

EURO-PRODUCTIVITY AND EURO-JOBS SINCE THE 1960s: WHICH INSTITUTIONS REALLY MATTERED?

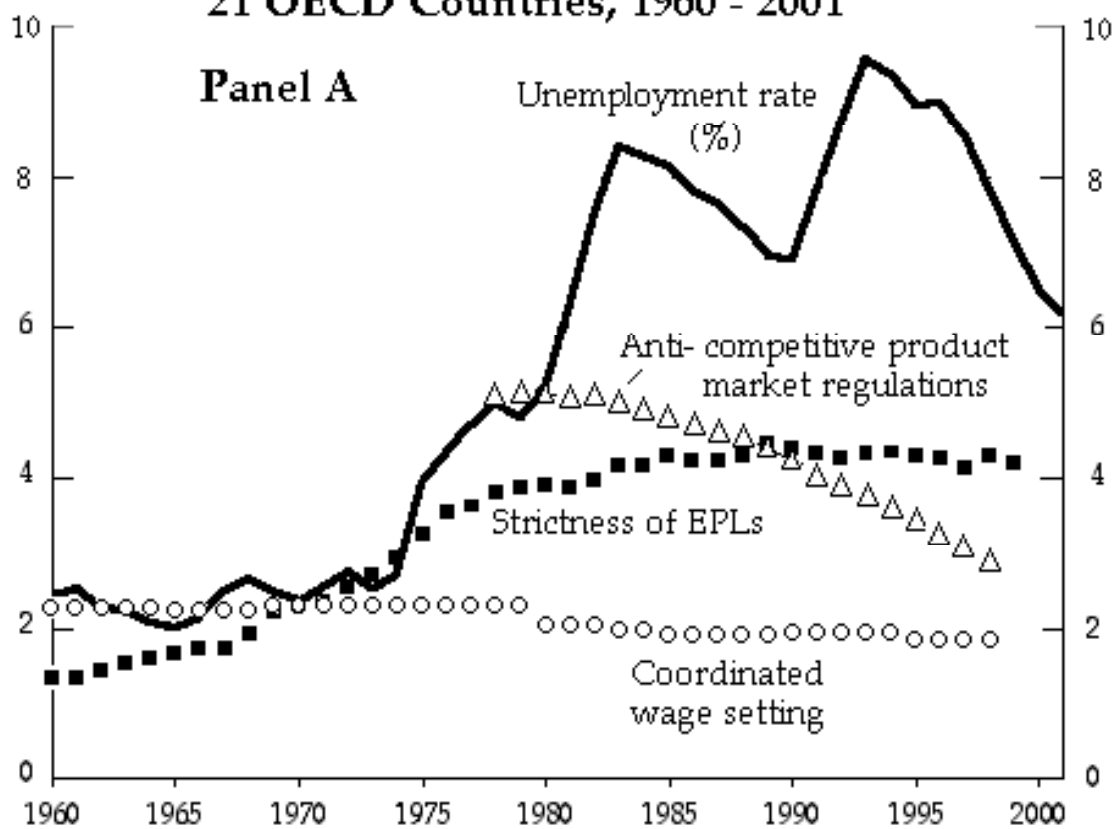
By Gayle J. Allard and Peter H. Lindert

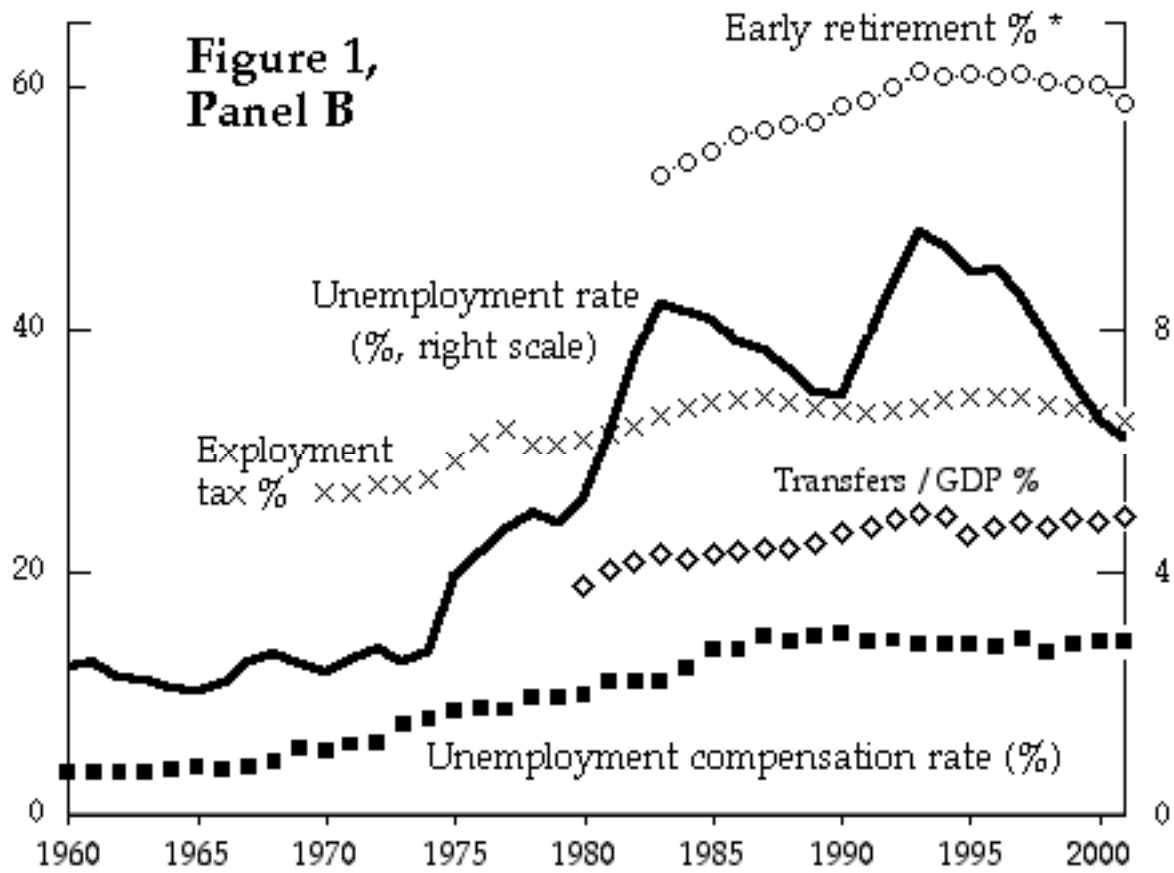
Economic History Seminar
UC Berkeley
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- I. Two police cases that should be one
 - A. Euro-jobs as victims: labor-econ detectives and suspects --
(dole, minimum wage, EPL, payroll taxes, leisure preference,
retirement and disability policy, centralized wage setting)
 - B. Euro-GDP as victim: growth-theory detectives and suspects --
(technology, education, taxes, welfare state, product-market competition)
 - C. Are the job effects and productivity effects offsetting or complementary?
 - D. Tentative conclusions
- II. Some historical contours since 1960 (Fig. 1)
- III. Better measures of labor-market institutionsⁱ
 - A. Unemployment compensation: The net reservation wage measure (Fig. 2)
 - B. The strictness of EPLs (employee protection laws) (Fig. 3)
 - C. Collective wage setting
- IV. Better tests
 - A. Why not stick to micro samples?
 - (1) Set aside non-policy experiments
 - (2) Even true policy experiments at the micro level
misrepresent the macro-level results.
(Hint: What happened to the labor demand side?)
 - B. Macro-econometric panels: Still indispensable (T. 1)
 - C. Simultaneity and non-linearity
- V. Revealed impacts on Euro-jobs and Euro-productivity, 1978-2001
 - A. The basic verdicts (T. 2)
 - 1. Powerful control variables (macro-shocks, age distribution)
 - 2. Market regulations
 - 3. Fiscal wedges in the labor market
 - 4. Broader fiscal shifts
 - B. Some suspects not featured here, and why not (tax mix, early retirement,
ALMP, openness, retailing revolution, technology, education and non-
human capital, minimum wage laws)
 - C. What about fixed country effects? (T. 3)
- VI. How the 1960s-1970s kept some of these secrets
- VII. Conclusions

