## **Subject Index**

Americans with Disabilities Act, 187 Argentina, 8; collective labor laws in, 356-57; composition of labor force in, 359-60; data used for study of labor market policies and employment duration in, 501-3; economic performance of, 3; employment legislation in, 355-60; employment promotion contracts in, 497; informal wage earners in, 359–60; job rights in, 353; labor demand estimation for, 369-86; labor demand in, 352; labor market of, 351-52, 354-55; labor market reforms in, 8-9, 497-99; labor market regulations in, 360-69, 386-88; labor market trends in, 499-501; measuring effects of regulation on employment duration in, 503; Monthly Industrial Survey of, 394-98; 1991 labor market reforms in, 498-99; 1995 labor market reforms in, 499; social security in, 357–58; structural transformations in, 351; union density in, 11

Average employment rates, job security provisions and, 62–63

Bahamas: characteristics of labor market regulation in, 521t; institutional frameworks governing industrial relations in, 520

Barbados: characteristics of labor market regulation in, 521t; empirical results for impact of selected labor market regulations on employment in, 536–43; institutional frameworks governing industrial relations in, 520; labor market reforms. 10

Bargaining models, 446-48

Belize: characteristics of labor market regulation in, 521; institutional frameworks governing industrial relations in, 520

Brazil, 8, 9; basic statistics for, 287–93; changes introduced by constitution of 1988 in, 277t; constitution of 1988 of, 274–79; database used for estimating labor demand for, 286-87; economic specification for labor in, 282-85; estimates for coefficient on lag employment for, 293, 299-301f; estimates for long-run effect of wages on employment, 293-302, 303-6f; estimates for structural parameters for, 302, 307-14f; estimates of monthly evolution of short-run impact of changes in wages on employment, 294–97f; estimates of monthly evolution of short-run impact of changes in wages on employment for, 293; estimating impact of constitutional change with regression analysis for, 338-44; impact of labor market regulations on labor market performance in, 280–327; impact of regulations on labor market performance based on turnover measures for, 328-44; isolating effect of constitution

Brazil (cont.)

change on labor demand for, 285–86; labor codes in, 8; labor market regulations in, 274–75; log specification for variables for, 302, 315–26; 1988 Constitution of, and turnover rates, 60; payroll taxes in, 10; structural model for labor demand for, 281–82; turnover measures and impact of regulations on labor market performance, 238–344; union density in, 11

Cadastro Geral de Empregados e Desempregados (CAGED), 332, 332n20

Caribbean countries: characteristics of labor market regulation in, 521; dismissals in, 522–23; dynamic labor demand in, 558–60; economic performance indicators of, 5; evidence on overall demand for labor in, 554–57; gross domestic product of, 3–6; institutional frameworks governing labor market regulations in, 519–25; minimum wages in, 523–24; national insurance and social security benefits in, 522; severance payments in, 523–24; statistical data for, 533–36. See also specific country

Cesantias, 9. See also Severance payments Chile, 8; data used for study of, 413–15; distribution of effect of minimum wages in, 421-22, 426-28; economic performance of, 3; effect of job security provisions on distribution of employment in, 420-26, 421-22t; effects of minimum wages and job security provisions on types of workers, 402; job security provisions in, 406-10; labor market regulations in, 406-13; labor reform in, 8; methodology for estimating impact of labor market regulations for, 415-20; minimum wages in, 410-13; total effects of labor market policies on probability of employment in, 428-31

Civil Rights Act of 1990, 187

Collective bargaining, 11–12; bargaining models for, 446–48; in Uruguay, 440–43. *See also* Unions

