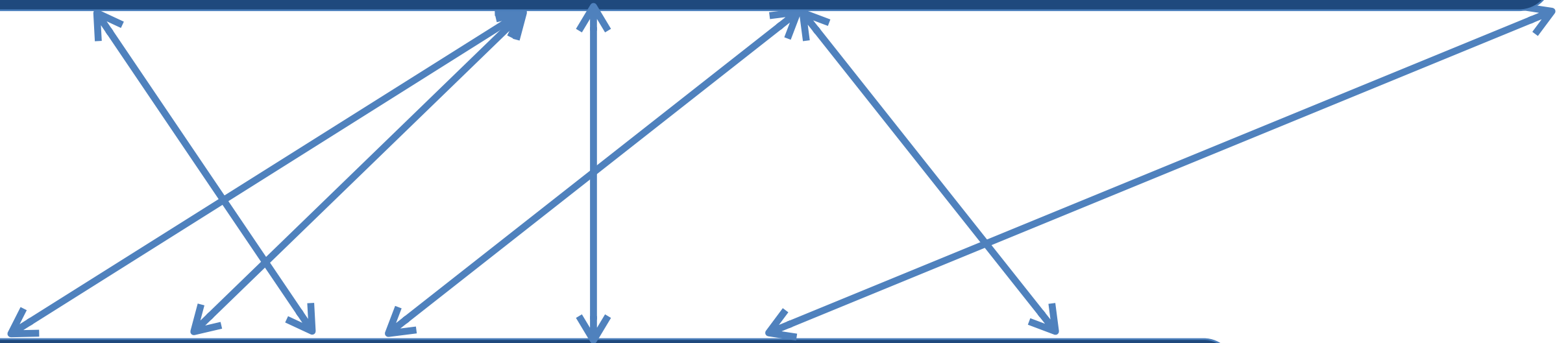


u unemployed workers

v vacancies



u unemployed workers

h newly employed workers

CRS matching function: $h=h(u,v)$

h newly filled jobs

v vacancies

tightness: $\theta = v / u$

u unemployed workers

job-finding probability:

$$f(\theta_+) = h/u = m \cdot \theta^{1-\eta}$$

$$h = m \cdot u^\eta \cdot v^{1-\eta}$$

vacancy-filling probability:

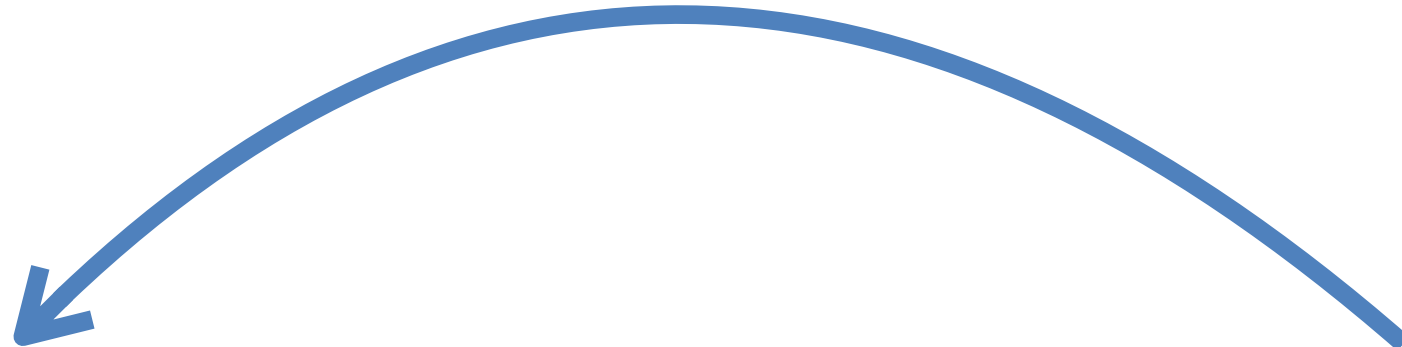
$$q(\theta_-) = h/v = m \cdot \theta^{-\eta}$$

