></td>
</tr>
<tr>
<td>see also Italian labour market; oligopsonistic wage determination model</td>
<td></td>
</tr>
<tr>
<td>labour migration, home-ownership</td>
<td>189</td>
</tr>
<tr>
<td>labour mobility and home-ownership, Netherlands 187–209</td>
<td></td>
</tr>
<tr>
<td>conclusions 204–5</td>
<td></td>
</tr>
<tr>
<td>data 195–7</td>
<td></td>
</tr>
<tr>
<td>discussion 207–8</td>
<td></td>
</tr>
<tr>
<td>empirical model 190–95</td>
<td></td>
</tr>
<tr>
<td>housing model 192</td>
<td></td>
</tr>
<tr>
<td>job duration model 191</td>
<td></td>
</tr>
<tr>
<td>likelihood 194–5</td>
<td></td>
</tr>
<tr>
<td>unobserved heterogeneity 192–4</td>
<td></td>
</tr>
<tr>
<td>estimation results 197–204</td>
<td></td>
</tr>
<tr>
<td>duration dependence and job commitment</td>
<td></td>
</tr>
<tr>
<td>regional home-ownership as an instrument variable 203–4</td>
<td></td>
</tr>
<tr>
<td>simultaneous model 202–3</td>
<td></td>
</tr>
<tr>
<td>theory and review 188–90</td>
<td></td>
</tr>
<tr>
<td>large firms, EPL and entry costs, estimates of effects of 122–5</td>
<td></td>
</tr>
<tr>
<td>Law No. 108 (Italy)</td>
<td>110</td>
</tr>
<tr>
<td>Law No. 604 (Italy)</td>
<td>110</td>
</tr>
<tr>
<td>long-lived firms, labour and entry costs</td>
<td>139</td>
</tr>
<tr>
<td>Luxembourg</td>
<td></td>
</tr>
<tr>
<td>job flows, analysis</td>
<td></td>
</tr>
<tr>
<td>job creation and destruction 157, 158, 159, 160, 163, 164, 167</td>
<td></td>
</tr>
<tr>
<td>sample description, firms and employment 151, 152, 153, 155, 156</td>
<td></td>
</tr>
<tr>
<td>retirement decisions</td>
<td></td>
</tr>
<tr>
<td>early retirement incentives</td>
<td>70, 72, 73, 77, 78</td>
</tr>
<tr>
<td>labour market participation</td>
<td></td>
</tr>
<tr>
<td>effects of implicit taxes</td>
<td>81, 82</td>
</tr>
<tr>
<td>males aged 55–64</td>
<td>66</td>
</tr>
<tr>
<td>manufacturing, job flows, analysis</td>
<td>163</td>
</tr>
<tr>
<td>men</td>
<td></td>
</tr>
<tr>
<td>ages of entitlement to pension benefits, OECD countries 70–71</td>
<td></td>
</tr>
<tr>
<td>estimated effects of EPL and entry costs 122, 130</td>
<td></td>
</tr>
</tbody>
</table>
interactions between labour and entry costs 141–2
see also older men

Mexico
early retirement incentives 70, 73
labour market participation, males aged 55–64 66
middle age classes, home-ownership and unemployment 187
mining, job flows, analysis 163
MISSOC 92
monopsonistic competition, see oligopsony
mortgage loans, subsidized repayments, Portugal 214–15
mortgage debt, co-residence 211–32
mortgage loans, value of (1994–98), Portugal 217–18

net employment, Europe
changes by country 157
effects of EPL and entry cost, Italy 131–2
growth 150, 156, 163, 164, 166–8
Netherlands
home-ownership and labour mobility 187–209
conclusion 204–5
data 195–7
discussion 207–8
empirical model 190–95
estimation results 197–204
theory and review 188–90
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 167
sample description, firms and employment 151, 152, 155, 156
retirement decisions
early retirement incentives 70, 72, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82