Colombia, 8–9; advance notice for mass dismissals in, 190; dynamic labor demand in, 256–59; econometric evidence on impact of minimum wages in, 121– 24; effects of labor and social security reform on nonwage costs, 232-35; effects of minimum wages on employment in, 125-27; elasticities of demand for labor in, 249-56; elasticities of substitution between factors of production in, 249-56; employment and production statistics for, 235-38, 239-43f; employment rates in, 6; endogenity of wage and nonwage costs in, 246-49; fixed-term contracts in, 189-90; impact of minimum wages on wages in, 124-25; labor demand in panel of manufacturing establishments in, 259–64; labor demand in panel of ninety-two manufacturing sectors, 264-66; labor market reforms in, 8-10, 187-91, 200-225, 231-32; payroll taxes in, 10; real factor costs by sector for, 244-47; severance payments in, 188-89, 190-91; unemployment rate for (1976-1998), 235, 235f; unjust payments in, 189; worker turnover and unemployment in, 224 - 27

Data: for Caribbean countries, 533–36; for Chile, 413–15; for Colombia, 200–224; definitions and sources of variables, 89–100; for labor demand in Peru, 147–56; for labor market policies and employment duration for Argentina, 501–3; for labor market variables for LAC and OECD countries, 66–68; for study of unions and employment in Uruguay, 449–55

Differences-in-differences estimators, 196–200, 328–30; limitations of, 337–38

Dismissals, 8–9; in Caribbean countries, 522–23; costs of, 44; unjust, 189, 231, 284, 522–23

Dynamic labor demand: in Colombia, 256–59; in Latin America and Caribbean countries, 558–60. *See also* Labor demand

Dynamic labor demand functions, 100–104, 530–33

Economic performance, labor reforms and labor market outcomes and, 14–24
Ecuador, 8; labor market reforms in, 8–9
El Salvador, payroll taxes in, 10
Employment: composition of, and job secu-

rity provisions, 64; duration of, in Peru, 157–72; effect of job security provisions on distribution of, in Chile, 420–26, 421–22t; effect of pension reforms on, 78–80; effects of minimum wages on, in Colombia, 125–27; total effects of labor market regulations on, in Chile, 428–31; unions and, 435–37. *See also* Job security provisions

Employment-at-will doctrine, 184
Employment duration, 506–10; data used for labor market policies and, for Argentina, 501–3; hazard rates for, 510–15; measuring effects of regulation on, 503; methodological considerations for, 503–6

Employment laws. See Labor laws
Employment protection legislation (EPL),
186. See also Job security provisions
Employment rates: average, job security
provisions and, 62–63; of Latin American and Caribbean countries, 6

Employment security. See Job security regulations

Fixed-term contracts, in Colombia, 189–90 Fundo de Garantia por Tempo de Serviço (FGTS), 278–80, 278n5, 278n6, 345

Generalized Leontief (GL) cost function, 249–51, 268

Gross domestic product (GDP): of Latin American and Caribbean countries, 3–6; of world regions, 4

Growth rates, of Latin American countries, 3

Guyana: characteristics of labor market regulation in, 521; institutional frameworks governing industrial relations in, 520

Hazard functions, 170–72, 178–81 Hazard rates, estimating, 347–49, 510–15

Indexes, of labor market regulations, 525–30 Industrial relations, institutional frame governing: in Bahamas, 520; in Barbados, 520; in Belize, 520; in Guyana, 520

Informal sector: avoiding regulations and, 144–46; impact of minimum wages on, 120–21

Informal workers, 34

Jamaica: characteristics of labor market regulation in, 521; empirical results for impact of selected labor market regulations on employment in, 536–42, 544– 45; institutional frameworks governing industrial relations in, 520; labor market reforms, 10

Job security provisions, 44, 402; average employment rates and, 62–63; in Chile, 406-10; composition of employment and, 64; effect of, in Chile, 421-22t; effect of, on distribution of employment in Chile, 420-26; effect of, on types of workers in Chile, 402; empirical evidence for Latin America and Caribbean on, 57; gender and, 404; identification strategy for, 196-200; quantifying cost of, 25-27; sorting of compliance with, 191–96; summary of current literature on, 46, 47-56; theoretical discussion of, 44-46; turnover rates and, 57-62; and types of workers, 403 - 5

Job security regulations: effects of, in U.S., 186–87; literature review of, 185–87; overview of, 183–85