v vacancies

$1 - u_t$ employed workers

u_t unemployed workers

$$f(\theta_t) \times u_t$$



n_t employed workers

u_t unemployed workers

n_t employed workers

u_{t+1} unemployed workers


$$-s \times n_t$$

labor market tightness

labor demand
 $n^d(\theta, a, g)$

labor supply
 $n^s(\theta)$

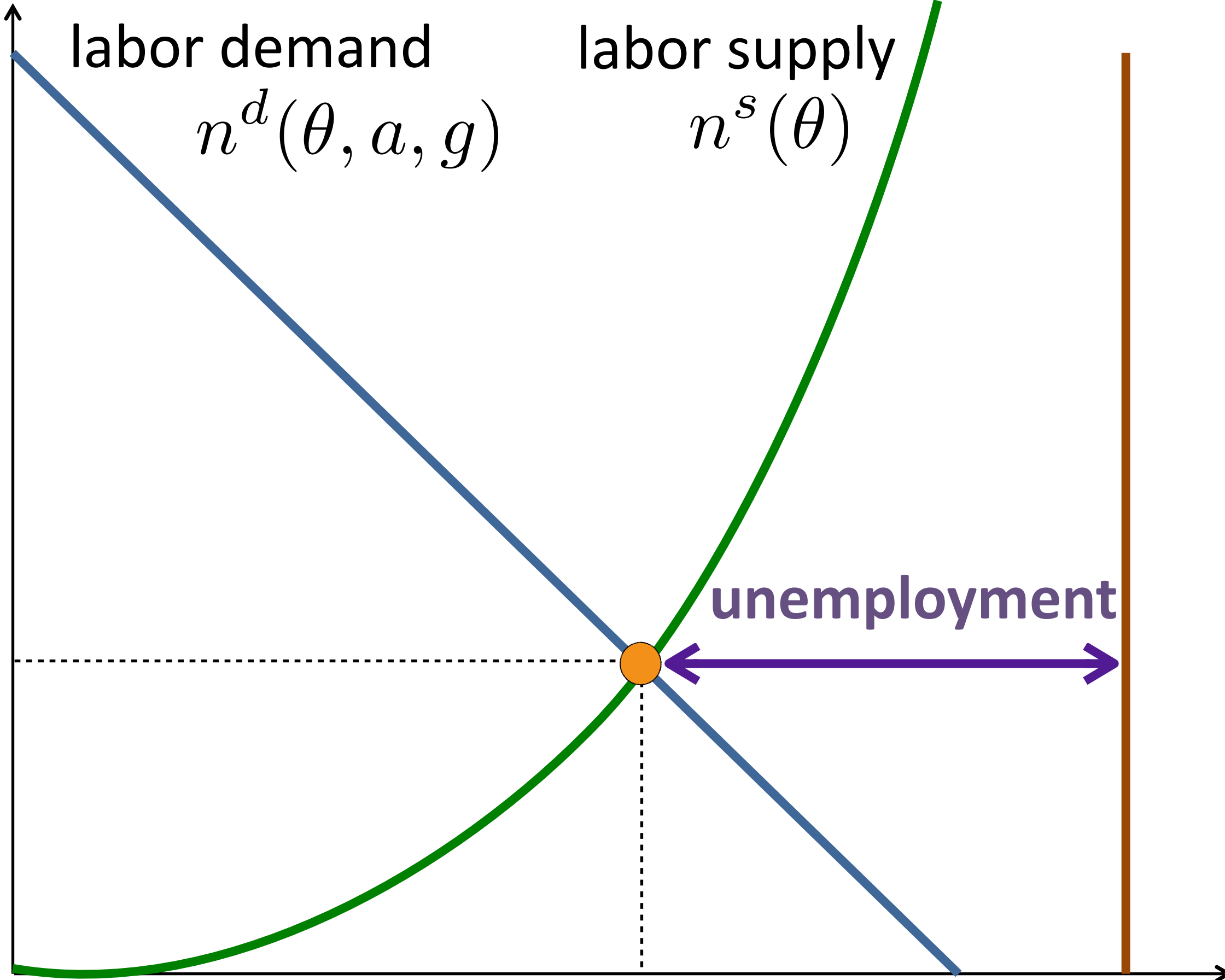
θ

n

1

unemployment

employment