OECD countries
credit market features 213–14
pension systems, social transfer programmes and retirement decision 66–106
real wage cyclicality 33–64
see also individual countries
oil shocks, pro-cyclicality, wages 50
old-age pension systems, retirement decisions
generosity of benefits 69–74, 75, 103
implicit marginal taxes on continued work 74–6, 104
standard and early ages of entitlement 68–9, 103
older men, labour market participation
econometric analysis 83–90
econometric results 87–90, 104
estimated equation 85–7
previous studies 83–5
<table>
<thead>
<tr>
<th>Page</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>80–83</td>
<td>effects of implicit taxes</td>
</tr>
<tr>
<td>6–31</td>
<td>oligopsonistic wage determination, model</td>
</tr>
<tr>
<td>22–5</td>
<td>appendices</td>
</tr>
<tr>
<td>7–11</td>
<td>assumptions</td>
</tr>
<tr>
<td>9–10</td>
<td>retention probability</td>
</tr>
<tr>
<td>10, 11</td>
<td>timing</td>
</tr>
<tr>
<td>8–9</td>
<td>training and training costs</td>
</tr>
<tr>
<td>21–2</td>
<td>conclusions</td>
</tr>
<tr>
<td>30–31</td>
<td>discussion</td>
</tr>
<tr>
<td>15–16</td>
<td>first-best training intensity and hiring</td>
</tr>
<tr>
<td>16</td>
<td>training subsidies</td>
</tr>
<tr>
<td>6</td>
<td>oligopsony, defined</td>
</tr>
<tr>
<td>69–72</td>
<td>Pay-As-You-Go (PAYGO) scheme</td>
</tr>
<tr>
<td>20–21</td>
<td>empirical evidence</td>
</tr>
<tr>
<td>16</td>
<td>training subsidies</td>
</tr>
<tr>
<td>6</td>
<td>oligopsony, defined</td>
</tr>
<tr>
<td>37–9</td>
<td>empirical analysis</td>
</tr>
<tr>
<td>39–43</td>
<td>results</td>
</tr>
<tr>
<td>44–50</td>
<td>VAR-based</td>
</tr>
<tr>
<td>38</td>
<td>sample coverage</td>
</tr>
<tr>
<td>44–50</td>
<td>identifying commons sources and differences</td>
</tr>
<tr>
<td>50–51</td>
<td>factor analysis</td>
</tr>
<tr>
<td>52–3</td>
<td>regression analysis</td>
</tr>
<tr>
<td>53–6</td>
<td>labour market institutions</td>
</tr>
<tr>
<td>33–6</td>
<td>dynamic approaches</td>
</tr>
<tr>
<td>33, 34</td>
<td>static approaches</td>
</tr>
<tr>
<td>203–4</td>
<td>regional home-ownership, labour mobility</td>
</tr>
<tr>
<td>226–9</td>
<td>effects of CB programme</td>
</tr>
<tr>
<td>52–3</td>
<td>real wage cyclicity, regulated sector, Italy</td>
</tr>
<tr>
<td>123, 124</td>
<td>labour and entry costs, estimated effects</td>
</tr>
<tr>
<td>141</td>
<td>job flows, analysis</td>
</tr>
<tr>
<td>170, 175, 177, 178, 179</td>
<td>replacement rates</td>
</tr>
<tr>
<td>55, 56</td>
<td>real wage cyclicity, regulated sector, Italy</td>
</tr>
<tr>
<td>91–2</td>
<td>computation, econometric analysis</td>
</tr>
</tbody>
</table>

Julián Messina, Claudio Michelacci, Jarkko Turunen, and Gylfi Zoega - 9781845428969
Downloaded from PubFactory at 09/22/2023 08:00:21AM via free access
generosity of benefits 69–74
and implicit taxes on continued work 95–6
restaurants and hotels, job flows, analysis 163
retention probability, oligopsonistic wage determination model 9–10, 13, 17, 20
retirement ages 66
retirement decisions, OECD countries 66–106
discussion 103–6
labour market participation, older men
econometric analysis 83–90, 104
effects of implicit taxes 80–83
methodology and assumptions
computation of pension, social wealth and implicit taxes on continued work 92–5
computation of replacement rates 91–2
old-age pension systems
ages of entitlement 68–9
effects of implicit taxes on continued work 74–6
generosity of benefits 69–74, 75
relationship between replacement rates and implicit taxes 95–6
social work transfer programmes, effects of implicit taxes on continued work 76–80
summary and conclusions 90–91

