Firm Wage Setting and On-the-Job Search Limit Wage-Price Spirals[1]

Justin Bloesch
Cornell Economics & ILR

Seung Joo Lee
Saïd Business School, University of Oxford

Jacob Weber
Federal Reserve Bank of New York

September 2025

[1] The views expressed here are those of the authors and do not necessarily reflect the position of the Federal Reserve Bank of New York or the Federal Reserve System.

Motivation

During COVID, both inflation and nominal wage growth surged.

- **Question**: are wages responding to inflation, or reflect tight labor markets?
- Concern about 1970's style wage-price spiral:

  shock to specific sector → increased wage demands → generalized inflation

Sticky wage macro models: union wage setting (Erceg et al., 2000; Lorenzoni and Werning, 2023) or ad-hoc real wage rigidity (Gagliardone and Gertler, 2023)

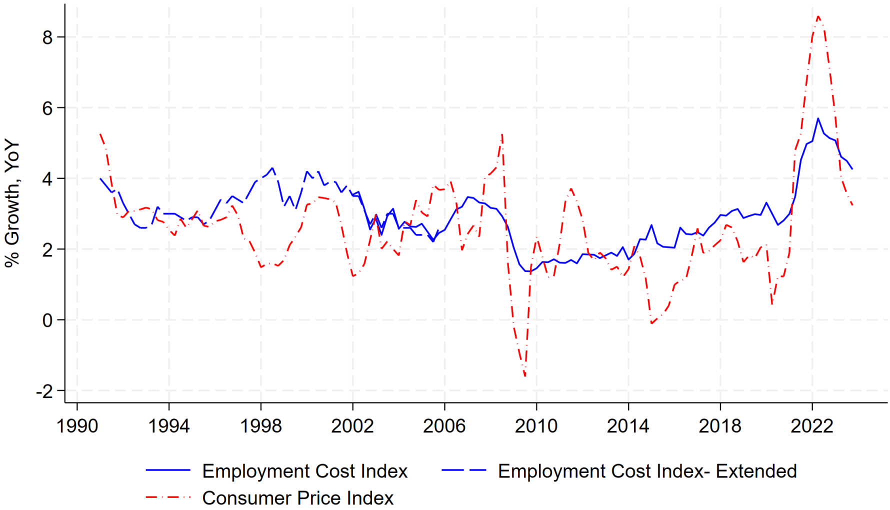
- Micro evidence: wage posting is dominant form of wage determination in the US. (Lachowska et al., 2022; Di Addario et al., 2023)

Big Question

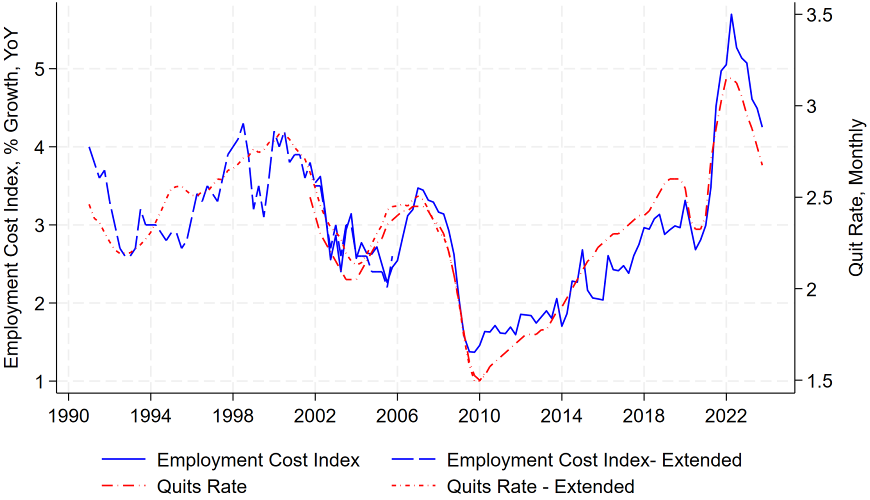
If firms set wages, how do wages respond to "Cost-of-Living shocks" that raise the price of consumption without affecting labor's marginal product?

- Example: labor intensive services (haircuts), endowment good (food).

Inflation and wage growth: weak correlation at high frequencies, both surge post-COVID



Wage growth is tightly correlated with the quit rate



Extends results by, e.g., Faberman and Justiniano (2015) and Moscarini and Postel-Vinay (2017), through COVID shock and recovery.

Wage Posting, OTJ Search: Weak Cost of Living → Wages

Firms set (post) wages, and pay to post vacancies.

- Optimal wage setting trades off wage costs and turnover costs.
- Cost-of-living matters for wages only via effects on recruitment/retention.
- E.g., could affect relative value of working vs. unemployment. But:

Workers search on the job, experience workplace preference shocks.

- Firms primarily concerned with job-to-job quits:

On-the-job search dramatically dampens pass-through!