Labor market tightness

2

1

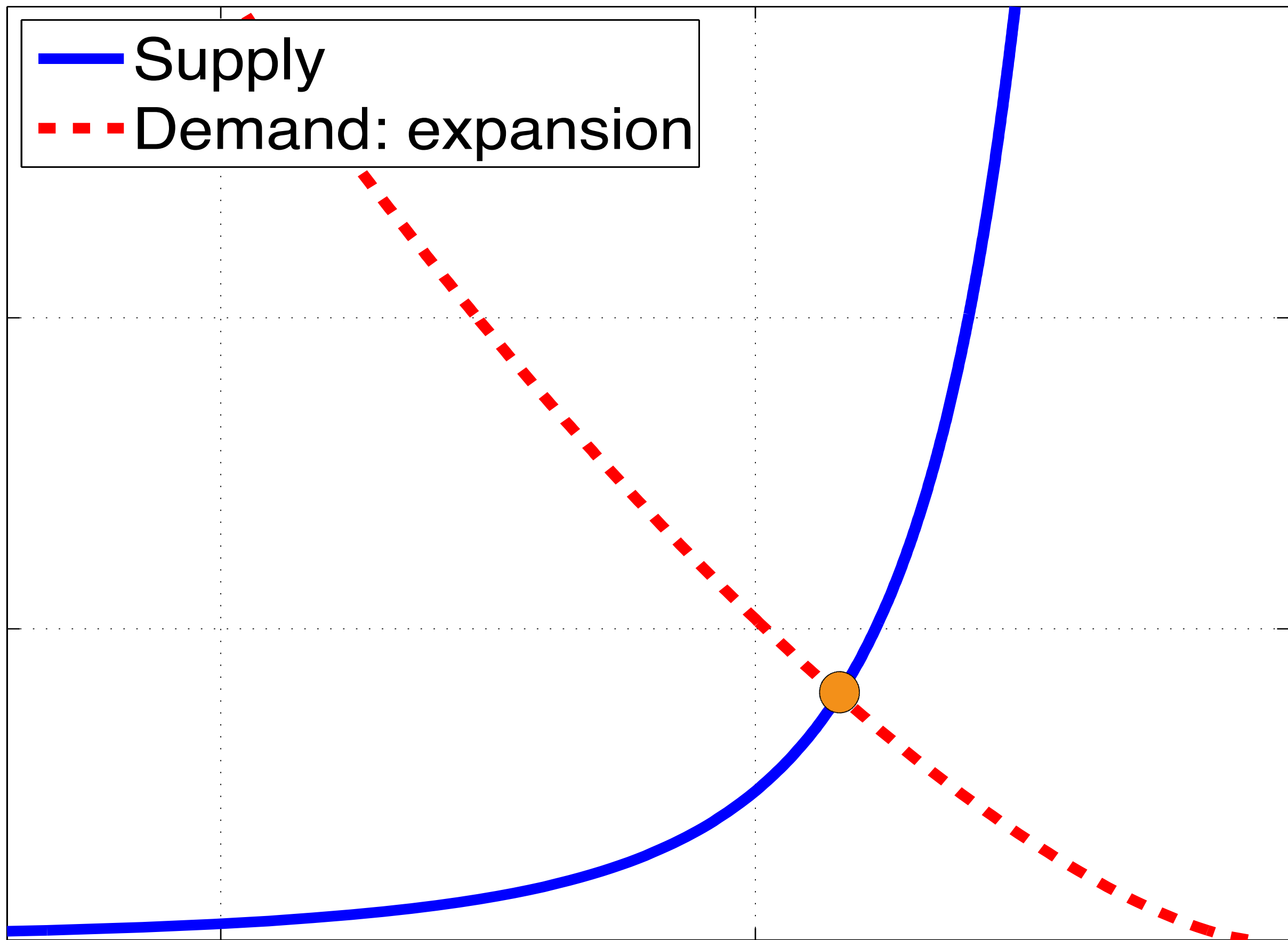
0.9

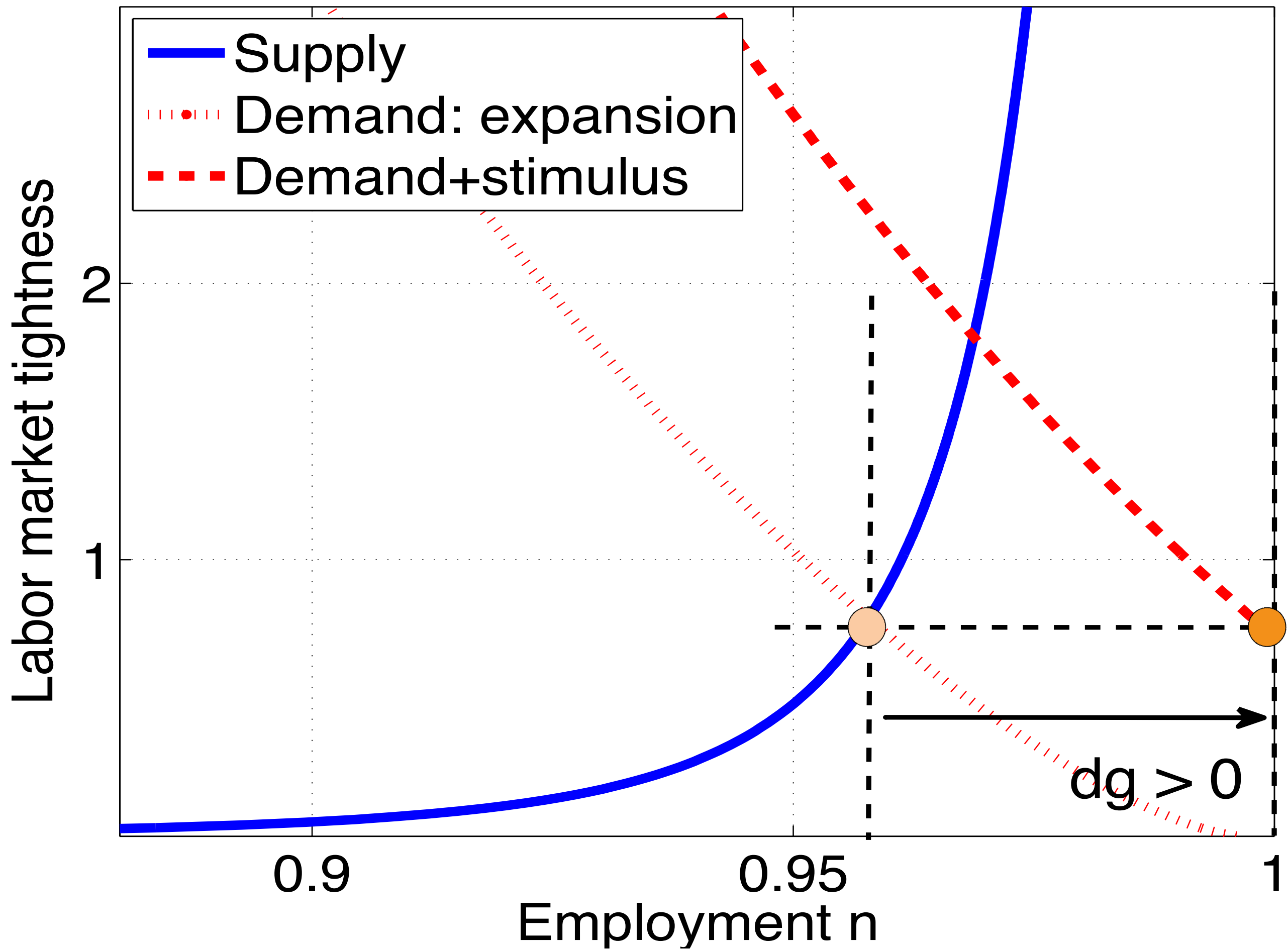
0.95

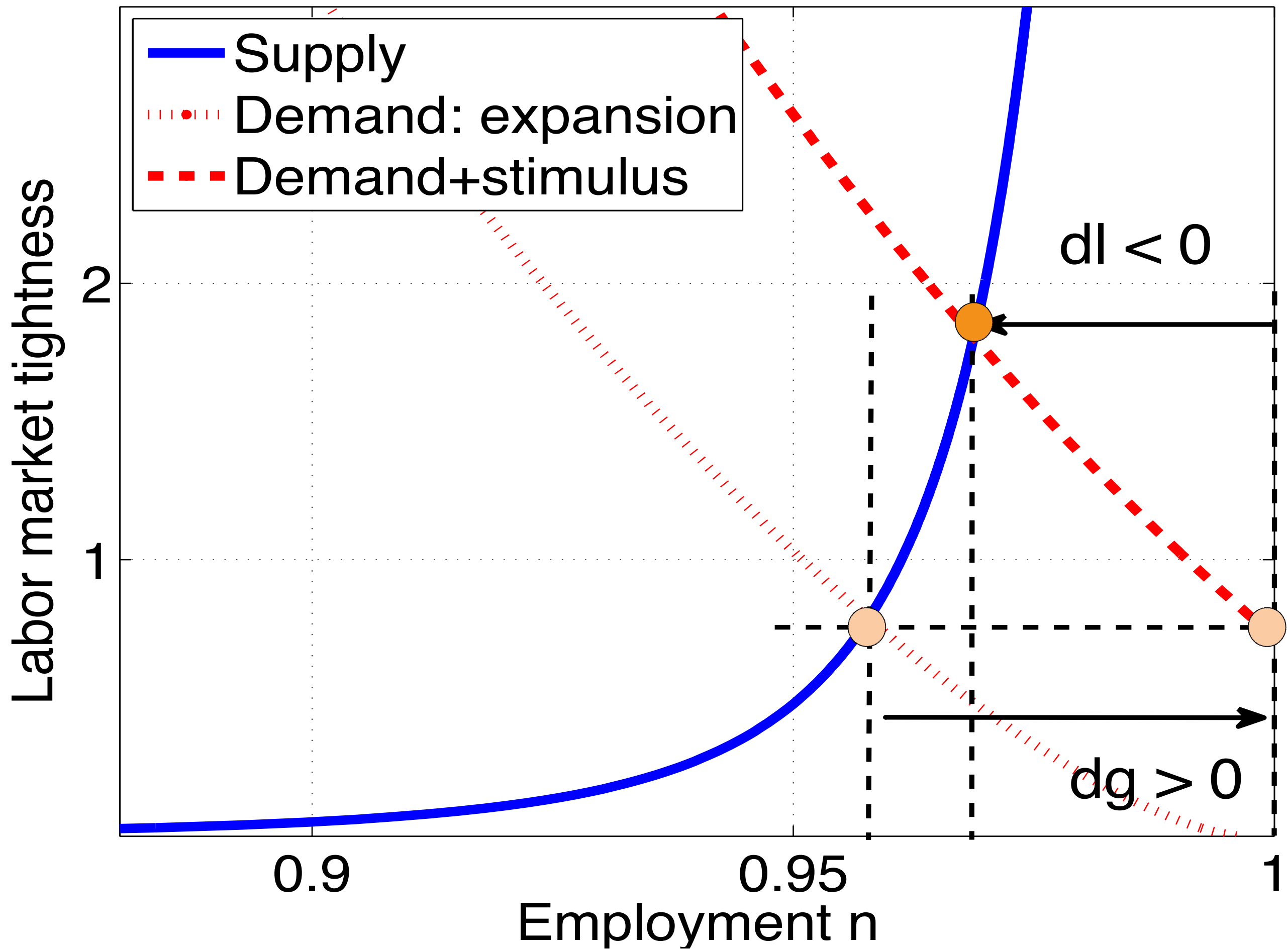
1

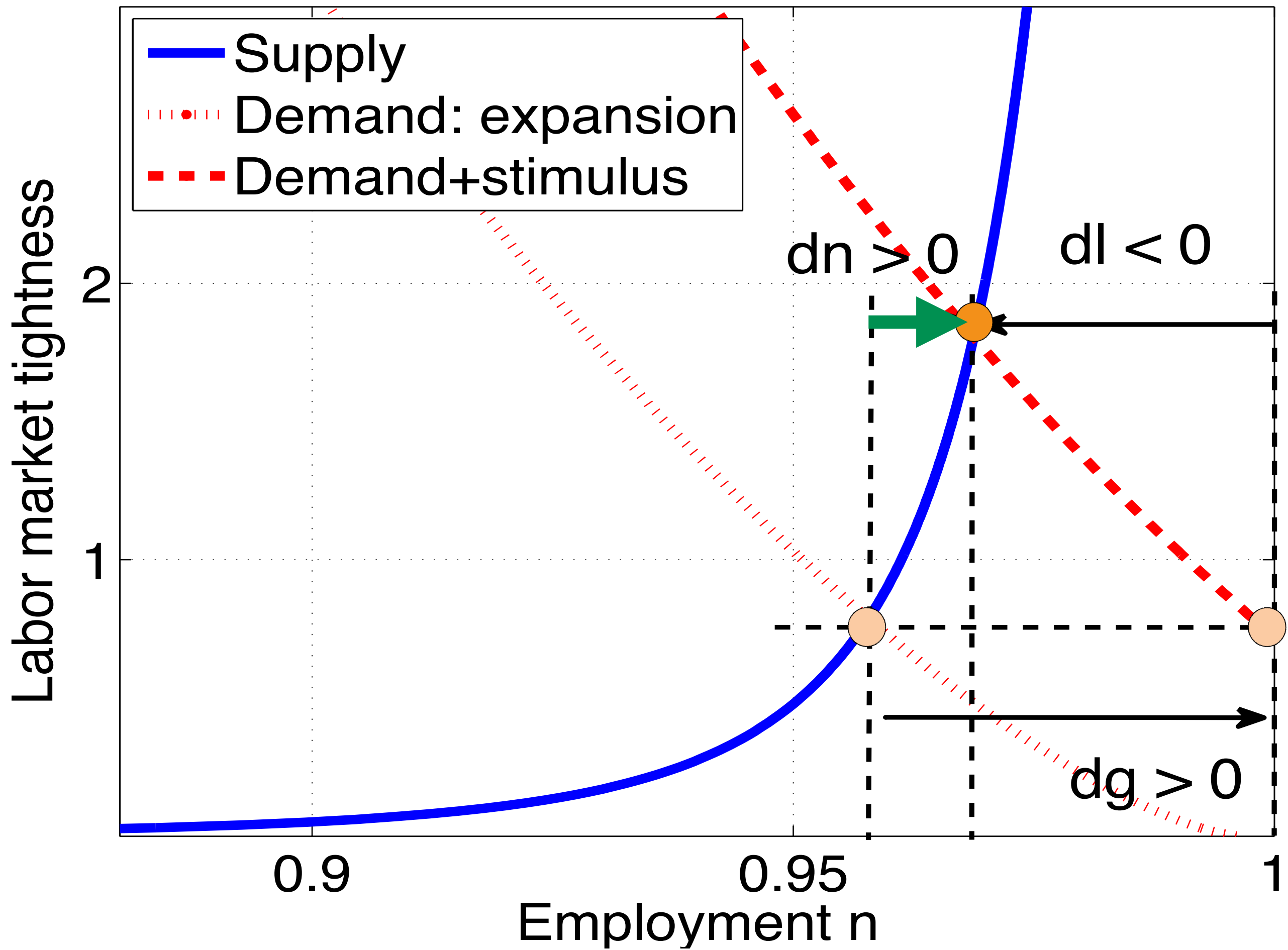
