

# **Comments on : Spanish Labour Market Duality, Labour Mobility and Labour Shortages**

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## CCLVZ's contribution

Apply their previous flows/stock methodology to disentangle separate components of

$$M = A m(sS, V) \text{ in Spain (aftermath of GC)}$$

S:=seekers {E, U, I} with s:= search intensity {w,x,y}

Identification problem with CD matching function

$$M = A (sS)^{1-\eta} V^\eta = (As^{1-\eta}) S^{1-\eta} V^\eta$$

# CCLVZ contribution

- **Trick:** Multi-sectoral set-up with info about search modes plus assumption of equal job finding rates for E, U and I allows to obtain all the three components separately.

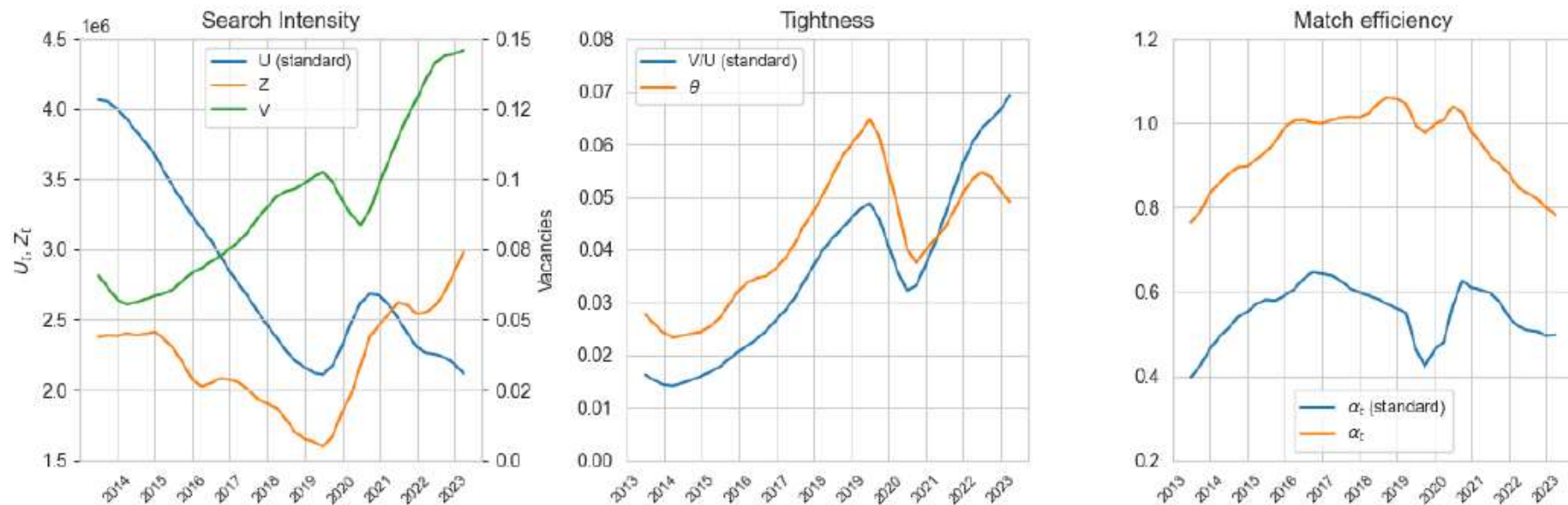
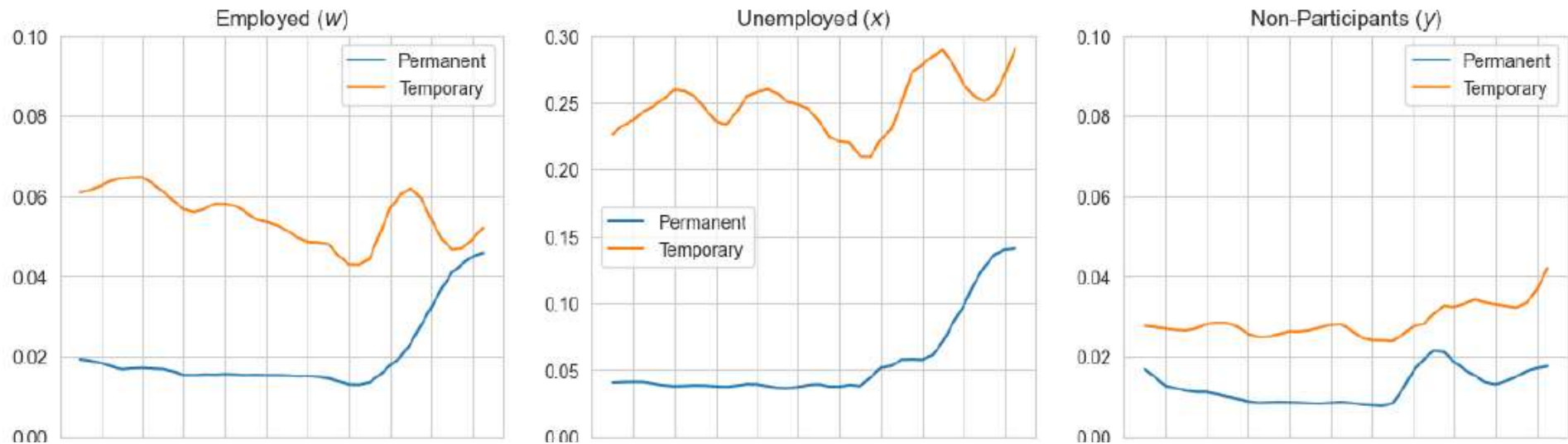