Consumption C_t: Endowment Good X_t, Services Y_t

Perfectly-competitive final good producers bundle Y_t and X_t into final consumption:

$$C_t = \left(\alpha_Y^{\frac{1}{\eta}} Y_t^{\frac{\eta-1}{\eta}} + \alpha_X^{\frac{1}{\eta}} \underbrace{X_t}_{\text{Cost-of-living shock}}^{\frac{\eta-1}{\eta}} \right)^{\frac{\eta}{\eta-1}},$$

with price index:

$$P_t = \left(\alpha_Y P_{y,t}^{1-\eta} + \alpha_X P_{x,t}^{1-\eta} \right)^{\frac{1}{1-\eta}}$$

X_t appears each period:

- All (identical) households receive the same amount
- Competitively & flexibly priced.

Y_t built from intermediates Y_t^j by a perfectly-competitive retail firm:

$$Y_t = \left(\int \left(Y_t^j \right)^{\frac{\epsilon-1}{\epsilon}} dj \right)^{\frac{\epsilon}{\epsilon-1}}$$

$\Rightarrow$ Intermediate producers have <u>price and wage setting power</u>

Households

Maximize the present discounted sum of members' utility,

$$\sum_{t=0}^{\infty}\left(\frac{1}{1+\rho}\right)^{t}\left[U_t \ln(C_t^u)+\int_0^{1-U_t}\ln\left(C_t(i,j(i))\right)di\right],$$

choosing unemployment benefits C_t^u and taxes on the employed, who consume

$$C_t(i,j(i))=\tau_t\frac{W_{j(i)t}}{P_t}$$

subject to a budget constraint and consumption sharing rule

$$\frac{\bar{C}_t^e}{C_t^u}=\xi>1,$$

where $\bar{C}_t^e \equiv \frac{1}{1-U_t}\int_0^{1-U_t} C_t(i,j(i))di$ (Chodorow-Reich and Karabarbounis, 2016). In a symmetric equilibrium with $W_{jt}=W_t$, household optimality requires

$$(C_t)^{-1}=\frac{1}{1+\rho}(1+r_{t,t+1})(C_{t+1})^{-1}.$$

Workers' Discrete-Choice Problem: Timing

1. Firms post wages W_{jt} and vacancies V_{jt}
2. Fraction s of workers are exogenously separated.
3. Total searchers includes some employed workers and all unemployed:

$$\mathcal{S}_t \equiv \lambda_{EE}(1 - U_{t-1}) + U_{t-1}$$

4. Matches happen; workers choose to accept offers and/or quit: with
   - $V_t \equiv \int_0^1 V_{jt} dj$, $\theta_t \equiv \frac{V_t}{\mathcal{S}_t}$.

   The probability that:
   - Searching worker meets a firm's vacancy:

$$f(\theta_t) = \frac{M(V_t, \mathcal{S}_t)}{\mathcal{S}_t}$$

   - Searching firms meet a worker:

$$g(\theta_t) = \frac{M(V_t, \mathcal{S}_t)}{V_t}$$

   - Employed worker can consider quitting to unemployment: $\lambda_{EU} \in (0, 1)$

Workers' Discrete-Choice Problem 2/2

Each worker i is **myopic**, making choices to maximize

$$\mathcal{V}_t(i,j) = \underbrace{\ln(C_t(i,j(i)))}_{=\begin{cases}\ln\left(\frac{\tau_t}{P_t} W_{j(i)t}\right), \text{ if employed} \\ \ln\left(\frac{\tau_t}{P_t} \frac{\bar{W}_t}{\xi}\right), \text{ if unemployed}\end{cases}} + \underbrace{\iota_{ijt}}_{\text{Matching taste}}$$

Where ι_{ijt} is Type-1 extreme value with scale parameter γ^{-1} over workplaces drawn each period

Individual Recruiting and Separation Probabilities

The probability a vacancy attracts a matched searcher $r()$ is

$$\underbrace{r_{kj}(W_{kt}, W_{jt})}_{\substack{\text{Probability } j \text{ poaches} \\ \text{matched worker from } k}} = \frac{W_{jt}^{\gamma}}{W_{kt}^{\gamma} + W_{jt}^{\gamma}}, \qquad \underbrace{r_{uj}\left(\frac{\bar{W}_t}{\xi}, W_{jt}\right)}_{\substack{\text{Probability } j \text{ recruits} \\ \text{matched unemployed worker}}} = \frac{W_{jt}^{\gamma}}{\left(\frac{\bar{W}_t}{\xi}\right)^{\gamma} + W_{jt}^{\gamma}},$$

where recall $C_t(i, j) = \frac{\tau_t}{P_t} W_{jt}$ and $C_t^u = \frac{\tau_t}{P_t} \frac{\bar{W}_t}{\xi}$.

