

Appendix

Employment protection legislation and catching-up

Ton van Schaik & Theo van de Klundert

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The Appendix includes four tables:

A1 Allard's indicators of employment protection legislation, 1950-2005. The 5-year averages have been derived from the time series for 21 OECD countries in Allard (2005a).

A2 Growth rates of hours per capita, 1960-2005. The 5-year averages have been derived from the time series in the Total Economy Database of The Conference Board (2008).

A3. The equations 3, 4 and 5 of Table 3 in the main text, showing the values of Fixed country effects and Time dummies.

A4. The equations 6, 7 and 8 of Table 3 in the main text, showing the values of Fixed country effects and Time dummies

Table A1 Allard's indicators of employment protection legislation, 1950-2005 (5-year averages)

Period	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	00-04
Australia	0	0	0	0	0	0.4	0.44	0.62	0.92	1.2	1.2
Austria	0.3	0.3	0.3	0.4	1.28	2.02	2.1	2.3	2.6	2.56	2.5
Belgium	0.16	0.4	0.48	0.62	0.7	1.96	2.2	2.24	2.14	2.34	2.7
Canada	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.2	1.2	1.2	1.2
Denmark	0.7	0.7	0.8	0.76	1.0	1.58	2.3	2.36	1.6	1.6	1.6
Finland	0	0.02	0.1	0.22	1.0	1.36	1.94	2.18	2.3	2.3	2.3
France	0.1	0.1	0.22	0.84	1.3	1.98	2.6	2.48	3.0	3.0	3.0
Germany	0.98	1.2	1.2	1.24	2.3	2.9	2.9	2.9	2.6	2.26	2.1
Greece	0.92	1.7	1.7	1.7	1.7	1.7	2.5	3.74	3.8	3.8	3.8
Ireland	0.1	0.1	0.1	0.34	0.72	1.04	1.4	1.4	1.38	1.30	1.34
Italy	1.1	1.1	1.64	2.72	2.9	3.6	3.6	3.6	3.68	3.4	3.32
Japan	1.3	1.3	1.3	1.54	1.6	1.6	1.6	1.72	1.6	1.42	1.34
Netherlands	0.9	0.9	1.22	1.7	1.8	2.12	2.36	2.4	2.1	2.26	2.4
New Zealand	0.2	0.2	0.2	0.2	0.4	0.7	0.7	0.7	0.7	0.7	0.78
Norway	0	1.28	1.6	2.08	2.8	2.8	2.8	2.8	2.78	2.7	2.7
Portugal	0.1	0.1	0.1	0.44	1.96	3.5	3.5	3.62	3.78	3.7	3.7
Spain	2.4	2.4	2.4	2.4	2.34	3.3	3.68	3.2	3.16	2.36	2.3
Sweden	1.4	1.4	1.4	1.4	1.92	3.4	3.52	3.32	2.9	2.78	2.7
Switzerland	0.1	0.1	0.1	0.1	0.42	0.5	0.5	0.74	1.02	1.5	1.5
United Kingdom	0.1	0.1	0.1	0.5	0.64	1.54	1.4	1.3	1.3	1.32	1.4
United States	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.6	0.6	0.6