Figure: Series of matching function components

# Search intensity by type of contract (P,T) & industry



Search intensity by destination industry

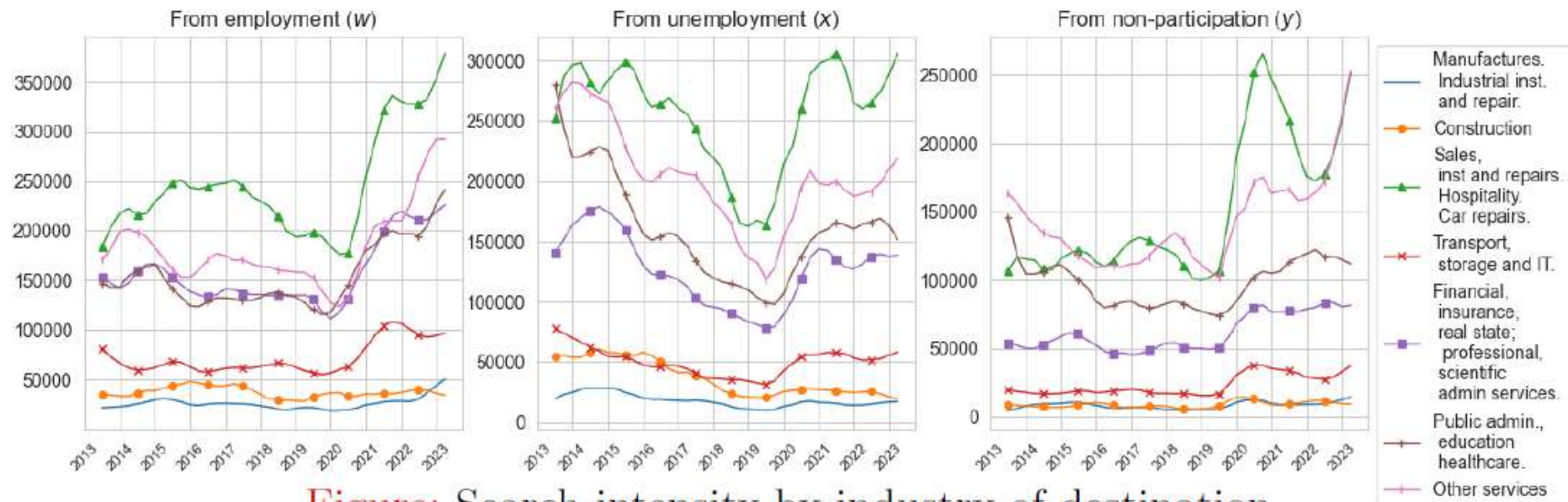
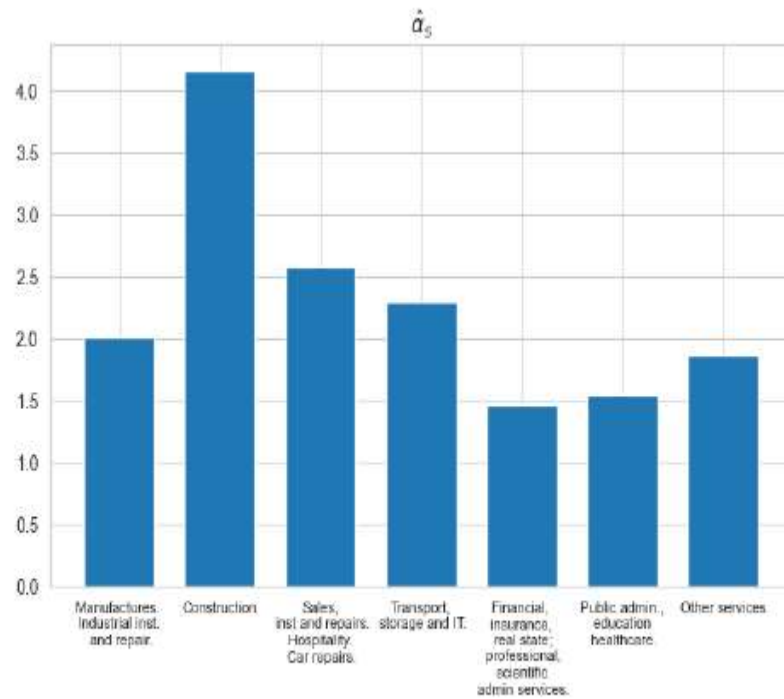