Similarly, separation probabilities $s()$ for a worker matching with an outside job or considering unemployment:

$$\underbrace{s_{jk}\left(W_{jt}, W_{kt}\right)}_{\substack{\text{Probability } j \text{ loses} \\ \text{worker matched to } k}} = \frac{W_{kt}^{\gamma}}{W_{kt}^{\gamma} + W_{jt}^{\gamma}}, \qquad \underbrace{s_{ju}\left(W_{jt}, \frac{\bar{W}_t}{\xi}\right)}_{\substack{\text{Probability } j \text{ loses} \\ \text{worker to unemployment}}} = \frac{\left(\frac{\bar{W}_t}{\xi}\right)^{\gamma}}{\left(\frac{\bar{W}_t}{\xi}\right)^{\gamma} + W_{jt}^{\gamma}},$$

These determine firm j's recruiting and separation rates, $R(W_{jt})$ and $S(W_{jt})$.

Intermediate Services Firms

Firm j maximizes profits facing Rotemberg (1982) style adjustment costs:

$$\max_{\substack{\{P^j_{y,t}\},\{Y^j_t\},\\ \{N_{jt}\},\{W_{jt}\},\{V^j_t\}}} \sum_{t=0}^{\infty} \left(\frac{1}{1+\rho}\right)^t \left(P^j_{y,t} Y^j_t - W_{jt} N_{jt} - c\left(\frac{V_{jt}}{N_{j,t-1}}\right)^{\chi} V_{jt} W_t \right.$$

$$\left. - \frac{\psi}{2}\left(\frac{P^j_{y,t}}{P^j_{y,t-1}} - 1\right)^2 Y^j_t P^j_{y,t} - \frac{\psi^w}{2}\left(\frac{W_{jt}}{W_{j,t-1}} - 1\right)^2 W_{jt} N_{jt} \right)$$

subject to the law of motion on employment:

$$N_{jt} = (1 - S(W_{jt}))N_{j,t-1} + R(W_{jt})V_{jt}.$$

Service firms produce with labor ($Y^j_t = N_{jt}$) facing CES demand

Close the model with a monetary rule; solve for a symmetric equilibrium

Pass-Through in Our Baseline Model See Parameter Choices

To first-order the wage PC is

$$\check{\Pi}^w_t = \beta_\theta \check{\theta}_t + \beta_U \check{U}_{t-1} + \frac{1}{1+\rho}\check{\Pi}^w_{t+1}$$

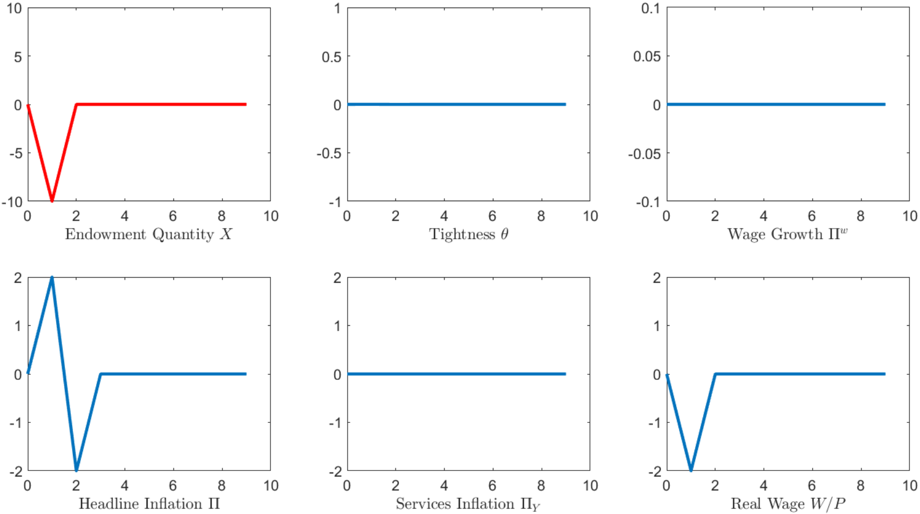
Or, defining quits $Q_t \equiv S_t - s$,

$$\check{\Pi}^w_t = \underbrace{\beta_Q}_{\text{Big! } (+)} \check{Q}_t + \underbrace{\beta_U}_{\text{Small! } (\approx 0)} \check{U}_{t-1} + \frac{1}{1+\rho}\check{\Pi}^w_{t+1}$$

Thought Experiment (Cost of Living Shock)

Transitory -10% shock to X_t and monetary policy stabilizes employment so that $\check{N}_t = 0$

No Pass-Through in Our Baseline Model:



Monetary policy shock

Results if λ_{EE} is endogenous

Forward-Looking Workers

Alter the Model: $P_t \uparrow \Rightarrow$ Unemployment More Attractive

Household now provides inflation-indexed unemployment benefit b:

$$C_t(i, j(i)) = \frac{W_{j(i)t}}{P_t} \times \tau_t$$

$$C_t^U = b \times \tau_t.$$

When $P_t \uparrow$, firms must raise W_t or lose more workers to unemployment. Adds a new term to the wage PC:

$$\check{\Pi}_t^w = \beta_Q \check{Q}_t + \beta_U \check{U}_{t-1} + \beta_{\tilde{w}} \check{\tilde{w}}_t + \frac{1}{1+\rho} \check{\Pi}_{t+1}^w, \quad (1)$$