ⁱ Allard, Gayle "Jobs and Labor Market Institutions in the OECD." Ph.D. dissertation, University of California - Davis, 2003; and Allard, "Jobs and Labor-Market Institutions in the OECD: A New Look at the Dynamics." Working Paper, Instituto de Empresa, Madrid, 2005.

**Figure 1. Average Policies and Unemployment,
21 OECD Countries, 1960 - 2001**

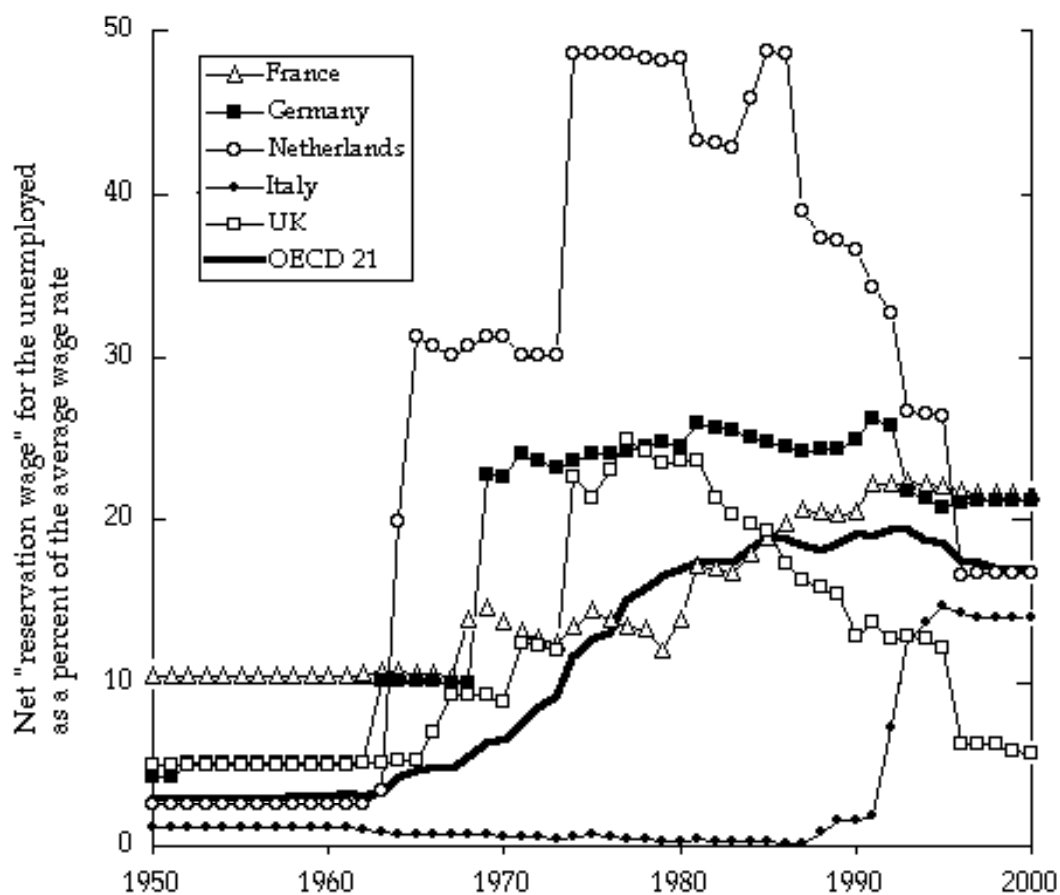




(*males 55-64, 18 countries only)

Figure 2. Unemployment Compensation 1950 - 2000

Panel A. Core EU Countries



Source: Allard (2003).