Employment n

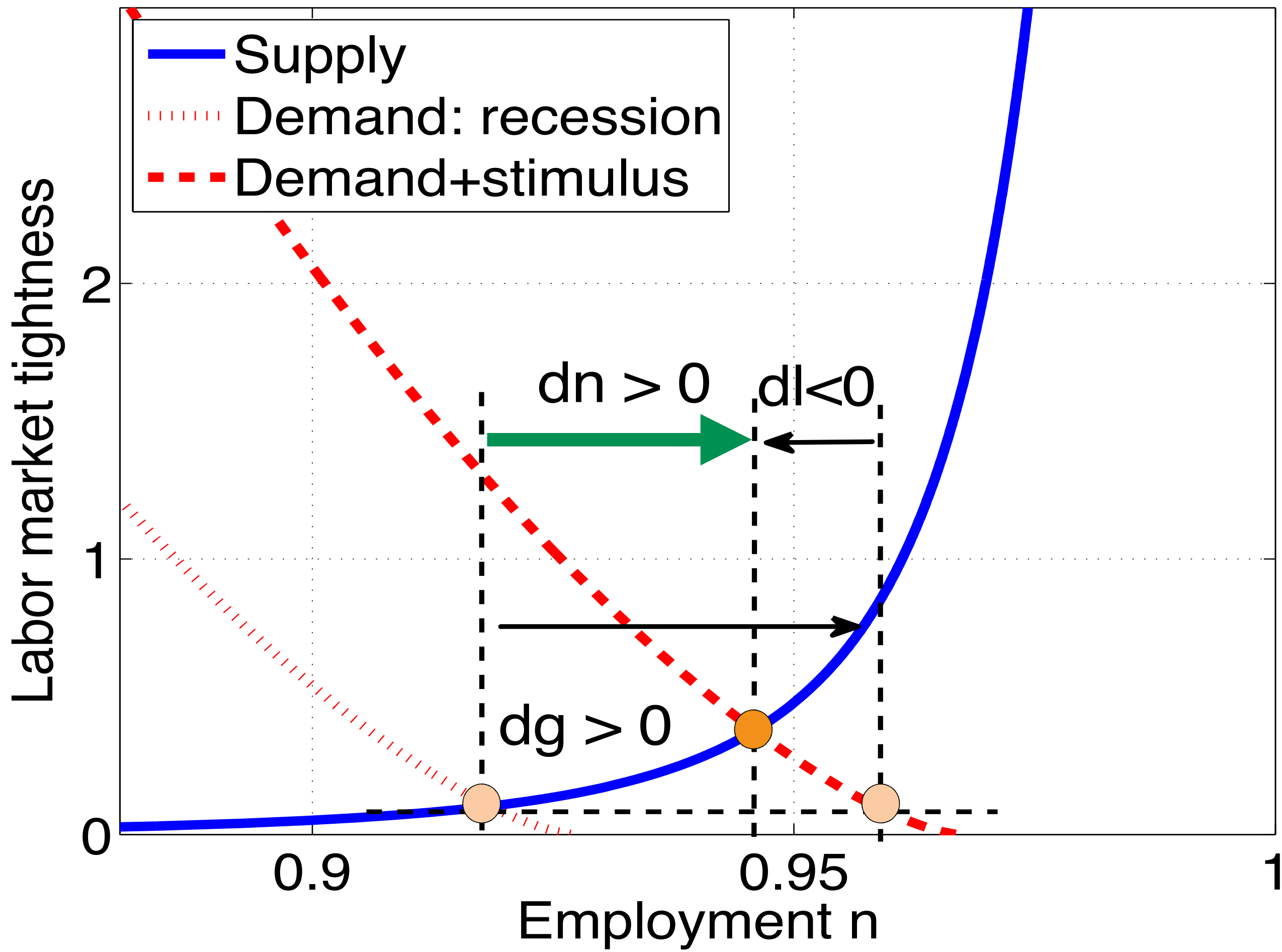
— Supply
- - - Demand: expansion



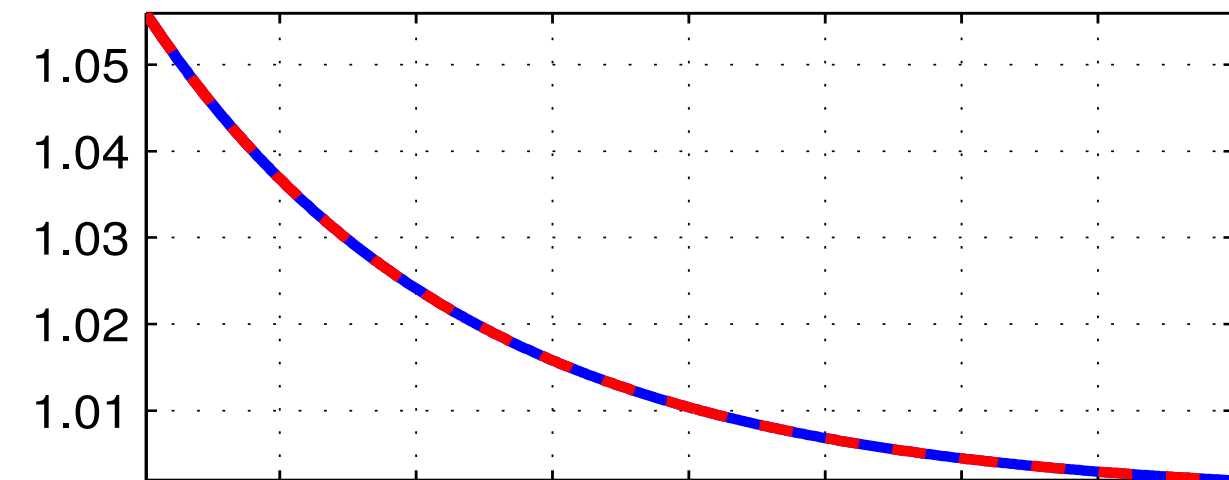




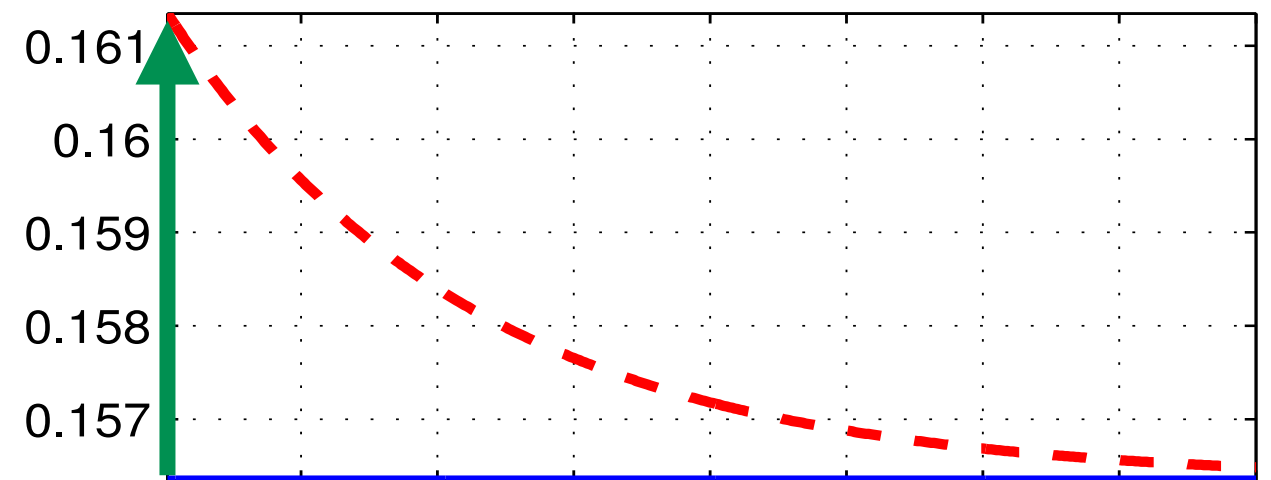