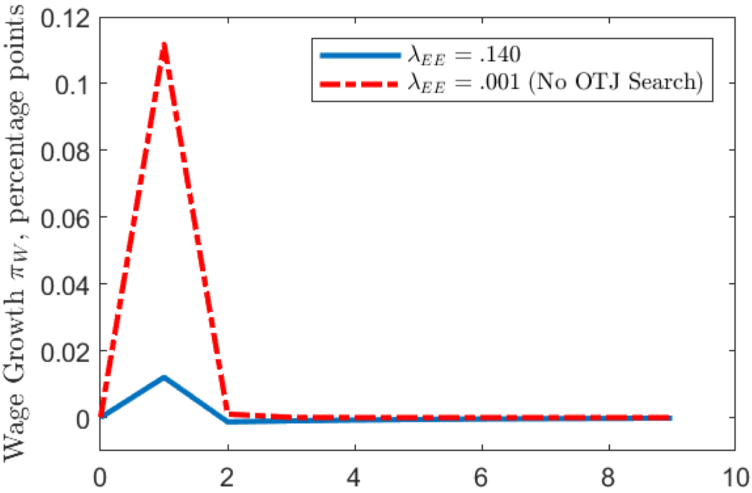
New "Catch-up" term

Derivation Details

On-the-Job Search Dramatically Dampens Pass-through

Thought Experiment (Cost of Living Shock)

1 Period, 10% drop in quantity of endowment good X_t



Conclusion

We develop a tractable New Keynesian model with wage-posting firms and on-the-job search consistent with a range of micro evidence, implying that:

- Wage growth is mostly driven by quits, not unemployment.
  - Accords with findings in Heise, Pearce & Weber (2025)
- On-the-job search dampens pass-through of cost of living shocks to wages.
  - Rationalizes Bernanke & Blanchard (2024)'s empirical findings that "catch-up" of wages to prices appears limited
- COVID-era surge in wage growth will revert as labor market tightness reverts

Appendix

Micro Evidence

Model consistent with a range of micro evidence:

1. Well-identified evidence on the sensitivity of recruiting and quitting to changes in wages (recruiting & separations elasticities) estimated in monopsony literature: e.g., Manning (2011); Azar et al. (2021); Datta (2023).

2. Wage growth predicted by job-to-job transitions: e.g., Faberman & Justiniano (2015); Moscarini & Postel-Vinay (2016); Karahan et al. (2017).

3. Wages unresponsive to flow benefit of unemployment (Jäger et al., 2020)

4. Wage posting more common than bargaining: current firm wage effects > past wage effects: e.g., Addario et al. (2021)

Back to related literature Back to equilibrium conditions

Simpler, Log-Linear Wage Phillips Curves: Go back

Leveraging the full structure of the model this simplifies to:

$$\check{\Pi}_t^w = \phi_V \check{V}_t + \phi_U \check{U}_{t-1} + \frac{1}{1+\rho}\check{\Pi}_{t+1}^w \tag{2}$$

With $\phi_V > 0$ and $\phi_U < 0$; our baseline calibration implies ϕ_V is much larger than ϕ_U in magnitude Comparative statics with λ_{EE}

Let $Q_t \equiv S_t - s$, and rewrite (2) as

$$\check{\Pi}_t^w = \beta_Q \check{Q}_t + \beta_U \check{U}_{t-1} + \frac{1}{1+\rho}\check{\Pi}_{t+1}^w \tag{3}$$

With $\beta_Q > 0$ and β_U positive or negative, depending on the calibration

Wage Growth v.s. Labor Market Data, 1990Q4-2023

Go back

$$\ln W_t - \ln W_{t-1} = \hat{\beta}_0 + \hat{\beta}_Q \ln Q_t + \hat{\beta}_U \ln U_{t-1} + \varepsilon_t .$$

VARIABLES	(1) ECI	(2) ECI	(3) ECI	(4) ECI	(5) ECI
$\ln U_t$	-0.0055***	0.0003	0.0017		
	(0.0009)	(0.0011)	(0.0012)		
$\ln Q_t$		0.0116***	0.0119***	0.0116***	0.0116***
		(0.0020)	(0.0020)	(0.0024)	(0.0016)
$\ln U_t - \ln U_t^*$				0.0003	
				(0.0013)	
$\ln U_{t-1}$					0.0003
					(0.0008)
Observations	135	135	119	135	135

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Comparing Model to Data

Go back

$$\check{\Pi}^w_t = \beta_Q \check{Q}_t + \beta_U \check{U}_{t-1} + \frac{1}{1+\rho}\check{\Pi}^w_{t+1}$$

