

Accepted Manuscript

When more Flexibility Yields more Fragility: the Microfoundations of Keynesian Aggregate Unemployment

G. Dosi, M.C. Pereira, A. Roventini, M.E. Virgillito

PII: S0165-1889(17)30040-4
DOI: [10.1016/j.jedc.2017.02.005](https://doi.org/10.1016/j.jedc.2017.02.005)
Reference: DYNCON 3406

To appear in: *Journal of Economic Dynamics & Control*

Received date: 20 February 2016
Revised date: 10 December 2016
Accepted date: 14 February 2017

Please cite this article as: G. Dosi, M.C. Pereira, A. Roventini, M.E. Virgillito, When more Flexibility Yields more Fragility: the Microfoundations of Keynesian Aggregate Unemployment, *Journal of Economic Dynamics & Control* (2017), doi: [10.1016/j.jedc.2017.02.005](https://doi.org/10.1016/j.jedc.2017.02.005)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



When more Flexibility Yields more Fragility: the Microfoundations of Keynesian Aggregate Unemployment

G. Dosi^{*1}, M. C. Pereira^{†2}, A. Roventini^{‡1,3} and M. E. Virgillito^{§1}

¹*Scuola Superiore Sant'Anna*

²*University of Campinas*

³*OFCE, Sciences Po*

Abstract

Wages are an element of cost crucially affecting the competitiveness of individual firms. But the wage bill is also a crucial element of aggregate demand. Hence it could be that more “flexible” and “fluid” labour markets, while allowing for faster inter-firm reallocation of labour, may also render the whole economic system more fragile, more prone to recession, and more volatile. In this work we investigate some conditions under which such a conjecture applies. The paper presents an agent-based model that investigates the effects of two “archetypes of capitalism” – in terms of regimes of labour governance defined by the mechanisms of wage determination, firing, labour protection and productivity gains sharing – upon (i) labour market regularities and (ii) macroeconomic dynamics (long-term rates of growth, GDP fluctuations, unemployment rates, inequality, etc.). The model is built upon the “Keynes meets Schumpeter” family of models (Dosi et al., 2010), explicitly incorporating different microfounded labour market regimes. Our results show that seemingly more rigid labour markets and labour relations are conducive to *coordination successes* leading to higher and smoother growth.

Keywords

Involuntary Unemployment, Aggregate Demand, Wage Determination, Labour Market Regimes, Keynesian Coordination Failures, Agent-Based Models.

JEL codes

C63, E02, E12, E24

*Corresponding author: Institute of Economics, Scuola Superiore Sant'Anna, Piazza Martiri della Libertà' 33, I-56127, Pisa (Italy). E-mail address: gdosi@sssup.it

†Institute of Economics, University of Campinas, Rua Pitágoras 353, 13083-970, Campinas/SP (Brazil). E-mail address: marcelocpereira@uol.com.br

‡Institute of Economics, Scuola Superiore Sant'Anna, Piazza Martiri della Libertà' 33, I-56127, Pisa (Italy), and OFCE and Skema Business School, 60 rue Dostoievski - 06902 Sophia. Antipolis (France). E-mail address: a.roventini@sssup.it

§Institute of Economics, Scuola Superiore Sant'Anna, Piazza Martiri della Libertà' 33, I-56127, Pisa (Italy). E-mail address: m.virgillito@sssup.it

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات