



## EINLADUNG ZUR NÄCHSTEN VERANSTALTUNG DES POTSDAM RESEARCH SEMINAR IN ECONOMICS

Wir laden Sie herzlich zur nächsten Veranstaltung des Potsdam Research Seminar in Economics am **28.06.2016** ein.

Das Seminar findet von **14.00 bis 16.00 Uhr** (c.t.) in Raum **3.06.S 27** statt.

Referent:

**Jun.-Prof. Dr. Moritz Kuhn**  
**Universität Bonn**

Thema des Vortrages:

**Earnings losses and labor mobility over the lifecycle**

Abstract:

Large and persistent earnings losses following displacement have adverse consequences for the individual worker and the macroeconomy. Leading models cannot explain their size and disagree on the sources. Two mean-reverting forces make earnings losses transitory in these models: search as an upward force allows workers to climb back up the job ladder; and separations as a downward force make non-displaced workers fall down the job ladder. We show that job stability at the top rather than search frictions at the bottom is the main driver of persistent earnings losses. We provide new empirical evidence on job stability and develop a life-cycle search model to explain the facts. Our model offers a quantitative reconciliation of key stylized facts of the U.S. labor market: large worker flows, a large share of stable jobs, and persistent earnings shocks. We explain the size of earnings losses by dampening the downward force. Regarding the sources, we find that over 85 % stem from the loss of a particularly good job at the top of the job ladder. We apply the model to study the effectiveness of two labor market policies, retraining and placement support, from the Dislocated Worker Program. We find that both are ineffective in reducing earnings losses in line with the program evaluation literature.

Philip Jung und Moritz Kuhn

Wir freuen uns auf Ihre Teilnahme.