Source	β_Q	β_U
Baseline Model: $\chi = 1$	0.0246	0.0009
Baseline Model: $\chi = 0$	0.0213	-0.0011
OLS using ECI 1990-Present	0.0116***	0.0003
	(0.0016)	(0.0008)

Standard errors in parentheses (Newey-West; 4 lags)
*** p<0.01, ** p<0.05, * p<0.1

Parameters in the Monthly Benchmark New Keynesian Model

Go Back

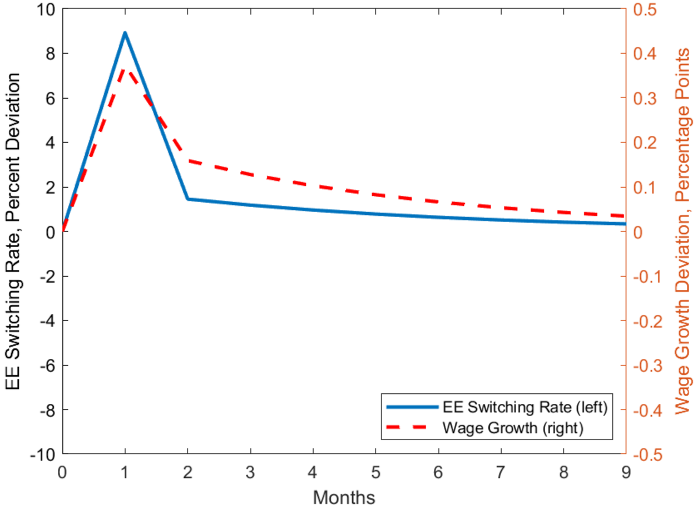
Parameter	Value	Meaning	Reason
λ_{EE}	.14	OTJ search probability	Match EE rates
λ_{EU}	.30	Opportunity to quit	Match voluntary EU rate, Qiu (2022)
ξ	2	Consumption ratio: C_t^e/C_t^u	See text
s	.01	Exogenous separation rate	Match JOLTS separations
γ	6	Variance^{-1} of pref. shock	Match $\varepsilon_{R,W} - \varepsilon_{S,W}$
ϵ	10	EOS of intermediates Y_{jt}	
ψ	100	Price adjustment cost	
ψ^w	100	Wage adjustment cost	
η	1	EOS of Y_t vs. X_t	
α_X	.2	X_t's share in C_t	
χ	1	Convexity of vacancy costs	Bloesch and Larsen (2023)
c	30	Hiring cost shifter	Targeting U
ρ	.004	Discount Rate	Monthly model

Selected Model Moments and Data in Steady State

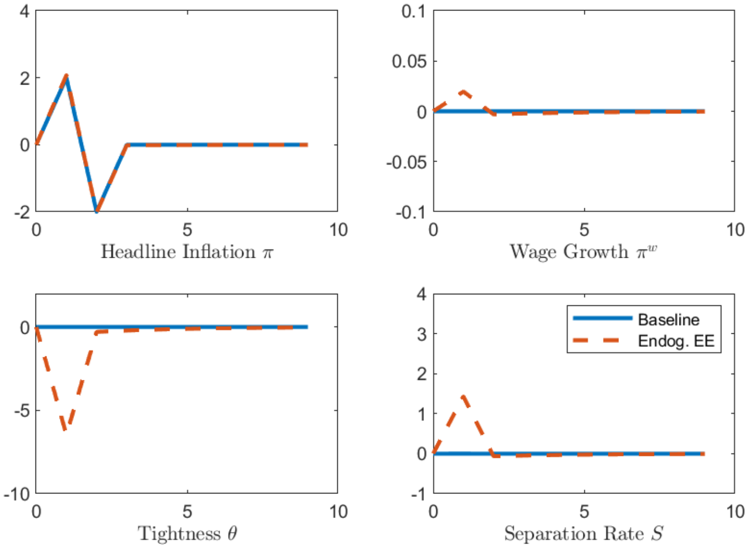
Moment	Meaning	Model	Data	Source
U	Unemployment rate	.044	.044	BLS
S	Monthly separation rate	.036	.036	JOLTS
$\varepsilon_{R,W} - \varepsilon_{S,W}$	Recruiting-Separation Elasticity	4.4	4.2	Bassier et al. (2022)

Expansionary 1% Decrease in the Policy Rate

Go back



Endogenous labor search intensity Go back



Baseline model, but now assuming: $\lambda_{EE,t} = \lambda_{EE,0} \left(\frac{W_t}{P_t} \right)^{-m}$

What if workers are forward-looking? 1/4 Go back

Under commitments, firm j has an incentive to

1. Reduce initial wage W_{j0} at $t = 0$ and commit higher wages W_{jt} in the future periods $t \geqslant 1$, which helps them recruit

2. And then renege in the future

Dynamic inconsistency problem: initial wage W_{j0} becomes special

- Optimlaity condition for $W_{j0} \neq$ optimality conditions for W_{jt} for $t \geqslant 1$