Panel B. The Outer World

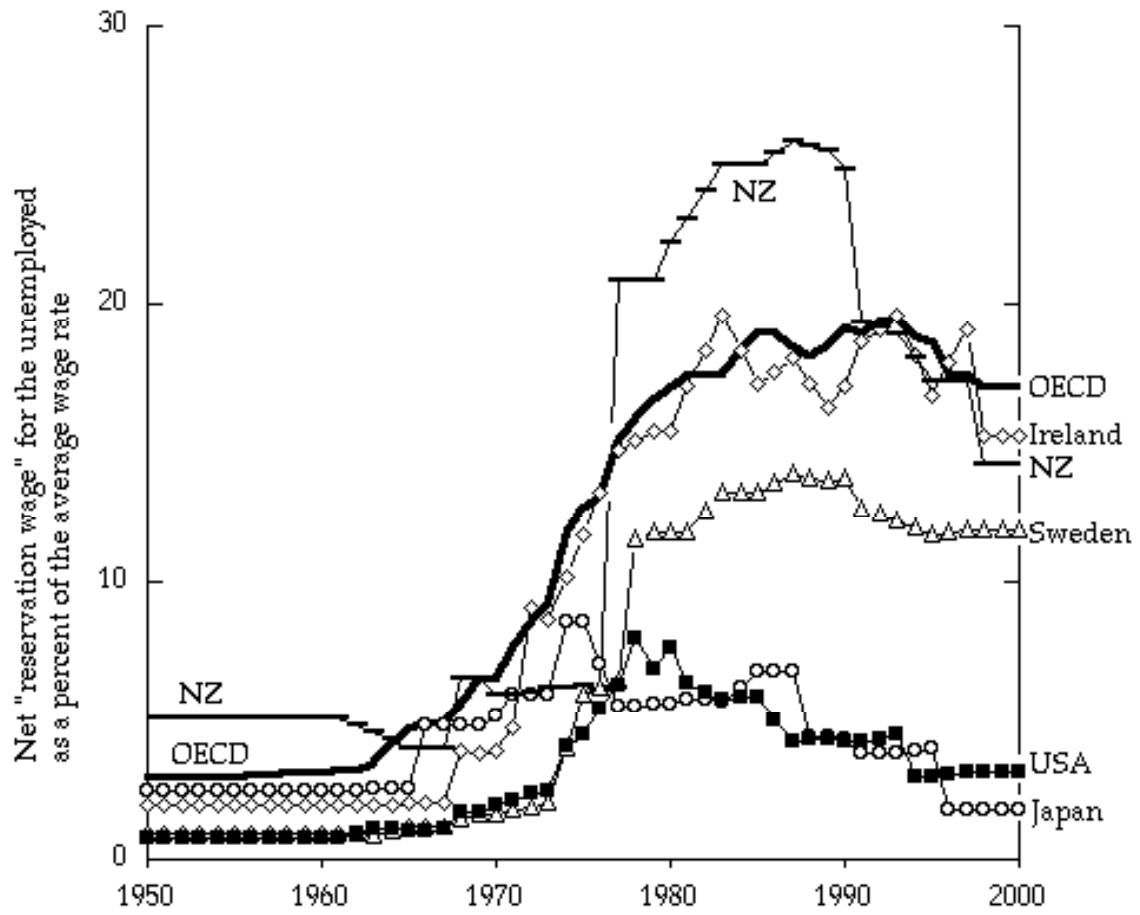
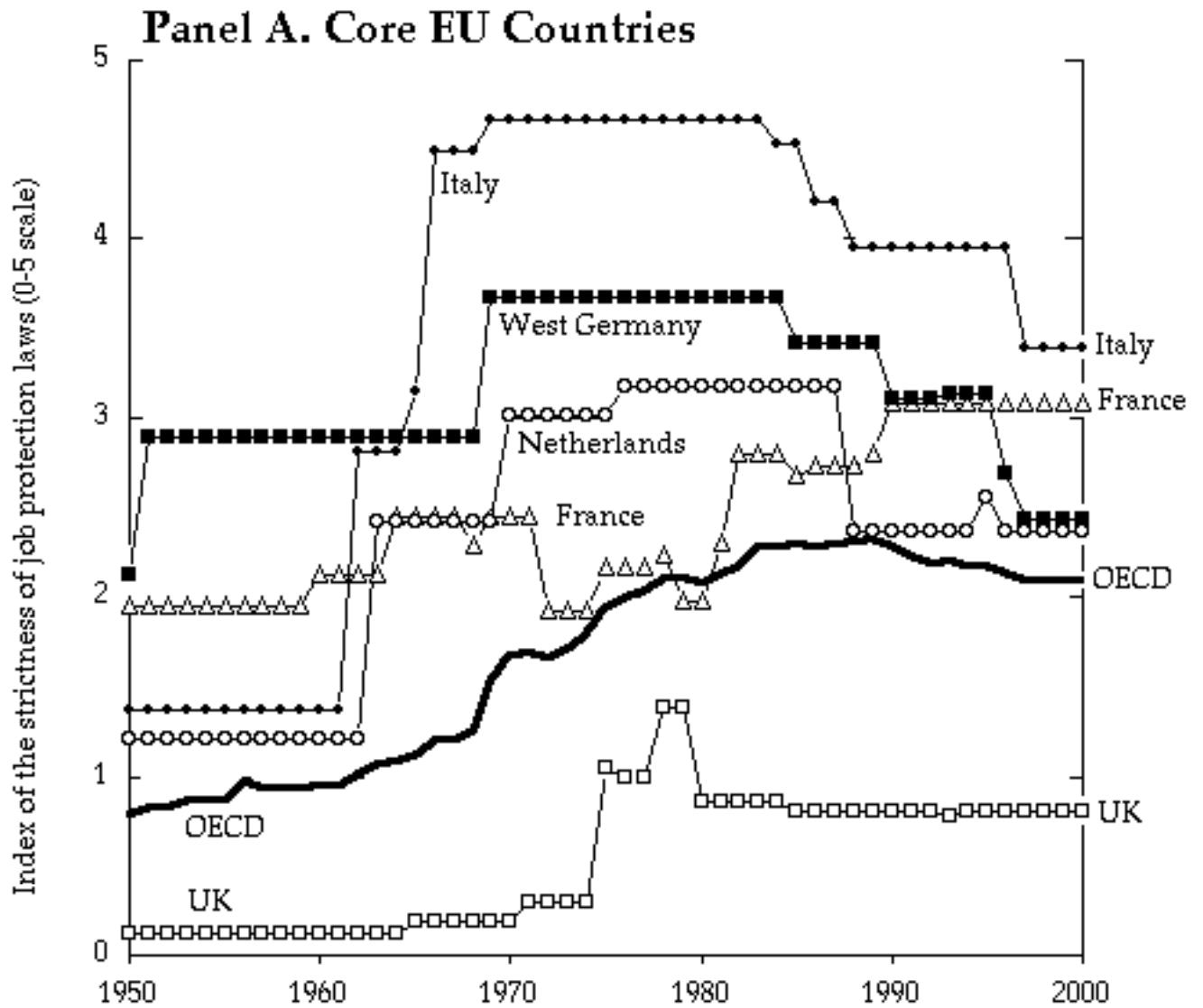


Figure 3. Employment Protection Laws 1950 - 2000



Source: Allard (2003).

Panel B. The Outer World

