

Title: The Implications of Labor Market Heterogeneity for Unemployment Insurance Design

Speaker: Prof. Kurt See, National University of Singapore

Area: Economics

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Abstract:

We estimate unemployment insurance (UI) eligibility, take-up, and replacement rates at the individual level and document how they vary with earnings, wealth, and unemployment duration. We extend a widely used framework that combines an incomplete-markets model with a frictional labor market to match our findings. We show that the optimal UI policy becomes substantially more generous. The gap between optimal policies in the two models is largely driven by endogenous UI take-up, which entails a utility cost: only those who value UI the most choose to take it. The welfare gains from insuring these workers outweigh losses from increased take-up.

Speaker Profile:



Kurt See, Assistant Professor of Economics at the National University of Singapore. Previously, he served as a Principal Researcher at the Bank of Canada.

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