Table A2 Growth rates of hours per capita, 1960-2005, (5-year averages)*

Period	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	00-04
Australia	-0.24	0.46	-0.38	0.39	-0.52	1.82	-0.27	0.52	0.52
Austria	-1.52	-2.50	-1.38	-0.08	-0.81	0.30	-1.31	-0.89	0.36
Belgium	-1.58	-2.30	-1.14	-1.00	-0.88	0.59	-0.93	0.32	0.59
Canada	0.71	0.22	1.20	1.98	-0.16	1.28	-1.32	1.28	0.18
Denmark	1.19	-1.11	-2.68	0.03	0.05	-0.92	-0.71	1.33	-0.07
Finland	0.09	-1.33	-0.92	-0.55	-0.20	-0.49	-4.11	1.71	0.28
France	-0.36	-0.88	-1.53	-0.81	-2.35	0.21	-1.28	0.19	-0.48
Germany	-1.50	-1.92	-2.48	0.16	-1.13	-0.51	-1.81	0.27	-0.73
Greece	-1.73	-1.73	-0.73	-1.02	0.15	-0.03	0.00	1.87	0.88
Ireland	-0.81	-1.57	-1.94	-0.95	-2.07	1.20	3.12	3.02	1.25
Italy	-3.12	-2.34	-1.49	-0.15	-0.52	0.96	-1.35	0.67	0.56
Japan	-0.06	0.43	-1.88	0.68	0.02	0.41	-1.13	-0.93	-0.92
Netherlands	-0.28	-0.80	-2.33	0.23	-1.35	0.49	-0.05	1.69	-0.94
New Zealand	-0.34	-0.12	0.21	0.27	-0.06	-1.70	0.93	-0.24	1.42
Norway	-0.85	-1.36	-0.73	0.12	0.12	-0.77	-0.16	0.77	-0.65
Portugal	-1.12	0.12	0.39	-0.51	-0.51	2.86	-0.10	-0.10	0.21
Spain	0.20	0.29	-0.76	-3.56	-3.64	2.39	-1.10	4.02	1.92
Sweden	-0.77	-1.24	-0.90	-0.52	0.58	0.75	-1.49	0.74	-0.55
Switzerland	-0.28	-0.67	-1.66	-0.35	-0.18	1.40	-1.27	0.43	-0.75
United Kingdom	-0.56	-1.80	-1.35	-0.68	-1.15	1.28	-1.68	0.63	-0.01
United States	0.25	0.32	-0.46	1.63	0.62	0.99	0.03	0.76	-1.00

Table A3 Time dummies and fixed country effects in equations 3, 4 and 5 of Table 3

	(3)	(4)	(5)
Time dummies:			
1965-69		0.36 (0.89)	0.33 (0.85)
1970-74		-0.21 (0.58)	-0.31 (0.89)
1975-79		-0.58 (1.57)	-0.74 (1.91)*
1980-84		-0.90 (2.29)**	-1.03 (2.46)***
1985-89		-0.57 (1.42)	-0.73 (1.62)
1990-94		-0.92 (2.06)**	-1.05 (2.15)**
1995-99		-0.02 (0.05)	0.17 (0.35)
2000-04		-0.87 (2.01)**	-1.02 (2.11)**
Fixed country effects:			
Australia	-1.47 (4.90)***	-1.02 (3.61)**	-1.45 (3.13)***
Austria	-1.00 (2.58)***	-0.50 (1.41)	-1.18 (1.72)*
Belgium	-0.08 (0.26)	0.17 (0.63)	-0.52 (0.89)
Canada	-1.14 (3.12)***	-0.83 (2.86)***	-1.11 (2.87)***
Denmark	-0.96 (3.47)***	-0.64 (2.24)**	-1.50 (2.09)**
Finland	-2.00 (4.34)***	-1.17 (2.45)**	-1.83 (2.55)**
France	-0.31 (1.20)	-0.03 (0.12)	-0.64 (1.15)
Germany	-0.37 (1.26)	-0.04 (0.13)	-0.94 (1.22)
Greece	-3.16 (5.56)***	-2.13 (3.09)***	-2.55 (2.84)***
Ireland	-1.63 (2.31)**	-0.91 (1.20)	-1.58 (1.82)*
Italy	-0.51 (1.26)	-0.11 (0.26)	-0.69 (0.90)
Japan	-1.96 (4.06)***	-0.91 (1.54)	-1.60 (1.97)**
Netherlands	-0.48 (1.69)*	-0.19 (0.74)	-0.98 (1.38)
New Zealand	-3.08 (6.86)***	-2.59 (5.01)***	-3.08 (5.31)***
Norway	-0.23 (0.51)	0.27 (0.59)	-0.50 (0.58)
Portugal	-3.83 (5.72)***	-2.82 (3.85)***	-3.49 (3.46)***
Spain	-1.87 (3.88)***	-1.08 (2.05)**	-1.87 (2.04)**
Sweden	-1.08 (2.94)***	-0.76 (2.37)**	-1.51 (2.01)**
Switzerland	-1.54 (3.58)***	-1.11 (2.80)***	-1.52 (2.78)***
United Kingdom	-1.36 (3.77)***	-1.11 (2.69)***	-1.41 (2.89)***
Number of observations	189	189	189