Job stability, legislative changes for, in Peru, 135

Junk contracts, 497 Just cause clauses, 9

Kaitz index, 526, 528 Kernel density plots, for minimum wages, 114–19

Kolmogorov-Smirnov test, 178–81

Labor codes, 6–7

Labor costs: labor market regulations and, 525–26; nonwage, in Peru, 141–44

Labor demand: analytical framework for dynamic estimations of, 269–71; asymmetry on, 100–104; dynamic, functions of, 530–33; dynamic, in Colombia, 256–59; dynamics of, in Uruguay, 470–72; elasticities of, in Colombia, 249–56; empirical results for, in Uruguay, 455–70; estimation equations for, 178; evidence on effect of labor laws on, in Peru, 144–56; evidence on overall, 554–57; in panel of Colombian manufacturing establishments, 259–64; in panel of ninety-two Colombian manufacturing sectors, 264–

Labor demand (cont.)

66; structural model for, 281–85, 345–46; theoretical framework for, 444–46. *See also* Dynamic labor demand

Labor force, composition of, in Argentina, 359–60

Labor laws: collective, in Argentina, 356–57; cost of, across countries, 28–37; enforcement of, 34–39; evidence on effect of, on labor demand, in Peru, 144–56

Labor market reforms: in Argentina, 8–9, 497–99; in Barbados, 10; in Colombia, 8–10, 187–91, 200–225; in Ecuador, 8–9; impact of Colombian, 200–225; in Jamaica, 10; motivations for, 13–24; in Nicaragua, 8–9; in Panama, 10; in Peru, 8–9; in Trinidad and Tobago, 10; in Venezuela, 10

Labor market regulations: areas covered by, 518-19; areas for future research on, 85-88; avoiding, informal sector and, 144–46; in Bahamas, 521t; in Barbados, 521t; in Brazil, 274–75; in Caribbean countries, 519–25; in Chile, 406–13; computing measures of, 89-100; definition of, 518; different effects on workers of, 403-6; difficulties in studying, 273-74; effects of, in Argentina, 360–69; enforcement of, 34-39; in Guyana, 521; impact of, on employment in Barbados, 536–43; impact of, on employment in Jamaica, 536-42, 544-45; impact of, on employment in Trinidad and Tobago, 536-652, 545-47; impact of, on labor market performance, 280-327; for individual contracts, 6–10; institutional frameworks governing, Caribbean countries, 519-25; labor costs and, 525-26; labor demand-labor supply analysis of, 38-43; methodology and results for, 68–77; methodology for estimating impact of, 415-20; military rule and, 7; quantifying costs of, 24-28; robustness of study results for, 80-82; total effects of, on probability of employment in Chile, 428-31

Labor mobility, in Uruguay, 472–76 Lag employment, estimates for coefficient on, for Brazil, 293, 299–301f

Latin America: dynamic labor demand in, 558–60; economic and labor market performance of, 3–6; economic performance indicators of, 5; evidence on

overall demand for labor in, 554–57; growth rates in, 3. *See also* specific country

Law 100 (Colombia), 232, 232n10 Laws. See Labor laws Layoff rates, unions and, 473

Macroeconomic stabilization policies, 3 Mandated benefits, 10–11 Mass dismissals, advance notice for, in

Mass dismissals, advance notice for, in Colombia, 190

Mexico, 7; payroll taxes in, 10; union density in, 11

Military rule, labor market regulations and, 7 Minimum wages, 12-13, 14, 65, 109, 405-6; in Caribbean countries, 523-24; in Chile, 410–13; distribution of effect of, in Chile, 421-22t, 426-28; econometric evidence on impact of, in Colombia, 121-24; economic shocks and, 112; effect of, on youth employment, 401–2; effects of, on employment, in Colombia, 125-27; effects of, on types of workers in Chile, 402; effects on employment and, 110-11; enforcement of, 13; impact of, on informal sector, 120-21; impact on wages of, in Colombia, 124-25; impacts of, 110; impacts of mandated nonwage benefit payments and, 112-13; kernel density plots for, 114–19; numerical measures of incidence of, 112-14; as reference for other formal wages, 121; wage distributions and, 119

