Matching with Long-Term Employment Relationships

Pascal Michaillat https://pascalmichaillat.org/c2/

Notation. h >0 laba face lit em plo y ment ひ(と). vacancies m stj: # new matches at t f(+) : job-finding nate recruiting nake 9. + : 2 you job - ocparation nate Framing of matching market. market for butlers > bublers produce arrives (on nume of 6 x borroc holds -> each boutles produces a > 0 acrico -> Lullero are in lang-tem relation ships w/ have holds un plo ment house holds ... h butles . h- lit, unemployed Diagnam. fle h-let A lit butters become insurplayed butlers find a Job households: Cits en ployed MATCHING FUNCTION

Matching function Coho - Douglas matching function - vit, : # bacancies yooked by households 2 anguments - h - l t # unemploxed wakes # matches per unit time, Note 1-2 [h-lt,]? m(t): 2 matching efficacy 2 matching clast, itry (elasticity of marding fundion unt unemployment. M = dln m t / dln (& - lt)) Marching rates: - Market tightmess : O(t) = V.t. L - l.t. - Job-finding rate, $f(t) = m(t) = y \cdot \theta(t)$ h - l(t) = l(t) - 2Fermiting rate, $q(t) = m(t) = y \cdot \theta(t)$ 1- M c fecuriting nake. $q(t) = m(t) = N \cdot \Theta(t)$ $U(t) = U(t) \cdot Q(\Phi(t))$