Note: other optimality conditions remain unchanged

What if workers are forward-looking? 2/4 Go back

Reoptimization at $t = 0$

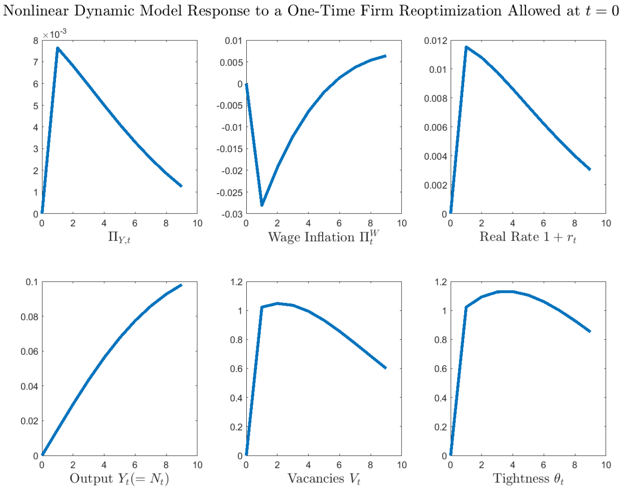


Figure: The effects of allowing firms to reoptimize and choose new paths for wages and all other choice variables, which they then commit to following forever. All impulse responses are shown as percent deviations from the long-run steady state.

What if workers are forward-looking? 3/4 Go back

Dynamic inconsistency issue → '**timeless**' solution

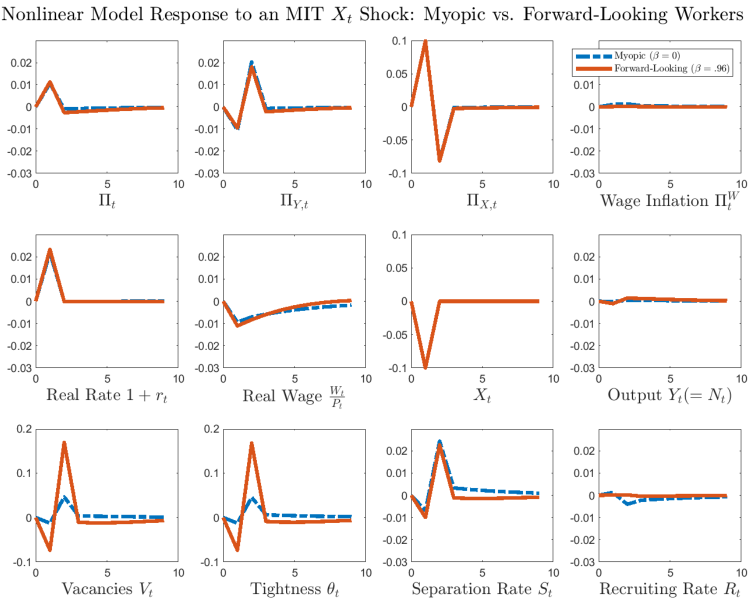
- Only respect the first-order condition for wages for $t \geqslant 1$

In response to the same cost-of-living shock:

Model with forward-looking workers $\simeq$ model with myopic workers

What if workers are forward-looking? 4/4 Go back

With Taylor rules



Households Go back

Maximize the present discounted sum of members' utility,

$$\sum_{t=0}^{\infty}\left(\frac{1}{1+\rho}\right)^{t}\left[U_t \ln(C_t^u) + \int_0^{1-U_t} \ln\left(C_t(i,j(i))\right) di\right]. \tag{4}$$

Assumption: household insures unemployed members against inflation, but not employed members

$$C_t(i,j(i)) = \frac{W_{j(i)t}}{P_t}(1+\tau_t)$$

$$C_t^U = b(1+\tau_t).$$

Households choose bonds $\{B_t\}$, "top-up" $\{\tau_t\}$ to maximize (4) subject to the budget constraint:

$$U_t b(1+\tau_t) + (1-U_t)\frac{W_t}{P_t}(\cancel{1}+\tau_t) + \frac{B_t}{P_t} = \frac{D_t}{P_t} + \frac{(1+i_{t-1})B_{t-1}}{P_t} + \cancel{\int_0^{1-U_t}\frac{W_{j(i)t}}{P_t}}di.$$

In a symmetric equilibrium with $W_{jt} = W_t$, household optimality requires

$$(C_t)^{-1} = \frac{1}{1+\rho}(1+r_{t,t+1})(C_{t+1})^{-1}$$

Workers' Discrete-Choice Problem 1/2 Go back

Timing:

1. At start of period t, firms post wages W_{jt} and vacancies V_{jt}
2. Fraction s of workers are exogenously separated.
3. Total searchers includes some employed workers and all the unemployed:

$$\mathcal{S}_t \equiv \lambda_{EE}(1 - U_{t-1}) + U_{t-1}$$

4. Matches happen; workers choose to accept offers and/or quit: with
   - $V_t \equiv \int_0^1 V_{jt} dj$, $\theta_t \equiv \frac{V_t}{\mathcal{S}_t}$.