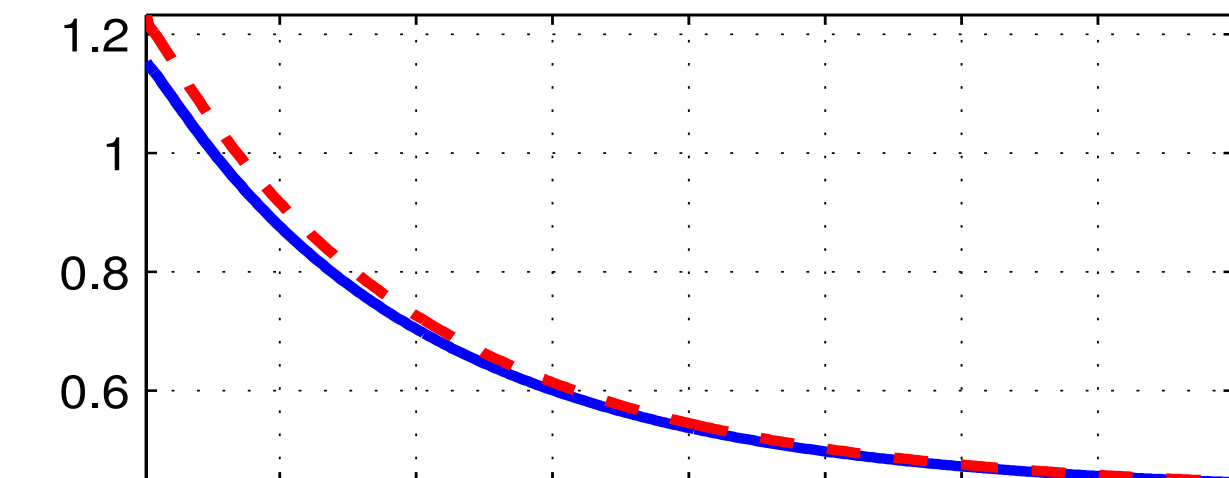
Technology



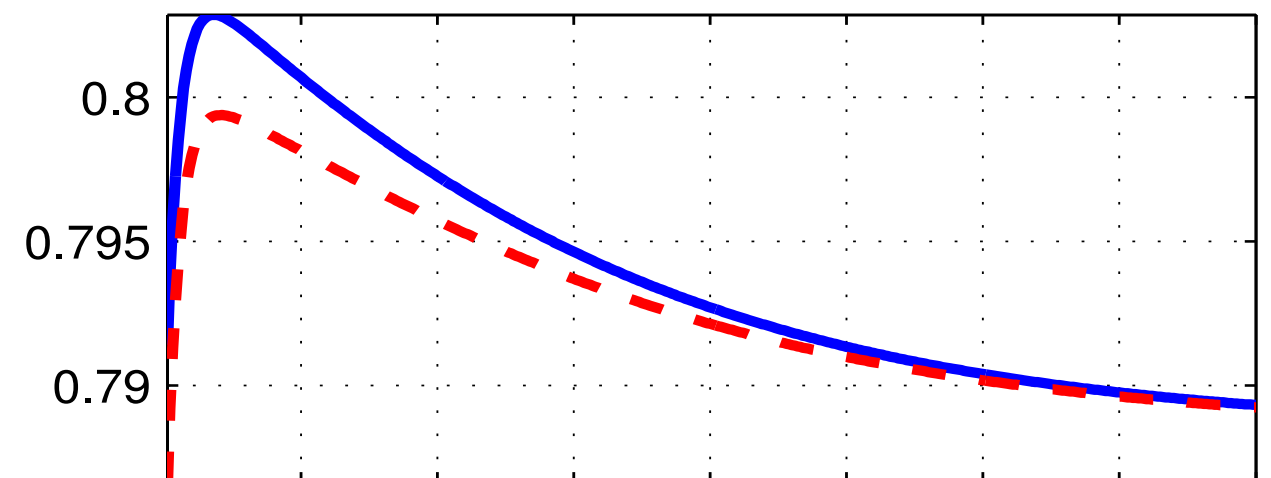
Public employment



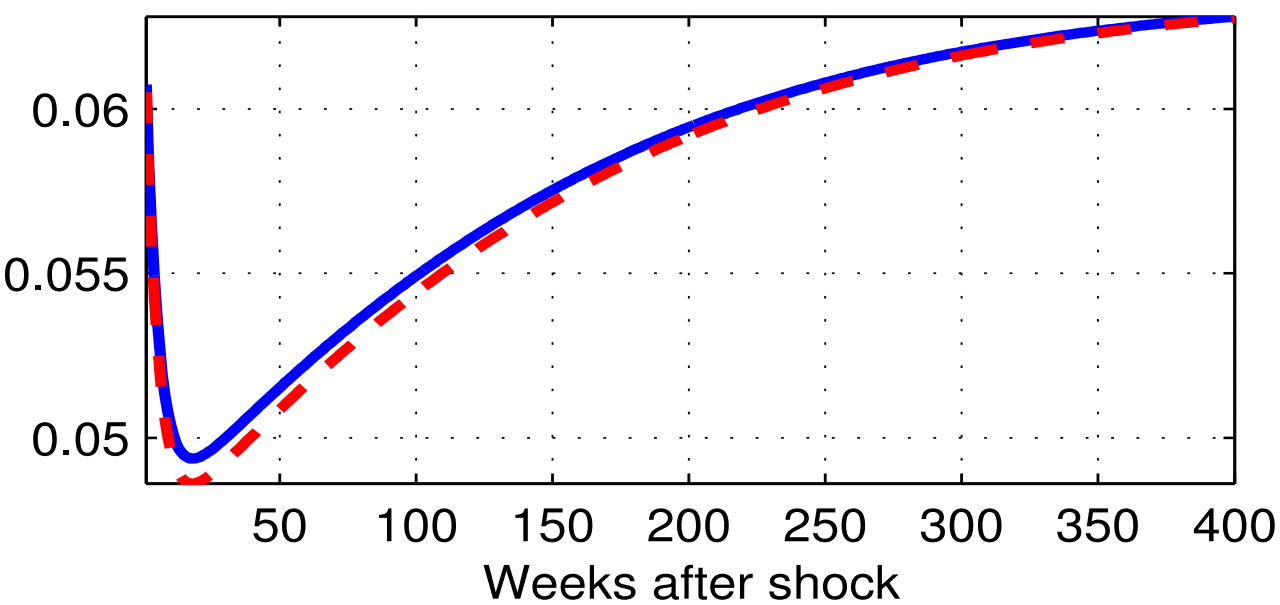
Labor market tightness



