

Comment on “Unemployment benefits and older workers” by Jan van Ours

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- ▶ Many papers study the determinants of unemployment outflow
 - ▶ Here: unemployment inflow
1. Some questions
 2. Useful exercise
 3. The French can learn from Dutch's experience

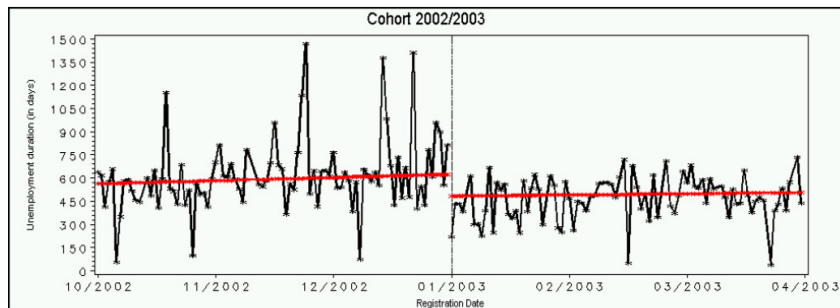
Some questions

- ▶ Before the reform:
 - ▶ observe a spike at 57.5 year-old.
- ▶ After the reform:
 - ▶ no more spike at 57.5 year-old
 - ▶ BUT should observe a spike at 61 year-old? ($65 - 4$ years)
 - ▶ observations stop at 59 year old
- ▶ How many observations do you have?
- ▶ What type of separations: quits, layoffs?

Useful exercise

- ▶ Little is known about the determinants of unemployment inflow
 - ▶ Generosity of unemployment benefits: positive impact on unemployment inflow
 - ▶ Green and Riddell (1997), Green and Sargent (1998): Canada
 - ▶ Hägglund (2009): Sweden
 - ▶ Winter-Ebmer (2003) and Lalive (2006): Austria
- ▶ For older workers: change in the generosity of unemployment insurance
 - ▶ effects on the exit rate out of unemployment: reform in France in 2003, shorter duration of unemployment benefits for workers above 50 year-old (Fremiggacci, 2010)

Useful exercise



Useful exercise

- ▶ But generally:
 - ▶ small effects on transitions from unemployment to employment (Fremigacci, 2010)
 - ▶ stronger effect on transitions from employment to unemployment (Lalive, 2006)

Useful exercise

- ▶ Important to take into account these transitions to design an efficient unemployment insurance
 - ▶ research about optimal unemployment insurance is focused on moral hazard associated with transitions from unemployment to employment
 - ▶ there is also a moral hazard issue for transitions from unemployment to employment
- ▶ Importance of experience rating (bonus malus system) to provide appropriate incentives
 - ▶ In France: contribution Delalande, abolished in 2008 (Behagel, Crepon, Sedillot, 2004)
 - ▶ Some experience rating is needed

What about France?

- ▶ France looks like the Netherlands before the 2003 reform
- ▶ Workers laid-off at 58 year-old
 - ▶ get unemployment benefits during 36 months
 - ▶ when they reach 61 year-old, they can get unemployment benefits until 65 year-old
- ▶ In this context, the recent reform of the break of contract: “rupture conventionnelle” might amplify the unemployment inflow of workers above 58 year-old.