   The probability that:
   - Searching worker meets a firm's vacancy:

$$f(\theta_t) = \frac{M(V_t, \mathcal{S}_t)}{\mathcal{S}_t}$$

   - Searching firms meet a worker:

$$g(\theta_t) = \frac{M(V_t, \mathcal{S})}{V_t}$$

   - Employed worker can consider quitting to unemployment: $\lambda_{EU} \in (0, 1)$
5. N_t is determined; production happens.

Workers' Discrete-Choice Problem 2/2 Go back

Each worker i is **myopic**, making choices to maximize

$$\mathcal{V}_t(i,j) = \underbrace{\ln(C_t(i,j(i)))}_{=\begin{cases}\ln\left(\frac{W_{j(i)t}}{P_t}(1+\tau_t)\right), \text{ if employed} \\ \ln\left(b(1+\tau_t)\right), \text{ if unemployed}\end{cases}} + \underbrace{\iota_{ijt}}_{\text{Matching taste}}$$

Where ι_{ijt} is Type-1 extreme value with scale parameter γ^{-1} over workplaces drawn each period

Individual Recruiting and Separation Probabilities

Go back

The probability a vacancy attracts a matched searcher $r()$ is

$$\underbrace{r_{kj}(W_{kt}, W_{jt})}_{\substack{\text{Probability } j \text{ poaches} \\ \text{matched worker from } k}} = \frac{W_{jt}^{\gamma}}{W_{kt}^{\gamma} + W_{jt}^{\gamma}}, \qquad \underbrace{r_{uj}\left(b, \frac{W_{jt}}{P_t}\right)}_{\substack{\text{Probability } j \text{ recruits} \\ \text{matched unemployed worker}}} = \frac{\left(\frac{W_{jt}}{P_t}\right)^{\gamma}}{b^{\gamma} + \left(\frac{W_{jt}}{P_t}\right)^{\gamma}},$$

where recall $C_t(i,j) = \frac{W_{jt}}{P_t}(1+\tau_t)$ and $C_t^u = b(1+\tau_t)$

Similarly, separation probabilities for a worker matching with an outside job or considering unemployment:

$$\underbrace{s_{jk}\left(W_{jt}, W_{kt}\right)}_{\substack{\text{Probability } j \text{ loses} \\ \text{worker matched to } k}} = \frac{W_{kt}^{\gamma}}{W_{kt}^{\gamma} + W_{jt}^{\gamma}}, \qquad \underbrace{s_{ju}\left(\frac{W_{jt}}{P_t}, b\right)}_{\substack{\text{Probability } j \text{ loses} \\ \text{worker to unemployment}}} = \frac{b^{\gamma}}{b^{\gamma} + \left(\frac{W_{jt}}{P_t}\right)^{\gamma}},$$

Firm's Recruiting and Separation Rates Go back

Define the probability a matched worker is employed or unemployed:

$$\phi_{E,t} \equiv \frac{\lambda_{EE}(1 - U_{t-1})}{\lambda_{EE}(1 - U_{t-1}) + U_{t-1}}$$
$$\phi_{U,t} = 1 - \phi_{E,t}.$$

Firm's Recruiting and Separation Rates

Go back

Define the probability a matched worker is employed or unemployed:

$$\phi_{E,t} \equiv \frac{\lambda_{EE}(1-U_{t-1})}{\lambda_{EE}(1-U_{t-1})+U_{t-1}}$$
$$\phi_{U,t} = 1-\phi_{E,t}.$$

Recruiting rate is

$$R(W_{jt}) = g(\theta_t)\left[\phi_{E,t}\int_k r_{kj}(W_{kt},W_{jt})\omega(W_{kt})dW_{kt} + \phi_{U,t}r_{uj}\left(b,\frac{W_{jt}}{P_t}\right)\right],$$

with $\omega(W_k)$ some density of wages that search workers currently earn, with an analogous definition for the separation rate $S(W_j)$.

$$S(W_{jt}) = s+(1-s)\left[\lambda_{EE}f(\theta_t)\int_k s_{jk}(W_{jt},W_{kt})z(W_{kt})dW_{kt} + \lambda_{EU}s_{ju}\left(\frac{W_{jt}}{P_t},b\right)\right]$$

with $z(W_{kt})$ endogenous density of outside posted wages

Firm's Recruiting and Separation Rates

Go back

Define the probability a matched worker is employed or unemployed:

$$\phi_{E,t} \equiv \frac{\lambda_{EE}(1-U_{t-1})}{\lambda_{EE}(1-U_{t-1})+U_{t-1}}$$
$$\phi_{U,t} = 1-\phi_{E,t}.$$

In a symmetric equilibrium where $W_{jt} = W_t \ \forall j$, $R(\cdot)_t$ and $S(\cdot)_t$ becomes