Figure: Search intensity by industry of destination

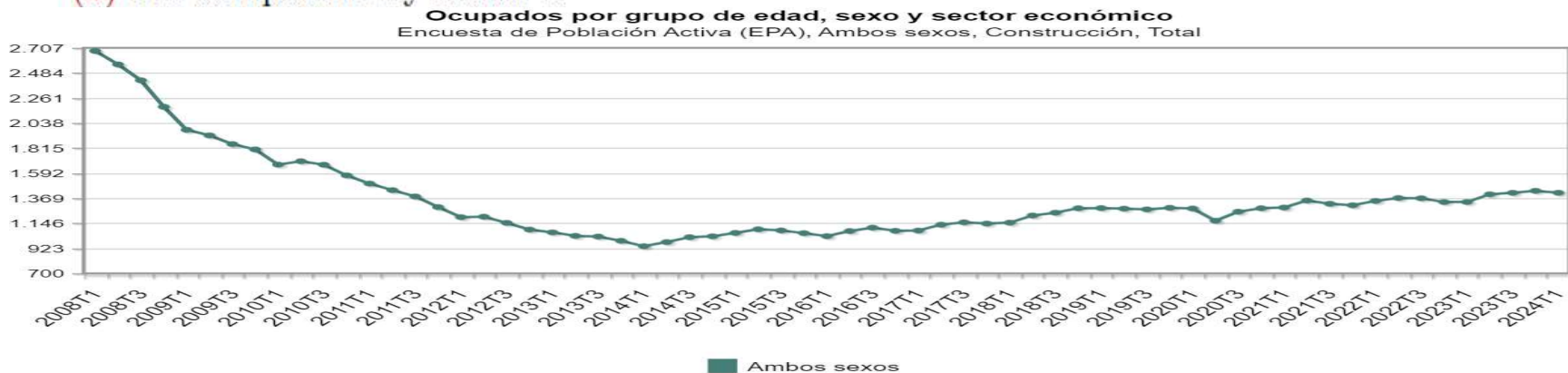


# The brick economy is back in shape



Bricklayers match efficiency at Pza. Elíptica (Madrid)