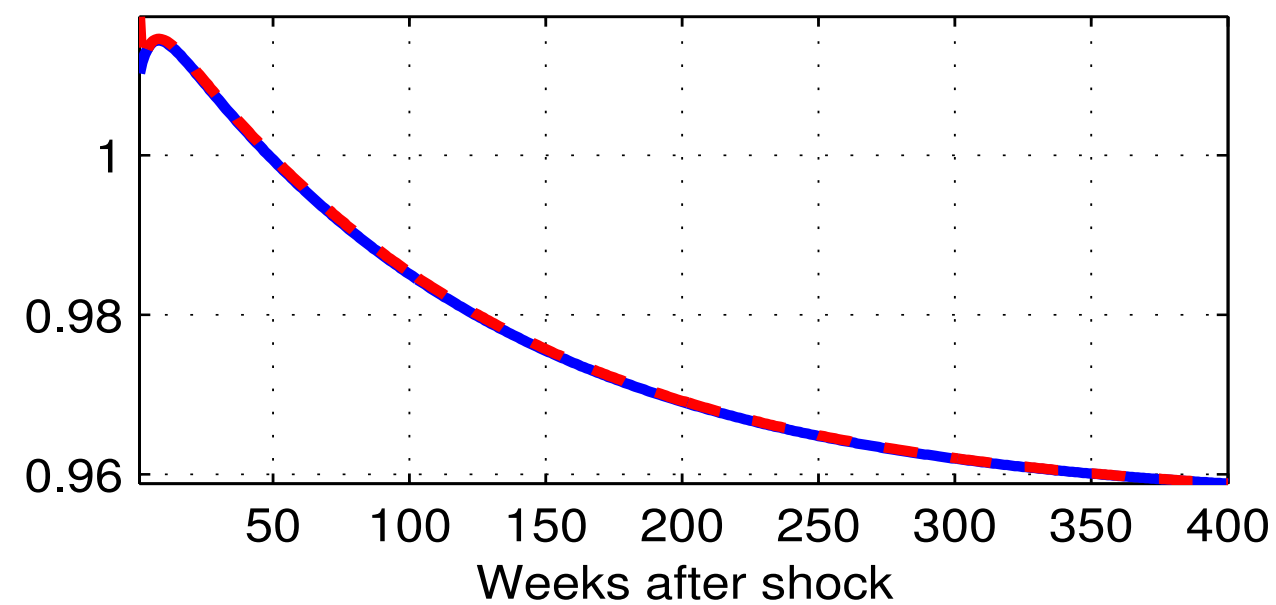
Private employment

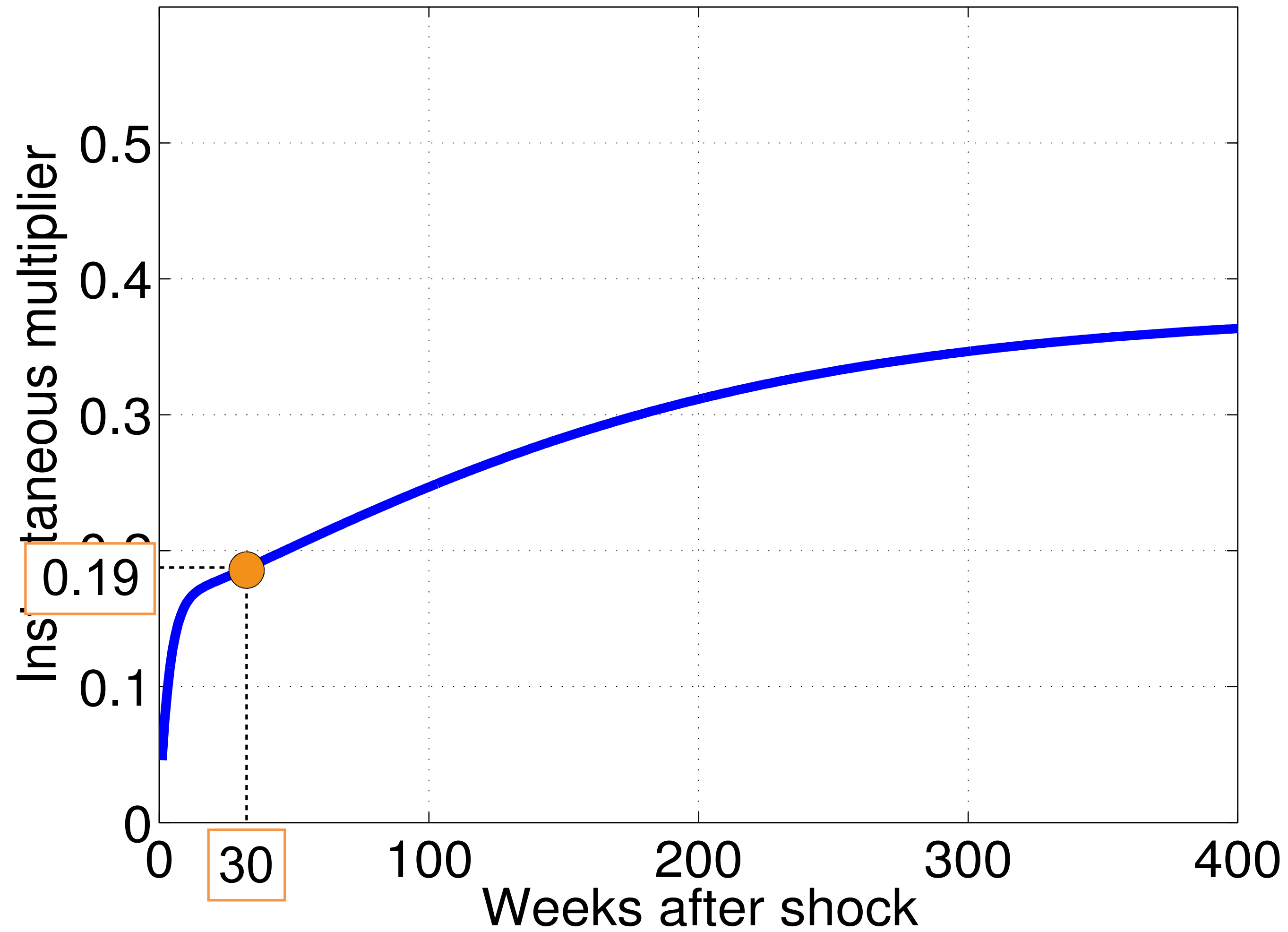


Unemployment

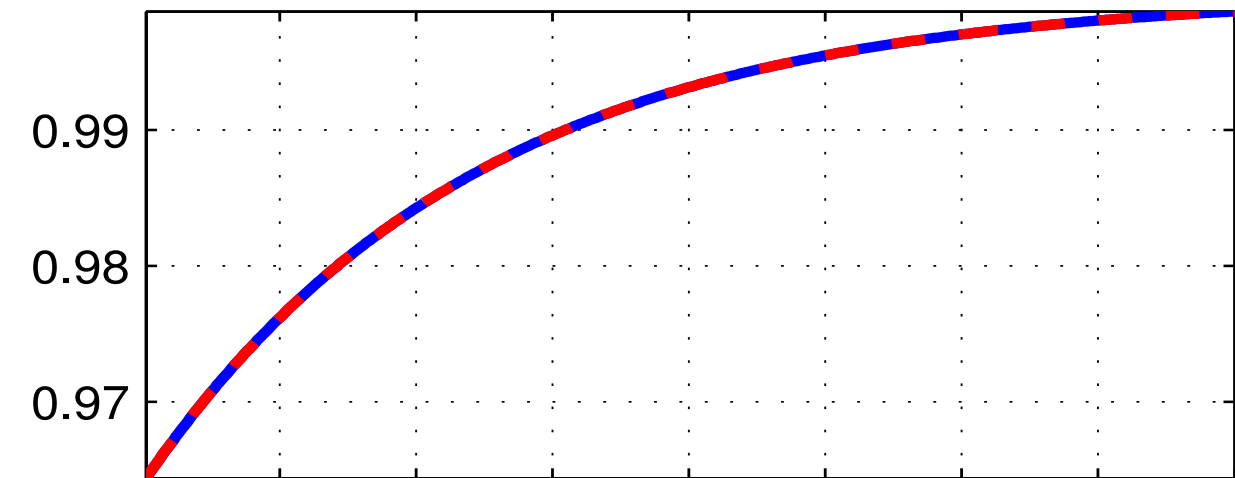


Gross domestic product (GDP)

