

LABOR DISPUTES AND LABOR FLOWS

Comments

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Interesting paper, not an easy read

What I like:

Look at inner workings of institutional details

Not just laws and rules, but look how they work out

Key question:

Workers can appeal dismissal (fight over severance pay):

Effect on labour flows?

Empirical focus on battle in court: probability to go to court

Probability to accept a conciliation settlement

Probability to win court case if settlement rejected

Fight is over severance pay: c_m, c_c, c_M, F

minimum, conciliation, maximum, gain in court

No empirical information

Key conclusions:

1. TSL IV: the action is in job destruction, not in job creation
2. reduced form: higher lawyer density leads to higher net job creation

(less job destruction and no or modest effect on job creation)

Good news or bad news? Effect on productivity

Plausible? More lawyers, lower fees, more worker opposition

Any data on lawyer fee variation, across jurisdiction? In relation to density?

The model

For a given worker-firm case, all parameters exogenous:

Given:

$$c_m, c_c, c_M, F, l_c, l_t, k_c, k_t, p_w$$

regime choice is set: determines c and whether worker goes to court or not, accepts settlement or not and probability to win.

Fully deterministic at case level.

- ◆ Variation of regimes within jurisdiction only from heterogeneity of cases
- ◆ Variation across jurisdictions from variation in exogenous parameters and in distribution of cases
- ◆ is there much variation in parameters across jurisdictions? Or set nationally?
- ◆ might be interesting to simulate model with realistic parameters and check if you reproduce observed values; note that outcome variables have very large variation, most probabilities vary between 0 and 1 (Table 2)
- ◆ variation in case distributions (combinations of parameter values) should be caught by fixed effects in regressions. Additive: jurisdictions and time separately. Thus shift in case distribution within jurisdiction over time not controlled for. Negligible?
- ◆ For policy purposes you would like to know the size effects of parameters

Robustness checks

1. Brenneur effect (Grenoble)

Hard to judge: mandatory mediator, what's that exactly? Binding arbitration?

2. seniority below two years: smaller effect predicted

you claim support, but coefficients for job creation go up (abs)

sure, standard errors increase; but N falls from 2112 to 651

Some clarifications I would appreciate:

1. Are firms always represented by a lawyer?

2. I would think that

Trial rate = 1 – conciliation rate

Table 2 shows it's not (add up to 0.81)

3. If worker appeals, still fired?