White robust t-values between brackets: *** significant at the 99% confidence level, **95% level, *90% level (2-tailed)

Table A4 Time dummies and fixed country effects in equations 6, 7 and 8 of Table 3

	(6)	(7)	(8)
Employment Protection Legislation:			
1960-2005	0.82 (1.75)*	0.74 (1.95)*	
1955-2000			0.95 (2.59)***
Additional effect 65-69	-0.32 (0.56)	-0.08 (0.21)	-0.05 (0.10)
Additional effect 70-74	-0.65 (1.31)	-0.67 (1.99)**	-0.66 (1.94)*
Additional effect 75-79	-0.37 (0.77)	-0.79 (2.19)**	-0.86 (2.38)**
Additional effect 80-84	-1.14 (2.23)**	-1.07 (2.76)***	-1.19 (3.10)***
Additional effect 85-89	-0.89 (1.67)*	-0.88 (2.26)**	-0.96 (2.49)**
Additional effect 90-94	-1.22 (2.31)**	-1.08 (2.60)***	-1.16 (3.86)***
Additional effect 95-99	-1.21 (2.11)**	-0.74 (1.82)*	-0.84 (2.12)**
Additional effect 00-04	-1.11 (1.94)*	-1.11 (2.56)**	-1.20 (3.82)***
Unemployment compensation 1960-2005:	0.01 (0.27)		
Additional effect 65-69	-0.03 (0.41)		
Etc. (All absolute T-Ratios smaller than one)			
Wage coordination 1960-2005:	0.11 (0.33)		
Additional effect 65-69	0.24 (0.81)		
Etc. (All absolute T-ratios smaller than one)			
Fixed country effects:			
Australia	-0.89 (1.74)*	-0.75 (2.02)**	-0.84 (2.30)**
Austria	-0.34 (0.46)	0.03 (0.05)	-0.24 (0.44)
Belgium	0.18 (0.30)	0.50 (1.19)	0.29 (0.71)
Canada	-0.63 (1.50)	-0.63 (1.73)*	-0.71 (1.88)*
Denmark	-0.83 (1.10)	-0.36 (0.87)	-0.57 (1.39)
Finland	-0.83 (1.01)	-0.53 (0.81)	-0.80 (1.27)
France	0.15 (0.25)	0.38 (0.83)	0.16 (0.36)
Germany	-0.25 (0.32)	0.19 (0.41)	-0.09 (0.19)
Greece	-1.44 (1.39)	-1.29 (1.27)	-1.88 (1.91)*
Ireland	-0.82 (0.91)	-0.25 (0.28)	-0.49 (0.57)
Italy	-0.13 (0.16)	0.19 (0.28)	-0.13 (0.20)
Japan	-0.91 (0.83)	-0.44 (0.67)	-0.79 (1.21)
Netherlands	-0.42 (0.57)	-0.05 (0.10)	-0.26 (0.61)
New Zealand	-2.48 (4.12)***	-2.19 (3.81)***	-2.34 (4.08)***
Norway	0.14 (0.16)	0.46 (0.70)	0.16 (0.24)
Portugal	-2.24 (1.81)*	-1.62 (1.42)	-2.09 (1.93)*
Spain	-1.10 (1.07)	-0.54 (0.61)	-1.11 (1.27)
Sweden	-0.85 (1.06)	-0.41 (0.73)	-0.76 (1.37)
Switzerland	-0.98 (1.68)*	-0.94 (2.29)**	-1.02 (2.47)**
United Kingdom	-0.96 (1.89)*	-0.72 (1.57)	-0.87 (1.92)*
Number of observations	189	189	189

White robust t-values between brackets: *** significant at the 99% confidence level, **95% level, *90% level (2-tailed)