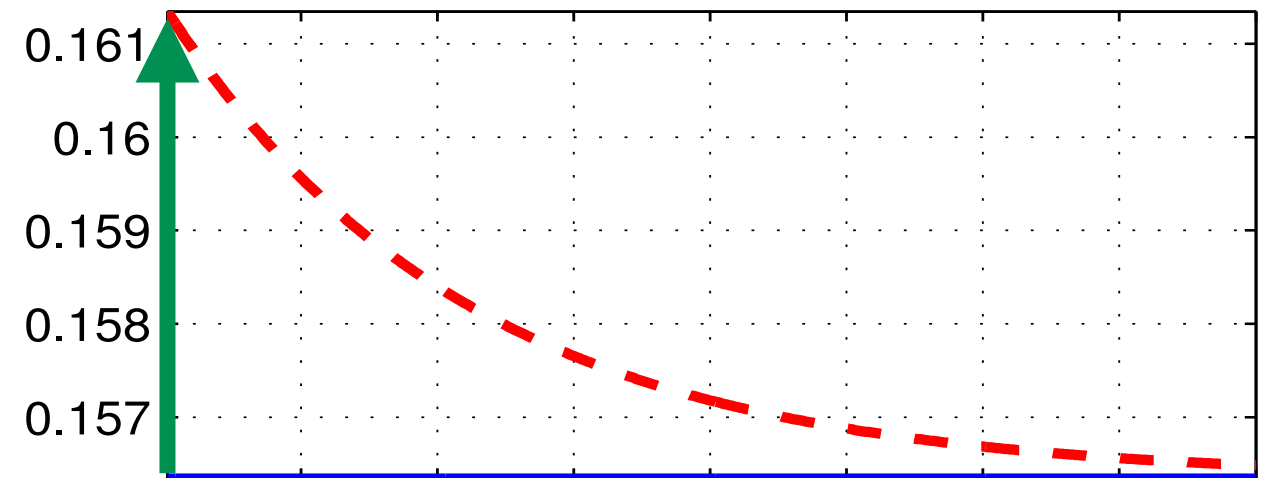




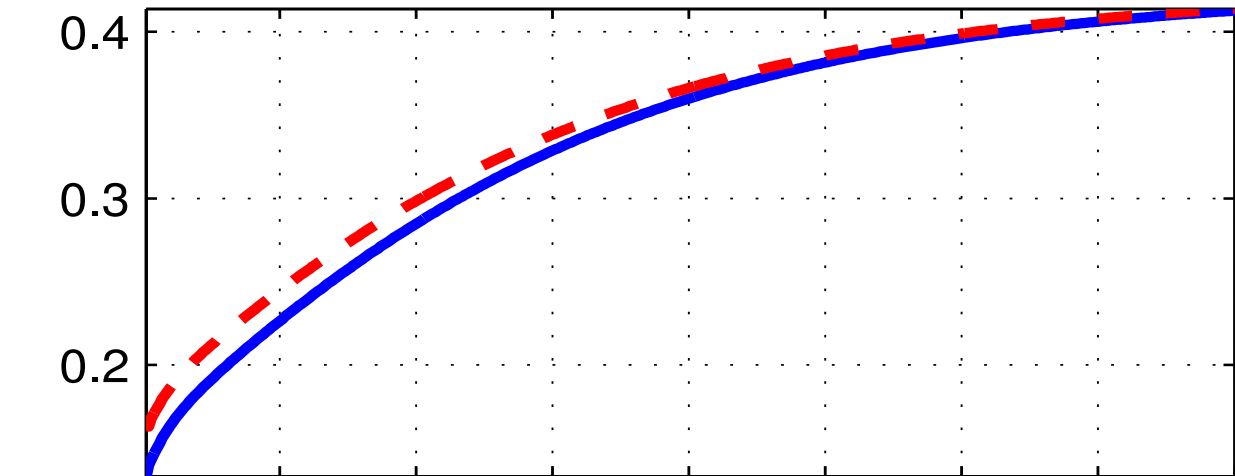
Technology



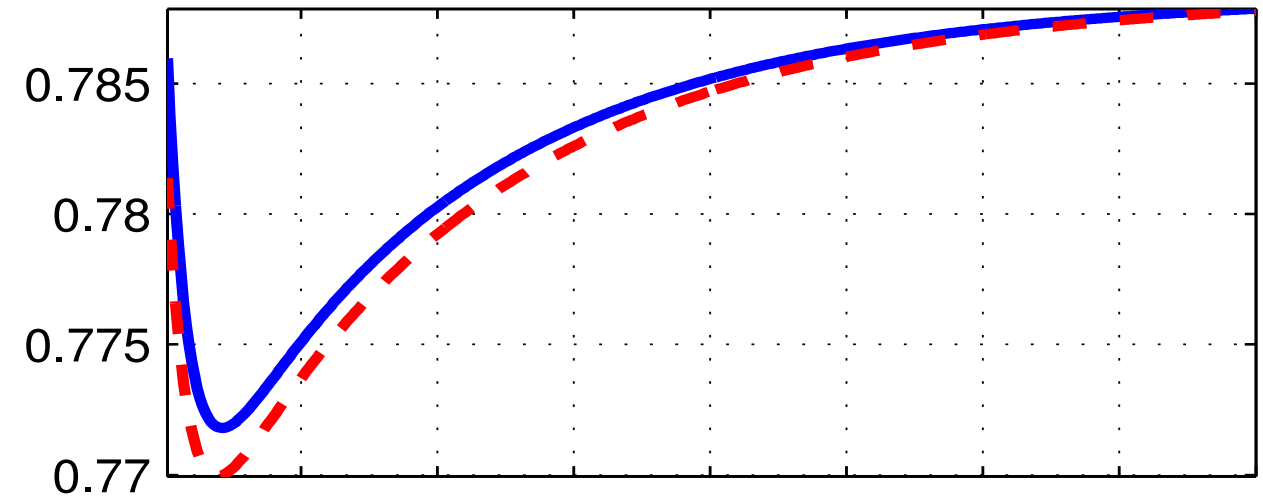
Public employment



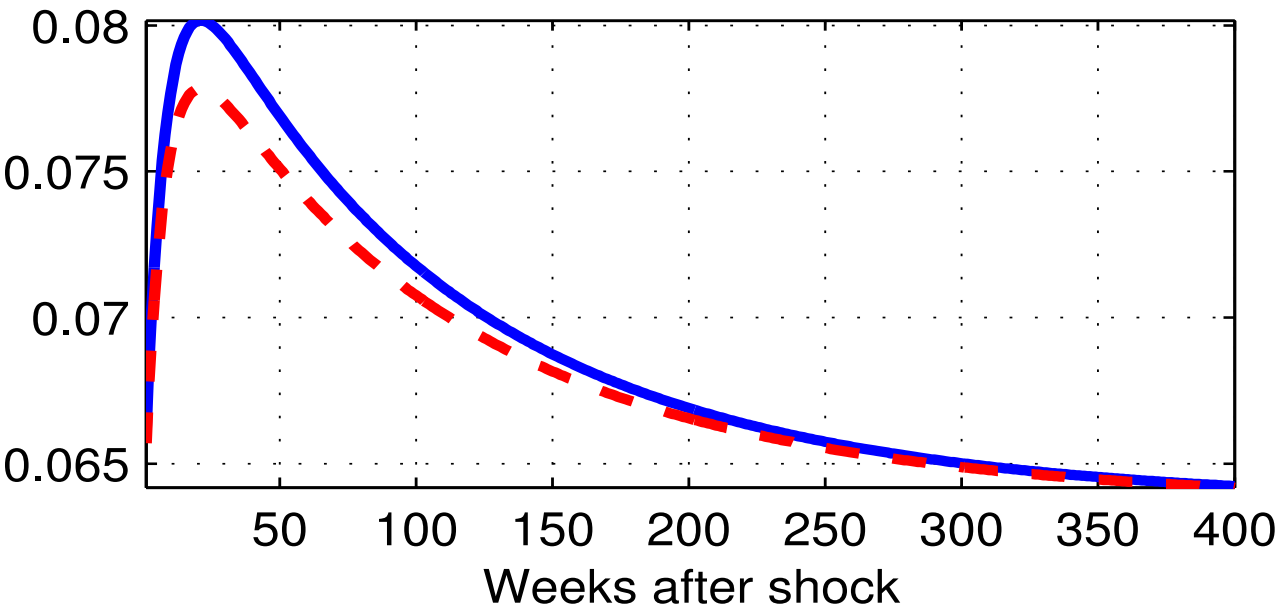
Labor market tightness



Private employment



Unemployment



Gross domestic product (GDP)