(a) Fix component by sector  $\alpha^s$



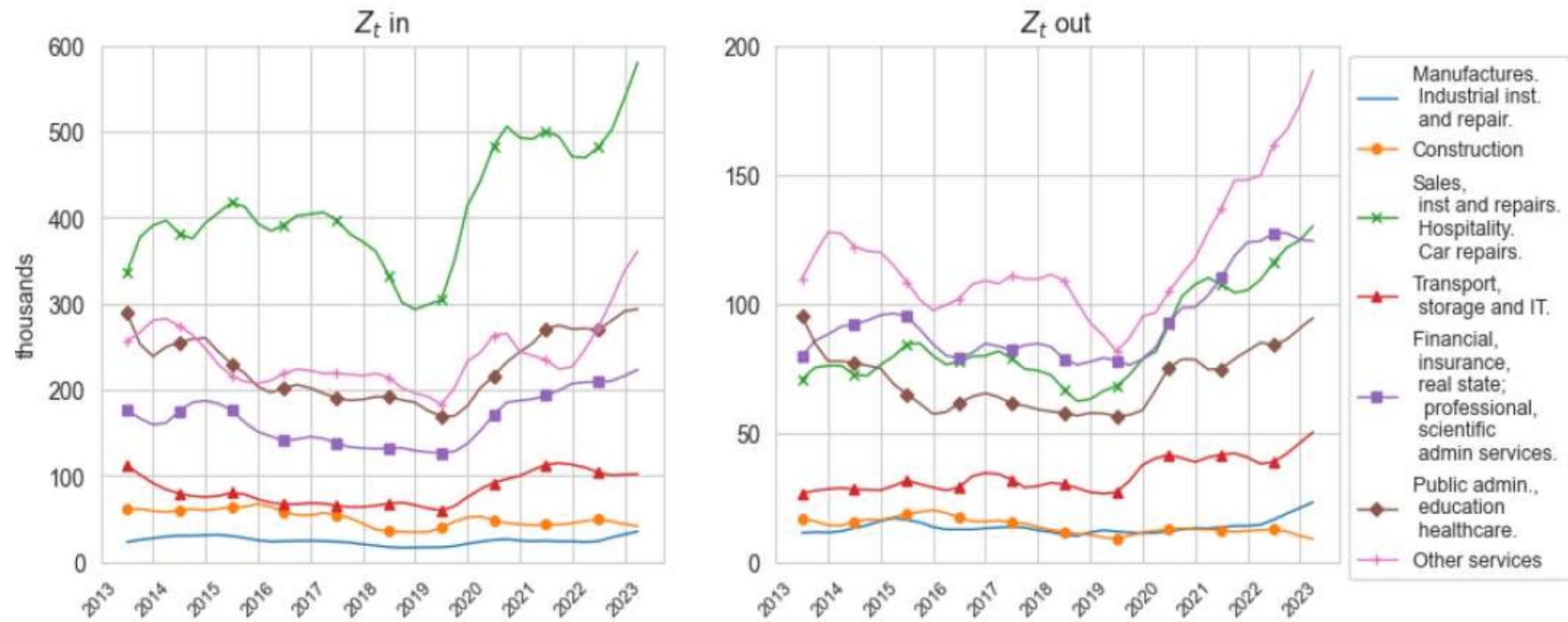


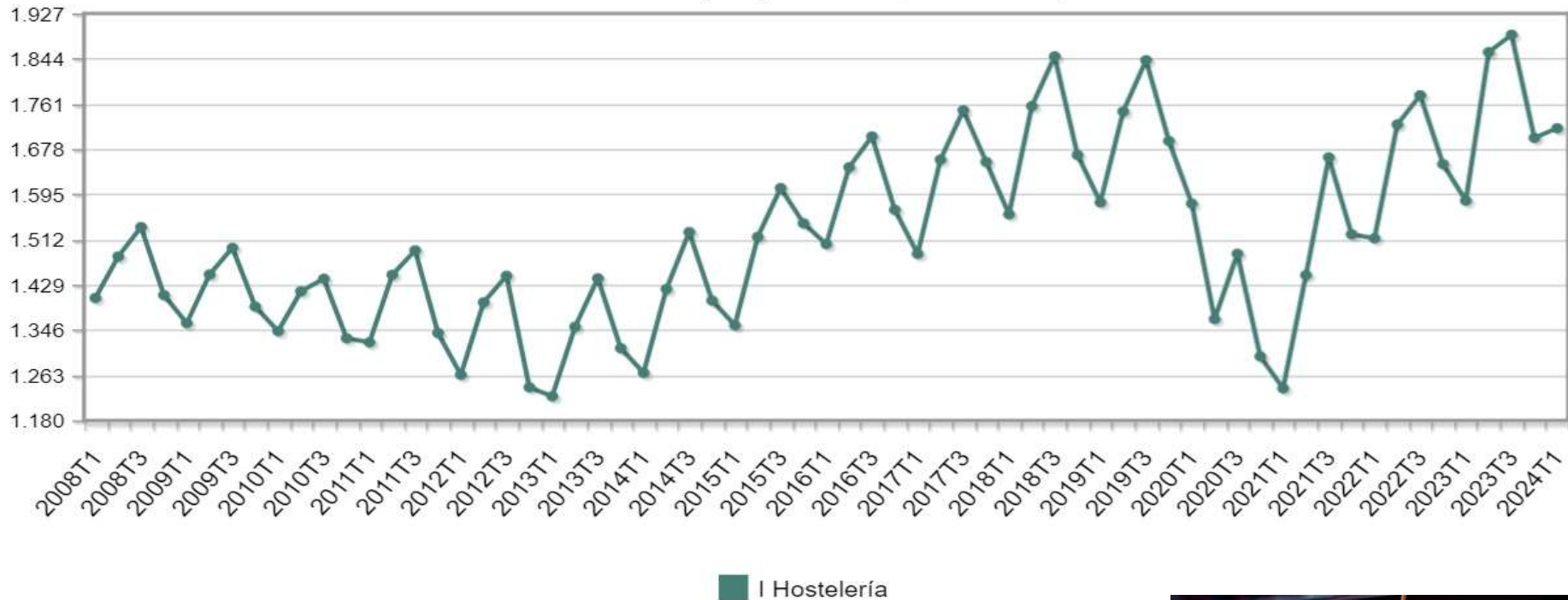
Figure:  $Z$  within/across industries by industry

## Controversial conclusions

- Incentivize search intensity towards the construction industry.
- Reduce search intensity towards other services & professional industries .

# Structural transformation: From bricks to cañas

Ocupados por sexo y rama de actividad. Valores absolutos y porcentajes respecto del total de cada sexo  
Encuesta de Población Activa (EPA), Hostelería, Ambos sexos, Valor absoluto



Employed in tourism sector: 2.7 m. (2024)