Sala, Hector 103–6
Sanz-de-Galdeano, Anna 207–8
savings, CB programme 215, 216
search equilibrium models, firing restrictions 146–7
sectoral employment subsidies, job flows 170, 175, 178, 179
separations
estimated effects of EPL and entry costs 122, 123, 124, 128–31, 132
impact of dismissal costs 115–21
severance pay, unfair dismissals, Italy 110
short-lived firms, labour and entry costs 138–40
Slovak Republic, early retirement incentives 71, 73
small firms
accessions, Italy 118, 119
EPL and entry costs, estimates of effects of 122–5
separations, Italy 118, 119
social planner, oligopsonistic wage determination model 15–16
Social Protection in the Member States of the European Union 92
Social Security Programs throughout the World 92
social transfer programmes, effects of implicit taxes on continued work 76–80
Southern Europe, household formation 213
Spain
household formation 211, 213
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 167, 179
sample description, firms and employment 151, 153, 155, 156
mortgage loan, average outstanding 214
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 54, 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 71, 72, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82
strictness of EPL 109
standard age entitlement to benefits, retirement decisions 68–9, 70–71
state control, Italy 111
subsidies
CB programme 214–15
see also industry subsidies; sectoral employment subsidies; training subsidies
Sweden
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 167
sample description, firms and employment 151, 153, 155, 156
retirement decisions
early retirement incentives 71, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82

Switzerland
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 168
sample description, firms and employment 151, 153, 155, 156
retirement decisions
early retirement incentives 71, 73, 75, 77, 78, 79
labour market participation effects of implicit taxes 81, 82
males aged 55–64 66

tax wedge
job flows 170, 175, 177, 178, 179
real wage cyclicality 54, 55
temporary contracts
Italy 110
job flows 175, 177, 178, 179
temporary help agencies 110–11
trade, job flows, analysis 163
trade unions, see unions
training intensity, oligopsonistic labour markets 9
firm-specific unions 18–20
industry-wide unions 17
social planner 15–16
training subsidies, oligopsonistic labour markets 16
transportation, job flows, analysis 163
triple differences model, co-residence 222–3
evidence 223–6
Turkey
early retirement incentives 71
strictness of entry regulations 111
strictness of EPL 109
unemployment
home-ownership 187, 189, 198–9, 200, 201, 204–5
unions’ role in 147
see also employment
unemployment benefits
job flows 148, 170, 175, 177, 178, 179
real wage cyclicality 54, 55, 56
unfair dismissals, costs, Italy 110–11
union coordination, job flows 175, 178
union coverage
job flows 179
real wage cyclicality 53–4, 55
union density
job flows 175, 177, 178, 179
real wage cyclicality 53–4, 55
unions
job turnover 148
role in employment and unemployment 147
training, oligopsonistic labour markets
empirical evidence 20–21
firm-specific 18–20
industry-wide 16–18
welfare improving effect 7
United Kingdom
job flows, analysis
job creation and destruction 157, 158, 160, 163, 164, 168, 169
sample description, firms and employment 151, 153, 155, 156
mortgage loan, average outstanding 214
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 71, 72, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82
United States
real wage cyclicality
CPI deflator 43
GDP deflator 42
labour market institutions 55
regression analysis 52
sample coverage 38
VAR-based results 45, 48, 49
retirement decisions
early retirement incentives 71, 73, 75, 77, 78, 79
implicit taxes and labour market participation 81, 82
unregulated sectors, Italy
EPL and entry costs, estimated effects of 123, 124
labour and entry costs, interactions between 141

Vector Auto Regression, real wage cyclicality 36, 37, 44–50, 57
wage bargaining
labour market flexibility 148
real wage cyclicality 54, 56
wage compression, job turnover 147
wage determination model,
oligopsonistic labour markets 6–31
wage-setting institutions
job flows 170, 177
real wage cyclicality 54, 55, 56
wages, job reallocation by ranges of 165–9
water supply, job flows, analysis 163
women
ages of entitlement to pension benefits, OECD countries 70–71
estimated effects of EPL and entry costs 122, 130
home-ownership 200
interactions between labour and entry costs 141–2
workers
EPL and entry costs, estimated effects of 122, 123, 124
labour and entry costs, zero bargaining power and interactions between 138