Monthly Industrial Survey (Argentina), 394–98

National Central Union (Uruguay), 441–42 National insurance, in Caribbean countries, 522

Nicaragua, 8; labor market reforms in, 8–9; union density in, 11 Nonwage labor costs, in Peru, 141–44

Panama, labor market reforms, 10 Payroll contributions, 10–11 Pension reforms, effect of, on employment, 78–80

Permanent Household Survey (PHS, Argentina), 389

Peru, 8–9; accident insurance in, 142; Christmas and national holiday bonuses in, 143; employment duration in, 157–72; employment rates in, 6; evi-

dence on effect of labor laws on labor demand in, 144-56; health plan payments in, 141–42; individual savings accounts in, 142-43; labor legislation in, 173; labor market reforms in, 8-9; legislative changes for job stability in, 135; legislative changes for severance payments in, 133-37; manufacturing training fund (SENATI) in, 142; National Housing Fund (FONAVI) in, 142; nonwage labor costs in, 141-44; overview of economic reforms in, 131-33; quantifying severance payments for, 137–39; retirement plan payments in, 141; temporary contracts in, 140-41 Peruvian Labor Code, 131-32, 133 Pesquisa Industrial Menal (PIM), 286 Pesquisa Mensal de Emprego (PME), 332

Reforms, factors initiating, 13–24. See also Labor market reforms; Social Security reforms

Regulation, quantifying cost of, 24–25 Regulations. *See* Job security regulations; Labor market regulations

Relação Annual de Informações Sociais (RAIS), 332, 332n20

Salario Integral (Colombia), 190, 232 Security. See Job security regulations Severance payments, 9, 231, 404; in Caribbean countries, 523–24, 530; in Colombia, 188–89; legislative changes for, in Peru, 133–37; quantifying, 137– 39; Salario Integral and, 190

Social security: in Argentina, 357–58; in Caribbean countries, 522

Social security contributions, elasticity of employment and, 77–78

Social security reforms, effect of, 78–80 Social security regulations, quantifying cost of, 27–29

Southern Cone Common Market (MER-COSUR), 438

Standardized mean wage: Latin America vs. OECD countries, 112–14; as measure of efficacy of, 119

Substitution, elasticities of, between factors of production, in Colombia, 249–56

Tariff barriers, 3
Temporary contracts, 8, 64, 232; in Colombia, 9–10; in Peru, 140–41

Trade reforms, 3

Trinidad and Tobago: characteristics of labor market regulation in, 521; economic performance of, 3; empirical results for impact of selected labor market regulations on employment in, 536–42, 545–47; employment rates in, 6; institutional frameworks governing industrial relations in, 520; labor market reforms, 10

Turnover analysis, for estimating impact of regulations on labor market performance in Brazil, 328–44

Turnover rates: job security provisions and, 57–62; measuring, 330–35

Unemployment, effect of pension reforms on, 78–80

Unions, 7; bargaining models for, 446–48; in Colombia, 232; data for study of, in Uruguay, 449–50; density of, in Mexico, 11; employment and, 435–37; impact of, 448–49; layoff rates and, 473; prevalence of, in Latin America, 11; in Uruguay, 440–43. *See also* Collective bargaining

United States: effects of job security regulations in, 186–87; layoffs and unions in, 473; unjust dismissals in, 473

Unjust dismissals: in Caribbean countries, 522–23; in Colombia, 189, 231; in United States, 284

Uruguay: collective bargaining in, 440–43; data used for study of unions and employment in, 449–55; dynamic labor demand in, 470–72; empirical results for labor demand in, 449–70; labor mobility in, 472–79; macroeconomic and labor market conditions in, 438–40; payroll taxes in, 10; unions in, 440–43

Venezuela, labor market reforms, 10

Wage Councils (Uruguay), 441–42 Wage pass-throughs, 77–78

Wages, impact of minimum wages on, in Colombia, 124–25

Wrongful dismissals. See Unjust dismissals

Youth employment: effect of minimum wages on, 401–2