Employers invest wherever they can use TC



...leading to low TFP growth

2.1.a TFP





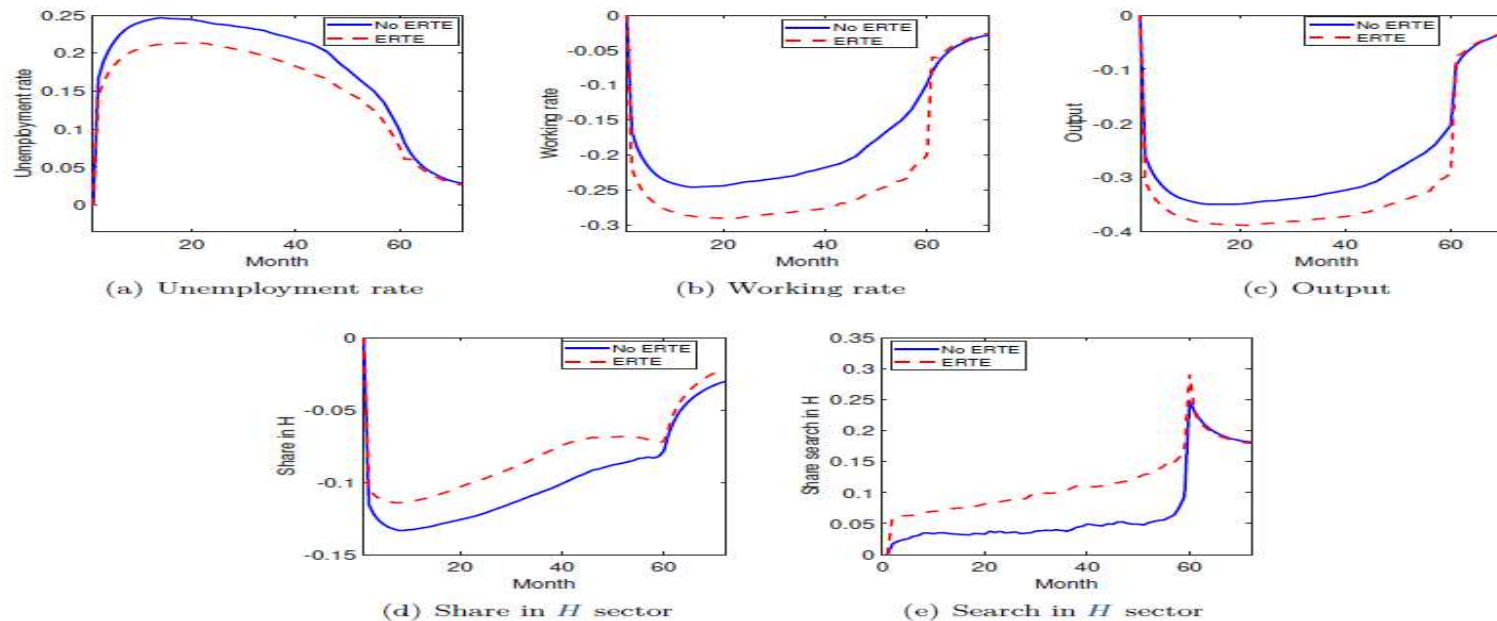
## **Yet...on second thoughts**

- Access to housing is the worst problem for young people.
- According to BdE, 600 th. social dwellings are needed during 2022-2025 to ameliorate rental price inflation (Spain: 2.5%, EU: 9.3%).
- Bank morgagers are much better monitored that in GR.

# Shortcomings

- The paper ignores major changes during 2013-2023: ERTes during GC and 2021 Labour Market reform.
- [Diaz et al. \(2024\)](#)'s show that ERTE (furlough) slow down sectoral reallocation from heavily to weakly- hit sectors during the GR. Concerns for productivity growth

Figure 6: Aggregate dynamics in a recession



# Contractual vs. Effective temp-rates (Conde-Ruiz et al., 2023)

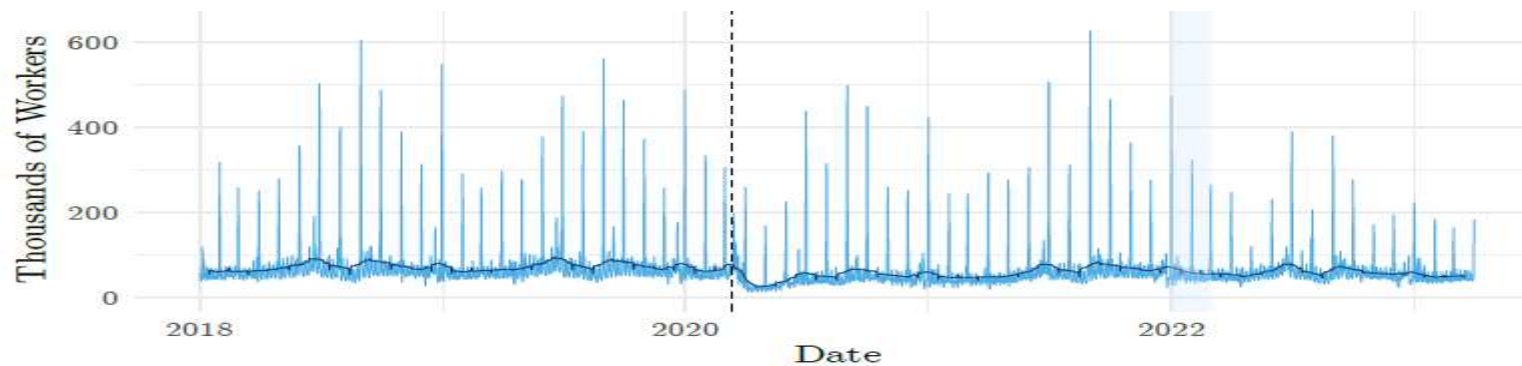
Figure 1: Temporary Rate for Spain 1987 - 2023.