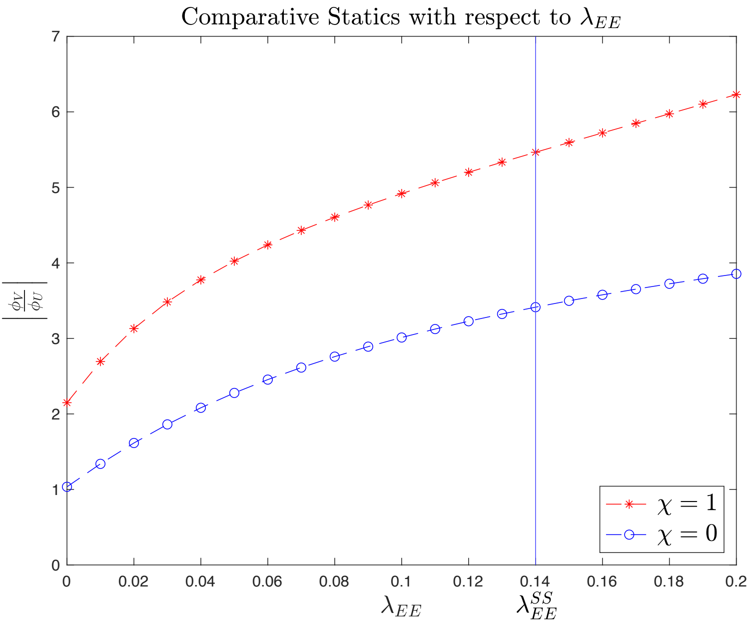
$$R_t = g(\theta_t)\left(\phi_{E,t}\frac{1}{2}+\phi_{U,t}\frac{\left(\frac{W_t}{P_t}\right)^{\gamma}}{\left(\frac{W_t}{P_t}\right)^{\gamma}+b^{\gamma}}\right)$$
$$S_t = s+(1-s)\left(\lambda_{EE}f(\theta_t)\frac{1}{2}+\lambda_{EU}\frac{b^{\gamma}}{\left(\frac{W_t}{P_t}\right)^{\gamma}+b^{\gamma}}\right).$$

New Calibration with b Go back

Parameter	Value	Meaning	Reason
λ_{EE}	.14	OTJ search probability	Match EE rates
λ_{EU}	.30	Opportunity to quit	Match voluntary EU rate, Qiu (2022)
b	0.45	Unemployment Benefit	Target U
s	.01	Exogenous separation rate	Match JOLTS separations
γ	6	T1EV scale parameter	Match $\varepsilon_{R,W} - \varepsilon_{S,W}$
ϵ	10	EOS of intermediates Y_{jt}	
ψ	100	Price adjustment cost	
ψ^w	100	Wage adjustment cost	
η	1	EOS of Y_t vs. X_t	
α_X	.2	X_t's share in C_t	
χ	1	Convexity of vacancy costs	Bloesch and Larsen (2023)
c	30	Hiring cost shifter	Targeting U, S
ρ	.004	Discount Rate	Monthly model

Selected Model Moments and Data in Steady State

Moment	Meaning	Model	Data	Source
U	Unemployment rate	.044	.044	BLS
S	Monthly separation rate	.03	.036	JOLTS
$\varepsilon_{R,W} - \varepsilon_{S,W}$	Recruiting-Separation Elasticity	4.0	4.2	Bassier et al. (2022)



Comparative Statics with respect to λ_{EE}
7
6
5
4
3
2
1
0
$\left|\frac{\phi_V}{\phi_U}\right|$
0
0.02
0.04
0.06
0.08
0.1
0.12
0.14
0.16
0.18
0.2
λ_{EE}
λ_{EE}^{SS}
$\chi = 1$
$\chi = 0$

Go back

References I

Bassier, I., A. Dube, and S. Naidu (2022). Monopsony in Movers: The Elasticity of Labor Supply to Firm Wage Policies. *Journal of Human Resources 57*(S), S50–s86.

Bloesch, J. and B. Larsen (2023). When do firms profit from wage setting power? Working Paper.

Erceg, C. J., D. W. Henderson, and A. T. Levin (2000). Optimal monetary policy with staggered wage and price contracts. *Journal of monetary Economics 46*(2), 281–313.

Faberman, R. J. and A. Justiniano (2015). Job Switching and Wage Growth. *Chicago Fed Letter*.

Gagliardone, L. and M. Gertler (2023). Oil Prices, Monetary Policy and Inflation Surges. NBER Working Paper 31263.

Lorenzoni, G. and I. Werning (2023). Wage-Price Spirals. Technical report, National Bureau of Economic Research.

References II

Moscarini, G. and F. Postel-Vinay (2017). The Relative Power of Employment-to-Employment Reallocation and Unemployment Exits in Predicting Wage Growth. *American Economic Review 107*(5), 364–368.

Qiu, X. (2022). Vacant Jobs. Working Paper.