**Severance pay (2022)**

**CFD: €1570**

**TC: €1422**

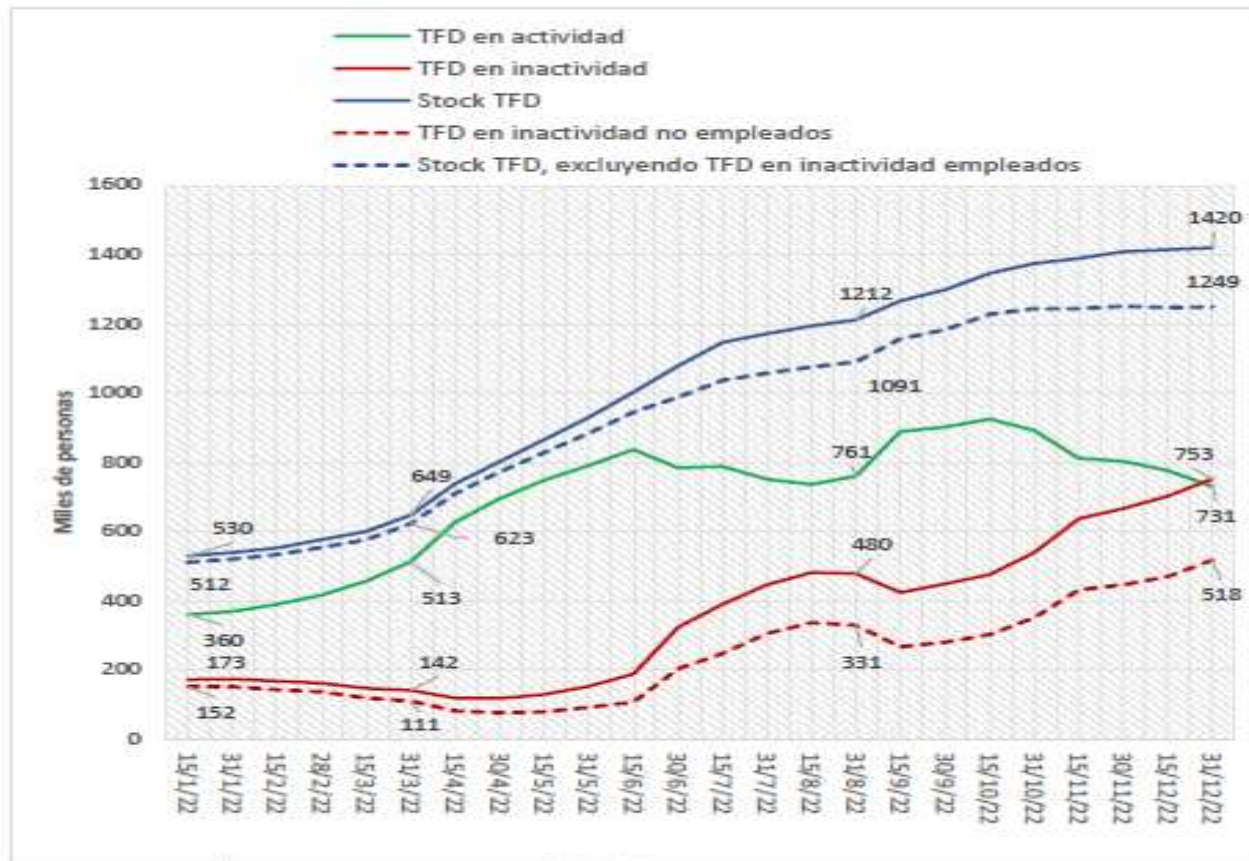


— Job Destruction — Moving Average 30 Days

(b) job Destruction

# Intermittent OE contracts (CFD) (Felgueroso, 2024)

GRÁFICO 19: Evolución del stock de TFD (miles de personas, 2022).



Fuente: elaboración propia con la MCVL 2022 (TGSS)

## Minor comments

- Perils of estimating  $\psi$  by OLS

$$M = A u^\psi v^{1-\psi} \Rightarrow \frac{M}{U} = F = A\theta^\psi$$
$$\ln f = \psi \ln \theta + a$$

- Free-entry condition ( $V = 0$ )

$$c = q(\theta)\Pi = A\theta^{-(1-\psi)}\Pi$$
$$\ln \theta = \frac{\pi + a - c}{1 - \psi} \Leftrightarrow a = (1 - \psi)\ln \theta - \pi + c$$
$$plim \hat{\psi} = \psi + (1 - \psi) = 1$$

- Solution: Introduce dynamics in  $a$  and use GMM  
([Borowczyk- Martins et al. RED 2013](#))
- Reliability of the series on vacancies: 1/3 in public sector



Thanks for a very interesting paper

